



# Report to Schools Forum

**Date:** 12<sup>th</sup> October 2021

**Title:** Dedicated Schools Grant (DSG) Deficit Management Plan

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**Recommendations:** Schools Forum is asked to note the areas of priority for further development agreed by the DSG Spending Review Group.

**Reason for decision:** For Information and discussion

## Purpose of the Report

- 1.1. This report provides an update on the work of the DSG Spending Review Group and the priority areas identified for the development of proposals to support early intervention for pupils with SEND.

## Background

- 1.2. The DSG is a ring-fenced specific grant that must be used in support of the schools budget for the purposes defined in the School and Early Years Finance (England) Regulations. Any LA with an overall DSG deficit must co-operate with the Department for Education (DfE) in handling that situation.
- 1.3. In order to ensure that this work is prioritised, managed and appropriately scrutinised the Council established a DSG Recovery Board comprising representatives from Schools Forum, council officers and from the post-16 college. The group will report to each Schools Forum meeting on its work. Note that following consideration and agreement of the terms of reference for this group it has been renamed The DSG Spending Review Group.
- 1.4. Initial financial modelling of projected demand was reported to the June meeting of Schools Forum and highlighted that the unmitigated projection of the impact of demand could increase the high needs deficit to £16.7m over the next 5 years (summarised in the following table).

**Table 1**

	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	<b>2024-25</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
Cumulative DSG Deficit at start of year	1.795	1.549	4.388	9.605
In year forecast overspend (Underspend)	(0.246)	2.839	5.217	7.167
Estimated year end deficit position ( <b>unmitigated position</b> )	<b>1.549</b>	<b>4.388</b>	<b>9.605</b>	<b>16.771</b>

1.5. This will be impacted by the final expenditure position in the current year and funding allocations for future years however it clearly demonstrates the risk to the high needs block in Buckinghamshire if action is not taken to manage the deficit.

### Update on Priority Workstreams

1.6. The DSG Spending Review Group met on 21<sup>st</sup> September to focus on two of the priority workstreams:

- **Workstream 3:** EHCP Demand Management (SEN Support)
- **Workstream 4:** Financial Impact of the SEND Sufficiency Strategy

1.7. To support the discussion reference was made to a number of case studies published by the DfE in the following document [Sustainable high needs systems - case studies \(publishing.service.gov.uk\)](https://publishing.service.gov.uk) which provides case studies of actions taken by other local authorities to support their DSG management plans and to reduce spend in a sustainable way.

### **EHCP Demand Management (SEN Support)**

1.8. Key themes discussed by the Spending Review Group included

- Specialist support for schools and individual pupils to be targeted earlier
- Development of centralised roles to support schools

1.9. Based on those discussions, a number of further proposals will be considered by the DSG Spending Review Group in November and recommendations brought to Schools Forum. These will include a focus on funding to support earlier intervention, for example:

- Increasing the capacity within the council for whole school SEND strategic support;
- Increased early support for pupils, for example increased speech and language support.

1.10. The group also considered how the impact of any actions could be measured.

Initial indicators could include numbers of EHC Plans and numbers of pupils transferring to specialist provision. Further work will take place to consider how the impact of earlier intervention could be measured.

### SEND Sufficiency

1.11. The group considered the initial outcomes of the SEND Sufficiency consultation and the potential costs and benefits that could arise from the proposals. The Consultation Outcome Report will be published in January 2022 and recommendations for the development of provision will be phased.

1.12. Detailed proposals will need to be developed for all recommendations and this will include financial modelling of the likely costs (revenue and capital) and potential savings. Savings are likely to be a mixture of cashable savings and cost avoidance through the reduction in demand for external placements in future years.

1.13. The Spending Review Group considered initial modelling based on current unit costs for different types of provision for each primary need. A summary to enable comparison of unit costs in different types of provision has been developed in order to show indicative cost savings that could arise from developing more local provision within Buckinghamshire schools. This is included as Appendix 1 to this report. It is important to note that this is based on current average costs and an estimate of the average bands for different types of need within special schools and ARPs. Actual costs and savings for any changes in provision would reflect the costs/bands associated with individual pupils which may vary from this average.

1.14. These average unit costs could be used to model indicative savings from the development of new provision arising from the sufficiency proposals. For example, the development of a new 18 place secondary inclusion unit for pupils with autism could achieve full year savings as follows:

Proposal	Additional Places created	Place Funding £	Top Up Costs £	Total annual cost/ (saving) when fully implemented £
Develop a new Communication and Interaction (Autism) 18 place Inclusion Unit in a mainstream secondary school Assumes average top up Band 2	18	£108,000	£106,599	£214,599
Estimated costs avoided of 18 places within Independent provision			-£979,481	-£979,481
<b>Total</b>	<b>18</b>	<b>£108,000</b>	<b>-£872,882</b>	<b>-£764,882</b>

**Note** the financial impact in this example is based on revenue costs of provision when full. It assumes all places occupied therefore place funding is £6k per place and assumes an average band value per need type (in this case Band 2). The comparison is against

*the average unit cost of provision in the independent sector for pupils with a primary need of Autism. In this example independent sector costs of £979k per annum would be avoided, giving a net saving of £765k per year.*

*Any new provision will fill over a number of years rather than have all places filled in year 1. A more detailed financial model will therefore be required for each proposal within the strategy to include all revenue and capital costs and the potential savings/cost avoidance of developing in house provision*

## Next Steps

- 1.15. The DSG Spending Review Group will consider proposals to target funding towards earlier intervention and agree impact measures to support those proposals. These will be brought back to Schools Forum in December.
- 1.16. The updated DSG Management Plan and financial projection will be reported to the December meeting of Schools Forum.
- 1.17. The consultation outcome report for the SEND Sufficiency Strategy will be published in January 2022 and will include phased proposals for the development of provision within Buckinghamshire. Detailed financial modelling will be carried out to quantify the costs and potential benefits of those proposals.