

Meeting date: 12 October 2023

Report to: Solihull School Forum

Subject/report title: Schools block transfer 2024-25

Report from: Assistant Director for Education and Learning

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Schools affected:

☐ All Schools | ☒ All Primary | ☒ All Secondary

Type of Report For Forum to express view to the Local authority

Forum Voting Whole of Forum

Public/private report: Public

1. Executive Summary

- 1.1 This report sets out the statutory requirements for when a local authority wishes to implement a transfer of funds from the schools block.
- 1.2 The local authority is developing a DSG Management Plan (a statutory requirement) to set out the plan to achieve stability of high needs funding within the annual grant allocation and to deal with the accumulated deficit, and how seeking a schools block transfer may be a component of this plan.
- 1.3 The report also shows worked examples of how transfers at different levels would impact on school budgets.

2. Decision(s) recommended

- 2.1 For School Forum to note the required steps for the local authority to seek a schools block transfer.
 - 2.2 For School Forum to note the Director's intention to consult with all schools in line with national requirements.
 - 2.3 For Schools Forum to express a view to the local authority about a schools block transfer in respect of the range 0.5% to 2.0% for 2024-25.
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3. Matters for Consideration

- 3.1 Elsewhere on the agenda for this meeting there is a report that sets out the requirement for Solihull to develop a DSG Management Plan to deal with a recurrent and accumulated high needs block deficit.
- 3.2 That report makes reference to the need for a further potential mitigation that involves a schools block transfer of grant to the high needs block.
- 3.3 This would be in respect of additional costs the local authority is facing for specialist places for both pupils with EHCPs and alternative provision programmes whilst the mitigations envisaged in the DBV programme begin delivering changes in the demand for EHCPs and specialist places.
- 3.4 Appendix 1 summarises the statutory requirements as set out in the DfE School operational guide 2024-25.

3.5 The key requirements are:

- 3.6 Local authorities can transfer up to and including 0.5% of their schools block funding into another block, with the approval of their schools forum.
- 3.7 Without schools forum agreement, or where they wish to transfer more than 0.5% of their schools block funding into one or more other blocks, local authorities must submit a disapplication request to the Secretary of State.

3.8 For a disapplication request:

- 3.8.1 The deadline for local authorities to submit a block movement disapplication request is **17 November 2023**.
- 3.8.2 The DfE expects to see evidence of recent schools forum discussion and the schools forum vote. Local authorities should also consult local maintained schools and academies, and the schools forum should take these views into account before making their decision. Schools forum meetings should be arranged so that requests for block movements have been considered prior to the deadline.
- 3.8.3 Subject to Member approval, following this meeting of Forum, a process would be undertaken to consult all schools, and report back to a further meeting of Forum in November 2023.
- 3.8.4 The department expects to see DSG management plans when authorities are proposing block movement transfers. It is important the local authority provides details of how the transfer from the schools block will decrease the pressure on the high needs block.
- 3.8.5 It is particularly important that mainstream schools are clear about how they contribute to the local SEND offer and how that can affect the need for more specialist provision and the costs that local authorities consequently have to meet from their high needs budgets.

3.9 The evidence required to be presented to School Forums and the Secretary of State:

3.9.1 Local authorities (other than those in the safety valve programme) should provide the evidence detailed in the proforma provided by the department. This includes:

(a) details of previous block movements, including those that did not require a disapplication request, and the pressures those movements were designed to address. Note there have been no previous block movements in Solihull.

(b) a DSG management plan that includes:

- a forecast position for at least the next 3 years
- details of predicted growth, sufficiency, and the actions the local authority are taking to mitigate the risk of overspending,
- quantified financial and SEND interventions, with detailed narrative explaining how the figures have been derived,
- a breakdown of specific budget pressures justifying a transfer, including changes in demand for special provision over the last 3 years and how the local authority has met that demand by commissioning places in all sectors,
- assessment of why the high needs costs are exceeding funding levels and plans to change the pattern of provision where necessary,
- assessment of the need to seek schools forum approval for further transfers and consideration of plans to avoid this if possible,
- partnership between the local authority, those institutions offering special and AP (including mainstream schools) and parents; and between the local authority and neighbouring authorities,
- any contributions coming from the health and social care budgets towards the cost of specialist places,
- consideration of how additional high needs funding would be targeted to 'good' and 'outstanding' mainstream schools that provide an excellent education for a larger than average number of pupils with high needs, or to support the inclusion of children with SEND in mainstream schools,
- details of the effect that any transfer would have on individual schools' budgets funded from the schools block,
- information presented to the schools forum, and to all schools through consultation and details of responses to the transfer proposal.

