



Report to Schools Forum

Date: 28th June 2022

Title: DSG Management Plan – Report from the DSG Spending Review Group

Author: Liz Williams, Head of Finance – Children’s Services

Recommendations:

- a) To note the 2021-22 outturn for the high needs block and the planned actions for 2022-23
- b) To agree the updated budget for the High Needs Block in 2022-23
- c) To note the priorities and work of the DSG Expenditure Review Group since the last Schools Forum meeting

1. Purpose of the Report

1.1. The purpose of this report is to:

- a) Detail the final outturn for the high needs block in 2021-22 and the planned actions to develop capacity and reduce spend for 2022-23
- b) Detail the final budget proposals for the 2022-23 high needs block
- c) Update on the work of the DSG Spending Review Group

2. High Needs Block Outturn 2021-22

2.1. Spend against the high needs block exceeded the budget by £3.1 million in the 2021-22 financial year. This is an improvement of £455k compared with the previous forecast reported to schools forum. A summary of expenditure against the high needs block is included as appendix 1 to this report (note the appendix is gross of deductions for academies).

Expenditure on School Provision for Pupils with Education Health and Care Plans (EHCPs)

2.2. Expenditure on provision for school age pupils (5-16) with EHCPs has exceeded the budget by £1.660m. Appendix 1 shows the main areas of overspend to be BC special schools and mainstream schools, indicating that demand is increasingly

being met within Buckinghamshire schools rather than in the independent sector or other LA schools.

2.3. Data for the last 3 financial years has been analysed to assess whether this shift has had a financial impact on spend within the high needs block. A review of expenditure on pupils with EHCPs in school provision shows the following:

- Total spend on school age provision increased by 12% over 3 years
- Total number of school age EHCPs increased by 15%
- Spend per EHCP pupil decreased by 3% over 3 years from £20,101 per EHCP to £19,447

2.4. The data also shows that the proportion of school age EHCPs with needs met externally (Independent sector and other LA schools) has reduced from 16.4% to 14.8% over the same 3 year period.

2.5. If unit costs were still at the average fore £20,101, spend in 2021-22 would have been £2.5m higher for this group of children.

2.6. Whilst this may be a relatively blunt measure it does start to demonstrate that the high needs block funding is being utilised more efficiently despite continued increases in demand and spend.

2.7. Planned investment for 22-23 is most heavily focused on maintained and academy mainstream and special schools in Buckinghamshire.

2.8. Further actions to develop capacity for 22-23:

- i) Reception Inclusion Fund to be launched, ring fencing £400,000 for children starting school for the first time without EHCPs.
- ii) Rigorous phase transfer process introduced in 21-22 for Year 6 children moving into Year 7 to be embedded, including specific meetings with both mainstream and special schools to develop creative solutions for enabling children to transition into Buckinghamshire maintained and academy schools.
- iii) Specific training for schools around responses to consultations being legally sound, focusing on reasonable adjustments that can be made / support required to enable children to attend school, rather than trying to refuse them.
- iv) Progression to banded funding model for ARPs and PRUs; further training and piloting work required with mainstream schools and business case for this to be effectively delivered to be created, with implementation in ARPs aimed for September 2023 and mainstream schools September 2024.
- v) In line with the SEND Sufficiency Strategy, there will be increased capacity in Stock Lake Park (Vale Federation), Furze Down, Heritage House and Chiltern Way Academy Special Schools.
- vi) Opening of the new mainstream Kingsbrook Secondary School SEMH Inclusion Unit from September 2022.

- vii) Increased capacity in mainstream secondary schools Princes Risborough and the Misbourne Autism Inclusion Units.

Expenditure on Post-16 Provision for Students with EHCPs

2.9. Expenditure on post-16 provision exceeded the budget by £920k in 2021-22. This is an area of continued growth in spend. The pattern of spend for post-16 students has not followed the same trend as for school age pupils and so spend with independent specialist providers has continued to increase. This remains an area of focus for the DSG Expenditure Review Group

2.10. Further actions for 2022-23:

- i) Monthly meetings with the Bucks College Group (BCG) to develop the quality of provision offer locally to offset against funding going into the independent sector.
- ii) Business case for moving towards banded funding with BCG to be created.
- iii) Deep dive analysis, similar to that completed for Independent Schools to be completed of young people attending Independent Specialist Colleges. Outcome to be overseen by the DSG Expenditure Review Group and brought to Schools' Forum in Autumn 22.

Alternative Provision

2.11. Overall expenditure on alternative provision exceeded the budget by £414k. Spend has remained relatively consistent against budget for the past three years. Personal budget spend has increased in line with what has been observed as an increase of requests from families for Education Otherwise Than At School (EOTAS). The budget line entitled Additional Places and Exceptional Support has consistently been overspent against forecast for the past three years and is the line requiring most attention in the coming financial year.

2.12. Further actions 22-23 to further understand and analyse spend:

- i) Deep dive into specific spend for Additional Places and Exceptional Support has been completed and redistribution of some costs attributed to the cost centre is underway, e.g. additional special school places agreed midyear now sit in the special school cost centre.
- ii) Quality of provision is initially checked and subsequently monitored by the SEND Commissioner.
- iii) Monthly meetings looking at those accessing an Individual Package of education support will continue, alongside examining those children who aren't in receipt of education, as a vulnerable group.

Other Key Variances

2.13. Expenditure on supporting children with EHCPs in early years settings exceeded the budget by £517k. Spend in this area has increased compared with previous years.

