

**Hillingdon Schools Forum**  
**2023-24 Schools Block Funding Transfer**

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Date of meeting:	7 <sup>th</sup> December 2022
Time of meeting:	1.00 pm
Venue:	MS Teams
Officer(s) presenting the report:	Coral Miller Vikram Hansrani

## **1. Introduction**

This paper is to ask that School Forum support the DSG Safety Valve (SV) Recovery work by agreeing a 0.5% transfer from the Schools Block to the High Needs Block. This transfer would complement the additional funds that have been provided by the Department for Education (DfE) and council's General Fund reserves from the local authority as part of the DSG SV Plan.

A 0.5% transfer from the Schools Block to the High Needs Block was built into the modelling of the DSG Safety Valve plan over five years. This however, does require annual agreement at Schools Forum.

This transfer is intrinsic to the Safety Valve commitments that the Local authority has provided to the DfE to ensure that there is an in-year balanced control the spend within the High needs block. School Forum previously did agree to support this plan, with 0.5% agreed for 2022-23, which was for the second year of a 5 year (2025/26) programme.

## **2. Recommendations**

The Schools Forum are invited to note the contents of the report and

- (i) To agree to a 0.5% transfer out of the Schools Block to address pressures in High Needs from the 23/24 School block budget.
- (ii) Based on the indicative Schools block budget of £262.803m the contribution will be approximately £1,314,005.

### **3. Background**

With effect from the end of the 2019/20 financial year new grant provisions require local authorities to carry forward overspends to the DSG. The current spending risk is effectively ringfenced to the grant until the end of the 2022/23 financial year. If the ring-fence is lifted in April 2023, then this poses a significant risk to the Council as the projected DSG deficit at that point would be greater than the council's reserves.

Given the size of the DSG deficit, the Council is currently working with the DfE as part of the 'Safety Valve' intervention programme. The local authority has been tasked with demonstrating to the DfE that the DSG can be brought to an in-year balanced position within the next five years, with the current financial year being year two.

The DfE are satisfied that the recovery plans is reasonable, and therefore have committed to contributed additional revenue funding to support the DSG recovery plan. One of the assumptions included within the DSG deficit recovery plan is that Schools Forum will support the Local authority by contributing 0.5% from the Schools block budget on an annual basis, pending approval.

Without the SV agreement in place, the Council has projected a £63.9m deficit by 2025/26. Through the work of the SV programme, the Council project entering in a year balance position by 2024-25 (year 4). This would result in an overall cumulative deficit of £42.6m by the end of year 5. This deficit will be paid off over 5 years through £20m Council commitment and £22.6m funded by the DfE through the SV work.

### **4. Safety Value update**

As of April 2022, the Council entered into year 2 of the 5-year agreement. As per the agreement, the Council are required to provide quarterly updates against the conditions as set out in the Safety Valve Management Plan (*appendix 1*), to which funding will be released depending on the progress made.

To-date, submissions for quarter one and two have been submitted to the DfE with funding released for both respective quarters.

*Appendix 2* provides a summary of the position of each condition as of quarter two.

Further information will be shared with School Forum in the Spring term, following the quarter three submission to the DfE in December 2022.

## Appendix 1 – DSG Safety Valve Management Plan Conditions (March 2022)

### **Dedicated Schools Grant ‘Safety Valve’ Agreement: Hillingdon**

The authority undertakes to reach a positive in-year balance on its Dedicated Schools Grant (DSG) account by the end of 2024-25 and in each subsequent year.

The authority agrees to implement the DSG management plan that it has set out. This includes action to:

- Standardise good practice and inclusivity across the mainstream sector by promoting the use of SEND self-reviews;
- Continue the use of ‘Early Support Funding’, to promote early intervention and reduce the escalation of children’s needs;
- Further progress integrating a process of reviewing existing EHCPs;
- Further develop and implement a new Early Health Notification Process, to improve the identification of SEND from birth to ensure appropriate services and support are provided in a timely manner;
- Continue developing temporary and permanent provisions for SEND through Hillingdon capital, in conjunction with effective use of capital grants;
- Continue reviewing all placements in independent and non-maintained schools to optimise the use of mainstream settings
- Explore different models for alternative provision and continue to review existing commissioned places;
- Conduct a review of banding arrangements;
- Further increase the educational psychology service, to increase systematic, pre-statutory support to settings;
- Regularly meet with the school forum and the DSG delivery group as part of the revised school engagement approach.
- Review healthcare contributions for children and young people with EHCPs