3.9.2 The above information should be as presented in published papers considered by the schools forum, alongside the published minutes of relevant schools forum meetings, recording the discussion at the meetings and details of the vote leading to the forum decision.

3.9.3 This information will be contained within the DSG Management Plan and will be developed further for a further report to School Forum in November 2023, following consultation with schools.

3.10 **Considering a disapplication request** - the secretary of state will consider:

- (a) strong evidence that a further transfer remains necessary to address significant cost pressures,
- (b) specific and detailed plans which demonstrate that the transferred funding would contribute to addressing cost pressures in a sustainable way, such as 'invest to save' options,
- (c) strong evidence of a marked and recent transfer of financial responsibility for children with high needs from the schools block to the high needs block, for example through a significant increase in permanent exclusions requiring the local authority to make more AP, or a significant increase in the proportion of children with EHC plans placed in specialist settings rather than mainstream schools,
- (d) a strong plan outlining the actions that the local authority will take to ensure a sustainable SEND sector, and how the transfer will impact this work,
- (e) a good level of support from local schools and the schools forum for a transfer, including a breakdown of local consultations,
- (f) local authorities to have considered, consulted and explained the specific equality impacts their proposals might have in the disapplication request.

3.11 Schools block transfers of up to 1.5% can be managed by adjusting the AWPU, therefore the local authority does not consider there will be specific equality impacts as other pupil specific funding would not be impacted upon.

4. The impact of a schools block transfer on individual school budgets

- 4.1 Appendix 2 shows the impact of a transfer, of various amounts on individual school budgets.
- 4.2 The modelling is based on 2023-24 school budget data and October 2022 census data.
- 4.3 Beyond a transfer of 1.5%, the AWPU is insufficient process the impact – consideration would have to be given to include other factors such as other pupils specific factors and amending funding guarantee levels.

5. List of appendices referred to

- 5.1 Appendix 1 – Block transfers – extracts from School Operational Guide 2024-25.
- 5.2 Appendix 2 – impact of transfer on individual school budgets.

DSG / High Needs management plan and DSG Transfers

Extracts from School Operational Guide 2024-25

4.3 Dedicated schools grant (DSG) transfers

Local authorities continue to be able to transfer up to 0.5% of their schools block to other blocks of the DSG, with schools forum approval.

A disapplication is required for any transfers above 0.5%, or any amount without schools forum approval; this applies to any transfers even if an amount was agreed in previous years. Local authorities with safety valve agreements will have this managed as part of safety valve monitoring.

30. Movements between blocks

Local authorities' DSG consists of 4 blocks of funding:

- schools block
- central school services block (CSSB)
- high needs block
- early years block

The schools block is ring-fenced in 2024 to 2025 in line with the DSG conditions of grant, however local authorities can transfer up to and including 0.5% of their schools block funding into another block, with the approval of their schools forum. Without schools forum agreement, or where they wish to transfer more than 0.5% of their schools block funding into one or more other blocks, local authorities must submit a disapplication request to the Secretary of State.

If local authorities wish to transfer any funding out of the schools block in 2024 to 2025, the department expects to see evidence of recent schools forum discussion and the schools forum vote. This includes cases where schools forums have already agreed DSG recovery/management plans that assume future year transfers.

Local authorities wishing to make a transfer should also consult local maintained schools and academies, and the schools forum should take these views into account before making their decision. It is important that any consultation sets out the full amount of the proposed transfer, not just the amount of proposed transfers in addition to 0.5% or in addition to previous years' transfers. For example, if a local authority wants to move 1%, the consultation documents must clearly state this. A document showing 0.5% on top of the 0.5% the schools forum can approve is not acceptable.

Most proposals by local authorities to move funding from their schools block arise because of pressures on their high needs budgets. The department therefore expects to see DSG management plans when authorities are proposing block movement transfers. It is important that the local authority provide details of how the transfer from the schools block will decrease the pressure on the high needs block. Local authorities may wish to use the department's [high needs benchmarking tool](#) to compare their patterns of provision and expenditure with similar authorities. [Section 251 data](#) can also be used for comparison. In addition, we have published guidance for local authorities on [sustainability in high needs systems](#). You can read further guidance in the [DSG management plans](#) section.

It is particularly important that mainstream schools are clear about how they contribute to the local SEND offer and how that can affect the need for more specialist provision and the costs that local authorities consequently have to meet from their high needs budgets.

The department also expects schools forum discussions to include appropriate representation from special schools and other specialist providers. The department has made a [DSG management plan template](#) available to assist local authorities in reporting to forums and consulting with schools.

