

Dedicated Schools Grant (DSG) – Position Statement as at 31 March 2020

The DSG is currently facing significant demand pressure and has an accumulated deficit which is subject to an approved Deficit Recovery Plan with the Department for Education (DfE). The plan takes into account developments required within Bury in order to create and sustain the sufficiency of Special Educational Needs and/or Disabilities (SEND) provision and inclusion facilities in-borough. The recovery plan is therefore forecast to worsen before the benefits of investment begin to see a significant reduction in out of borough high-cost placements.

In summary the 5 year recovery plan agreed with effect from 2019-20 was forecast as follows:

| | | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 |
|------------|------------|------------|------------|------------|------------|------------|
| 2017-18 | 2018-19 | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 |
| £ | £ | £ | £ | £ | £ | £ |
| 11,127,480 | 14,631,085 | 19,031,085 | 20,311,085 | 19,761,085 | 17,961,085 | 16,161,085 |

The end of year position for 2019/20 is now complete following year end closure of accounts and, due to further increased investment and volumes of high cost places being funded in Bury's own provision, together with out of borough specialist and alternative provision, the indicative deficit being report is **£20,067,144**.

Budget Forecast for 2020/21.

The statutory Section 251 Budget Tables have been drafted based on the current / ongoing levels of spend and investment to high needs provision, without any savings being recognised, the net spend is set to increase by a further £4.6 million.

The impact of the 2019/20 outturn and 2020/21 forecast budget results in the deficit recovery table being revised as follows:

| | | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 |
|------------|------------|------------|------------|------------|------------|------------|
| 2017-18 | 2018-19 | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 |
| £ | £ | £ | £ | £ | £ | £ |
| 11,127,480 | 14,631,085 | 20,067,144 | 24,531,029 | 24,231,029 | 22,431,029 | 20,631,029 |

The table above assumes the original savings set to begin from 2021-22 actually start to happen and the deficit recovery commences albeit from a much higher accumulated deficit position.

Given the current trajectory of spend and continuing volumes of activity, without any fundamental change in controls and processes, including hard-line decisions aimed at Mainstream and Special Schools/Academies in terms of them actually supporting SEND and Inclusion from within their delegated resources, then the deficit will continue to accumulate. The speed of accumulation will see the deficit be greater than the entire High Needs Block of the DSG in less than two years if no savings are achieved.

Mainstream and Special Schools/Academies.

A significant element of the accumulated deficit is the result of increasing capacity within Bury's own provision. This includes around £2million additional funding provided to Bury's special schools for 2020/21 increased places as well as a substantial contribution to the split-site costs associated to increasing in-borough provision by using the former 6th Form building at St Monica's High School.

Mainstream schools and academies have seen a significant investment into their delegated funding, not just from the National Funding Formula (NFF) increase, but from ensuring all schools are fully funded to meet the costs of Education Health and Care Plans (EHCPs) above the mandatory cost threshold, where applicable. This funding development provided in-year 2019/20 funding increase of around £2.5million and has ensured over £5.5m additional full-year-effect funding is within schools and academies delegated budgets for 2020/21. Overall increase to mainstream schools and academes budgets is over £10 million for 2020/21, up to £8 million of this is new NFF and/or extra SEND funding.

2020/21 Budgets

To demonstrate the level of investment into SEND and Inclusion provision, the key areas are shown below:

The Revised Budget will include where additional in-year funding was provided in respect to demand pressures plus requests for more funding to support individual eligible pupils with difficulties in schools. 2020/21 budget estimate recognises ongoing spend where budgets were previously not allocated sufficiently.

| Service Area | Revised Budget 2018/19 | Original Planned Budget 2019/20 | Revised Budget 2019/20 | Budget Estimate 2020/21 |
|---|------------------------|---------------------------------|------------------------|-------------------------|
| Special Schools and Academies | £9,598,400 | £11,338,200 | £11,586,100 | £13,328,900 |
| Mainstream Schools and Academies EHCP | £3,681,800 | £2,732,200 | £3,656,400 | £5,990,000 |
| Secondary PRU | £2,191,100 | £2,238,700 | £2,327,100 | £2,359,500* |
| Independent Out of Borough, inc Alternative Provision and Transport | £5,575,500 | 5,443,600 | 5,443,600 | £6,995,900 |
| Post-16 Out of Borough | £1,132,000 | 1,525,000 | 1,525,000 | £1,359,000 |
| Primary Inclusion Partnership inc Primary Hub | £457,600 | £650,000 | £650,000 | £650,000 |
| Secondary Inclusion Partnership | £0 | £440,000 | £440,000 | £440,000 |
| Secondary Inclusion Hubs | £0 | £0 | £110,000 | £360,000 |
| Paediatric Disability | £0 | £0 | £0 | £150,000 |
| Youth Disability | £0 | £0 | £0 | £15,000 |
| SEND - Preparation for Employment | £0 | £0 | £0 | £36,000 |
| LAC Education | £0 | £0 | £0 | £200,000 |
| Support Services** | £5,490,700 | £5,603,100 | £5,603,100 | £4,996,600 |
| Total | £28,127,100 | £29,970,800 | £31,341,300 | £36,880,900 |
| HN Block DSG | £28,443,541 | £29,352,600 | £29,352,600 | £32,244,900 |
| Plus: Early Years Inclusion from EY DSG Block | £180,000 | £250,000 | £340,700 | £450,000 |

