


Agenda Item 5

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|  | <p>London Borough of Hammersmith & Fulham</p> <p>SCHOOLS FORUM</p> <p>Tuesday, 20 November 2018</p> |
| <p>High Needs Block Update</p> | |
| <p>Report of the Cabinet Member for Education and Children's Services</p> <p>Councillor Larry Culhane</p> | |
| <p>Open</p> | |
| <p>Classification - For Scrutiny Review & Comment</p> <p>Key Decision: No</p> | |
| <p>Wards Affected: (All Wards); All</p> | |
| <p>Accountable Director: Steve Miley, Director of Children's Services</p> | |
| <p>Report Author: Mandy Lawson, Assistant Director SEND</p> | <p>Contact Details:</p> <p>Tel:</p> <p>E-mail:</p> |
| <p>Purpose of the report</p> <p>To provide a regular update on the financial position of the DSG High Needs Block and the local response to identified funding pressures.</p> | |

Schools Forum 20th November 2018

HIGH NEEDS BLOCK (HNB) UPDATE

1. High Needs Block Position 2018/19

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| High Needs Block Position Period 05 (August) 2018/19 | |
| | £000s |
| High Needs Block brought forward retained deficit | 7,032 |
| Forecast Overspend HNB 2018/19 | 6,400 |
| Estimated High Needs Block carried forward deficit to 2019/20 | 13,432 |

2. **HNB Meeting with Dfe:** council officers met with representatives from the ESFA and Dfe in October to set out our concerns over the level of HNB allocation relative to the growth in local need (see Table 1. below), and to understand their plans (if any) to alter formulas and/or make exceptional funding available.

Table 1. Relative Growth in EHCP Maintained and HNB Allocation

| | 15/16 | 16/17 | 17/18 | 18/19 | 19/20 | % Growth |
|------------------------------|--------|--------|--------|--------|--------|----------|
| HNB Allocation £ ,000 | 16,447 | 16,173 | 16,368 | 17,901 | 18,986 | 15% |
| EHCP Maintained | 725 | 783 | 776 | 906 | 1148 | 58% |
| Requests for EHCP | 93 | 142 | 187 | 234 | | 151% |

Headline Feedback

- The planned national spending review is unlikely to start before summer 2019 and won't report until late autumn 2019.
- In the meantime, no supplementary HNB funding to local authorities available: Kingston was a special case (negative General Reserves) and was on basis of a repayable advance of grant.
- Dfe recognition that HNB formula may need tuning: this could include 'unwinding' the weighting toward historical allocation (that adversely affects LBHF) – so possibility that our allocation might improve over time, but likely to be marginal.
- Dfe noted the use of HNB to continue the Tri-borough policy of additional (non-statutory) funding to primary schools for children with an EHCP, and questioned whether this was incentivising requests for an EHCP/working against inclusion. Work is underway with schools to gain a better understanding of how this money is currently being used. Findings will be used to inform 2019/20 schools budget consultation proposals expected to go out to schools late November.
- In short, the main message coming back is that we cannot rely on government funding increases, and will need to be pro-active in working together with education providers to make sure we are making the most cost-effective use of all resources

3. **Addressing the HNB Overspend - 'Phase 1' Progress:** a paper was taken to and agreed by September 2018 Schools Forum, setting out proposals for addressing the LA High Needs Block overspend through a range of cost recovery, service efficiency and funding re-deployment initiatives:
- **Dis-application from Schools Block in 2019/20:** a detailed submission will be made to the ESFA in November for transfer of funding to the HNB under the terms agreed at School Forum, i.e. up to £1m subject to final allocation and within constraints of the minimum funding guarantee.
 - **Cost Recovery for Non-Resident Children:** letters have gone out to all Local Authorities that place children with an Education, Health and Care Plan in LBHF-maintained schools, informing them our intention from September 2018 to recover costs incurred in the delivery of wrap-around provision and place administration for non-resident children.
 - **Targeted Primary Funding:** a sample audit of maintained primary schools is underway, with the intention of gaining a better understanding of how schools are using the funding provided from the HNB for children with an EHCP (in addition to agreed top-up). Findings and analysis will be used to inform discussions in phase 2 of how resources can be effectively deployed across the whole-system, particularly with regard to earlier intervention/inclusion.
4. **Addressing the HNB Overspend - 'Phase 2' Whole System Approach:** The HNB Update to the September 2018 Schools Forum set out a proposal for working jointly with schools to undertake a 'whole system' review encompassing mainstream, targeted and specialist settings and provision. With the intention of reviewing the role that each play in identifying and meeting special educational needs, and identifying how all available resources can be used most effectively.

A letter has now gone out to schools requesting named Head Teacher involvement in joint governance and workgroups. Starting with the first meeting of a new time-limited, Funding Pressures Overview Board starting in January 2019, with a remit to:

- Provide leadership in a comprehensive 'whole system' strategy for responding to financial pressures across all DSG Blocks and relevant General Fund spend
- Define and develop viable options for mitigating financial pressures through improved cost-control and opportunities for income generation
- Promote the wider engagement of schools and other stakeholders and mobilise involvement in specific areas of work where needed (e.g. input of SENCO's to developing inclusive education)

5. **Revised Dfe Guidance for Reporting DSG Deficits:** Dfe have recently issued a consultation document on proposed new arrangements for Local Authorities to report on and address cumulative DSG deficits. Proposals include:

- a report will now be required from all local authorities that have an overall *cumulative* DSG deficit of 1% (previously 2%), outlining their recovery plans
- recovery plans to detail the steps LA plan to take to provide statutory services within the annual funding envelope – to be “discussed with, and if possible, agreed with, the local Schools Forum”
- where a local authority has a cumulative overspend, producing a deficit on its DSG reserve, its recovery plan should look to **bring the overall DSG account into balance within a maximum of three years** – exceptions possible.
- In all cases, recovery plans to demonstrate how they will **bring in-year spending in line with in-year resources within three years at most**
- a submission deadline of June 2019 in respect of deficits at the end of 2018 to 19.

The deadline for LA responses on the consultation document is 7th December 2018. A copy of the consultation paper has been included with Schools Forum papers. **If you would like to contribute please send your response to Lize.Ferreira@lbhf.gov.uk**