



## BOURNEMOUTH, CHRISTCHURCH and POOLE SHADOW SCHOOLS FORUM

Subject	<b>Funding Transfer from Schools Block to High Needs Block 2019-20</b>
Meeting Date	8 January 2019
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Contributors	Vicky Wales, Head of Children, Young People and Learning, Poole
Status	Public
Classification	For decision - all Shadow Schools Forum (SSF) members eligible to vote
Executive Summary	<ol style="list-style-type: none"> <li>1. Reported in December was the High Needs Block (HNB) funding gap of £5.4m in 2019-20.</li> <li>2. After the meeting on 17 December the DSG Settlement provided additional DSG funding of £0.8m for BCP for 2019-20, and this reduces the funding gap to £4.6m.</li> <li>3. This report proposes how the residual gap should be closed and includes that the SSF is to agree a £2.2m transfer (1.1%) from the Schools Block with the Council being approached for a one off contribution to support the DSG of £2.4m. The BCP Shadow Authority will make its budget decisions on 21 February 2019.</li> <li>4. The SSF agreed in December to support a level of transfer but with the amount to be determined at the January meeting when the outcome of the extended consultation with schools had been received.</li> <li>5. The report appendix includes the final analysis of the consultation with responses received from 38 schools (40%) in total. Few schools supported any of the options to reduce the high needs budget requirement and a majority supported making some level of transfer.</li> </ol>
<b>Recommendations</b>	The SSF is to agree a transfer from the Schools Block to High Needs of £2.2m equivalent to 1.1% of the Schools Block, with a request to be made to the Secretary of State for approval.



Reasons for Recommendations	The proposal is to meet the unprecedented level of need within High Needs for 2019-20 and recognises that setting a balanced DSG budget is a joint responsibility between the LA and schools.
Background Papers	SSF Reports from 14 December 2018 1. Report of the High Needs Block Financial Strategy Group 2. Funding Transfer from Schools Block to High Needs Block

## **1. HIGH NEEDS BUDGET 2019-20 - PROGRESS AT DECEMBER 2018**

- 1.1. At the SSF meeting in October 2018 it was reported that based on projected levels of need within the High Needs Block (HNB), there would be a funding shortfall of £5.7m in 2019-20. After further work this had reduced to £5.4m (equivalent to 2.8% of the Schools Block) at the December SSF meeting.
- 1.2. In December the Funding Transfer from Mainstream Schools to High Needs paper contained the detail of the high needs budgets and these are unchanged. The paper also provided a list of options for further budget savings that, if all implemented in full, would reduce the projected HNB shortfall by £2.2m, resulting in a shortfall equivalent to 1.6% of the Schools Block.
- 1.3. Also at the December SSF meeting, the HNB Financial Strategy Group of the SSF reported the outcome of the work undertaken to review the data and trends within the high needs budgets. The Group acknowledged that the SEND Code of Practice in 2014 has caused unprecedented demand on the HNB and that this is currently underfunded by government. It also concluded that the level of permanent exclusion is too high locally. A number of recommendations were made and these recognise that schools and the LA need to work in partnership to limit demand and achieve better value for money. It was also recognised that savings could not be achieved quickly.
- 1.4. The two HNB December SSF papers were distributed with a questionnaire to all schools with a consultation period in the week leading up to the December meeting. There was some support for a funding transfer but the response rate from schools was considered to be too low at 26%. The consultation period was subsequently extended for a further week up to the end of term with the final response rate increased to 40%. This paper provides the final outcome of the consultation with a summary in Section 3 and more detailed analysis in the appendix.
- 1.5. Historically, the Councils across BCP have taken the view that the Dedicated Schools Grant budgets should be contained within the level of funding. However, the underfunding of the HNB has been acknowledged locally and it has also been recognised that Local Government Reorganisation in Dorset



has made 2019-20 an exceptional year with balancing the HNB more challenging.

- 1.6. It was proposed at the December SSF meeting that the Council (as a one-year exception to normal policy) could contribute towards the extra funding required to meet the growth within high needs. This would be alongside a contribution from mainstream schools. It is recognised that potential further budget cuts in high needs could be made but, as concluded by the HNB Financial Strategy Group, these would be counterproductive to the high needs financial strategy as a whole. In addition, the impact of these cuts would not be seen equally across schools.
- 1.7. It was proposed that mainstream schools contribute 1.5% of their funding to the HNB with the Council providing a one-off contribution to meet the remaining shortfall in 2019-20, equivalent to 1.3% of the School Block. This would mean that the options for further cuts in funding for schools from the high needs budgets would not be implemented.
- 1.8. The SSF were made aware that Council had not yet agreed to any level of support to the DSG and that this could not be guaranteed until the Shadow Council meet on 21 February 2019. If the SSF could not agree to a 1.5% transfer then the Shadow Council could find it more challenging to support a contribution with instead the expectation that budget reductions would be implemented.

