

BARNSTLEY METROPOLITAN BOROUGH COUNCIL

This matter is a Key Decision within the Council's definition and has been included in the relevant Forward Plan

JOINT REPORT OF THE EXECUTIVE DIRECTOR CHILDREN'S SERVICES AND THE EXECUTIVE DIRECTOR CORE SERVICES TO CABINET ON 6 OCTOBER 2021

Public or private: Public

DEDICATED SCHOOLS GRANT (DSG): MANAGEMENT PLAN (2021-2025)

1.0 PURPOSE OF REPORT

- 1.1 To seek Cabinet's endorsement for the Local Authority's management plan that we are required to submit to the Department for Education (DfE) and which outlines how the Authority will address the cost pressures within the High Needs Block through special educational needs including disabilities (SEND) and ensure that our High Needs spend is within budget.

2.0 RECOMMENDATIONS

- 2.1 **That Cabinet endorses the proposals of the Local Authority's Dedicated Schools Grant (High Needs Block) Management Plan (2021-2025) for submission to the DfE in accordance with the key actions indicated in Paragraph 4.24 of this report.**

3.0 INTRODUCTION

- 3.1 Whilst local authorities and their statutory partners await the outcomes of the delayed national review of SEND, the context of Barnsley's SEND/High needs budget alongside many other local areas, is one of rising demand, financial pressures, and an increasing accumulated budget deficit. The current accumulated SEND/high needs deficit is £11.7 million, with a planned deficit of £6.3 million in 2021-22. The increasing number of pupils with Education, Health & Care Plans (EHCPs) requiring specialist support and placements in independent & non-maintained special schools continue to exert pressures on the high needs budget.
- 3.2 The SEND Improvement Plan (together with the SEND School Placement and Sufficiency Strategy) continues to set the framework for managing the pressures and challenges within the SEND system. Achieving a sustainable financial position is an important objective within the SEND Improvement Plan, of which the DSG management plan is a key mechanism for achieving this objective.

4.0 PROPOSAL AND JUSTIFICATION

- 4.1 The Dedicated Schools Grant (DSG) : Conditions of grant 2020-21 require any local authority with an overall deficit on its DSG account or whose deficit has substantially reduced during the year to present a Plan to the DfE for managing their future DSG spend. The DfE has provided a template, a supportive tool, to enable LAs to formulate and present their DSG management plans.
- 4.2 DSG management plans are increasingly being used by the DfE in informal discussions with local authorities regarding their high needs budgets and actions to address significant budget deficits. The underpinning action plans have informed and led to several 'Safety Valve Funding Agreements' which are a form of financial support, reached by the DfE with several local authorities in 2020/21.
- 4.3 Work has been undertaken by Finance / SEND leads within the Local Authority to complete the DSG management plan template, which would outline the financial pressures and the plans for bringing the DSG spend back into balance over the medium term.
- 4.4 The following is a summary of the key sections of the management plan, including the forecasted number of EHCPs; projected SEND expenditure and underlying assumptions and proposed actions to mitigate future years deficits.

4.5 **Forecast SEND numbers & expenditure**

4.6 EHCP pupils forecast

- 4.7 A comprehensive dataset has been developed by BMBC Business Intelligence, reviewing a range of forecast data for children with a current EHCP and for children with SEN Support through to 2028. These datasets show forecast EHCP numbers across a range of criteria including by key stage/age groups; primary need and provision type including post 16) for Children and Young People aged 0 - 25.
- 4.8 Validation (and data cleansing) of the dataset was undertaken to reconcile the baseline data and to ensure that the future years' modelled growth is reasonable and in line with expectations. The table below shows the forecast (unmitigated) EHCP numbers used in the DSG management plan (see Appendix 1 for details):

EHCP forecast	20/21	21/22	22/23	23/24	24/25
Total annual EHCPs	2,220	2,308	2,359	2,404	2,457
Annual growth		88	51	45	53
% growth		4.0%	2.2%	1.9%	2.2%

4.9 If unmitigated, the modelled forecast data suggests that there is an ongoing and increasing demand for support for children and young people with SEND and for those with EHCPs.

