

<b>Report to:</b>	<b>SCHOOLS' FORUM</b>
<b>Date:</b>	26 September 2023
<b>Reporting Officer:</b>	Gemma McNamara – Assistant Director of Finance Jane Sowerby – Assistant Director of Education
<b>Subject:</b>	<b>DSG HIGH NEEDS SPENDING AND DEFICIT RECOVERY PLAN</b>
<b>Report Summary:</b>	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
<b>Recommendations:</b>	Schools Forum to note the report
<b>Corporate Plan:</b>	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.
<b>Policy Implications:</b>	In line with financial policy and framework.
<b>Financial Implications:</b> <b>(Authorised by the statutory Section 151 Officer &amp; Chief Finance Officer)</b>	<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>
<b>Legal Implications:</b> <b>(Authorised by the Borough Solicitor)</b>	There are no immediate legal implications arising from this report.
<b>Risk Management:</b>	<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 AND GROWTH PROJECTIONS

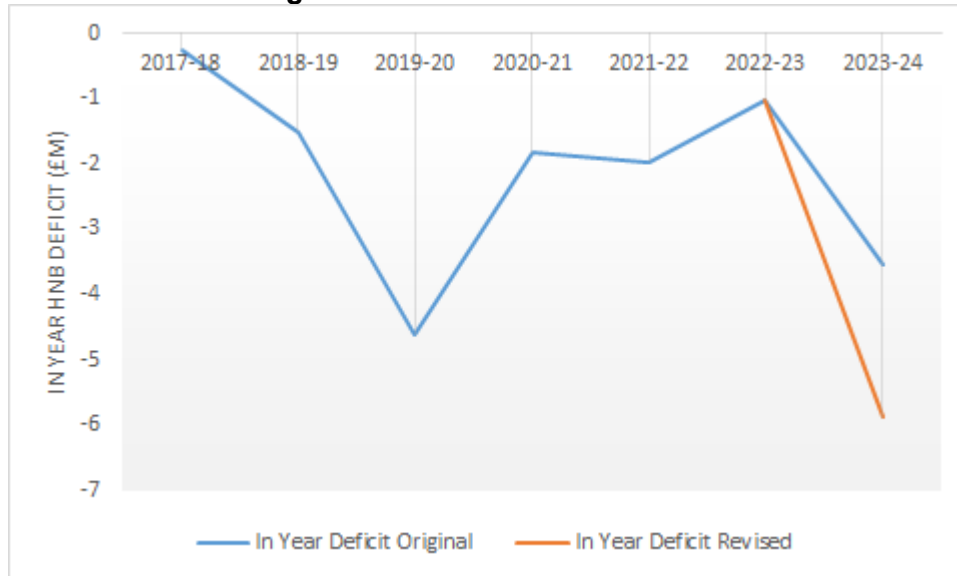
- 2.1 The cumulative DSG deficit for Tameside at the end of 2022/23 was £3.306m, after an in-year deficit of £0.063m. The High Needs element of the grant allocated by the DfE for 2023/24 was £37.144m. A block transfer from the Schools Block of £0.694m was approved by Schools Forum, providing funds of £37.838m to support High Needs provision in the borough. Before the start of the year total spend including recoupment was estimated at £40.683m, with an in-year High Needs Block deficit of £2.845m. Following the Summer 2023 term, where actual EHCP growth has outpaced predicted growth, the full-year spend is now estimated to be £43.716m, giving an in-year deficit of £5.876m. This is detailed in Table 1.

**TABLE 1: High Needs Block 2023-24 Revised Forecast**

High Needs Budget Position 2023-24	2023-24 Original Forecast £m	2023-24 Forecast Budget Summer £m	2023-24 Variance £m
<b>Total Spend</b>	<b>38.168</b>	<b>41.825</b>	<b>3.668</b>
<b>Total Funding</b>	(37.144)	(37.144)	0
<b>In Year Deficit Before Growth</b>	<b>1.024</b>	<b>4.681</b>	<b>3.657</b>
<b>Projected in Year Growth:</b>			
Summer Term Real Time	2.514	0	
Autumn Term Real Time	0	1.370	
Spring Term Real Time	0	0.519	
<b>Total Growth</b>	<b>2.514</b>	<b>1.889</b>	
<b>High Needs Block In Year 2023-24 Deficit</b>	<b>3.538</b>	<b>6.570</b>	
Schools block transfer	(0.694)	(0.694)	
<b>High Needs Block In Year 2023-24 Deficit (after Block Transfer)</b>	<b>2.845</b>	<b>5.876</b>	

- 2.2 **Table 2** below shows that, while the High Needs Block in year deficit reduced in 2022-23, it is forecast to increase significantly in 2023-24.

