

## **Report of the Director of Children and Families Services**

### **Report to the Leeds Schools Forum**

**Subject: Dedicated Schools Grant High Needs Budget 2018/19 and Projected Costs for Future Years**

**Report author: Simon Criddle  
(Head of Finance –Children and Families)**

**Contact telephone number: 07980  
539225**

#### **1 Summary of main issues**

- 1.1 This report is to inform members of Schools Forum of the 2018/19 budget for the High Needs Block following recent work identifying pressures and potential savings as reported to Schools Forum in recent months.
- 1.2 The budget for 2018/19 has been set within the estimated income available and budgets to contribute £895k towards the deficit brought forward.
- 1.3 This report also provides further information on the latest projected grant income and costs for the years 2019/20 to 2021/22. There are risks around the assumptions made in future years, particularly after 2019/20 as no guidance has been received from the Government on grant allocations.

#### **2 2018/19 Budget**

- 2.1 The budget for 2018/19 has been set based on the High Needs Review report taken to Schools Forum in January 2018. A more detailed analysis of the budget is included at Appendix 1.
- 2.2 The Education and Skills Funding Agency (ESFA) issued a draft DSG allocation in December 2017 which has been used as the basis for the calculation of the grant due for 2018/19. However, there are two elements of the grant calculation that have not yet been issued. The impact of these elements has been estimated based on the information currently available, but these figures could change.
- 2.3 Work is continually ongoing to ensure that the impact of the most up to date information is included in the budget and in order to produce a balanced budget, the following actions have been included:-
  - Increased funding of £2m as a result of a transfer from the Schools Block
  - Increased funding of £500k as a result of a transfer from the Central School Services Block
  - Remove High Needs Block funding for the Teenage Pregnancy Service
  - Savings of £492k from increasing the threshold before additional blocks of £6k can be applied for from 40% to 50%

- Savings of £1.5m from decreasing the unit rate on FFI from £684 per unit to £600 per unit
- 2.4 In light of concerns raised at Schools Forum of the impact of the proposed savings on schools with significant numbers of SEN pupils, the council is proposing to mitigate this by applying transitional protection to limit individual school reductions in 2018/19 to 1.5% of the sum of baseline and high needs funding. Capping losses in this way is estimated to reduce the savings by £62k. Appendix 2 shows the impact of this based on estimated high needs funding for 2017/18. The actual allocation will be made once the final high needs funding is known at the end of this financial year, though it is not expected to be significantly different. This additional cost in 2018/19 will be funded by reducing the contribution to repay the deficit.
- 2.5 Regular budget monitoring reports will be brought to Schools Forum during 2018/19 to measure performance against these budgets and to assess any potential impact on future years.

### **3 Projected High Needs Grant Income 2019/20 to 2021/22**

- 3.1 The ESFA have issued an indicative grant allocation for 2019/20. However, most of the data included in the final allocation is still to be updated and confirmed. The income figures also included in Appendix 1 has estimated the impact of as many of those changes as possible, but it is not possible to be completely accurate on this as the information is not available.
- 3.2 Following confirmation of growth funding calculation for 2018/19, future estimates of growth funding have been reduced accordingly.
- 3.3 In addition, every effort has been made to estimate the impact of place funding deductions made by the ESFA before the final grant due figure is calculated. However, there is a risk that deductions are higher.
- 3.4 A Comprehensive Spending Review is due to be completed during 2019/20 and as a result, no grant estimates have been issued by the ESFA beyond then. The projected grant figures are therefore subject to change, but have been calculated assuming that the current funding policy does not change.

### **4 Projected High Needs Expenditure 2019/20 to 2021/22**

- 4.1 The projected costs for future years has been produced taking into account a general increase in population based on information from the Office of National Statistics and an additional increase of 50 high needs places per year.
- 4.2 The potential full year effect of the savings implemented in 2018/19 has now been included in the initial projections for future years. However, as with the 2018/19 budget, there are significant risks around the assumptions made and given the time period involved, there could be a greater variation in the actual costs.
- 4.3 These estimates assume that there will be a contribution of approximately £1m each year to contribute toward the accumulated deficit brought forward from previous years.

4.4 The estimates also assume that there will be a further transfer of funding in 2019/20. This is subject to further consultation and approval.

## **5 Overall Position**

5.1 Appendix 1 shows the current estimated shortfall or surplus in the High Needs Block and the impact on the overall deficit reserve.

5.2 In summary, the current estimates show:-

- As a result of the savings options implemented in 2018/19, it is estimated that 2019/20 is balanced (subject to the approval of a further transfer). However, should any of the details included in these calculations change, updates will be provided to Schools Forum.
- 2020/21 is currently projected to have a shortfall of over £600k, though as a Comprehensive Spending Review is expected before that date, this could change significantly.
- 2021/22 is currently projected to have an in-year surplus, which has been assumed to be utilised to repay more of the deficit reserve.

## **6 Recommendations**

6.1 Schools Forum is requested to note the High Needs Block budget for 2018/19 and the projected shortfall or surplus for the years 2019/20 to 2021/22.