4.10 **Funding Forecast**

4.11 The Management Plan reflects the Government’s recently announced indicative DSG funding allocation for 2022/23 which includes a £3.5million increase in High Needs funding as per the 3-year funding settlement for schools. The plan assumes DSG funding levels (across the main funding blocks – schools, high needs, early years) will remain at 2022/23 levels, namely £98.1million for future years to 2024/25.

4.12 In addition, the high needs budget for future years (to 2024/25) assumes the current level of block funding transfers from schools to the high needs block amounting to 1% (£1.6 million). It should be noted that block transfers above the minimum 0.5% requirement is subject to DfE approval on an annual basis.

4.13 **Spend / Deficit projections**

4.14 High needs spend for 2021/22 is currently forecast at £31.2 million (£27.1million in 2020/21) and estimated to increase to £35.9 million by 2024/25. The main cost driver is the rising number (and cost) of pupils with EHCPs in mainstream schools / academies and in independent settings. The forecast high needs spend across the range of SEND provision is detailed in the attached Appendix 2a.

4.15 The table below is a summary of the overall forecast DSG deficit position for the period to 2024/25 before any mitigations or savings:

Forecast position (excluding mitigations)	2020-21 £'000	2021-22 £'000	2022-23 £'000	2023-24 £'000	2024-25 £'000
Total high needs spend	27,139	31,214	33,368	35,102	35,904
Total high needs funding	-19,300	-23,286	-26,824	-26,824	-26,824
Total Block transfers	-800	-1,662	-1,698	-1,698	-1,698
Net In-Year deficit/(surplus)	7,039	6,266	4,845	6,580	7,382
Council Contribution	0	0	0	0	0
Other DSG blocks deficit/(surplus)	-506	0	0	0	0
Add brought forward deficit/(surplus)	5,224	11,757	18,023	22,868	29,448
Accumulated deficit/(surplus)	11,757	18,023	22,868	29,448	36,830

4.16 The above spend estimates are based on the following assumptions:

- Forecast EHCP pupil numbers and places across the range of SEND provision, including mainstream schools and specialist schools
- Cost reflects current funding arrangements (e.g. place and top up funding) across the range of SEND provision;
- Where applicable (e.g. special schools), future years top up funding rates have been uplifted by 2%;
- Spend includes cost of commissioning new SEND places or provision (i.e. place and top up funding) – based on an assumed average top up rate;
- Above costs excludes any capital cost / requirement in relation to creating new special school places. Assumed any capital requirement would be met using the High Needs capital provision fund allocations.

4.17 **Action Plan / Mitigations**

4.18 Strategically, the SEND Improvement Plan provides the overall framework for improving SEND outcomes and provision, through identifying needs earlier, supporting schools to better meet these needs, increasing specialist places within the borough and building parents' and carers' confidence in local provision.

4.19 A significant cost driver is the number of children and young people placed in independent and non-maintained settings in or outside the borough. Therefore, a key area of focus in the DSG action plan is to ensure that we have enough quality provision in the borough to meet the needs of SEND pupils.

4.20 The DSG action plan (*Please see Appendix 3*) is summarised in the table below. It outlines the proposed actions / measures aimed at realigning spend and local provision with available resources over the medium term.