## Appendix 2 - Summary Status Report Quarter 2 (September 2022)

Condition number	Condition with Q2 Headlines	Q1 April – June 2022	Q2 July – August 2022
2	<p><b>Reduction of the cumulative deficit</b></p> <p>The local authority is still on target to achieve a surplus DSG budget at the end of 2025/2026 as required and reported to the ESFA, however the risk levels continue to grow primarily due to the increased costs of placements and cost and delay of providing new SEND places (3.5). There is growing evidence of budgetary pressures impacting on the wider DSG position and the authority has enhanced the monitoring of the financial position of its maintained schools to track this impact-</p>		
3.1	<p><b>SEND reviews and inclusion commitments</b></p> <ul style="list-style-type: none"> <li>Initial targets for SEND Reviews (agreed, not completed) are on track to be achieved within the financial year.</li> </ul>		
3.2	<p><b>Early support funding</b></p> <ul style="list-style-type: none"> <li>There has been an increase in accepted ESF applications compared to the same period last year.</li> <li>The YTD figure for ESF is 9.2 per month. This needs to increase to 16.5 for the remainder of the financial year.</li> </ul>		
3.3	<p><b>Cessing, Reviewing and EHCP Growth</b></p> <ul style="list-style-type: none"> <li>The annual target of 2% cessation has been achieved over the first two quarters.</li> <li>This has resulted in cessation being remodelled at 6% by the end of the financial year.</li> <li>There has been a growth of 3.8% in EHCPs over the first two quarters of the financial year which is broadly in line with the SV submission.</li> <li>The expected net figure (growth – cessation) for the end of the financial year has been revised from 3384 to 3285.</li> </ul>		
3.4	<p><b>Early health notification process</b></p> <ul style="list-style-type: none"> <li>The EHN panel will be expanded in the Autumn term where Early Years practitioners will be able to present complex cases in addition to the EHNs.</li> <li>This condition has been assessed as amber as wider health professionals are needed to engage in this process to mitigate the risk of children with complex needs being presented to SEND panel as they start statutory school age education.</li> </ul>		
3.5	<p><b>Securing SEND places</b></p> <p><b>Score remains amber due to the number of projects associated within this condition.</b></p> <ul style="list-style-type: none"> <li>The local authority has 8 projects underway across all phases of education. All projects are linked to the SEND capital grant bid submission from March 2022.</li> <li>Satellite provision will be open from September 2022 for primary and secondary settings (Pinkwell site).</li> </ul> <p><b>Free school update application</b></p> <ul style="list-style-type: none"> <li>The local authority registered its interest in July 2022 to apply for a new</li> </ul>		

	<p>special free school. The application for a new free school will be submitted in October 2022.</p> <ul style="list-style-type: none"> <li>• A significant risk to the SV work which has been evidenced over Q2 is the delay in capital projects. Similar to the risks being identified by DfE led projects, capital projects led by the local authority are now also starting to see a sharp rise in cost due to inflationary pressures.</li> </ul>		
3.6	<p><b>Repatriation of INMSS</b></p> <ul style="list-style-type: none"> <li>• The on-going pressures in growth for the number of pupils that require special school places has resulted in 8 placements in independent settings between June and August 2022.</li> </ul>		
3.7	<p><b>Review of alternative provision and costs</b></p> <ul style="list-style-type: none"> <li>• A new AP free school is due to open in February 2023. This has been supported by the local authority with an updated commissioning letter shared with the respective trust and DfE.</li> <li>• This will consolidate the Pupil Support Team (PST) into the new free school and realise a saving of £130k</li> </ul>		
3.8	<p><b>Review of banding funding model FE and Pre FE</b></p> <ul style="list-style-type: none"> <li>• The review of legacy bandings and subsequent reallocation of resource has not developed at the anticipated rate to generate the financial savings outlined in the safety valve agreement. The remaining key activities have been concluded or are in progress, including the reconfiguration of banding values to match provision.</li> </ul>		
3.9	<p><b>Educational psychology service</b></p> <ul style="list-style-type: none"> <li>• Increase in traded delivery to provide systemic support across schools in the borough. Up from July 2021- 50 schools, 413 days (for the academic year 2021-2022) to July 2022 – 62 schools, 562.5 days (for the academic year 2022-2023)</li> </ul>		
3.10	<p><b>Recovery programme governance arrangements</b></p> <ul style="list-style-type: none"> <li>• The local authority has strengthened the governance arrangements in place that support the DSG SV work as part of the review of all transformation work being undertaken across the council.</li> </ul>		
3.11	<p><b>Review of healthcare contributions</b></p> <ul style="list-style-type: none"> <li>• Health contribution to 20-40 INMSS placements has not yet materialised. These cases were reviewed by health colleagues; however they did not meet the criteria for Children’s Continuing Care (CCC) which is the only current mechanism for health funding. This is now being escalated.</li> </ul>		