

# Portfolio Holder Decisions/Leader Decisions

Friday 17 November 2023

## Minutes

### Attendance

#### Committee Members

Councillor Isobel Seccombe OBE

- 1. Disapplication to the Secretary of State requesting 0.5% DSG funding transfer from Schools Block to High Needs Block**

#### Resolved


That the Leader of the Council

1. Authorises the Executive Director for Resources to submit a “Disapplication” to the Secretary of State, requesting that 0.5% of the 2024/25 Dedicated Schools Grant from the Schools Block is transferred to the High Needs Block (a value of approximately £2.245m).
2. Authorises the Executive Director for Resources to approve any amendments to the online Disapplication prior to its submission at close of play on 17 November 2023.

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## Proposed Decision to be made Under the Council's Urgency Procedure by the Leader of the Council on 17<sup>th</sup> November 2023

### Disapplication to the Secretary of State requesting 0.5% DSG funding transfer from Schools Block to High Needs Block

<b>Portfolio Holder</b>	Leader of the Council
<b>Date of decision</b>	17 November 2023
	<b>Signed</b> 

#### Decision taken

That the Leader of the Council

1. Authorises the Executive Director for Resources to submit a "Disapplication" to the Secretary of State, requesting that 0.5% of the 2024/25 Dedicated Schools Grant from the Schools Block is transferred to the High Needs Block (a value of approximately £2.245m).
2. Authorises the Executive Director for Resources to approve any amendments to the online Disapplication prior to its submission at close of play on 17 November 2023.

#### Reasons for decision

The Schools Block is ring-fenced in 2024/25 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.

Local authorities wishing to make a transfer should consult local maintained schools and academies. A consultation with Warwickshire schools and academies took place between Friday 15 September 2023 and Monday 6 November 2023 on the Council's proposal to move up to 0.5% of funding from the DSG Schools Block to the High Needs Block.

At the Schools Forum meeting on 16 November 2023, Schools Forum voted against the transfer of 0.5% with a majority of 9 votes against the transfer and 5 votes in favour. A further vote was taken for a 0.25% transfer, and Schools Forum again voted against this with a majority of 8 votes against the transfer and 4 votes in favour.

As noted below in the Background section of this report, the most recent modelling (shared with Schools Forum on 16 November 2023) suggests that 185 of 231 schools would be impacted by a 0.5% transfer. The impact is estimated to range from £1,032 to £68,817 which is between 0.22% and 0.75% of initial indicative school budgets for 2024/25.

Furthermore, the Leader is asked to note that the total level of school balances (reserves) at 31st March 2023 for maintained schools and 30th September 2022 for academies was c£60m.

As such, it is recommended that the County Council submit a disapplication to the Secretary of State to request that this transfer of 0.5% is made.

The reason for this recommendation is to tackle the significant financial pressure on the High Needs Block budget, further details of which are presented later in this report.

## Reasons for Urgency

Pursuant to Standing Order 18 of the Council's constitution, where a decision is urgent and it is impracticable to comply with Standing Orders 16 and 17 (Procedure before Key Decision, and General Exception Procedure) the decision may still be taken if the Chair of a relevant Overview and Scrutiny Committee consents in writing that:

1. The decision cannot reasonably be deferred.
2. The decision should be treated as a matter of urgency and
3. Where the decision is contrary to or not wholly in accordance with the policy framework or budget, it is not practicable to convene a meeting of full council.

A decision will be urgent if any delay likely to be caused by call-in would seriously prejudice the council or the public interest.

Due to the need for on the proposed transfer and the tight deadlines between consultation end, the required Schools Forum meeting for consider approval of the proposal and the deadline for making of the Disapplication to the Secretary of State, it is not possible to allow for the usual publication and call-in periods. The decision should be treated as a matter of urgency and cannot reasonably be deferred as the deadline for submission of the Disapplication is 17 November 2023 whilst the need for the Disapplication would not be confirmed until after the Schools Forum reached its decision on 16 November.

The Disapplication is considered necessary for the reasons explained below – in essence the 0.5% transfer from the Schools Block will be utilised to partly fund the projected 2024/25 in-year deficit. Unless the disapplication is made to the Secretary of State and approved, the transfer cannot take place, meaning that this option to mitigate the projected deficit by c£2.245m will be removed, and the Council would need to consider reducing non-statutory services to schools that add value but could not be financially sustained.