Ref	Action Plan – High Level summary of proposed Actions	2024/25 FYE
DSG.1	Reducing reliance and placements in independent non maintained schools by increasing (and commissioning new) local specialist places	-5,137,314
DSG.2	Review effectiveness of notional SEND Budget in schools as well as the level of top up funding to mainstream schools / academies	-900,000
DSG.3	Review the methodology for determining annual funding uplift (%) for special schools – link to inflation index or public sector pay assumptions	-239,160

Ref	Action Plan – High Level summary of proposed Actions	2024/25 FYE
DSG.4	Reduce number of planned places in the Pupil Referral Unit as well as review / reform the Alternative Provision / PRU service delivery model	-499,109
DSG.5	Review the provision of the Education Other Than At School (EOTAS) commissioned contract – currently delivered via a service level agreement	-83,000
DSG.6	Review post - 16 offer to ensure consistency and adherence with DfE / ESFA guidance	tbc
DSG.7	Efficiencies arising from the improvement in outcomes and SEN support to enable more effective inclusion in schools / across the system	-200,000
		-7,058,583

4.21 It should be noted that moving to a more sustainable model would be a slow process and cannot be achieved in the medium term. Sufficient support available at the early identification and intervention level in early years settings and schools (which is not based on a traded model) is crucial.

4.22 In light of the above, additional resources have been set aside within the Council's updated MTFS plan to support the delivery of the DSG Management plan, particularly in building capacity at SEND support level.

4.23 **Key Actions for the Council**

4.24 The following are the expected key actions for the Council in respect of the DSG management plan:

:

1. Obtain sign-off - the management plan is required to be signed off by the Director of Children's Services and the Council's Section 151 officer.
2. Evidence of submission to internal SEND oversight forums or boards and the Council's management and Members' meetings is also required.
3. Presentation of the plan to the Schools' Forum for consultation in time for budget planning discussions and block funding transfer requests.
4. Submission of the management plan to DfE (it should be noted that the Plan was submitted to DfE on 16 August 2021).

5.0 CONSIDERATION OF ALTERNATIVE APPROACHES

5.1 The table in Paragraph 4.15 of this report shows that the DSG deficit would continue to rise from £11.7 million at the end of 2020/21 to approximately £36.8 million by 2024/25 if no mitigating action is taken to address the

situation. This demonstrates the need to implement an action plan to help bring the in-year deficit into a sustainable position.

6.0 IMPLICATIONS FOR LOCAL PEOPLE/SERVICE USERS

6.1 The DSG Management Action Plan will support the Borough's SEND Improvement Plan, together with the SEND School Placement and Sufficiency Strategy in particularly re-setting the balance in favour of ensuring mainstream and specialist provision in the Borough (including satellite facilities) are equipped to best meet the needs of groups of children and young people with SEND closer to families and closer to home through a graduated response

7.0 FINANCIAL IMPLICATIONS

7.1 The representatives of the Service Director – Finance / S151 officer have been consulted and involved in the development of the DSG management plan. Please see Paragraphs 4.7 to 4.22 of this report for the financial details.

7.2 The table below shows the future years net deficit position and reflecting the planned actions and savings:

Forecast position (including mitigations)	2020-21	2021-22	2022-23	2023-24	2024-25
	£'000	£'000	£'000	£'000	£'000
Total high needs spend	27,139	31,139	31,202	30,284	28,846
Total high needs funding	-19,300	-23,286	-26,824	-26,824	-26,824
Total Block transfers	-800	-1,662	-1,698	-1,698	-1,698
Net In-Year deficit/(surplus)	7,039	6,191	2,680	1,762	324
Council Contribution	0	0	0	0	0
Other DSG blocks deficit/(surplus)	-506	0	0	0	0
Add c/fwd deficit/(surplus)	5,224	11,757	17,948	20,628	22,390
Accumulated deficit/(surplus)	11,757	17,948	20,628	22,390	22,714

7.3 The table above shows a reduction in the annual / in-year forecast deficit from £7m in 2020/21 to £0.3m in 2024/25 – due to the impact of the plan actions / measures as well as increased DSG funding for high needs (for 2022/23).

7.4 The above excludes additional investment (£0.5M) approved by the Council through the medium term financial strategy / plan (MTFS) to support the implementation of the SEND Improvement plan and therefore the above DSG management plan.

