**Questions and Answers sent to Chair re High Needs Block**

**Item 6 – High Needs Projected Outturn 2019/20**

We are a bit confused by some of the figures in this report and also hoped for some clarification around the recommendations.

Point 6.4 states that should no additional funding be provided for 2020/21 then the LA would put in another disapplication request for the £0.621m plus a further £0.318m based on the mid-case figures.  When will the LA know if additional funding is available for 2020/21 as the deadline for the disapplication request is 30th November?  Will they have a definite answer before then or should we really be anticipating that a disapplication request will be submitted anyway and both the transfer from the schools block and additional funding may be the realistic outcome?

Although, additional funding for High Needs  has been announced, individual LA allocations won’t be known until early October.  The report is essentially raising awareness in advance and giving notice that there may be a funding problem which may require a block transfer from Forum and ultimately a disapplication request.

Why is the projected overspend for 2019/20 from the mid-case scenario being used for the disapplication figure?  The £0.318m may be the projected overspend for 2019/20, and may end up being covered from the DSG reserve, but if the assumption is that funding stays at the same level in 2020/21 would the overspend that year end up being higher than the £0.318m?

The LA have used the mid-case as hopefully this is illustrative of an ‘average’ year and not either the Worse Case which may be too extreme or the Best Case which would be under selling the potential issue.  The LA has to use planning assumptions and the mid-case is the most appropriate.

The Place Funding for 2019/20 is overspending by £0.015m but that is only a part year cost for the new ARP places at High Tunstall.  Would the full year cost of this provision not increase this overspend or will funding increase based on the new provision?  Would this be the same for Independent School Fees as the report states that there are currently 45 places at £57k with an additional 6 expected.  These are the figures in the report that we don’t understand as the current costs must be £2.565m but the additional costs for the 6 places is only £0.151m so is this based on part year costs that then become full year costs in 2020/21? Would we then end up transferred an amount of money from the Schools block to end up reporting a deficit anyway?

The financial information contained in the report has made adjustments for part year and full year costs where appropriate in conjunction with service managers.  Where possible this has been done on an individual  case basis and is accurate at this point in time.

I think we are trying to understand what position the LA are willing to accept as to be, worst case, £0.939m short in 2019/20 despite the additional funding and the transfer for £0.621m shows just how dire the High Needs situation is and the report seems to be suggesting that on one hand we report a deficit of £0.531m should the worst case happen but then at the same time potentially take another huge amount from the Schools Block while trying to run a recovery plan.  If we have to report a deficit anyway then are we not now in a position where we need to report the actual total deficit rather than potentially putting more schools into deficit by taking nearly £1m out of the schools block again?

The LA believe that the volume of disapplication requests for the 2019/20 budget prompted the Government to announce additional HNB funding for 2018/19 and 2019/20.  The request was sent in November 2018.  The announcement of additional HNB funding was made in December 2018.

Although, the guidance states that DSG overspends of more than 1 % require a recovery plan, I think we all agree that the recovery plan would include  additional funding which can only be raised by block transfers or additional Government funding. The LA believe we are being proactive in our approach.

I think we all agree that the position is dire.  There are more children with complex needs and not enough funding.  The report is illustrative of the funding required to ‘balance ‘ the budget.

**Item 12 – Statutory Services provided by the LA**

We would like further clarification around 4.7 as the letter that the diocese received from the ESFA was that while they had agreed the disapplication it was the case that ‘Schools such as VA schools, foundation schools, and academies, cannot therefore be charged for services that are provided free of charge to community and voluntary controlled schools, and paid for out of the centrally held DSG. This does not include funding that has been retained centrally from maintained school budgets only (as set out in Schedule 2, Parts 6 and 7 of the School and Early Years Finance (England) (No 2) Regulations 2018), where some statutory duties relate to community and voluntary controlled schools only. However, in these situations authorities should not charge VA and foundation schools if requested to provide services to these schools and where there is no charge to community and voluntary controlled schools for the same service.  Hartlepool are required to follow the provisions of the DSG conditions of grant. We will contact Hartlepool directly to further investigate the points you have raised’.

What was the outcome of this as the LA state that they responded to the ESFA on 30th April and had no response so what did they need to send back to them and is the outcome that VA schools will still be ‘double charged’ for things such as H & S?

As the report states, the LA responded to the query from ESFA on 30.4.19 answering the question you have raised above. No response has been received. After seeking legal advice the LA has assumed that the ESFA are content with the evidence supplied.