

**Report to Hartlepool Schools' Forum 15 March 2019  
From Mark Patton – Assistant Director Education**

**Item 4: High Needs Projected Outturn 2018/19**

**1. Introduction**

- 1.1 The purpose of the report is to provide an update on the 2018/19 outturn projection for high needs services.

**2. Background**

- 2.1 There has been a historical financial pressure against high needs spending since 2015/16. The authority, supported by Schools' Forum, implemented a recovery plan to bring spend in line with available funding. The most significant change was the migration to new funding ranges attached to level of need with effect from April 2018.
- 2.2 Schools' Forum agreed to transfer £0.550m from the Schools Block to the High Needs Block in 2018/19 to further support the projected funding shortfall.
- 2.3 A planned use of DSG reserves of £0.085m in 2018/19 was also approved.

**3. 2018/19 Funding**

- 3.1 The following table shows the total revised funding available in 2018/19, including the block transfer and use of DSG reserves. The government announced £0.209m additional funding to support financial pressures on high needs spending for both 2018/19 and 2019/20 financial years. This announcement was made in December 2018.

High Needs Funding 2018/19	£m
DSG High Needs Block (after recoupment)	8.485
Additional funding announcement	0.209
Schools Block transfer	0.550
Use of DSG reserve	0.085
<b>Total Funding</b>	<b>9.329</b>

- 3.2 Funding for 2018/19 has increased from £8.989m since the last update report to Schools' Forum – an increase of £0.340m. The increase is a combination of the late additional funding announcement by government, along with a reduction in academy recoupment. These updates to funding were published in December 2018.

#### 4. 2018/19 Expenditure

The table below shows the projected outturn for 2018/19 against each category of spend. The budget shown in the table is the original budget, prior to the notification of additional funding of £0.340m.

The change in forecast from the last update to Schools' Forum on 26 September 2018 is included. The forecast has increased from £9.261m to £9.300m – an increase of £0.039m. The paragraphs that follow explain the change in forecast position from the last update.

	Budget 2018/19	Previous Forecast 2018/19	Revised Forecast 2018/19	Revised Variance 2018/19
High Needs Forecast 2018/19	£m	£m	£m	£m
LA place funding	1.333	1.332	1.348	0.015
Independent school fees	2.175	2.327	2.210	0.035
Out of authority top-ups	0.295	0.420	0.371	0.076
Top-up funding and support	3.969	4.072	4.224	0.255
Post-16 top-up funding	0.750	0.643	0.680	(0.070)
Support services	0.467	0.467	0.467	0.000
<b>Total Forecast and Variance</b>	<b>8.989</b>	<b>9.261</b>	<b>9.300</b>	<b>0.311</b>
Additional funding	0.340			
<b>Restated variance 2018/19</b>	<b>9.329</b>		<b>9.300</b>	<b>(0.029)</b>

##### 4.1 Local authority place funding (£0.015m overspend projected)

Place funding for the year has now been confirmed (including the split of vacant and occupied places). Actual place funding due is £0.015m above the original budget requirement.

##### 4.2 Independent school fees (£0.035m overspend projected)

The previous forecast has reduced by £0.117m, with a £0.035m overspend projected to year end. The positive change in forecast relates primarily to the later start of a new residential placement.

##### 4.3 Out of authority top-ups (£0.076m overspend projected)

Although an overspend of £0.076m is projected, the forecast has reduced by £0.049m since the last report to Forum. Two children have transferred to other provision (one child is now funded outside of the High Needs Block).

##### 4.4 Top-up funding and support (£0.255m overspend projected)

A number of areas are included within this category of spend and the key services making up the projected £0.255m overspend are outlined below.

##### 4.4.1 Individual pupil support

Demand and associated expenditure has increased, resulting in an increased overspend of £0.130m compared to the £0.020m previously reported. A total of 431 individuals are IPS funded as at the end of February 2019. This has grown from 386 individuals as at the end of July 2018. Spending has also increased linked to steps taken to help schools manage children with SEN in a mainstream setting. Clearly, these actions are working to avoid more costly provision out of area.

#### 4.4.2 Special schools top-up funding

An increased overspend of £0.134m (from £0.084m) is projected to year end. The increased spend relates to additional places over number within the maintained special school for a period of time during 2018/19. This extra capacity avoided an increase in out of authority expenditure.

#### 4.4.3 Other budget areas within the top-up funding and support category include:

- Alternative Resource Provision
- Pupil Referral Unit
- Hearing Impaired Service
- Visually Impaired Service
- Small Steps
- Home and Hospital.

There is a minor underspend of £0.009m projected across these services at year end.

#### 4.5 Post-16 top-up funding (£0.070m underspend projected)

The projected underspend has reduced by £0.037m since the last report to Forum. However, an underspend to year end of £0.070m is expected. Choice of course and provision at post-16 is personal to each learner, making in-year projections difficult.

#### 4.6 Support Services (nil variance)

The contribution from high needs to local authority support services has been maintained at budget level, with inflationary increases being absorbed by the local authority.

#### 4.7 Although the forecast outturn for 2018/19 has increased by £0.039m, funding has increased by £0.340m. The restated variance of £0.029m shown in the table above, means that the planned use of DSG reserves can be reduced from £0.085m to £0.056m.

### **5. Work in progress to address ongoing financial pressure**

5.1 During budget planning for 2019/20, Schools' Forum established a Task and Finish Group to review any further opportunities for managing demand and bringing costs in line with available funding. Meetings started in early January 2019 and the group continues to review and challenge, with a view to establishing a set of actions for implementation.

5.2 The full year financial benefit linked to the implementation of the two primary SEMH ARPs from 1 September 2018 will take effect in 2019/20. This should reduce the need for costly out of area provision.

5.3 Other areas being progressed to ensure the authority makes optimal use of limited high needs funding include:

- Planned implementation of a secondary SEMH provision during 2019-20 academic year
- Creation of a new 3-year post to support mainstream schools in meeting an increased complexity of need as part of the Education Improvement Strategy 2018-2021
- Submission of a free school bid to DfE around SEMH to reduce the need for costly Out of Authority provision

- Joint submission for a SEND free school bid across Tees Valley
- Provision of increased places at our maintained primary special school.

## **6. Summary and considerations for 2019/20 high needs budget**

- 6.1 The latest projection for high needs spending in 2018/19 outlined in this report is **£9.300m**. The anticipated budget requirement for 2019/20 remains at **£9.745m**, a projected increase of **£0.445m** compared to current year forecast.
- 6.2 The 2019/20 budget requirement reflects full financial year funding for the new ARPs established 1 September 2018, and the full year impact of part-year placement costs for independent schools and out of authority provision.

## **7. Recommendations**

- 7.1 Forum is recommended to note the contents of the report.