**DERBYSHIRE COUNTY COUNCIL**

Rep 719

Agenda Item 3

**SCHOOLS FORUM**

**6th November 2017**

**Report of the Strategic Director for Children’s Services**

**High Needs Funding**

1. **Purpose of the Report**

To update the Schools Forum regarding the issues facing the High Needs Block.

1. **Information and Analysis**

**2.1 High Needs Block Formula**

In September 2017 the DfE announced details of the High Needs Block funding formula which will apply from April 2018 and which will allocate funding to LAs: individual institutions’ allocations will continue to be driven by locally agreed formulae.

Nationally, the High Needs Block benefited from the additional £1.3 billion the government has made available across 2018-19 and 2019-20. Local authorities will see gains of up to 3% per year in both years. No LA will lose funding in cash terms and will see minimum increases of 0.5% per head in 2018-19 and 1% in 2019-20 due to a more generous funding floor than was originally proposed in December 2016.

Details of the HNB national funding formula was shared with the Forum at its October meeting and is provided again at Appendix 1.

It was reported last time that Derbyshire’s HNB increase is modest due to the application of an import/export adjustment to reflect the movement of pupils between LAs. The DfE’s data indicates that Derbyshire “exported” 241 pupils. In order to fund the receiving, (“importing”) LAs, the Authority’s High Needs Block has been reduced by £6,000 per exported student, an overall reduction of £1.446m.

The other technical change is that from 2018-19 pupils in ER provision will attract the relevant AWPU funding via the NFF. HNB places funding will fall from £10,000 to £6,000 as a result, unless the place is unfilled in which case £10,000 remains the funding rate. In order to fund the extra pressure on the Schools Block there has been a national transfer of resources of £91m from the High Needs Block. Derbyshire’s HNB has been reduced by £1.047m as a result of this change.

**2.2 Current HNB budgets and spending**

The 2017-18 HNB budgets were approved by the Authority’s Cabinet on 14 March 2017, a summary of the allocations is provided in the table overleaf:

|  |  |
| --- | --- |
| **Budget** | **£m** |
| ISB Places/Start of Year Budgets | 15.793 |
| Post 16 - new responsibility | 0.624 |
| Mainstream and nursery top ups | 13.550 |
| Special school top ups | 11.208 |
| PRU top ups | 1.724 |
| Payments to OLAs’ schools | 1.386 |
| Payments to FE/ISPs | 2.241 |
| Out County Placements | 6.751 |
| Contingency - in year support to schools | 0.600 |
| SSSEN Service | 4.586 |
| Behaviour Support Service | 0.786 |
| Peripatetic SEN services | 1.934 |
| Positive Play/Nurture | 0.702 |
| Education Psychology Service | 0.400 |
| Pre-school support service | 0.178 |
| Hospital recoupment | 0.140 |
| Individual pupil equipment fund | 0.250 |
| Integrated Pathways | 1.500 |
| Out of School Tuition | 1.015 |
| Virtual School | 0.834 |
| Virtual Classroom | 0.197 |
| Support for inclusion | 1.169 |
| Early Help | 0.515 |
| Other – vulnerable children fund/CLAFE/transport | 0.699 |
| Demographic/pressures contingency | 0.690 |
| TOTAL | 69.472 |
| 2017-18 HNB Grant | 69.402 |

The agreed budget also set the number of places to be commissioned and the top-up values for 2017-18. Details of the current places and top-up values are also included at Appendix 1.

In terms of financial performance, this year services’ spending is forecast to be broadly in line with the allocated budgets. However, there is a projected overspend against those budgets that fund the top ups to schools in respect of individual pupils – these are currently projected to overspend by £1.389 million. This overspend is partially offset by an unallocated budget of £0.690 million which is residual budget from the growth allocated by the DfE in 2017-18.

