

FINANCE WORK GROUP REPORT TO FORUM FOR PRESENTATION AT FORUM ON 12th October 2023



Date of Work Group meeting: 12th September 2023

Items discussed (brief summary of key items):

Matters Arising from minutes of 3rd May 2023

All matters were on the agenda for this meeting.

David Lewis was ratified as Chair and Charlotte Shadbolt as Vice Chair for the Academic Year 2023-24.

Independent School and College Payments (out of Borough Placements) SF tabled the latest figures for August 2023. There are 161 students placed out of Borough at an annual average cost per placement is £48,513. Compared with August 2022 the number of students is roughly the same (166) but the cost per placement has risen by 30%; similarly transport costs have risen by 14%. This enforces the need to bring students back into the Borough.

The new Heights ASD school opening in September should directly reduce the number of out of borough places, though it may be some years before we see the full effects. We know that with the continued growth in EHCP, it is unlikely Solihull will ever have the capacity to meet all needs, but we should be able to significantly reduce new placements and reduce numbers over time.

While Solihull is not alone in facing these challenges, the figures again showed the extend of expenditure out of Borough and the challenges to be faced in bringing pupils back into Borough to reduced expenditure as outlined in the High Needs Recovery Plan. More on this in the items below.

Out-Turn Monitoring Statement - Review DSG Financial Monitoring Statements IM tabled outline budgets for General DSG Grant for 2023-24 and the 2023-24 High Needs Block.

Main points:

- There is a deficit of £259k against the School Block which will be first call on 2024-25 schools block grant.
- Growth funding at £914k is £308K over budget, to be paid from the loan secured from DfE last year.
- Early Years for last year came in with a surplus and currently an accumulated surplus of £899K. Given the changes to early Years Funding proposed, this will be held against uncertainty of future EY Funding.
- High Needs is again expected to be in deficit by £2m but given the uncertainty in numbers this could rise to £2.5m, giving an accumulated overall deficit of £19 - £19.5m

School Funding 2024-25

The Government published details on 17th July. The thrust of the changes is to move school funding towards central funding by 2027. As Solihull has already moved its formula in line with central funding this will have little impact on school funding for Solihull schools in 2024-25.

Fuller details and a full report will be given to Forum.

2024-25 Early Years Funding

Recent government proposals put forward the extension of entitlements to 9 month to 2-year-olds. This will also include SEN support. The full details have yet to worked out, and will be presented to Forum later in the year. It is recognised that central administrative support is needed for this to happen, so 5% of funding will be retained.

Finance accept, and recommend to Forum approach to replicate current local 3-4 YO grant method for 2YO and U2 funding formula. Generally, all parties including Finance WG welcome these proposals.

Review of the notional SEN budget for 2025-25

Steve Fenton tabled a paper, with statistical analysis, which brought together the Government's intention to introduce a national notional budget for HN funding, the latest numbers for SEN, Solihull position on K and ECHP, compared to National and local benchmarks, and lessons from DBV proposals for Solihull.

In a detailed discussion emphasis was given to more ECHP students being catered for in Solihull schools, what formula factors will be changed, and how much the cost of HN needs to be reduced.

While it was recognised in WG that change is needed, it was disappointing that nationally there appear to be no proposals to help schools fund the extra support that would be needed for more in-house support, and the impact this would have elsewhere in school organisation and academic achievement. The proposed revised methodology is based on the government indicative example, ensuring the notional SEN budget is sufficient to signal to schools the funding for current numbers of pupils deemed school support and for a target level of EHCPs (initially at national average, then moving to statistical neighbour averages).

Finance WG recommends the paper to Forum for discussion and debate. It also thanks SF for all the detailed work involved.

DSG Management Plan 2023-24

SF tabled a report setting out government requirements for Solihull to develop a DSG Management Plan that sets out the Council's plan to deal with an overspending high needs block. The report explains the components of what a plan must include, and the consequences of not achieving a balanced budget.

This will replace the HNB Recovery Plan (2019) and will incorporate DBV. It is planned to bring this to Forum later in the year. The emphasis is that when the "statutory over-ride" ends on 31 March 2017, the total HNB deficit will count against the whole Council reserves, which could have a catastrophic impact on the Council and has the potential to "bankrupt" the whole Council. So the plan must deal with recurrent overspend and demonstrate how the accumulated deficit will be paid back.

Schools Block transfer 2024-25

The LEA has had for a number of years a residual power to disaggregate from the schools block up to 0.5% funds with Forum consent. This has never been activated after it was rejected by School Forum. Given the difficulties with funding HN and the pressures of DBV it is again on the agenda, and a paper will go to Forum outlining a proposal, including how individual schools will be affected. Finance WG recognises the pressure on funding, both for HN but also in schools particularly given other items on the agenda. It also recognises it may be inevitable, given the issues raised in the DSG management plan.

Procurement update

A number of new contracts are planned or have been introduced including Cleaning, H+S inspections for Gym and playground equipment, Stationery and Photocopiers. Chris Lowe discussed the approach to the cashless parent payments system for maintained schools, the suggested approach involving new contract with current provider, from national procurement portal, but seeking ability for Solihull Academy schools to also benefit from any reduced pricing in their own contracts. Finance Group endorsed this approach, as the modest contract sum does not warrant a start from scratch approach, and would potentially jeopardise complex interfaces with school MIS, till systems, and Oracle.

DWL 13/9/23