* Secondary PRU Budget 2020/21 actually £2,605,000 when income target for schools/partnership transfers added

** Support Services – High Needs Block funds or contributes to:

SEND Team, Additional Needs Team, Sensory Support Team, Curriculum Access Language Service (CLAS), Travellers Service, 16-19 Team, SEND Travel Training, Connexions, Youth Service, Early Help – Oasis, SEND Financial Management, Victoria Family Centre, Child & Adolescent Mental Health Service (CAMHS), Direct Payments – Personal SEND Budgets, School Crossing Patrol

DSG Recovery

The recovery of the DSG is critical to ensuring a sustainable positive financial position may be secured. The DfE have so far accepted the plan based on its recovery, however they are extremely keen to see the balance of accumulated deficit, which goes beyond the current 5 year plan, fully recovered at the very earliest opportunity.

The DfE are to launch a 'significant review' into High Needs funding and spending and it is hoped that Bury may benefit financially from any outcomes of this review. The review is delayed presently due to the Coronavirus pandemic therefore it is not feasible at this stage to anticipate any outcomes. It would also not be prudent to anticipate any increased funding as this may ultimately not be the outcome Bury sees.

Prior to any changes in funding allocation Bury needs to act immediately to ensure full controls and accountabilities are embedded into every aspect affecting the High Needs DSG expenditure. These measures should consider:

- Moratorium on spend
- No more High Needs funding provided to schools and academies in-year – they must utilise their delegated budgets to support their pupils with SEND whether with an EHCP or not
 - Be tough and stick to a policy of no promises of more funding to schools
- Reduce the out-borough placements
 - Transition the pupils back into local provision
 - Acknowledge there may be a cost of placing within Bury but cheaper than high-cost out-borough specialist provision
- Review the volume and high costs of placing pupils excluded or transferred out of schools who require Alternative Provision.
 - Schools to contribute financially for the cost of their pupils being transferred from school
- Review the significant volumes of EHCPs and address the process and criteria to ensure it is robust and strictly administered.
- Ensure schools are inclusive and are supported through the Inclusion Partnerships and Hubs which have seen over £1 million investment intended to help schools sustain their inclusive practices for all pupils.
- Ensure the Pupil Referral Unit (PRU) and Inclusion Partnerships actively deliver effective outreach support to enable schools to be inclusive.
- Make best use of the Early Years Inclusion Fund to provide the support at the earliest opportunity and ensure SEND transition from Early Years to Primary is fully informed.
- Communicate! There are too many instances encountered whereby SEND pupils are not able to be placed in the appropriate provision as there has been no tracking or forward trajectory planning for these children.
- Further increase capacity in-borough – there will be a revenue cost but will be cheaper than out of borough
- Mitigate the risk of challenge from parents through better communication via schools and professional partners in respect to the financial issues being faced.
- The new Special Free School, still progressing through DfE motions, may help build in-borough capacity but ongoing concerns given the scale of the issue and volumes of pupils not currently being placed in-borough and/or not being supported through inclusion within Bury's schools and academies
- Acknowledge the fantastic work seen in some schools and share best practice
- Review all services funded by, or contributed from, the High Needs DSG in order to achieve savings
- Respect the never-ending support provided by LA Education, Care, SEND and Health Colleagues
- *More to be added in consultation with all stakeholders*

Conclusion

The DSG High Needs Block deficit has accumulated to such a degree that it must stop now. The Local Authority needs to take action immediately to ensure all parties are fully aware of the dire deficit position and that they take their responsibilities and accountabilities on board to address it.

Very substantial High Needs funding investment has already been made to specific aspects of Inclusion and Specialist Provision and Bury now needs to see the benefit of this through savings actually being achieved.

From a financial perspective it is extremely difficult to control the expenditure in this area given the often urgent requirements to place SEND pupils. The controls need to be in place long before it reaches a financial consequence.

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