

SLOUGH SCHOOLS' FORUM
4th JULY 2019

Directorate of Children Learning and Skills

DSG BUDGET DEFICIT RECOVERY PLAN

1 PURPOSE OF REPORT

The Education & Skills Funding Agency (ESFA) have requested that Local Authorities provide them with a budget deficit recovery plan for any cumulative deficits of 1% or greater within the DSG as a whole, excluding school balances.

The purpose of the recovery plan will give assurances that we will not be called upon to re-pay the DSG deficit faster than set out in the plan; and if agreed, the element we cannot repay over the period of the recovery plan will not be expected to be repaid within 3 years.

This report provides Schools Forum with the plans in place to reduce some of the deficit; however it also provides wider contextual information regarding the funding challenges for Special Educational Needs and Disabilities (SEND) which have directly impacted the DSG.

2 RECOMMENDATIONS

2.1 Schools Forum is asked to note plans in place to reduce the DSG deficit.

3 REASONS FOR RECOMMENDATIONS

3.1 To provide Schools Forum with an update on the plans that the Local Authority have to reduce the deficit within the DSG.

4 SUPPORTING INFORMATION

Appendix 1: DSG Budget Deficit Recovery Plan paper

5 ALTERNATIVE OPTIONS CONSIDERED

5.1 Not applicable.

6 ADVICE RECEIVED FROM STATUTORY AND OTHER OFFICERS

6.1 Monitoring Officer

The relevant legal provisions are contained within the main body of this report.

6.2 Section 151 Officer – Strategic Director of Resources

The financial implications of the report are outlined in the supporting information.

6.3 Access Implications

There are no access implications.

7 **CONSULTATION**

7.1 Not applicable

Contact for further information

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Appendix 1: DSG Budget Deficit Recovery Plan paper

Q1) What plans have you put in place to reduce the deficit in increments over the next 3 years?

In Slough the deficit to the DSG is sat entirely within the HNB. We do not believe that it will be possible to significantly reduce the cumulative deficit in the DSG within three years, although we will be putting plans in place to manage it.

The pressures on the HNB are closely related to the growth in demand for Education Health & Care Plans (EHCP) since the implementation of the SEND Reforms of 2014, partly due to the extension of the age range to 0-25. These pressures are magnified by the rising number of children with complex needs in the school system. As outlined in Tables 1 and 2, funding in Slough has not risen in line with demand. Therefore, whilst we are actively working to reduce the deficit, it is simply not possible to meet the needs of children and young people with SEND within existing budgets.

Table 1 Dedicated Schools Grant (Central Schools Services Block, Schools Block, High Needs Block and Early Years Block)

	Total DSG	Outturn (£m)	Cumulative	% overspent
2015-2016	146.370	146.797	-1.085	-0.74%
2016-2017	150.960	154.319	2.274	1.5%
2017-2018	160.050	162.680	4.904	3.06%
2018-2019	165.744	168.036	7.196	4.34%

Table 1 states the cumulative overspend within the DSG since 2015-2016.

Table 2 highlights the growth in the number of children and young people with Statements of Special Educational Needs (Statement) /EHCPs since the reforms of 2014 and the total funding of the High Needs Block. It also illustrates the impact this has had on the outturn of the HNB

Table 2 – High Needs Block breakdown per year since 2014

	Number of CYP with Statements/ EHCPs	Total HNB	Outturn	Cumulative
2014-2015	829	£20,024,957	£-745,571	£-1,045,571
2015-2016	842	£20,600,000	£849,915	£-195,656
2016-2017	959	£20,910,000	£2,372,000	£2,176,000
2017-2018	1388	£22,133,483	£3,264,000	£5,440,000
2018- 2019 <i>(inc. of additional £440,000)</i>	1295	£23,467,893	£2,860,000	£8,300,000

There has been a 56% increase in children and young people accessing a Statement or EHCP since 2014, set against a 15% increase in funding over the same period of time. Almost inevitably this has led to an overspend.

Table 3 highlights the substantial increase of new statements/ EHCPs being issued since 2014, which equates to a 105% increase since the start of the reforms.

Table 3

Year	Number of new issued statements/EHCPs
2014-2015	90
2015-2016	106
2016-2017	183
2017-2018	185
Growth in number of new statements/EHCPs issued since 2014	105%

We nevertheless have a number of plans in place to manage the deficit within the High Needs Block, including trying to reduce spend and to increase and build capacity of intervention provision to reduce the growth in numbers.

