

Report to:	SCHOOLS' FORUM
Date:	20 June 2023
Reporting Officer:	Ashley Hughes – Director of Resources Jane Sowerby – Assistant Director of Education
Subject:	DSG HIGH NEEDS SPENDING AND DEFICIT RECOVERY PLAN
Report Summary:	This report provides an update on the current DSG deficit position along with updates on the Delivering Better Value programme and the action plan to address spending pressures
Recommendations:	Schools Forum to note the report
Corporate Plan:	Education finances significantly support the Starting Well agenda to provide the very best start in life where children are ready to learn and encouraged to thrive and develop, and supports Aspiration and Hope through learning and moving with confidence from childhood to adulthood.
Policy Implications:	In line with financial policy and framework.
Financial Implications: (Authorised by the statutory Section 151 Officer & Chief Finance Officer)	<p>The High Needs funding is part of the Dedicated Schools Grant (DSG). It is a ring fenced grant solely for the purposes of schools and pupil related expenditure.</p> <p>The High Needs block is overspending and engagement with the DBV programme and other management actions including sufficiency are targeted at addressing the in-year High Needs Block deficit. A successful application for the Delivering Better Value in SEND Grant will result in a grant award of £1mil to implement the actions identified as part of the grant bid process.</p>
Legal Implications: (Authorised by the Borough Solicitor)	The legal implications are set out in the main body of the report.
Risk Management:	<p>The correct accounting treatment of the DSG is a condition of the grant and procedures exist in budget monitoring and the closure of accounts to ensure that this is achieved. The Department for Levelling Up, Housing and Communities (DLUHC) require DSG deficits to be held in a separate reserve in local authorities' (LA) accounts. There has been an extension to this accounting treatment for a period of 3 years taking this up to financial year 2025-26 after which the statutory override will be removed as there is expectation on LA's will have managed the deficit and secured a balanced DSG budget during this period. If this is not the case the deficit will be reflected in the LA's accounts.</p> <p>There is the risk that the number of EHCPs will continue to grow despite engagement with the DBV programme and management actions being taken outlined in the report, which could impact on the LA's ability to reduce the deficit.</p>

Access to Information:

NON-CONFIDENTIAL

This report does not contain information which warrants its consideration in the absence of the Press or members of the public.

Background Information:

The background papers relating to this report can be inspected by contacting Jerome Francis – Finance Business Partner, Financial Management, Governance, Resources and Pensions



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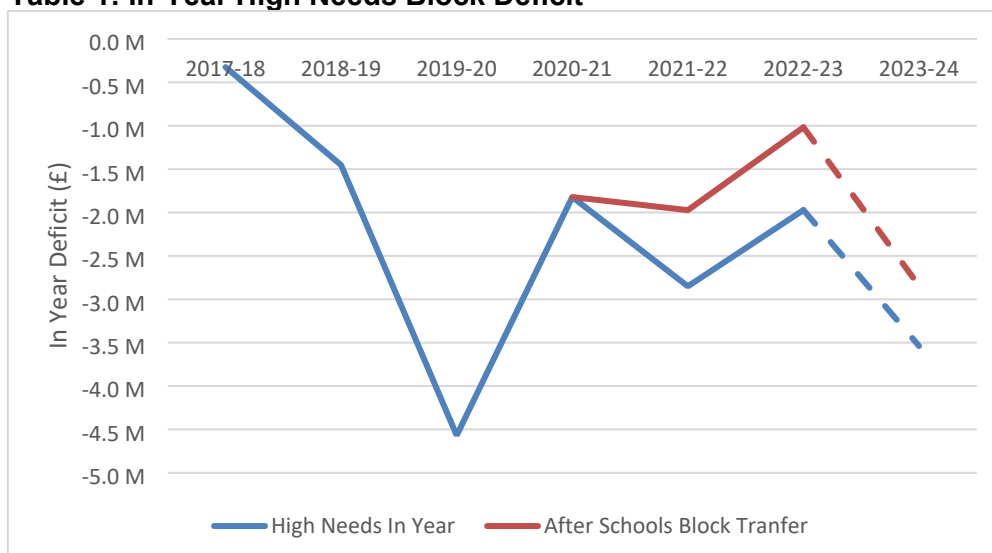
1. INTRODUCTION