8.0 EMPLOYEE IMPLICATIONS

8.1 There are no employee implications directly emerging through this report.

9.0 LEGAL IMPLICATIONS

9.1 No unanticipated legal implications have been identified in compiling this report.

10.0 CUSTOMER AND DIGITAL IMPLICATIONS

10.1 There are no implications for access to the range of Council services or for digital transactions emerging through the report

11.0 COMMUNICATIONS IMPLICATIONS

11.1 There are no communications implications for the Local Authority arising through consideration of this report

12.0 CONSULTATIONS

12.1 Both the Council's Senior Management Team and the Barnsley Schools Forum have been the subject of consultation on the DSG Management Plan and have endorsed the proposals for mitigating the cost pressures described in this report.

13.0 EQUALITY IMPACT

13.1 The DSG Management Plan will exclusively help towards improving the educational experience of children and young people with a protected characteristic as defined by the Equality Act (2010) and Public Sector Equality Duty through placing the onus on equipping local mainstream and special schools (including satellite facilities) to best meet their needs, including improved access to the National Curriculum closer to home via a graduated approach.

14.0 THE COUNCIL PLAN AND PERFORMANCE MANAGEMENT FRAMEWORK

14.1 The DSG Management Plan will continue to support the *Learning Barnsley* objective of the *Be Even Better* Strategy through ensuring the sufficiency of SEND school placements so that groups of children and young people with SEND are able to achieve their potential whilst ensuring value for money and the effective use of allocated resources.

15.0 TACKLING THE IMPACT OF POVERTY

15.1 The Plan will support the SEND Improvement Plan and SEND School Placement and Sufficiency Strategy in promoting inclusion and enhancing life chances, enabling groups of children and young people with SEND to achieve their potential; become independent, acquire skills that will help in accessing sustainable jobs and thereby help shield themselves from the impact of poverty

16.0 TACKLING HEALTH INEQUALITIES

16.1 Please see Paragraph 15.1 of this report.

17.0 REDUCTION OF CRIME AND DISORDER

17.1 There are no implications for tackling crime, disorder or anti-social behaviour emerging through this report.

18.0 RISK MANAGEMENT ISSUES

18.1 The following are identified risks to the delivery of the action plans and the cost reduction measures:

- High Needs budgets would continue to experience escalating cost pressures due to continued increase and demand for EHCPs in mainstream schools. This would further compound an unsustainable position for the council.
- Increasing placements in independent non-maintained special schools at higher costs to the Council
- Risk that demand / growth in pupils with EHCPs may increase at a higher rate than planned or forecast;
- Slippage and delay in the delivery of the above actions or measures which would negatively impact on funding forecasts

It is imperative that there are strong governance arrangements in place to ensure the effective delivery of the DSG Management Action Plan which is dependent on the actions of partners across the SEND system including education, health and care partners. The SEND Continuous Improvement Plan will be the strategic and operational plan across the partnership/SEND system that will drive the required activity and actions, to achieve the required outcomes. The system wide SEND Oversight Board will closely monitor progress and ensure corrective action is taken where achievement of the plan is at risk. Progress will be report to Council Cabinet as part of the quarterly SEND Finance and Performance Report and this will be provided to the Schools Forum. The cross council School Place Capital Programme Board will be instrumental in ensuring the delivery of key aspects of the plan which relate to the creation of additional school places.

19.0 HEALTH, SAFETY AND EMERGENCY RESILIENCE ISSUES

19.1 There are no adverse implications for the health and safety of both the public and the Council's workforce or the resilience of the Borough to a major incident arising through the report.

20.0 COMPATIBILITY WITH THE EUROPEAN CONVENTION ON HUMAN RIGHTS

20.1 The proposals within the Plan are compatible with the Articles and Protocols of the EU Convention.

21.0 CONSERVATION OF BIODIVERSITY

21.1 There are no adverse implications for the local environment, tackling climate change or for the conservation of biodiversity emerging through consideration of this report.