Consent to urgency has been obtained from Councillor Adrian Warwick, Chair of the Resources and Fire & Rescue Overview and Scrutiny Committee in accordance with Standing Order 18 and is appended.

## Background information

The National Funding Formula (NFF) was introduced in 2018-19 and with School Forum's agreement indicated the 'hard' NFF has been implemented since 2020-21 at Warwickshire. Following consultation, Schools Forum also agreed to move 0.5% of the Schools Block to the High Needs Block for 2022/23 in order to tackle the financial pressures in that area.

Schools Forum did not agree to a 0.5% transfer for 2023/24, and the Council decided not to submit a disapplication and communicated this to schools. Primarily reasons for this were the progress of the SEND and Inclusion Change Programme and the trajectory of demand and expenditure at that time – which have subsequently changed. The communication noted that the decision would be reviewed each year and would take account of the progress of the SEND and Inclusion Change Programme and forecast deficit on High Needs.

Modelling for the consultation in respect of the 2024/25 financial year is based on the indicative Schools Block allocation provided by the DfE, which is subject to change. It is based on the on October 2022 census data, which could change especially if the uptake in Free School Meals (FSM) changes. This will not be known until mid to end December 2023. However, due to financial timescales and the deadline for submitting the disapplication it would not be possible to delay either consultation or a decision to await that amended data.

The monetary value of the 0.5% transfer is calculated by taking the total schools block funding for DSG, then adding the premises funding and growth funding. It is estimated that this will equate to approximately £2.245 million.

The Local Authority has established a SEND and Inclusion Change Programme to address issues of financial sustainability in the High Needs Block and has provided regular updates on the progress of the programme. Achievements set out in the consultation document include:

- a) The overspend of the High Needs Block has significantly reduced against the original forecast.
- b) More children and young people with SEND are being supported in mainstream settings.
- c) The number of children attending specialist resourced provision is increasing.
- d) More children are supported in state-funded specialist settings, including the opening of a new special school
- e) The percentage of children and young people attending independent specialist provision (ISP) has reduced.
- f) The number of EHC plans in pre-school years is increasing.
- g) A new method for calculating top-up funding for children with EHC plans has been agreed and is being rolled-out

The transfer proposals will have a direct impact on the school budgets. Schools which trigger the Minimum Funding Guarantee are protected so that there is no change to their individual school budget.

The consultation document set out the expected impact at the time of consultation and stated that 183 of 231 schools would be impacted, and the impact of a 0.5% transfer would range from £1,059 to £68,295 for individual schools, totalling £2.255m.

Since this time DfE have provided updated indicative allocations and data, and the most recent modelling (shared with Schools Forum on 16 November 2023) suggests that 185 of 231 would be impacted by a 0.5% transfer. The updated impacting range is from £1,032 to £68,817 which is between 0.22% and 0.75% of initial indicative budgets and would total £2.245m. Final school allocations are still subject to change by DfE.

The Leader is asked to note that the total level of school balances (reserves) at 31<sup>st</sup> March 2023 for maintained and 30<sup>th</sup> September 2022 for academies was £60m.

The outcome of the consultation is included within the background papers to this report. The outcome of the voting at Schools Forum was:

Vote regarding 0.5% transfer: 9 votes against the transfer and 5 votes in favour.

Vote regarding 0.25% transfer: 8 votes against the transfer and 4 votes in favour.

### **High Needs Block Financial Pressures**

The financial pressures in SEND services are well documented and acknowledged by the Department for Education. The Council is taking part in a Delivering Better Value (DBV) programme commissioned by the Department for Education for 55 local authorities with significant cumulative overspend in the High Needs Block. Warwickshire is in tranche 3. Mitigated financial forecasts are still being finalised, but the unmitigated forecasts should

no action be taken show an in-year funding gap of £50m in 2027/28 if no action is taken. The Council is working with DfE to formulate a plan by December 2023 to mitigate this within the statutory framework.

The local pressures reflect national trends, outlined in the paper to Schools Forum on 28<sup>th</sup> September titled SEND Funding (see background papers).