## **2. HIGH NEEDS SETTLEMENT 2019-20**

- 2.1. On 17 December 2018 the government provided additional funding for the HNB. This consisted of the following nationally:

Description of Funding	Allocation
2018-19 High Needs Block	£125m
2019-20 High Needs Block	£125m
Special Provision Fund (Capital)	£100m
Total	£350m

- 2.2. For 2018-19, Bournemouth and Poole received between them £701k additional funding, while Christchurch will have received a proportionate share of the additional £825k for Dorset. This will be used in Bournemouth and Dorset to reduce the carried forward projected deficits for March 2019 which had previously been estimated at a combined total £4.5m.
- 2.3. The additional funding of £798k (equivalent to 0.4% of the Schools Block) for BCP high needs in 2019-20 reduces the HNB funding shortfall to £4.6m.



- 2.4. SSF members were made aware of the Settlement announcements and implications for BCP by e-mail on 20 December. The Council has provisionally agreed that schools should see the full benefit of the additional high needs allocation.
- 2.5. Consequently, the proposed transfer from the Schools Block to High Needs can be reduced to £2.2m, with this being a reduction from 1.5% to 1.1%.

### **3. FUNDING TRANSFER CONSULTATION – SUMMARY OF RESPONSES**

- 3.1. The consultation papers were included within the reports for the December meeting. The response period was extended until Midnight Friday 21 December as the response from only 25 schools (26%) was considered by the SSF to be too low.
- 3.2. A summary of all responses to the consultation is provided in the appendix. In total responses were received from 38 schools (40%).
- 3.3. The appendix detail includes that 58% of schools supported a transfer of up to 0.5%, while 45% supported up to 1% and with 18% favouring up to the full 2.8% (required at the time the consultation first went live) to fully meet the projected need within the HNB.
- 3.4. A significantly greater response was seen from secondary schools with 76% of schools making a return compared with 31% of primary schools. The response from high needs providers was exceptionally low with only 1 school responding. There was greater support for some level of a funding transfer from primary phase schools (80%) than the secondary phase (29%).
- 3.5. There was a mixed response to the question whether the high needs budget as presented should be funded in full. However, the greater proportion of responses (39%) were that it should be, but 26% returned unsure or did not respond, leaving 34% considering the budget should be reduced.
- 3.6. However, in considering where the budget could be reduced, there was little support from those that did express a view for implementing any of the options put forward. The majority of responders did not provide any views.

### **4. FINANCIAL IMPACT OF PROPOSALS ON INDIVIDUAL SCHOOLS BUDGETS**

- 4.1. The Schools Block (SB) settlement resulted in an additional £0.4m (0.2% of the SB total) than had been forecast through the new national formula for pupil growth. The proposals for the local Growth Fund are considered in a separate paper and these do not use this additional funding, along with a further potential £0.2m (0.1% of the SB total) from the level previously anticipated. Surplus growth funding could be part of the contribution needed from mainstream schools.



- 4.2. As a result, to achieve a £2.2m (1.1%) transfer into the HNB, mainstream schools would be required to contribute collectively £1.6m (0.8%) from funding provided through the mainstream NFF allocations.
- 4.3. At the December meeting the SSF agreed that the principles and methods to apply in establishing varying levels of transfer were to be those set out in the Schools Funding Consultation 2019-20, with one exception. Lever 1 (to include the split site factor within minimum per pupil funding) is not to be used to reduce the cost of the funding formula.
- 4.4. Calculation of the individual schools budgets to take into account the updated school data from the October 2018 census is in progress. These will be finalised following the decision regarding the level of transfer. We have agreed with the DfE an extension to the timetable for submission of the budget calculations to allow more time for the relevant decisions to be made by the SSF, the Shadow Council and potentially also the DfE.

## 5. SUMMARY OF PROPOSED FUNDING OF THE HIGH NEEDS BUDGET

- 5.1. A Summary of the proposed funding of the high needs budget is as follows:

<b>Funding Source</b>	<b>£m</b>
High Needs Block	38.9
Council Funding	2.4
Schools Block - Schools NFF and Growth	2.2
Early Years Block	0.2
<b>High Needs Budget Requirement</b>	<b>43.7</b>

- 5.2. The £0.2m contribution from the Early Years Block has already been taken into account in the reported funding gap of £4.6m.

## 6. RECOMMENDATIONS

- 6.1. The SSF to agree a transfer from the Schools Block to High Needs of £2.2m, equivalent to 1.1% of total Schools Block funding, with a request to be made to the Secretary of State for approval.

## 7. LEGAL IMPLICATIONS

- 7.1. The SSF can agree a transfer of up to 0.5% from Schools Block funding without requiring the additional approval of the Secretary of State. This means for 2019-20, SSF can approve up to £1m. The level proposed is £2.2m (1.1%) and this requires the agreement of the Secretary of State.



- 7.2. A draft request has already been submitted (as agreed by the SSF in November) to meet the DfE deadline for requests of 30 November. The DfE have been notified that the request will be changed following the December Settlement and that this will be submitted following the SSF meeting in January 2019.
- 7.3. Information about the high needs budgets to be included in the final request will be as presented to the December SSF meeting (funding gap of £5.4m) with an updated funding strategy applied.