The main strategies for reducing the deficit are:

- **Re-assignment of budget blocks within the DSG**
- **Reducing reliance on Specialist Independent settings**
- **Reducing the Demand of Education, Health and Care Plans**

i) Re-assignment of budgets

As outlined in Q3 below to date Schools Forum have not agreed to transfer funding from the schools or early years Block to HNB. This is largely due to the increased pressures on schools budgets. However, we have agreed/will be seeking to ensure that provision currently funded from HNB might be more appropriately funded from other blocks.

Early Years Inclusion Funding (EYIF)

This has been provided to Early Years settings since 2016. This funding is used to support Early Years settings with financial resource whilst they are gathering information and evidence for an Education, Health and Care Needs Assessment.

Prior to September 2017, settings were able to draw down funding for this support without a formula in place. Since 2017, settings have been provided with a funding methodology that caps their funding after 22 weeks. Although this is now in place, the High Needs Block has not previously factored in Early Years Inclusion Funding and thus any cost assigned to EYIF would naturally contribute to an overspend. This funding amounted to **£93,000** in **2017-18**.

Slough Borough Council will seek Schools Forum approval for these costs to be assigned to the Early Years Block following discussion with Schools Forum members in Autumn 2019.

Hard to Place funding

A pressure of **£158,000** for **Hard to Place** funding has sat within the High Needs Block. However, this cost was associated with school place sufficiency pressures and we will seek to re-assign this to the Schools Block. We will seek Schools Forum approval for this in Autumn 2019.

Whilst this activity will contribute to reducing the deficit within the High Needs Block, this will cause additional pressures on respective blocks where costs are re-assigned to within the DSG.

PFI contributions Ongoing £184,000 correction of prior year costs attributed to Arbour Vale School which will be retrospectively be absorbed by the General Fund. (This charge, from 2019-20 is being absorbed by the Council's general fund, and would require Schools Forum approval if it was proposed to shift this cost back to the HNB).

Transfer for 0.5% from Schools Block to High Needs Block (2020-21, 2021-22) approx. £0.7m, each year.

Regulations permit the LA to propose a top-slice from the Schools' Block to fund commitments within the other blocks. Any proposals above 0.5% require SOS approval with up 2.5% being approved in 2019-20. The council is proposing to top-slice the schools' block by 0.5% to help fund the HNB as part of the medium term financial recovery programme. Slough Borough Council will seek Schools Forum approval in 2019-2020.

ii) Reducing reliance on Specialist Independent settings

We have seen an increase in the number of children and young people accessing Specialist Independent Settings, with an increase of 18 to 42 CYP accessing this setting over the past academic year.

This has been in part due to both the increasing complexity of needs of CYP in Slough and the fact that Slough's only all-through specialist setting was rated Inadequate by Ofsted. There was a high level of challenge from parents whilst this provision was deemed inadequate, which resulted in a number of CYP accessing independent settings. This school has now had a positive Ofsted monitoring visit and has recently converted to Academy status, supported by a sponsor with a track record in high quality specialist provision.

SEND officers will attend annual reviews for children in specialist independent settings to signpost the closer provision where this is appropriate. Officers are working with the local special school to ensure that they are meeting the needs of the most complex CYP and conversely are exploring ways in which existing CYP at the all-through specialist school can be transitioned to a more appropriate setting.

A Special Schools Forum was devised in 2018 which includes members from all three specialist settings and two primary schools with very large Resource Bases. This forum has been utilised to discuss the transition of pupils both in and out of the all-through specialist setting

Improving and expanding local specialist provision is key to reducing the reliance of independent specialist provision. A 40 place expansion of Arbour Vale School was approved in 2018 and is part of the Local Authority's long-term place planning strategy. This will help reduce the pressures on independent specialist settings in the long term.

iii) **Reducing the Demand**

Whilst the number of statutory plans have risen year-on-year, the number of children and young people accessing SEN Support has remained below national average since 2016.

An increase in statutory plans and reduction in SEN support could be linked to a lack of confidence in parents and carers that their son/daughter will achieve good outcomes without a statutory plan in place. Although anecdotal, this message was corroborated during a parent/carer session where parents felt, without an EHCP in place, their children would not receive the provision that they felt that they were entitled to.

The inclusion of a co-produced 'ordinarily offered support' guidance document will support school settings plan and coordinate the support for children with SEN support. We therefore expect to see an increase of children on SEN Support within school settings and subsequently the number of requests for EHC Needs assessment fall.

A re-structure of the SEND Service in early 2019 has resulted in greater capacity to support an early intervention approach to identifying the needs of children and young people with SEND to reduce the demand for statutory assessment.