22.0 GLOSSARY

22.1 None, applicable.

23.0 LIST OF APPENDICES

- 23.1 Appendix 1: SEND/EHCP projected numbers
- Appendix 2a: DSG overall financial position
- Appendix 2b: SEND/High needs expenditure by provision
- Appendix 3. DSG high needs action plan

24.0 BACKGROUND PAPERS

24.1 If you would like to inspect background papers for this report, please email governance@barnsley.gov.uk so that appropriate arrangements can be made

Report author: Joshua Amahwe - Financial Services Manager (Core Directorate – Finance)

Nina Sleight – Service Director – Education, Early Start & Prevention

<p>Financial Implications/Consultation</p>  <p>Joshua Amahwe (01/09/2021)</p> <p>.....</p> <p><i>(To be signed by senior Financial Services officer)</i></p>

Appendix 1 – SEND/EHCP projected numbers

Total number of EHCPs by age group								
Jan	2018	2019	2020	2021	2022	2023	2024	2025
Under 5	46	54	63	69	77	86	94	103
Age 5 to 10	605	693	679	732	740	760	779	800
Age 11 to 15	643	698	766	810	873	937	1,001	1,065
Age 16 to 19	451	519	544	509	511	503	492	484
Age 20 to 25	102	169	259	100	107	73	38	5
Total EHCPs by Age Group	1,847	2,133	2,311	2,220	2,308	2,359	2,404	2,457

Total number of EHCPs by primary need								
Jan	2018	2019	2020	2021	2022	2023	2024	2025
Autistic Spectrum Disorder	414	505	561	614	668	724	778	834
Hearing Impairment	36	39	41	40	44	48	52	56
Moderate Learning Difficulty	269	307	320	245	228	198	166	136
Multi- Sensory Impairment	3	3	3	5	6	7	8	9
Physical Disability	125	127	127	103	95	83	75	73
Profound & Multiple Learning Difficulty	62	71	73	50	46	38	31	24
Social, Emotional and Mental Health	390	483	534	511	537	551	566	582
Speech, Language and Communications	356	399	429	419	436	429	419	404
Severe Learning Difficulty	115	121	123	91	82	67	53	40
Specific Learning Difficulty	30	32	33	74	88	110	135	162
Visual Impairment	25	26	26	21	20	20	23	25
Other Difficulty/Disability	22	20	41	47	58	78	92	106
No assessment of type of need	0	0	0	0	0	6	6	6
Total EHCPs by primary need	1,847	2,133	2,311	2,220	2,308	2,359	2,404	2,457

Total number of EHCPs by provision type								
Jan	2018	2019	2020	2021	2022	2023	2024	2025
Mainstream schools or academies	743	798	806	847	866	891	915	940
Resourced Provision or SEN units	67	76	70	87	88	95	100	107
Special schools or academies	425	457	524	517	560	590	620	650
NMSS or independent schools	125	149	207	204	242	270	298	326
Alternative Provision	16	11	13	4	3	3	3	4
Post 16	423	571	596	484	463	420	376	334
Other	48	71	95	77	86	90	92	96
Total EHCPs by placement type	1,847	2,133	2,311	2,220	2,308	2,359	2,404	2,457

Appendix 2a – DSG overall financial position (costs / deficits)

Financial summary (Before savings / mitigations)

