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3. High Needs Budget 2017-18 and Dedicated Schools Grant (DSG) Reserve

This item involved a presentation by Simon Pleace on the High Needs Budget and the DSG reserve and a verbal update by Matt Dunkley on the discussions recently at Head teacher meetings on High Needs Funding.

Simon Pleace - High Needs Budget and DSG reserve

To access presentation, click on this link [Item 3 High Needs Budget 2017-18 and DSG Reserve position.](#)

The actual year end outturn for 2017-18 was £161.2m which represents an increase in spend from 2016-17 of £10.3m. This was a £1.6m decrease from the forecast position reported at the meeting on the 1 December 2017.

The £1.6m net decrease included a number of significant movements, namely; a £2m increase in Special Schools, a £0.8m increase in SPI and ILP and a decrease in Mainstream High Needs of £5m. The balancing figure of £0.6m was made up of various smaller over and under spends from the other High Needs pupil type budgets.

For Mainstream High Needs the £5m decrease was a result of the actions taken that were instigated by the High Needs funding review. For further detail on the High Needs funding review, see item 3 SFF minutes 1 December 2017. To access minutes, click on this link [SFF Minutes 1 December 2017.](#)

For Mainstream High Needs the £5m decrease in expenditure can be attributed to two events. Firstly, the decision taken by the Forum in June 2017 affecting new applications from September 2017. Funding rates were reduced by 30% and payment commenced from December (payments for September to November were paused). This action generated a saving of around £1m.

Secondly, reductions can be attributed to improved gate keeping initiated by the High Needs Funding review. A number of processes were improved due to information gathered from visits to schools and a review of the internal LA system that moderated HN funding applications. Although a new application process for High Needs Funding was implemented on 1 April 2018, many of the lessons learnt in the review were implemented immediately.

Another potential reason for the reduction in expenditure, which is not financially quantifiable, is the perception of schools that there was going to be greater rigour in the application process which may have then deterred some schools from submitting applications.

In 2017-18 the High Need budgets included in the presentation had an overspend of £5.9m, and this has been transferred to the DSG reserve. Overall the DSG reserve has only moved marginally, and more importantly remains in deficit.

For 2018-19 the High Needs Block has increased by £7.3m (£3m increase places and population + £4.4 transfer from schools Block). Our forecast show that this will not be enough to meet the full year effect of current placement levels, let alone further growth.

Simon Pleace highlighted to SFF members that the forecasting of High Needs budgets had improved significantly in recent times; however, it is a reactive forecast based on past financial events and not a forward looking pupil number forecast provided by the service.

As a result of the limitations of the current system to accurately forecast High Need pupil numbers and no

additional budget to meet the increase in any High Needs expenditure, this is an area of significant concern.

Matt Dunkley – Feedback from Headteacher meetings.

During March a series of Headteacher meetings took place across the county. The main focus of the meeting was to discuss High Needs funding to see what schools thought of the current system and if changes should be made.

As a lead into the discussion a presentation was given on the Dedicated Schools Grant High Needs Block. The main purpose of the presentation was to provide a broader understanding of the High Needs Block, which includes, what institutions are funded from the High Needs Block and the funding pressure it faces.

Generally, there is a perception that Mainstream High Needs funding is High Needs funding where as High Needs funding also includes, Special Schools, Special Resource Provisions, Independent Schools and FE Colleges.

The future outlook for High Needs Block is worrying. Kent is facing increased demand across all types of High Needs provision and at the same time minimal increases to the High Needs Block.

The LA has collated feedback from the Headteachers meetings and will be presenting a range of different options for the future at the Summer series of Headteacher meetings. From the recommendations made at these meetings a proposal on funding will be presented to the SFF at its meeting on the 28th September.