- 1.1 This report provides an update in relation to the High Needs DSG deficit position and forward spend projections.
- 1.2 The report gives a progress update of the DfE's Delivering Better Value (DBV) scheme that Tameside have been invited to take part in.
- 1.3 The report provides an update on the proposals and work streams already in the Management Action plan to start to address the DSG High Needs deficit. These strands of work have been discussed at previous meetings, any further savings ideas or considerations that Schools Forum identify can be explored and added to the plan.
- 1.4 These proposals will be included in the DSG Management Action Plan to the DfE outlining our recovery proposals.

2. DEFICIT POSITION & GROWTH PROJECTIONS

- 2.1 The DSG reserve brought forward at the beginning of 2022-23 was (£3.243m). The in-year deficit on the High Needs Block in 2022-23 was (£1.018m) after a transfer from the Schools Block of £0.954m. This was offset by an underspend on the Early Years Block of £0.617m and an underspend on the Schools Block of £0.353m, however these are not expected to continue following revisions to the assumed Early Years uptake.
- 2.2 **Table 1** below shows that the High Needs Block in year deficit reduced in 2022-23 compared to previous years. This is due to a number of factors, including strong Maintained Special School (MSS) provision growth with 122 additional commissioned places in maintained special schools for September 2022 and write-offs of prior year recoupment liabilities.

Table 1: In-Year High Needs Block Deficit



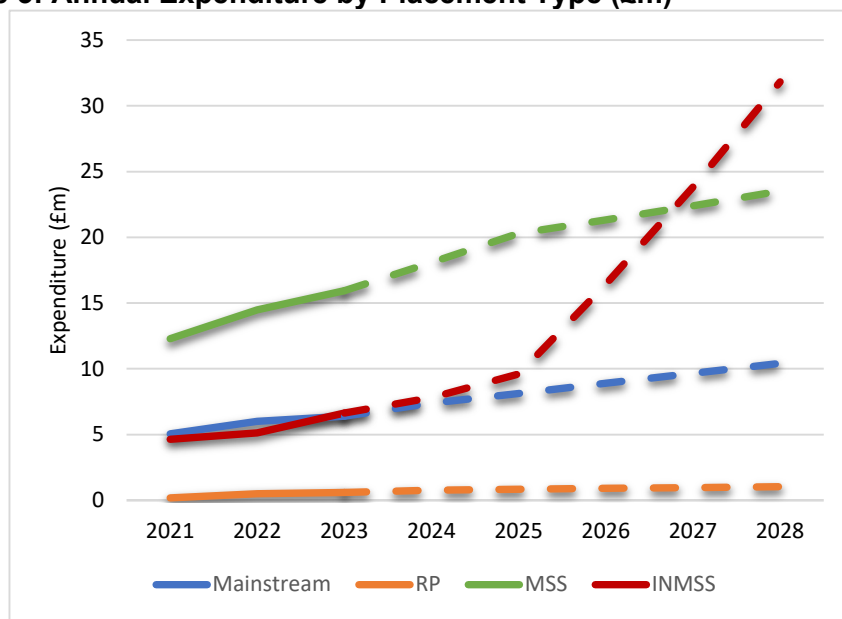
- 2.3 Module 1 of the DBV programme focused on analysing prior year trends and producing forecasts for EHCP's and expenditure by all provision types. The forecasts produced, in **Table 2**, show High Needs Block expenditure increasing rapidly, with it forecast to more than double in the 5 years from 2023 to 2028.

