

Report to:	SCHOOLS' FORUM
Date:	24 November 2020
Reporting Officer:	Tim Bowman – Assistant Director, Education Tom Wilkinson – Assistant Director, Finance
Subject:	HIGH NEEDS DEFICIT RECOVERY 2021-22
Report Summary:	This report is to outline proposals and work streams proposed to address the DSG High Needs deficit. These proposals will be included in the DSG Management Plan to the DfE outlining our recovery proposals.
Recommendations:	<ol style="list-style-type: none"> 1. Schools Forum members are asked to give their support to these proposals, which will underpin the actions to reduce and contain spending from the High Needs Block. 2. Schools Forum members are requested to support the application to the Secretary of State to dis-apply the regulations and request a 1% top-up, if this is affordable, once the revised NFF rates are applied. 3. Schools Forum members are asked to outline any further savings ideas or considerations to be explored and added to the plan.
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 and policy 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 is a ring fenced grant solely for the purposes of schools and pupil related expenditure. This is significantly overspending and a management plan to recover the deficit is needed.</p> <p>The detailed proposals are outlined in this report, some of which will require approval by elected members.</p> <p>It is not the DfE's expectation that the deficit can be fully recovered over a short period, therefore, this should be a medium to long term recovery plan.</p> <p>The deficit is expected to be £3.6m by the end of 2020/21. It is estimated that the proposals would recover this, It should be noted that this does assume the DfE will remove the cap on funding.</p>
Legal Implications: (Authorised by the Borough Solicitor)	<p>As set out in the main body of the report, the Dedicated Schools' Grant in a ring fenced grant. Therefore, it is critical that it is managed and spent in accordance with the terms grant so as to avoid any claw back provisions being triggered.</p> <p>The grant also requires Local Authorities with a deficit to prepare a Management Plan for consideration by the DfE.</p> <p>This report sets out the steps for completing this Management Plan. In due course, the plan and a number of the current proposals set</p>

out in this report will have to be considered by Cabinet.

Risk Management:

The correct accounting treatment of the Dedicated Schools Grant is a condition of the grant and procedures exist in budget monitoring and the closure of accounts to ensure that this is achieved. These will be subject to regular review.

There is the risk that the number of EHCPs will continue to grow despite the management action being taken outlined in the report, which could impact on the Local Authority's (LA) ability to reduce the deficit.

There is a risk to future funding levels from the DfE being cut due to Government spending reviews as a result of the Covid pandemic, or that the cap on funding will not be removed.

There is a risk that the Secretary of State will not approve the request to the 1% transfer from Schools Block to the High Needs Block.

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 Christine Mullins – Finance Business Partner, Financial Management, Governance, Resources and Pensions



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1. INTRODUCTION

- 1.1 This report is to outline proposals and work streams proposed to address the Dedicated Schools Grant (DSG) High Needs deficit. This report looks to Schools Forum members to support these proposals, which will underpin the actions to reduce and contain spending from the High Needs Block. These strands of work have been discussed at previous meetings and this report looks to bring these discussion into one report for consideration.
- 1.2 Any further savings ideas or considerations that Schools Forum identify can be explored and added to the plan.
- 1.3 These proposals will be included in the DSG Management Plan to the Department for Education (DfE) outlining our recovery proposals. The management template must be presented at the time of the disapplication request.

2. DSG DEFICIT MANAGEMENT PLAN

- 2.1 Under the 2020/21 DSG conditions of grant, paragraph 5.2 requires that any Local Authority with an overall deficit on its DSG account at the end financial year 2019/20, or whose DSG surplus has substantially reduced during the year must, must be able to present a plan to the DfE for managing their future DSG spend.
- 2.2 The DfE created a management template, which it expects Local Authorities (LAs) to use in order to outline how they intend to manage any DSG deficit. The template was first published on 16 September 2020 and updated by the DfE 13 October 2020 to correct errors in formula and data population. The Education Skills Funding Agency (ESFA) held a workshop showing how to use the document on 16 October 2020. In this session, they stated it was expected that this DfE template would be completed and provided to DfE as part of any disapplication request.
- 2.3 The template is an excel spreadsheet that is very large and contains lots of data and financial comparisons. There is an expectation that, once this has been approved, this will be saved to the Council's website to ensure full transparency. It is also expected that, prior to this being published, Schools Forum and Elected Members will be consulted.
- 2.4 The template must be approved by the Section 151 Officer of the LA, and the Director of Children's Services. Elected Members must be sighted on the action plan and Schools Forum engagement must be evidenced.