2.14. A pressure of £184k against the Integrated Therapies budget to support additional costs of additional capacity.

2.15. An underspend against the budget line for supporting vulnerable children. This contribution to the Family Support Service was not required in 2021-22 due to costs being met by underspends elsewhere within that service. This enabled spend from the high needs block to be reduced in the 2021-22 financial year. It is anticipated that this full contribution will be required in 2022-23 as budgeted.

3. High Needs Block – initial 2022-23 budget

3.1. The allocation for the High Needs Block in 2022-23 is £107.716m, an increase of £8.6m compared to 2021-22. There is a further allocation of supplementary grant totalling £4.1m. This grant will be absorbed into the high needs block base funding for future years.

3.2. The total allocation for 2022-23 is therefore £111.9m, an increase of £12.7m compared with 2021-22.

3.3. In January 2022 Schools Forum applied the following principles to the allocation of the growth in the main high needs block funding allocation:

- a) Growth in the high needs block should be used where possible to support actions to address the high needs deficit as well as to meet increases in demand.
- b) Reflect full year effect of September 2021 demand – the main demand led budgets have been increased to reflect this year's outturn position
- c) Meet estimated growth from September 2022.
- d) Known cost pressures for 2022-23 including additional places for SEMH provision and an increased cost pressure against the Integrated Therapies contract for additional speech and language therapists.
- e) The proposal for the creation of 3 Area Inclusion Officers, as recommended by the DSG Spending Review Group, with a start date of September 2022.

3.4. These proposals totalled £6.964m, leaving £1.637m unallocated before the start of the year.

3.5. For the supplementary grant the following proposals were agreed:

- a) Increase special school, ARP, PRU and EHCP top up payments by 3% to match the increase for mainstream schools in the National Funding Formula (NFF);

- b) Apply a further 1% increase to special schools and PRU budgets for the Health and Social Care levy (already covered in mainstream provision) to enable a methodology for allocation of funding to be developed for this increase.
- c) 3% increase to post-16 and independent special school provision – 1% for the Health and Social Care levy and 2% for other pressures, as per the supplementary grant guidance.
- d) Payments for pupils without EHCPs to increase for 1% reflecting the Health and Social Care levy.

3.6. The proposals outlined above total £2.477m of the available supplementary grant leaving £1.659m unallocated.

3.7. Following the January Schools Forum meeting there remained a total unallocated funding of £3.296m within the high needs block for 2022-23. It was proposed that this should be held to provide a contingency against additional growth in the year, or to offset the deficit, and also to support proposals coming forward as part of the DSG Management Plan that will generate savings in future years.

4. Further Budget Proposals 2022-23

4.1. The proposed budget for 2022-23 has been further reviewed in the light of the 2021-22 outturn and the approved SEND Sufficiency Strategy which includes the development of additional places across a number of mainstream and special schools. These proposals will support a reduction in unit costs across the high needs block in future years through a reduction in the reliance on external placements.

4.2. The additional proposals recommended are detailed as follows:



Table 1: Summary of further budget proposals for 2022-23

	£'000
Reduced demand for external independent special school placements	-292
Increased places in BC Special Schools	631
Further increase in demand for Early Years support	25
Total impact of 2021-22 outturn review	365
Additional places to meet SEMH need	236
Additional Special School and ARP places - SEND Sufficiency	894
Total Impact of SEND Sufficiency Strategy	1,131
Proposal from DSG Spending Review Group - Early Years Transition Fund	400
Other Proposals	
Increase in Demand for Portage Service	80
Reduced contribution from DSG to Corporate Overhead costs	-436
Total other proposals	-356
Total Further Proposals for 2022-23 High Needs Block	1,539

4.3. The proposed budget, compared with the 2021-22 outturn, is shown in Appendix 2 to this report.

4.4. These proposals will leave an unallocated contingency of £1.756m to support a reduction in the DSG deficit and/or to meet any further unforeseen increases in demand during the year.

4.5. There remain a number of risks against this unallocated contingency including:

- a) Continued demand for EHCPs, which may exceed the agreed budget.
- b) Increased pressures against the Integrated Therapies contract in order to meet demand for support.
- c) Capacity required to support future phases of the roll out of banded funding to mainstream and post-16 sectors.

4.6. These risks have yet to be quantified but will continue to be monitored for further reports during the year.

5. Further Updates from the DSG Expenditure Review Group

5.1. In addition to the development of proposals for inclusion in the 2022-23 budget the group has considered highlight reports and progress against the key workstreams in the DSG recovery plan:

- 1) Post-16 and Post-19 demand and spend
- 2) Expenditure on placements in other local authority schools
- 3) Expenditure in Independent schools
- 4) EHCP Demand Management
- 5) Sufficiency Strategy – capital spend
- 6) Mainstream School Top Up spend

5.2. Progress against some of these workstreams is well developed and others, for example post-16 and post-19 spend, will be the subject of further detailed actions to understand spend and demand and to develop further proposals.

5.3. The group has also reviewed the priorities highlighted in the government’s guidance following the “safety valve” intervention programme for those authorities with the highest percentage DSG deficits. The guidance highlights a number of key areas of focus for sustainable high needs systems including early intervention, SEN Support, assessment processes, culture change and appropriate provision mapping. The Buckinghamshire priorities have been reviewed to confirm that they are consistent with these key themes.

[Sustainable high needs systems: learning from the ‘safety valve’ intervention programme - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/guidance/sustainable-high-needs-systems-learning-from-the-safety-valve-intervention-programme)

5.4. The work of the group through the autumn will be to consider the updated DSG management plan, including estimates of the financial impact of agreed actions and updated projections of demand.

