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Report title:	High Needs Block 2017-18	
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Executive Summary

This report sets out the current position regarding the 2017-18 High Needs Block of the Dedicated Schools Grant, including any current pressures and risk areas, which will require monitoring and addressing during the current financial year.

These budgets represent the highest risk of overspending and without a significant contingency in place, there is an urgent need to identify an in year and ongoing savings programme to mitigate this risk.

Schools Forum Actions

The Schools Forum is asked to:

- Note the indicative position of the 2017-18 High Needs budgets
- Note the likely pressure areas on this block and the need for the LA to provide a budget report to every Schools Forum meeting
- Consider the need to set up a working party to look at in-year and future years savings measures required on this block
- Give a view on the SILS request for additional funding

1. High Needs Block 2017-18

- 1.1 The High Needs Block budget is set out at Appendix 1. A balanced budget position for the block has been set as required by the regulations, but this contains significant risks as is outlined within this report. Many authorities across the country are facing overspending and deficit positions on their high needs blocks. The consequences of a high needs deficit arising on the DSG would be a future reduction to schools budgets shares.
- 1.2 The DSG block has increased from £37.12m to £43.33m between 2016-17 and 2017-18. However, there were reported underlying pressures on the high needs block last year and reserves were also being used to balance the position on the block at year end as well as to fund one off items.
- 1.3 There are underlying issues with the structural position of the block due to the responsibility for post 16 transferring in to the block but not being fully funded with pressures increasing in that area as young people flow through the system (indicative budget for 2016-17 is c £8m 16-17) and there are general demand pressures and demographic issues. There are also demand/ activity and placement pressures within the independent settings. These forecast pressures are currently

being reviewed, quantified and updated by the LA's SEND team based upon the latest information available, these will be provided in detail to the October 2017 meeting of the Schools Forum.

- 1.4 Under the National Formula Funding (NFF) consultation, the settlement position for High Needs was cash flat between 2017-18 and 2018-19. Strong representations were made to the DfE on the consultation proposals as noted in Appendix 2. We are awaiting further details on the consultation. There has yet to be any consultation on post 16 SEN funding despite this having been promised for some time.
- 1.5 In 2017-18 there is a significant budget risk associated with the block given the issues identified above and also given that there is no contingency reserve other than the £0.5m general DSG contingency. This means that the DSG budget will require very close monitoring in 2017-18 at every meeting of the Schools Forum.
- 1.6 As part of that process the High Needs Block budget has been re-cast and all the central retentions have been identified. The position whilst being balanced (as is required) is very tight and the risk factors mean that the Authority needs to plan now to make in year and ongoing savings on the High Needs Block in order to mitigate against significant expected pressures flowing from the risk factors. In addition, any calls for additional funding across the block will need to be carefully scrutinised and challenged and a proper funding source identified.
- 1.7 As members will recall, there has been a decision made to move to a new band 4 top up system from 1 April 2018. There was some expectation that this would make some ongoing savings for new entrants. There will now need to be a consideration given to when the transition phase for pupils in the existing scheme is applied. This work now needs to progress swiftly to capture any savings.
- 1.8 With regard to the one off use of reserves in 2016-17, the £0.36m SEN support to mainstream scheme has now ceased and the £70k support to Summerhouse has also ceased in the light of the increased delegation in that provision. On the advice of SEND officers, the £50k outreach support for Cherry Tree Gardens has been funded from the block in 2017-18 on a one off basis only to allow the development of a buy back service from 1 April 2018. The funding previously received by SILS of £270k from reserves is considered later in the report.
- 1.9 With regard to alternative provision, a bid has been made to the migration fund of the DCLG for additional funding for unaccompanied asylum seeking children, which if successful, may assist in containing costs pressures in that area.
- 1.10 To make further progress on additional savings/cost avoidance matters, an additional savings strategy needs to be developed and we ask that the Schools Forum supports the LA in setting up working group of Schools Forum to shape this with a particular focus on the following areas:
 - Maximising any revenue grant from the high needs return by ensuring that that the SEN capital strategy meets the criteria
 - Review of maintained settings that are currently under capacity

- Benchmarking to identify high cost areas for potential savings
- Cost and volume analysis over time
- Review of current central retentions in the block that can be ceased, reduced or re-procured or provided by settings
- Review of Initiatives being developed in other local authorities to make savings in the high needs block and their local applicability at Southwark
- Review of best practice in commissioning of placements
- Development of buy back arrangements for outreach services

1.11 This group would be supported by senior Finance, Commissioning and SEN officers and would also seek representation from high needs and mainstream provision to ensure a partnership and consultative approach. An initial scoping meeting would be undertaken before the Summer Term with officers undertaking research and developing proposals for consideration to be brought back to the October meeting of Schools Forum. At that stage an update would also be given on the pressures within the High Needs Block.

2. SILS

2.1 At present SILS receives £10k funding per place and an £11k top up per student. For a number of years SILS has received additional funding from the DSG reserve to increase capacity and quality and also to ensure a multi-disciplinary approach. In 2016-17 this amounted to £270k.

2.2 With the depletion of the DSG reserve in 2016-17 this funding source is no longer available. SILS have made a case for an increase in their top up level attached as Appendix 3 to this report. However, this would clearly be a significant additional cost to the High Needs Block which is already under pressure as noted previously.

2.3 The Schools Forum is therefore asked for its views on the request by SILS to increase its level of top up during the current financial year.

Appendix 1

Indicative High Needs Block 2017-18

High Needs Block 2017-18		
	£000	£000
Funding		
DSG Grant (net of recoupment)		43,245
Expenditure Budgets		
<i>Delegated</i>		
Maintained Special Schools	11,381	
Resource Units in Mainstream	1,827	
Mainstream Top Ups	4,560	
Independent	3,550	
Academies/ NMSS	2,417	
Other LA	1,257	
Sixth Form and FE	7,685	
Alternative Provision	2,197	
SILS	2,100	
Hospital Schools	2,199	
Centrally Retained	4,072	
		43,245
Balance		0

Appendix 2

Response to High Needs NFF consultation is attached as a separate document.

Appendix 3

Letter from SILS to increase funding is attached as a separate document.