3. DISAPPLICATION REQUEST

- 3.1 As previously discussed at School Forum in September 2020, Schools Forum agreed due to the available funding and the growth in pupils needing Education Health Care Plans (EHCPs) that they would be minded to support a 1% transfer from the Schools Block to the High Needs Block. This has been discussed as part of the other paper on today's agenda.
- 3.2 Local authorities must submit disapplication requests to the Secretary of State, using the proforma provided by the ESFA, in cases where the local authority wishes to move more than 0.5% of the Schools Block, regardless of any previously agreed transfer amounts. The deadline for submission of this proforma is 20 November 2020.
- 3.3 As the deadline for the disapplication request is in advance of the Schools Forum meeting, and the requirement to submit the plan was released after the September Schools Forum meeting, the ESFA advised that the application should be submitted, noting that approval by Schools Forum would be sought retrospectively on 24 November.

4. MANGEMENT ACTIONS AND PROPOSALS

4.1 The plan sets out the LA's proposed actions to address the deficit. As reported at September 2020 Schools Forum it is forecast that the DSG deficit will be £3.638m. The plan looks at measures to mitigate this; a summary of the actions are outlined below, which will be discussed in more detail at the meeting:

- Funding – Transfer between blocks, disapplication requests and funding cap assumptions
- Review of services funded from the High Needs Block
- Element 3 – Funding review
- Resource bases
- Building contracts and estates review
- Growth and overcapacity Funding
- Post 16 SEND Provision
- Tameside Pupil Referral Services (TPRS) and inclusive schools.

Funding

4.2 It is proposed, subject to approval of Schools Forum, that 0.5% transfer from the Schools Block will be made without the need for the Secretary of State approval. A further transfer of 0.5% will be requested to the Secretary of State. However this will only be made assuming that this can be achieved in adherence to the NFF funding bands. The final element of the funding proposal is that we anticipate future funding from the DfE will remove the significant cap on our funding (£3.1m for Tameside).

Review of Services Funded from High Needs

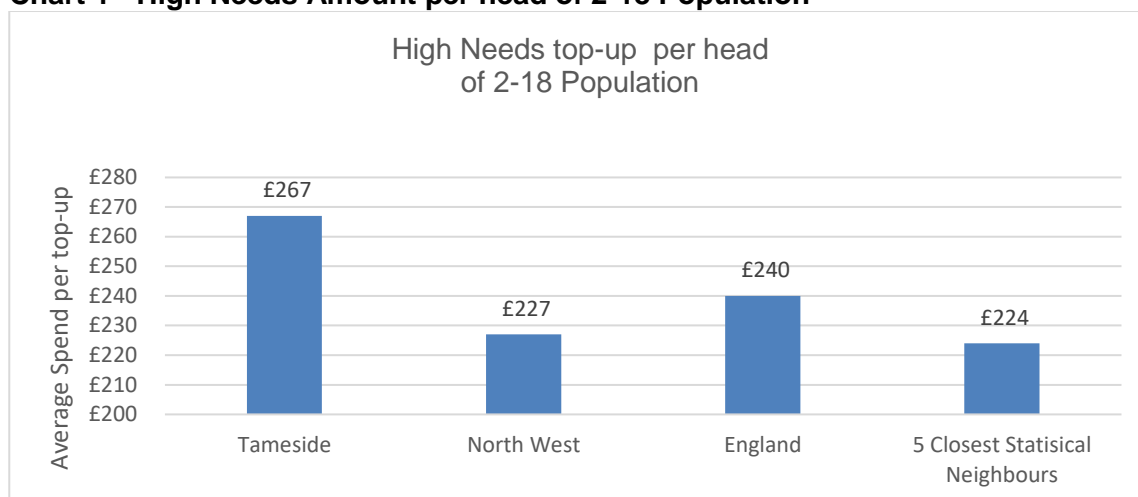
4.3 A detailed review of the services that are funded from the High Needs Block is underway, which is expected will realise financial savings. Any changes to staffing as a result of any of these reviews will be consulted upon under the usual processes. Separate approval of these proposals will be subject to the LA's governance and decision making processes. The areas under review include Sensory Support Services and Specialist SEND Support Services. Alongside this, there are currently 2 specialist posts that are funded inappropriately from the High Needs Block. The posts solely support the Early Years agenda, therefore, these will be funded from the Council's centrally retained element going forward.

