

## **BRIEFING NOTE TO SOLIHULL SCHOOLS STRATEGIC ACCOUNTABILITY BOARD AND SCHOOLS FORUM**

### **Transfer of budget from Schools Block to High Needs Block 2020-21**

School Forum received a report at their last meeting, 08-May-2019, that gave details of a final out-turn for 2018-19 of an overspend on the high needs block of £3.0m. This compares to an overspend of £248,000 at the end of 2017-18.

The council applied £1.6m of its own resources to give a net overspend of £1.4m, which has to be carried forward into 2019-20.

The problem is that this means there is a pressure of £1.4m overspend brought forward, and an ongoing pressure of £3.0m, giving a potential overspend of at least £4.4m at the end of 2019-20.

The high needs block overspend is wholly attributable to payment in terms of pupils with EHCPs, increases in top-ups to all types of school, but within this the single largest problem are the numbers of pupils being placed in independent and private provisions out of borough.

It could be even worse – EDSSEND heard that for the period January to May, a further 58 pupils were placed outside the borough at an average cost of £34,000 each, an increase in spend of £2.0m. There is no sign we are at “peak plans”.

In the face of this the council is obliged by law to develop a high needs recovery plan to submit to the DfE, showing how high needs spend will be brought into line with the likely actual levels of high needs grant, and any deficits paid off.

As part of this recovery plan, Solihull is saying they will have no choice but to seek a top-slice of the schools block budget. The schools block budget is the element that funds schools, so a top-slice of that will impact directly on school budgets.

This is obviously a great cause of concern for schools.

The May report to Forum outlined the rules associated with a transfer to the HNB – in essence up to 0.5% (£775k) can be agreed at the local level by School Forum. If Forum do not agree, or if the Council want to seek a top-slice of more than 0.5%, e.g. 1% or 1.5%, then the Council take their case for the Minister to decide. Even in this scenario the Council is required to consult schools and Forum and report the outcome as part of their submission.

At the last meeting of the Finance Work Group Steve Fenton circulated a paper showing what a 0.5% / 1% / 1.5% might mean for school budgets. Steve emphasises the paper is illustrative not an actual proposal; he still needs to find out from the ESFA how the process of a schools block transfer impacts on school budgets (how the mechanism actually works).

A 0.5% at per pupil level equates to something like £4k 1FE primary, £9k 2FE, £25k secondary.

A top-slice is a one-off event, not a permanent reduction, but the Council may well seek a 2 or 3 year top-slice in terms of a 3 year recovery plan.

Clearly all schools are already feeling acutely stressed about their budgets, and something like this would make things even harder for schools.

However it is also the case that high needs funding is increasingly well known to be a national problem, and Solihull will have to take serious actions to bring spend back in line with the available funding.

The real worry is therefore not just a top-slice but any spend reductions in the High Needs Block could well further impact on schools.

In terms of process, Solihull will develop its action plan over the summer and bring a report to the 1 October Forum that will detail how the situation has arisen and what the Council intends to do about it. Any submission to the minister must be made by the end of November.

The Council has agreed to write to all schools outlining the likelihood of a Schools Block transfer, possibly before the end of term, but probably more likely early in September flagging the possibility of a reduction in school funding.

SF/1.7.19