Table 2: Forecast High Needs Block Expenditure

Total HNB Spend (£m)	Actual			Forecast				
	2021	2022	2023	2024	2025	2026	2027	2028
	25.49	29.49	33.3	38.08	43.27	52.26	61.92	72.28

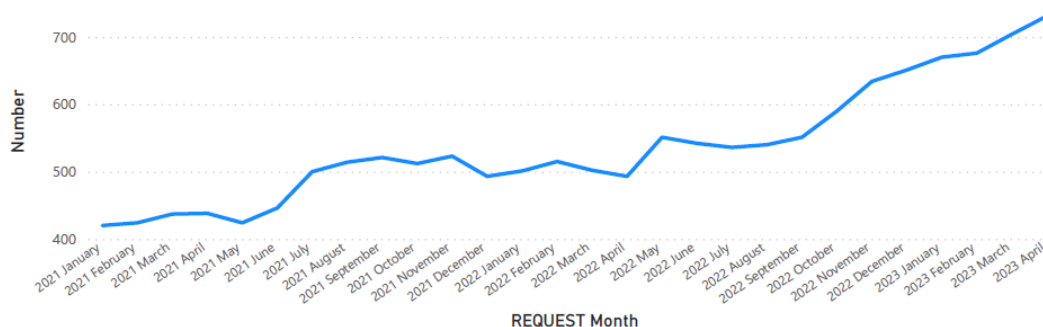
2.4 Whilst growth in provision in the maintained special school sector has been a strength in Tameside, with 122 additional commissioned places in September 2022 and a further 77 currently planned for September 2023, the DBV future year forecasts assume that after these planned expansions take place maintained special schools will reach capacity and usage of higher cost independent placements will increase. This is shown in **Table 3** and provides an unmitigated or baseline forecast, assuming no mitigating actions are taken beyond those already planned.

Table 3: Annual Expenditure by Placement Type (£m)



2.5 The main driver of Tameside’s High Needs Block deficits has been the number of EHCP’s which have historically have been very low, but rapid growth in recent years has brought us in line with our peers and Greater Manchester neighbours. This rapid growth in numbers has not been matched with growth in funding at the same rate due to a cap in High Needs Block gains, 7% for 2023-24. A significant factor influencing future High Needs Block in year positions is whether this growth in EHCP’s continues on current trends, though in 2023 to date the number of EHCP’s granted per month have been approaching double those requested in the equivalent month in 2022. The growth in the number of EHCP’s being requested is shown in **Table 4** below.

Table 4: 12 Month Rolling Average of EHCP Requests



2.6 In this context the goal of Tameside's involvement with the DBV programme is to identify sustainable changes to the local SEND system that can drive high quality outcomes for children and young people with SEND, and the DBV programme will culminate in an evidence-based grant application to assist the implementation of those changes.

3. DELIVERING BETTER VALUE

3.1 DBV module 1 and 2 provide clear analysis of the demand, type of primary need and provision accessed by the current body of SEND pupils with an Education Health and Care Plan (EHCP). A high number of EHCPs start at key transition points, in particular Nursery to Reception and Primary to Secondary and a high number of new starts in maintained special schools at age 4 and 5. This puts pressure on Tameside specialist provision, which already accounts for £14m of the £30m high needs block spend, and in turn can lead to an increased number of placements at high cost, out of borough independent non-maintained special schools.

3.2 Through the analysis above and triangulation via case reviews, surveys and various deep dives the subsequent root cause analysis identified the following two high impact areas for our DBV Plan to focus on

3.3 **Inclusion** – create an Inclusion Quality and Outreach Team, linked to existing Special Schools and Resource Provisions, and introduce a programme of training and workforce development (including parents and carers as appropriate).

3.4 **Transitions** – establish a new Early Years Assessment Centre with co-located wrap around services. The plan to improve the effectiveness and confidence surrounding transitions will also be supported through supporting the clearance of the backlog of annual reviews and identifying those pupils that may struggle at transition and providing early support.