Overall DSG position	2018-19 actual £'000	2019-20 actual £'000	2020-21 actual £'000	2021-22 Budget £'000	2022-23 Forecast £'000	2023-24 Forecast £'000	2024-25 Forecast £'000
1. Expenditure							
Schools block	66,361	49,823	46,479	48,830	52,369	52,369	52,369
Central school services block	1,839	1,876	1,605	1,758	1,758	1,758	1,758
Early years block	14,294	14,669	14,993	15,457	15,457	15,457	15,457
High needs block*	19,556	23,648	27,139	31,214	33,368	35,102	35,904
Planned spend from DSG	0	0	0	0	0	0	0
Total expenditure	102,050	90,016	90,217	97,259	102,951	104,685	105,487
2. DSG income							
Schools block	-67,932	-52,138	-47,469	-50,492	-54,066	-54,066	-54,066
Central schools services block	-1,839	-1,876	-1,733	-1,758	-1,758	-1,758	-1,758
Early years block	-14,384	-15,483	-15,181	-15,457	-15,457	-15,457	-15,457
High needs block	-14,518	-15,295	-19,300	-23,286	-26,824	-26,824	-26,824
Total income	-98,673	-84,792	-83,684	-90,993	-98,105	-98,105	-98,105
3. High needs - other income							
CCG contributions							
Other (Please specify)							
Total other income	0	0	0	0	0	0	0
4. Block transfers							
Schools block	1,429	1,488	800	1,662	1,698	1,698	1,698
Central schools services block	0	0	0	0	0	0	0
Early years block	0	0	0	0	0	0	0
High needs block	-1,429	-1,488	-800	-1,662	-1,698	-1,698	-1,698
Total Block Transfers	0	0	0	0	0	0	0
5. In year deficit / (surplus)							
Schools block	-142	-827	-189	0	0	0	0
Central schools services block	0	0	-128	0	0	0	0
Early years block	-91	-814	-189	0	0	0	0
High needs block	3,609	6,865	7,039	6,266	4,845	6,580	7,382
Total In Year deficit	3,377	5,224	6,533	6,266	4,845	6,580	7,382
6. Other							
Council contribution	-8,555	0	0	0	0	0	0
Add brought forward deficit	5,178	0	5,224	11,757	18,023	22,868	29,448
Planned year end position	0	5,224	11,757	18,023	22,868	29,448	36,830

* Details of high needs projected expenditure (by SEND provision) shown in Appendix 2b

Appendix 2b – SEND/High needs financial position (costs / deficits)

High needs block - historic and planned spend as per s251 lines

Total Projected Expenditure (Forecast Outturn based on current trends without mitigating actions)

<u>Planned Spend by provision (as per s251 budget lines)</u>	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
	Actual £'000	Actual £'000	Actual £'000	Budget £'000	Forecast £'000	Forecast £'000	Forecast £'000
Mainstream schools or academies	5,137	5,273	5,589	6,646	7,641	8,603	9,195
Resourced Provision	254	226	323	546	749	989	996
Special Schools or Academies	3,934	4,638	5,233	5,687	5,887	6,084	6,285
NMSS or independent schools	7,608	10,949	13,313	15,600	16,305	16,566	16,525
Alternative Provision/PRU	1,701	1,723	1,765	1,815	1,811	1,854	1,897
Post 16 placements	923	839	916	920	975	1,006	1,006
Other - LA Specific spending	0	0	0	0	0	0	0
Planned year end position	19,556	23,648	27,139	31,214	33,368	35,102	35,904

Appendix 3 – DSG High Needs Budget Action Plan

Ref	Action	Financial Target/Saving (£)			
		2021/22	2022/23	2023/24	2024/25
DSG.1	Reducing reliance and placements in independent non maintained schools by increasing the availability and suitability of local provision. Ensure robust planning for future provision resulting in increased availability and suitability of local provision of local places		-1,176,991	-3,364,757	-5,137,314
DSG.2	Review effectiveness of notional SEND Budget in schools and settings and level of element 3 top up funding to mainstream schools		-300,000	-600,000	-900,000
DSG.3	Reviewing methodology of funding uplifts for specialist provision - Specials Schools		-77,229	-156,928	-239,160
DSG.4	Review and reform of the Alternative Provision (AP) model and funding to create efficiencies	-74,641	-428,677	-463,544	-499,109
DSG.5	Review the provision of the EOTAS contract	-	-83,000	-83,000	-83,000
DSG.6	Review post - 16 offer to ensure fidelity with DFE/ESFA guidance.		tbc	tbc	tbc
DSG.7	Improvement in outcomes and SEN support to enable more effective inclusion in schools / across the system (SEND Improvement plan)		-100,000	-150,000	-200,000
		-74,641	-2,165,897	-4,818,229	-7,058,583