Most local authorities (those without safety valve agreements with the department) must submit disapplication requests to the Secretary of State, using the proforma provided by the department, in cases where:

- the local authority wishes to move more than 0.5% of the schools block, regardless of any previously agreed transfer amounts
- the schools forum has turned down a proposal from the local authority to move any amount of funding out of the schools block, but the local authority wishes to proceed with the transfer

Local authorities that have safety valve agreements with the department should make disapplication requests to the safety valve team at safetyvalve.programme@education.gov.uk. Any local authorities that are engaged in safety valve discussions with the department during 2024 to 2025 should make disapplication requests as part of those discussions. Authorities may wish to discuss with the safety valve team in advance what form those requests should take.

The deadline for local authorities (other than those in the safety valve programme) to submit a block movement disapplication request is 17 November 2023. This deadline enables the department to communicate decisions in time for local authorities to submit the APT and provide maintained schools with their budget shares.

Schools forum meetings should be arranged so that requests for block movements have been considered prior to the disapplication deadline. Incomplete applications may lead to a delay in the block movement consideration which will have an impact on local authorities' ability to set school budgets on time.

The department recognises there may be exceptional situations where local authorities need to amend their request, where circumstances change significantly. For example:

the demand for high needs provision has changed significantly and unexpectedly

- the final pupil numbers in the October census are significantly different from the expected numbers

In these circumstances, local authorities should submit the amended disapplication request by 12 January 2024 at the latest. The department will include more information on the implications for APT submissions in the 'completing the authority proforma tool guidance' which will be published in the autumn.

In such circumstances, local authorities should also have considered how they manage the timetable for setting their school budgets so that the notifications to schools of their budget shares, and the parallel department process for notification of academy allocations, are not delayed. The department suggests timetabling schools forum meetings to discuss budgets in November and December, to agree the process should any amendments to disapplications need to be made. This allows for schools forum to be informed and vote on proposed changes. Further to this, arrangements for political approval should be timetabled to take account of this later date for amended requests.

When submitting disapplication requests for transfers from the schools block, local authorities (other than those in the safety valve programme) should provide the evidence detailed in the proforma provided by the department. This includes:

- details of previous block movements, including those that did not require a disapplication request, and the pressures those movements were designed to address,
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- a DSG management plan that includes:
 - a forecast position for at least the next 3 years
 - details of predicted growth, sufficiency, and the actions the local authority are taking to mitigate the risk of overspending,
 - quantified financial and SEND interventions, with detailed narrative explaining how the figures have been derived,
- a breakdown of specific budget pressures justifying a transfer, including changes in demand for special provision over the last 3 years and how the local authority has met that demand by commissioning places in all sectors,
- assessment of why the high needs costs are exceeding funding levels and plans to change the pattern of provision where necessary,
- assessment of the need to seek schools forum approval for further transfers and consideration of plans to avoid this if possible,
- partnership between the local authority, those institutions offering special and AP (including mainstream schools) and parents; and between the local authority and neighbouring authorities,
- any contributions coming from the health and social care budgets towards the cost of specialist places,

consideration of how additional high needs funding would be targeted to 'good' and 'outstanding' mainstream schools that provide an excellent education for a larger than average number of pupils with high needs, or to support the inclusion of children with SEND in mainstream schools:

- details of the effect that any transfer would have on individual schools' budgets funded from the schools block,
- information presented to the schools forum, and to all schools through consultation and details of responses to the transfer proposal.

The above information should be as presented in published papers considered by the schools forum, alongside the published minutes of relevant schools forum meetings, recording the discussion at the meetings and details of the vote leading to the forum decision.

Each request will be considered on a case-by-case basis; however, the department will look at the following criteria in determining whether the local authority has a strong case:

- strong evidence that a further transfer remains necessary to address significant cost pressures
- specific and detailed plans which demonstrate that the transferred funding would contribute to addressing cost pressures in a sustainable way, such as 'invest to save' options
- strong evidence of a marked and recent transfer of financial responsibility for children with high needs from the schools block to the high needs block, for example through a significant increase in permanent exclusions requiring the local authority to make more AP, or a significant increase in the proportion of children with EHC plans placed in specialist settings rather than mainstream schools
- a strong plan outlining the actions that the local authority will take to ensure a sustainable SEND sector, and how the transfer will impact this work

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- a good level of support from local schools and the schools forum for a transfer, including a breakdown of local consultations

Local authorities are required to comply with the duty under [section 149 of the Equality Act 2010](#) when making decisions about disapplication proposals. Section 149 places a duty on local authorities to have due regard to the need to eliminate unlawful discrimination, advance equality of opportunity and foster good relations when making decisions and delivering services. The department expects local authorities to have considered, consulted and explained the specific equality impacts their proposals might have in the disapplication request.

If no Equality Impact Assessment has been completed or provided to support the disapplication proforma, the disapplication request will remain on hold until such information has been made available.
