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Report title:	High Needs Funding Financial Strategy 2018	
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Executive Summary

The purpose of this report is to look at how the expenditure on the high needs block can be brought in-line with its funding level and how the extra costs of a growing pupil population and the increasing complexity of children's needs can be met.

Schools Forum Actions

The Schools Forum is asked to:

- Set up a sub-group to look at the high needs block level of spend
- Approve the terms of reference attached as appendix A
- Agree who will be members of the sub group

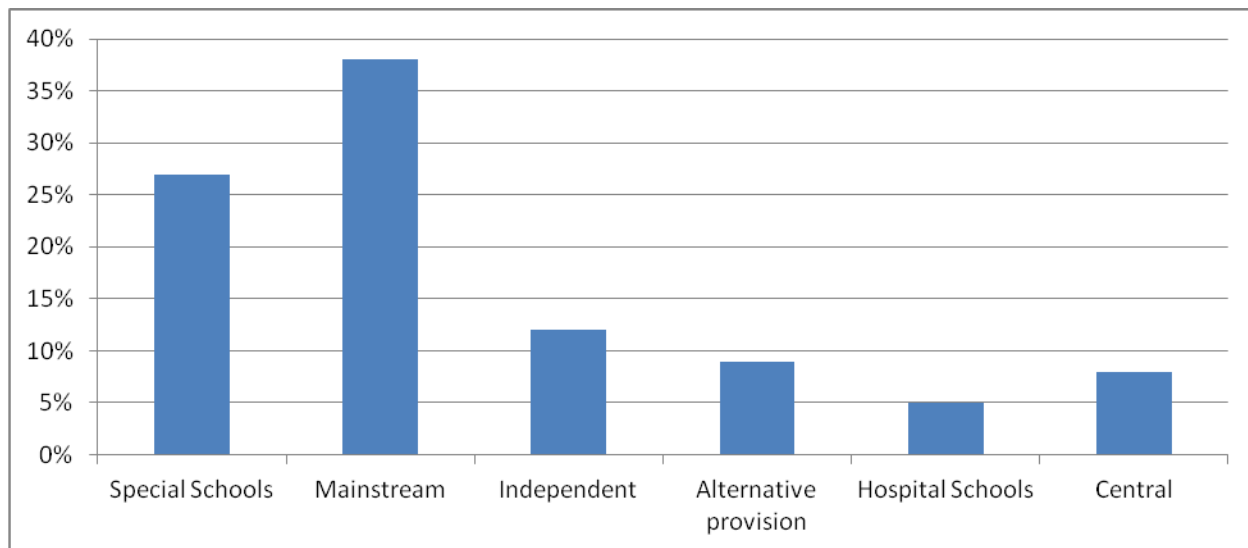
1 Background

1.1 The Dedicated Schools Grant (DSG) under the new schools funding reforms has been split into four elements that are known as blocks, namely: the schools block; the central block, early years block and high needs block. The calculation of funding for the High Needs block is based on a national funding formula although there is a large historical element. Southwark will receive in 2018/19 £43.1m (this is prior to recoupment and block transfers agreed by the Schools Forum).

1.2 The formula is based on

- Basic entitlement factor
- Historic spend factor
- Proxy factors
 - Population
 - Deprivation
 - Low attainment
 - Health and disability
- Area cost adjustment

The high needs block is spent in a number of ways but the vast majority is on placements of children with SEND



2. Current budget position

2.1 The high needs block is expected to overspend by £3.0m in 2017-18.

3. Future strategy

3.1 There are number of possibilities mainly through reducing the spend or to increase or build capacity of intervention provision to help cap the cost of growth in numbers.

3.2 There is no immediate easy short term solution to reducing the level of spending to the sum available but it will be necessary to have measures that are carefully considered over the next two years. Under the current financial restraints it would seem difficult to reduce school budgets. In reality the outcome will likely to be the need to form of combination of the above, namely reducing spending and increasing capacity to prevent needs escalating.

3.3 It is suggested that due to the complex needs of the children funded from the High Needs block, the Schools Forum set up a working group to look at these issues with the intention of reporting back to the Schools Forum in December 2018 with proposals to make some savings for the 2019/20 financial year - with a final report to address the entire shortfall in funding, the following December 2019. A draft Terms of Reference is attached as Appendix A for consideration and some of the areas for review.

3.4 Attached as Appendix B is the original analysis of possible actions the LA could take to reduce the overspend ing the High Needs Block. This was originally presented to the January 2018 Schools Forum meeting.

The Schools Forum might like to review these at this meeting and give initial indications to the Working Group on whether they should still be considered and any other members of the Schools Forum would wish examined.