3.5 The above high impact areas crossover with a range of SEND improvements that are happening outside of the DBV programme, in particular the redesign of SEND Teams, review of the Specialist Outreach Support Team and SEND Sufficiency.

3.6 If successful the £1.000m revenue grant bid will likely be available from September 2023 and is expected to be utilised within two years. The Tameside Draft DBV Plan includes some quick wins that could be spent within autumn 2023 term but the majority of work streams will start implementation from January 2024 or September 2024.

4. UPDATE ON EXISTING MANAGEMENT PLAN

Funding

- 4.1 An annual vote has taken place with the mainstream sector to transfer funds from the Schools Block to the High Needs Block fund, these transfers have been considered on an annual basis and have been approved by schools forum in line with regulations. For the 2023-24 academic year a Schools Block transfer of 0.345% or £0.694m was agreed at School Forum.

Resource Base Review

- 4.2 As part of specialist provision, the council have consulted on implementing additional local resource bases in mainstream settings. This is considered good practice in terms of keeping pupils in the local community to build networks and support inclusive practice.
- 4.3 This proposal seeks to establish 40 additional local places in 2023-24 with 20 in September 2023 and 20 in January 2024. Please note these places are still in consultation and not yet finalised.

Table 5: Additional Resource Base Places Planned 2023-24

Resource Base	Additional Places Sept 2023
Dane Bank	10
St James Ashton	10
Great Academies (January 24)	10
Longendale (January 24)	10
Total Commissioned Places	40

- 4.4 Work continues to expand this model into additional primary and secondary settings. This proposal does not offer financial savings but does help in addressing demand in borough and avoid more costly placements in independent and non-maintained schools.

Special School Sufficiency

- 4.5 As part of the specialist provision, the council have worked with maintained special schools to increase commissioned places to match growing demand. This keeps pupils in the local community to build whilst avoiding the use of more costly out of borough or independent placements.
- 4.6 The number of commissioned places in special schools for both September 2022 and September 2023 are shown below, with an increase of 77 places for the 2023-24 academic year:

Table 6 : Special School Commissioned Places September 23

Special School	Commissioned Places Sept 2022	Commissioned Places Sept 2023
Hawthorns	190	220
Thomas Ashton	90	100
Cromwell	138	140
Samuel Laycock	215	230
Oakdale	146	162
TPRS	34	38
Total Commissioned Places	813	890

Growth and Over Capacity Funding

- 4.7 An overcapacity policy was introduced in 2022-23. The first 5% of growth after the annual place commissioning has taken place will not be funded. This policy was introduced with the expectation it would achieve cost avoidance of c£50,000 per year. As actual growth above commissioned places has been far higher than forecast the impact has been far greater than intended. It is currently expected to have achieved cost avoidance of £171,666 over the 2022-23 academic year.
- 4.8 Special schools who have worked hard in accommodating pupils have responded that this policy has placed significant financial pressure on them when placing additional pupils, and may potentially act as a disincentive to placing additional pupils. Due to this and to continue the strong working relationship between the council and Tameside's Special Schools the decision has been taken that this policy will not be continued for the 2023-24 academic year

Contract Review

- 4.9 One of our special schools has a PFI style contract. A review of this contract will be undertaken to see if it represents value for money. It is envisaged savings could be found from this contract. This review will be undertaken with the support of the LEP, the outcome of which will be considered by Elected Members at Executive Cabinet. Potential savings to the High Needs block as a result of this review is an annual £320,970.

5. CONCLUSION

- 5.1 The High Needs Block deficit in 2022-23 was lower than expected, primarily due to low independent school use and prior year recoupment write-offs.
- 5.2 The DBV programme has identified high impact areas for the DBV plan and grant bid to focus on; Inclusion and Transitions. The grant, pending successful bid, will be spent within two years with implementation expected in the 2024-25 financial year.
- 5.3 The council continues to manage the deficit position by working with schools to offer local provision in Resource Bases and Special Schools.

6. RECOMMENDATIONS

- 6.1 As set out at the front of the report.