

Manchester City Council Report for Resolution

Report to: Schools Forum

Subject: Consultation outcomes – Transfer of up to 0.5% from Schools Block to High Needs Block for 2019/20

Report of: Head of Finance for Adult Services Directorate and Children's Services Directorate.

Summary

Dedicated Schools Grant (DSG) will be allocated in four blocks based on national formulae from April 2018. The blocks are schools, high needs, early years and central schools services. Manchester's centrally retained DSG is projected to overspend by £2.9m.

On the 24th September 2018 a number of strategies and options for reducing the high needs expenditure block were considered by Forum. One proposal that would contribute to reducing the c.£2m high needs block overspend in 2019/20 would be to transfer up to 0.5% of the schools block into the high needs block.

On the 8th October 2018 the Local Authority launched a consultation with schools seeking views on the proposed transfer.

This report outlines the responses the Local Authority has received at the time of writing this report, any further updates on the consultation responses will be provided at November's Forum meeting.

Recommendation

School Forum (school members only) are asked to note the responses detailed in the report and indicate whether it agrees with the Local Authority proposal to transfer **up to 0.5%** from the schools to high need block next year.

If Forum does not endorse **up to 0.5%** proposal, the Local Authority will re-draft the 2019/20 DSG recovery plan and will consider whether it seeks representation to the Secretary of State to continue with the proposed transfer, as this would give the Local Authority the flexibility pending the DSG settlement expected in December 2018, outcome of the balances review and more is understood about the current level of pressures.

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Background documents (available for public inspection):

The following documents disclose important facts on which the report is based and have been relied upon in preparing the report. Copies of the background documents are available up to 4 years after the date of the meeting. If you would like a copy please contact one of the contact officers above.

1. INTRODUCTION

- 1.1 On the 24th September 2018, a DSG recovery plan report was provided to the Schools Forum which provided information on the indicative high needs block budgets for 2019/20 to 2021/22. One of the recovery option proposals was the transfer of up to 0.5% from the schools block to be transferred to the high needs block 2019/20 in order to reduce the high needs block pressures next year.
- 1.2 All schools have been consulted on the proposed option and the consultation results have been collated in this report for consideration by the Schools Forum.
- 1.3 In addition to consulting with Schools we presented at several meetings such as the Primary School Head Briefing attended by 100 head teachers and multiple governors meetings since the Consultation was launched.

2. CONSULTATION AND RESPONSES

- 2.1 The Local Authority is sought schools views on whether up to 0.5% (circa. £2m) is top sliced from schools block before calculating allocation at school level.

Schools Block Transfer to High Needs Block

- 2.2 At the time of writing this report, thirty eight primary schools, eleven secondary Schools and one Special School formally responded to the consultation. Below is the question asked during the consultation and the answers provided.

Q1. Please indicate with a tick or a cross as to whether you feel the up to 0.5% should be transferred from the schools block to the high needs block

A1.

Option	Primary	Secondary	Special	Total
Yes	18	1		19
No	18	10	1	29
Not Sure	2			2
Total	38	11	1	50

- 2.3 Key themes outlined within consultation responses:

- Significant cost pressures within schools block to support SEND children within mainstreams schools and high needs funding received does not cover current provision. Therefore a further cut in funding in the schools block would have a detrimental effect on care provided to all children within the schools care.
- Other local authorities have taken this stance and it is our shared responsibility to support high needs. It will hopefully reduce pressures in

mainstream schools by the increase in high needs funding being used to increase places in specialist and resource provision or to increase outreach and support into mainstream schools. Specialist provision provides valuable outreach to mainstream for free. I have found this support to be invaluable in supporting the child and staff in school and providing evidence for EHCP.

- The current numbers of schools with monies retained beyond the 8% that they are allowed to retain should have these monies recouped to meet the needs of pupils across the city.
- Emergency funding for children with Social and Emotional issues is not granted until discussions about Permanent Exclusion starts – taking more money from the budget by top slicing 0.5% from the school's block of money may leave the LA in a better situation but will not leave schools in a better situation. The proposals do not guarantee schools any more support.

3. CONCLUSION

- 3.1 Due to increased demand in the high needs block, it is now forecasted that DSG will overspend by £2.9m in 2018/19. DSG overspent by £0.769m 2017/18. Forum has been provided an update on the excessive balances exercise, at this stage it is unlikely that the proposed clawback will sufficiently cover the 2017/18 £0.769m and projected 2018/19 £2.9m expected pressure.
- 3.2 The Local Authority will continue to undertake a high needs block review during the 2018/19 financial year in order to minimise the level of overspend in the high needs block and reduce the risk of future high needs deficits, however based on level of special school places requirements in the city and education, health, and care plans the local authority is still seeking to transfer up to 0.5% from the schools block into high needs block in 2019/20.
- 3.3 Due to the Local Authority seeking to maximise funding levels prior to the implementation of the hard National Funding Formula for schools, which is expected to be after 2020/21, the Local Authority seeks to transfer less than 0.5% of schools block.
- 3.4 If Forum does not endorse up to 0.5% proposal, the Local Authority will re-draft the 2019/20 DSG recovery plan, and will consider whether it seeks representation to the Secretary of State to continue with the proposed transfer as this would give the Local Authority the flexibility pending the DSG settlement expected in December 2018.

4. RECOMMENDATION

- 4.1 School Forum (school members only) are asked to note the responses detailed in the report and indicate whether it agrees with the Local Authority proposal to transfer **up to 0.5%** from the schools to high need block next year.
- 4.2 If Forum does not endorse **up to 0.5%** proposal, the Local Authority will re-draft the 2019/20 DSG recovery plan and will consider whether it seeks representation to the Secretary of State to continue with the proposed transfer,

as this would give the Local Authority the flexibility pending the DSG settlement expected in December 2018, outcome of the balances review and more is understood about the current level of pressures.