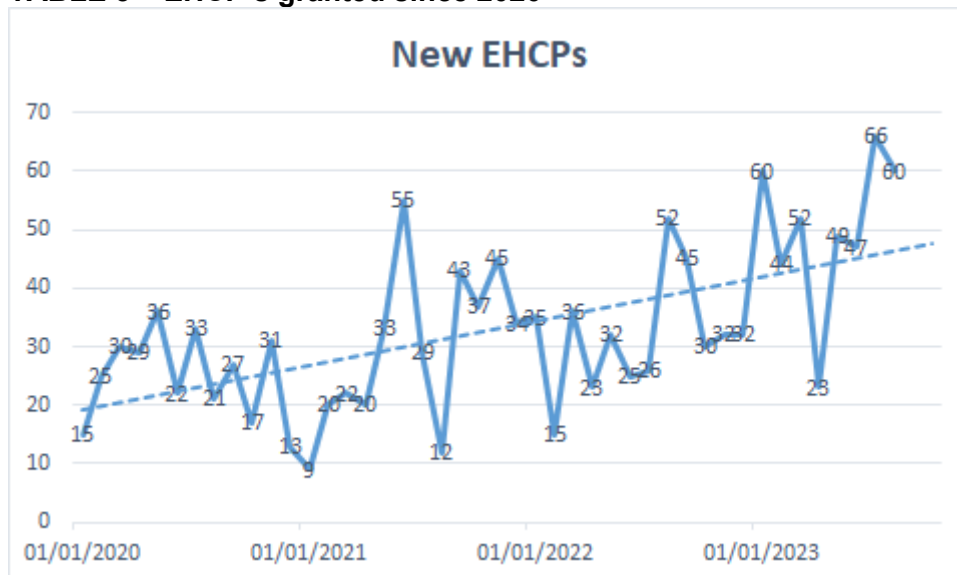
**TABLE 2: In-Year High Needs Block Deficit**



2.3 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.

2.4 When forecasting growth for 2023-24, it was assumed that the rate of new EHCP's granted would continue at the same rate as 2022-23, which was an average of 37 new EHCP's each month. This was used as the rate was already considered high and expected to start stabilising after 2-3 years of rapid growth. The first five months of 2023-24 have averaged 49 EHCP's per month, 12 higher than forecast.

**TABLE 3 – EHCP’s granted since 2020**



2.5 The growth in EHCP’s has been in all provision types. **Table 4** below shows new EHCP’s by provision type. Please note that the Special school figures appear low as the increase in commissioned numbers for special schools are already accounted for in the baseline. The majority of growth has been in the mainstream sector, with notable increases in Post 16 and Independent settings also. This is projected to continue for the rest of the academic year, however as special schools are already at capacity, the proportion of high cost independent placements is predicted to increase.

**TABLE 4: EHCP Growth by Provision Type**

<b>Provision</b>	<b>FY Actual Growth as at Aug 23</b>	<b>Additional Growth Expected Sept 23 - Mar 24</b>	<b>Total projected Growth in-year 2023-24</b>
Mainstream	136	249	385
Special	1	0	1
TRPS	-2	0	-2
Resourced Units	13	24	37
Independent Schools	20	59	79
PVI Settings	13	24	37
NMSS	1	0	1
OOB Pre 16	12	0	12
Post 16	38	0	38
<b>Totals</b>	<b>232</b>	<b>355</b>	<b>587</b>

- 2.6 The DBV programme had an unmitigated High Needs Block deficit of £3.7m forecast for 2023-24. If current growth rates in EHCP's being issued continue the DBV unmitigated forecast already appears to be underestimating the potential High Needs Block deficits over future years. Future year High Needs Block forecasts will be revised in light of the rate of growth in the Summer term and brought to Schools Forum in November 2023.