The approach of the Delivering Better Value Programme from a financial perspective has been to examine financial expenditure by considering caseload, duration and provision.

*Caseload:* Children with high level needs are supported with an EHC plan, with provision funded by the local authority (through the High Needs Block of the Dedicated Schools Grant). At school age this number of children has risen from 2,599 in 2019 to 3,497 in 2023 (34.6% increase). Over the full age range of 0-25, Warwickshire support 5,314 children and young people with EHC plans. The top 3 primary needs for those with an EHC plan are Autistic spectrum disorder (27.4%), Social, emotional and mental health (17.6%) and Severe learning difficulty (15.9%). The forecast is for Warwickshire to be supporting 7,500 children with EHC plans by 2028. Increased caseload is the main driver of cost within the local system.

It should be noted that between 2019 and 2021 the number of requests for EHC needs assessment reduced from 827 to 690. However, this increased in 2022 to 1,349 (95.5% increase, although this is partly explained by a change in recording). This led to an increase in the number of EHC plans issued from 492 in 2021 to 661 in 2022 (34.4% increase).

*Duration:* The statutory framework covers 0-25 (pre-2014 it was 4-19). At time of writing 1,025 children and young people with EHC plans were within the expanded age range.

*Provision:* As set out in the paper to Schools Forum on 28<sup>th</sup> September, there are different types of provision with independent specialist provision costing two to three times the cost of state-funded specialist provision and four times the cost of mainstream provision. Following many years of successfully reducing dependence on independent specialist provision, in 2022, there has been an increase in requests for specialist provision. This has led to increased use independent specialist provision. In addition, costs per child in independent specialist provision have significantly increased.

## Financial implications

The approximate value of a 0.5% transfer from the Schools Block in 2024/25 is £2.245m. This funding would be utilised to partly fund the projected 2024/25 in-year deficit. Please note that the current (Q2) 2023/24 forecast in-year deficit is £13.687m.

The overall HNB DSG cumulative overdrawn reserve (the debt) is currently forecasted to be £34.103m by the end of 2023/24. As part of the 2023/24 budget process a £4.855m allocation was made to the corporate DSG offset reserve. Following the Q2 forecast this was increased by £7.598m, bringing the offset reserve in line with the predicted cumulative HNB DSG deficit.

When the SEND and Inclusion Change Plan was last updated in Autumn 2022, the projected in year deficit was forecast to be £4.855 for 2023/24, but following Q2 2023/24 forecast, this figure has risen to £13.687m. Given the financial projections for this financial year have increased significantly there is a risk that the 2024/25 projected in year deficit will be higher than assumed. This would again require further funds to be made into the corporate DSG offset reserve. Any transfer from the Schools Block to the High Needs Block would help reduce this contribution by reducing the in-year deficit.

### Environmental implications

None

### Report Author

Ross Caws, Head of Send & Inclusion  
Purnima Sherwood, Head of Financial Operational Services

### Director

Johnny Kyriacou, Director for Education  
Andy Felton, Director for Finance

### Portfolio Holder

Leader of the Council  
Councillor Seccombe

### Urgent matter?

Yes

### Confidential or exempt?

No

### Is the decision contrary to the budget and policy framework?

No

### List of background papers (If applicable)

SEND Funding, presented to Schools Form 28<sup>th</sup> September 2023 item 11

<https://democracy.warwickshire.gov.uk/ieListDocuments.aspx?CId=178&MId=3840&Ver=4>

Schools Forum papers from 16<sup>th</sup> November 2023 meeting, including Consultation Documents.

[\(Public Pack\)Agenda Document for Schools Forum, 16/11/2023 14:00 \(moderngov.co.uk\)](#)

### Members and officers consulted and informed

Portfolio Holder – Councillor Seccombe, Leader; Councillor Butlin, Portfolio Holder for Finance and Property; Councillor Kaur, Portfolio Holder for Education

Corporate Board – Executive Director for Resources (s151 Officer), Executive Director for Children and Families

Legal – Head of Legal and Governance



Finance – Director of Finance and Head of Operational Finance Services

Councillors – Group Leaders

Councillor (For consent to Urgency) - Councillor Adrian Warwick, Chair of Resources and Fire & Rescue Overview and Scrutiny Committee

Local Member(s): not applicable, county wide paper.

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