The refreshed SEND strategy, drafted in Spring 2019, emphasises the importance of inclusion and early intervention within mainstream schools. The strategy and vision is that of a collective responsibility towards inclusion and the Local Authority's expectation that the 'right support is placed at the right time'.

The SEND Strategy is also underpinned by a workforce development plan which will seek to ensure that school staff at all levels are equipped with the skills to support children and young people with Special Educational Needs.

Re-aligning existing Resource Base provision to better match needs of Slough Pupils

A Resource Base working group was established with Head teachers in 2018 to review the current arrangements for Resource Bases in Slough. At present there are 17 Resource Bases spanning Early Years to Secondary provision.

The working group sought to re-align existing Resource Bases with specific designation of needs to ensure the sufficiency in provision for children and young people in need of Resource Base provision.

To date, the work has resulted in closing one setting due to low numbers and re-establishing commissioning arrangements with Resource Bases. Savings have been found through closing and re-assigning designations of need with settings that were under-utilising commissioned places.

Q2) Can you specify how continuous improvement has reduced the deficit/ is going to reduce the deficit? This could include sharing best practice, new contracts, efficiency savings

Developing a robust governance structure over the past 18 months has helped drive improvement in all aspects of service delivery. As mentioned previously within the strategies to manage the deficit, we are confident that the following actions will help mitigate the risk of further overspend:

i) Joint high cost placement & detailed monitoring with our Clinical Commissioning Group (CCG)

There are two specific on-going activities taking place between the Local Authority and CCG.

Tripartite panel – Although in the embryonic stages, a tripartite panel has been agreed through the Joint Commissioning Board. Panel membership will include budget holders for education, social care and health and will address complex multi-agency placements.

The first panel meeting will take place in June 2019 and will be used to pilot cases where children and young people have involvement from health and social care. We are hopeful that in the short-term, this will help improve contributions from health and social care for specialist placements. As can be seen from Table 4 health contributions are currently very low.

In the long-term we hope that this panel will be used to develop and deliver intelligent commissioning arrangements between all three agencies, through the identification of gaps in provision.

Integrated Therapies Forum - Slough Borough Council is working with the East Berkshire CCG to support an equitable model of resource at pre-statutory stage for children with SEND.

At present all three local authorities in East Berkshire have different commissioning arrangements with the CCG for therapies which has resulted in identified gaps in pre-statutory provision for Speech and Language Therapy (SaLT), Occupational Therapy (OT) and Physiotherapy (PT). We are seeking to apportion an equitable level of funding to support Slough therapies prior to an EHCP which we hope will reduce the need for statutory intervention.

ii) Resource Base sufficiency (noted above)

The on-going work with Resource Bases has resulted in better utilisation of commissioned places within Resource Bases in Slough. Actions to reduce the High Needs Block deficit have been provided through this work by:

- Closing a Resource Base that was under utilising commissioned places
- Readjusting the funding for place funding at Early Years settings with Resource Bases
- Block commissioning High Needs places with secondary resource bases

iii) Intelligent commissioning arrangements through joint work within the South East region and London & Home Counties to challenge the price of high cost independent specialist provision

We are actively working with peers within both the South East region (SE19) and London and Home Counties to explore ways to drive down the costs of independent specialist placements. One activity includes understanding the costs that other local authorities are paying and using this to negotiate equitable rates with independent specialist providers.

iv) – Developing better provision within local post 16 settings to ensure that Slough YP are accessing high quality, local provision

This year we have embarked on delivering ‘Supported Internship’ opportunities for young people with Education, Health and Care Plans. This has resulted in eight Slough young people accessing a Supported Internship and is aligned with the Preparing for Adulthood agenda. Not only has this resulted in better outcomes for these young people but it has also resulted in developing a provision which provides better opportunities for a reduced cost. We will further develop our approach to supported internships in the coming year and we are now actively participating on a steering group to address supported employment which will result in more young people accessing supporting internships, which in turn will result in reduced pressure on the High Needs Block.

Q3) Please provide details of any previous movements between blocks, what current cost pressures those movements covered, and why those transfers have not been adequate to counter the new cost pressures

There has been no movement into the High Needs Block. A request for 0.5% transfer from the Schools Block to the High Needs Block was rejected by Schools Forum members in Spring 2019 for 2019-20.

We will request that the 0.5% transfer from the Schools Block to the High Needs Block for 2020-2021; this requires Schools Forum approval.

Q4) Please provide details of contributions coming from the health and social care budgets towards the cost of high needs provision

Table 4 – Current snapshot of CYP accessing Independent High Cost Placement (split by agency)

Education	£2,183,210
Health	£10,088
Social Care	£1,899,980
Total	£4,093,278

Q5) Please include a summary of the savings/and or measure you propose to implement over the next three years which will reduce the overspend.