**2.3 Issues for 2018-19**

The immediate priority is to determine the number of places to be commissioned in academies, including those that convert on or before 1 January 2018, and FE colleges. Final figures have to be submitted to the EFA by 17 November 2017. Places for other institutions will have to be agreed by the end of this calendar year in order to feed into the budget process in spring 2018.

The Authority is not intending to seek approval to transfer any funding from the Schools Block in 2018-19 until it has completed its review of SEN provision. Any transfer of funding would therefore not take place until 2019-20 and would require the support of schools, academies and the Schools Forum. In the interim any shortfall in HNB funding in 2018-19 would have to be met from DSG reserves.

On the basis of current projections, it is unlikely that budgets can be increased to reflect the effects of inflation, services and schools will therefore have to identify further efficiencies in order to meet higher costs.

Final decisions on the 2018-19 HNB allocations will be determined by Cabinet in March 2018, further reports on the options going forward will be presented to the Schools Forum in advance of this at the December 2017 and/or February 2018 meetings.

**3. Other Considerations**

In preparing this report the relevance of the following factors has been considered: prevention of crime & disorder, equality of opportunity, human resources, legal & human rights, environmental, financial, health, property and transport considerations.

**4. Strategic Director’s Recommendations**

The Schools Forum is asked to note the report and offer its views on the issues for the High Needs Block for 2018-19 and beyond.

**JANE PARFREMENT**

**Strategic Director for Children’s Services**

**Summary of Derbyshire’s NFF High Needs Block allocation** **Appendix 1**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Indicator** | **Original Multiplier** |  | **Revised Multiplier** | **Count** | **Allocation** |
|  | **(£)** |  | **(£)** |  | **(£m)** |
| Population aged 2-18 | 110.21 |  | 116.91 | 145,476 | 17.007 |
| Health & Disability – No. children with bad health | 2,860.00 |  | 3,033.68 | 670 | 2.033 |
| Health & Disability – No. children claiming DLA | 519.67 |  | 530.41 | 5,020 | 2.663 |
| Deprivation – Free school meals (current) | 214.93 |  | 236.94 | 13,533 | 3.206 |
| Deprivation – IDACI Band F | 32.33 |  | 33.79 | 15,368 | 0.519 |
| Deprivation – IDACI Band E | 42.14 |  | 44.04 | 7,654 | 0.337 |
| Deprivation – IDACI Band D | 59.14 |  | 60.13 | 8,815 | 0.530 |
| Deprivation – IDACI Band C | 57.95 |  | 64.28 | 8,208 | 0.528 |
| Deprivation – IDACI Band B | 67.72 |  | 70.46 | 8,138 | 0.573 |
| Deprivation – IDACI Band A | 96.04 |  | 95.82 | 758 | 0.073 |
| Low Attainment @ KS2 | 1,306.40 |  | 1,589.16 | 1,478 | 2.349 |
| Low Attainment @ KS4 | 1,345.68 |  | 1,317.14 | 2,2124 | 2.798 |
| Historic spend | - |  |  | - | 33.025 |
| Funding floor | - |  |  | - | 0.628 |
| Hospital Education | - |  |  | - | 0.050 |
| Basic entitlement – no. pupils in spec. schools/post 16 | 4,000.00 |  | 4,000.00 | 925 | 3.700 |
| **Sub total before import/export adjustment** |  |  |  |  | **70.019** |
| Import/export adjustment |  |  | 6,000.00 | -241 | -1.446 |
| **Total High Needs Block** |  |  |  |  | **68.573** |
| **Adjusted 2017-18 baseline) see below** |  |  |  |  | **68.355** |
| **Change (£m)** |  |  |  |  | **+0.218** |
| **Change (%)** |  |  |  |  | **+0.32%** |

Memo item: Calculation of Derbyshire’s 2017-18 adjusted baseline:

|  |  |
| --- | --- |
|  | £m |
| Original 2017-18 baseline | 69.402 |
| Less trf to Schools Block for ERS places | (1.047) |
| **2017-18 adjusted baseline** | **68.355** |