### **3. DELIVERING BETTER VALUE**

- 3.1 Tameside was invited to participate in the DfE's Delivering Better Value in SEND support programme. Newton Europe, in collaboration with the Chartered Institute of Finance and Accountancy (CIPFA), have been commissioned by the DfE to deliver DBV and will support 55 local authorities and their local systems to identify the highest impact changes that each LA involved can make to better support their local children with SEND and make plans to implement those changes.
- 3.2 The programme places outcomes for children and young people with SEND at the centre of the approach and decision-making. The implementation plans build on existing initiatives and address the underlying challenges in each LA's high needs system. Tameside, like other LAs on the programme, have involved parents and carers, schools / settings, local partners and our front line staff when designing this plan, ensuring the programme is underpinned by a comprehensive data-driven and evidence-led diagnostic.
- 3.3 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.
- 3.4 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:

- 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).
- 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 In early August 2023 the DfE DBV Programme Board gave indicative approval to Tameside's Stage 1 DBV implementation plan and revenue funding request of £1m. DfE feedback on our plan stated that it demonstrated an aspiration to deliver significant improvements to services for children and young people with SEND alongside significant financial benefits over the next 5 years.

3.7 Feedback from Newton Europe to DfE on the projected High Needs Block deficits across DBV and Safety Valve local authorities, after mitigating actions have been taken, indicates that deficits remain extremely high over the coming years (Tameside position - unmitigated cumulative deficit of £31.6m by 2026-27). In response the DfE introduced a new Stage 2 late in the DBV Programme. Stage 2 requires local authorities to identify significant additional opportunities to achieve a sustainable in-year balanced position as soon as possible and have committed to the development of a robust DSG Management Plan to deliver these by the first quarterly monitoring meeting (December 2023). Stage 2 returns are required to be submitted by 8<sup>th</sup> September 2023 and the final outcome of bids will be communicated on the 15<sup>th</sup> September 2023. See **Appendix A** for more information on the DBV programme.

#### **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. For 2024-25 a Schools Block transfer of 0.5% will be considered as part of the 2024-25 NFF consultation with schools.

##### **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 54 additional local places in 2023-24 including the Early Years Assessment centre which is part of the DBV programme. Based on current timelines this will result in 17 places in the Autumn term and 37 in the Spring term. Please note some of these places are still in consultation and not yet finalised.

**TABLE 5: Additional Resource Base Places Planned 2023-24**

<b>New Base</b>	<b>No of Places</b>
Dane Bank (7 Places Sept, 3 in Jan)	10
St James Ashton ( <b>October</b> )	10
Silver Springs (Assessment Centre) ( <b>January 24</b> )	24
Longendale ( <b>January 24</b> )	10
<b>Total Additional Places Established</b>	<b>54</b>

- 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 whilst avoiding the use of more costly out of borough or independent placements.
- 4.6 The number of commissioned places in special schools for September 2022, September 2023 and January 2024 are shown below, with a total increase of 86 places by the end of the 2023-24 academic year:

**TABLE 6 : Special School Commissioned Places September 23**

<b>Special School</b>	<b>Commissioned Places Sept 2022</b>	<b>Commissioned Places Sept 2023</b>	<b>Commissioned Places Jan 2024</b>
Hawthorns	190	220	220
Thomas Ashton	90	100	100
Cromwell	138	140	140
Samuel Laycock	215	230	230
Oakdale	135	147	160
TPRS	34	38	38
<b>Total Places</b>	<b>802</b>	<b>875</b>	<b>888</b>

#### **Contract Review**

- 4.7 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 While the High Needs Block deficit in 2022-23 was lower than expected, the deficit is forecast to be much higher in 2023-24 as the growth in the number of EHCP's granted continues to rise. The rate of growth has exceed previous local authority and DBV forecasts. As a result of the rate of growth the use of high cost independent placements has increased.
- 5.2 The DBV programme has progressed to Stage 2 with the first elements of the plan expected to begin from November 2023 and positive outcomes from September 2024.
- 5.3 Alongside implementation of the DBV Plan, the Council will produce a SEND Sufficiency Strategy in autumn 2023 to set out how the capacity of good quality local specialist school

places will grow in the next three years. 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.