	Year 1 2019-20	Year 2 2020-21	Year 3 2021=22	
Early Years Inclusion Funding – transfer to Early Years Block	£93,000	£180,000	£0	
Hard to Place funding – transfer to Schools Block	£158,000	£0	£0	
PFI contributions – transfer to General fund	£184,000	£0	£0	
Vacant posts within centrally retained budget (HNB)	£32,000 £27,000	£0	£0	
Transfer for 0.5% from Schools Block to HNB*	£0	£700,000	£700,000	
TOTAL	£494,000	£880,000	£700,000	£2,074,000

*subject to Schools Forum approval

Q5) Please discuss the local circumstances that have contributed to your deficit. Please provide a brief summary of the pressures in the box below and transfer the forecast spend in this area on the financial summary tab via the appropriate link. Local authorities should consider providing budget pressures in the following areas:

- A) mainstream schools; B) state-funded special schools,**
- C) further education and sixth form colleges,**
- D) independent specialist provision; E) alternative provision**

High Needs Block:

Cumulative overspend

Year	Cumulative overspend
2016-2017	£2,176,000
2017-2018	£5,440,000
2018-2019	£8,300,000

The following factors have contributed to additional in-year overspend projected at £2.860m

- D) Independent Special Schools: £1.175m overspent
- C) Post 16: £0.631m overspent
- Out of Borough Placements: £0.667m overspent.
- In-Borough placements £0.356m overspent.

The previous forecast overspend for the HNB was £2.0m, and has increased by **£0.8m** due to both in-year and prior year placement costs, including additional costs at Arbour Vale School.

Appendix 2: Parliamentary Questions drafted on behalf of Slough Borough Council for Tan Dhesi, MP

Asked by **Mr Tanmanjeet Singh Dhesi**

Q. To ask the Secretary of State for Education, what recent assessment he has made of the adequacy of funding for children with special educational needs.

A. We keep under review the adequacy of funding for children and young people with all SEND, in making allocations to local authorities and schools. Last December we announced additional high needs funding for those with more complex needs, amounting to £250 million, across last year and this year, bringing the total high needs funding to £6.3 billion in 2019-20. We understand that local authorities and schools are experiencing pressures on their budgets because of increasing costs and are looking carefully at how much funding will be needed in future years as we approach the next Spending Review.

Q. To ask the Secretary of State for Education, what recent assessment he has made of trends in the number Education Health and Care Plans required in (a) the UK and (b) Slough constituency.

A. Trends in the number of new Education, Health and Care (EHC) plans in England are published in the annual 'Statements of SEN and EHC plans' statistical release which can be found here: <https://www.gov.uk/government/statistics/statements-of-sen-and-ehc-plans-england-2018>.

The information is not held centrally, regarding constituency level or the whole of the UK. Figures are collected for each local authority in England.

Q. To ask the Secretary of State for Education, whether he plans to increase the level of high needs block funding.

A. Last December we announced an additional high needs funding for those with more complex needs, amounting to £250 million. This brings the total high needs funding to £6.3 billion in 2019-20. We understand that local authorities and schools are experiencing pressures on their budgets because of increasing costs. The department is looking carefully at how much funding will be needed in future years as we approach the next Spending Review.

Q. To ask the Secretary of State for Education, what assessment he has made of the effect of demand for Education, Health and Care Plans on local authority budgets for school transport.

A. Local authority spending on home to school transport for pupils with special educational needs and disabilities (SEND) generally increases year on year. Section 251 outturn data shows for example, total SEND transport spend (on a gross basis) was £645 million in 2014-15 and £769 million in 2017-18: <https://www.gov.uk/government/collections/statistics-local-authority-school-finance-data>. This increase is likely to be the result of a number of factors and cannot be attributed solely to the demand for education, health and care plans.

We have invested a total of £365 million through the special provision capital fund from 2018-19 to 2020-21, which will help local authorities to create new places and improve facilities for pupils with SEND.

Q. To ask the Secretary of State for Education, whether his Department has plans to ring-fence notional funding of £6,000 for pupils with special educational needs in mainstream settings.

A. We want to make sure that the funding system for children and young people with special education needs and disabilities is working effectively to get money to the right places at the right time, and have launched a call for evidence: <https://www.gov.uk/government/consultations/send-and-ap-provision-call-for-evidence>. The aim is to gather the information necessary to make improvements where they are needed, and particularly so that we can identify and address any perverse incentives in the financial arrangements. This includes gathering information on the notional funding of £6,000 and how it operates.