Element 3 Funding

4.4 A review of the Element 3 top-up funding is underway. No financial implications of this have been considered at this stage as a banding model is being developed, which focuses on the provision needed to support the pupils need rather than funding the type of need. A Matching Provision to Need (MPTN) document has been developed by the SEND team and will be fully consulted upon.

4.5 The reason the financial impact has not as yet been determined is because part of the work plan will be to work through realistic costing of the provision in school, once the MPTN model has been approved. Benchmarking information shown in **Chart 1** shows the spend in Tameside on average top-up is between £43 and £40 higher than the rest of North West and statistical neighbours. The estimated savings are based on assuming that this model makes us broadly comparable and are approximately £0.047m, which is minimal over the whole sector.

Chart 1 - High Needs Amount per head of 2-18 Population



Resource Bases

- 4.6 As previously discussed at Schools Forum, a review of our resource bases is underway to increase provision in the borough to meet the needs of our young people locally and reduce the need for Out of Borough and Independent settings. It is envisaged that additional places in each of the four localities be established. This proposed change will require additional funding to establish. However, this will support the LA in avoiding more costly provision elsewhere and it is anticipated to represent a net saving.
- 4.7 Further to the establishment of these additional bases, the LA will look to further develop additional sites and carry out a review of the centrally managed bases. This will establish if they are fit for purpose and provide value for money. The outcome of this review will again be subject to the LA's normal governance and staffing related consultation and decision making processes.

Building contracts and Estates Review

- 4.8 One of our special schools has a PFI style contract. A review of this contract will be undertaken to see if it presents value for money. It is envisaged savings could be found from this contract.
- 4.9 Furthermore, a review of the special school estate use of PFI buildings will be considered over the longer term, including its use and if better use of space can be identified. Both of these reviews will require appropriate decision making through the LA's normal governance routes and approval before any savings can be realised.

Growth and Overcapacity Funding in Special Schools

- 4.10 A paper was presented to Schools Funding Group in October 2020 for initial discussion regarding funding of additional special school places outside of the annual place review process.
- 4.11 The paper has been presented to the Schools Funding Group, who supported a 5% range of placements option in the paper and asked that this be shared with Special Schools for consideration. Special schools have previously seen this proposal in summer of 2019. At this time, the proposal was stalled due to the significant increase in growth. Now that growth appears to have stabilised and additional and more appropriate provision is being commissioned in the borough, it is believed to be appropriate timing to revisit the proposal. The paper is attached at **Appendix A** for Schools Forum consideration. The next steps will be to report back the consultation from special school headteachers and present back to Forum for decision making

Post 16 SEND Provision

- 4.12 A sixth form provision is being established at Cromwell school to provide increased parental choice and expand the provision in the Borough. Appropriate LA governance and consultation will underpin this proposal.

TPRS provision and Inclusive schools.

- 4.13 With the appointment of the new headteacher at Tameside Pupil Referral Service, the post holder will be looking at the rate of exclusions in the borough and appropriate support to schools. It is expected that, with appropriate support over a longer term, exclusions will reduce and the number of places needed at TPRS will decrease accordingly. Funding for targeted interventions will be considered as part of this plan.
- 4.14 In line with current DSG regulations, the LA will be following the guidance that funding for excluded pupils follow the pupil. The regulations now state that this should include all pupil led funding and pupil premium where appropriate. This will be implemented from January 2021. **Appendix B** outlines this approach from January 2021.

5. CONCLUSION

- 5.1 The Section 151 Officer for the LA has a statutory duty to ensure value for money for the public purse. This review of spending supports this objective
- 5.2 As outlined in the report, the LA's plans to review spending and proposals for change are outlined for inclusion in the DfE Management template. Without appropriate action, the High Needs DSG block will continue to overspend and increase the deficit. This deficit is currently being cash flowed from LA general funding and reserves, which is not sustainable.
- 5.3 Without the Management Plan, the LA will be in breach of the DSG conditions of grant and will be subject to further investigation by the DfE on behalf of the Secretary of State.
- 5.4 Schools Forum are requested to consider this report and the proposals for future change and propose any further areas for consideration.

6. RECOMMENDATIONS

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