

DSG DEFICIT MANAGEMENT PLAN

REPORT OF THE DIRECTOR OF FINANCE AND CHIEF OFFICER FOR CHILDREN'S SERVICES

RECOMMENDATIONS

It is recommended that DEF:

- a) Note the current position of the DSG Deficit Management Plan as set out in this report.

1. Overview

- 1.1. For 2021/22, the High Needs Block (HNB) has seen additional funding from the Secretary of State of £10.5 million.
- 1.2. This is insufficient to meet the current demand and costs resulting in a projected deficit of £36.0 million at month 6 and a rise since month 4 of £2.9 million.
- 1.3. Department of Education procedures required the authority to submit to them a management plan at the end of July and subsequently held a meeting in August to discuss; the plan which sets out the authority's strategy to reduce the deficit within the Dedicated Schools Grant (DSG) in future years. The Department of Education acknowledges the detailed plan but has stated that it is ambitious.
- 1.4. The DSG Deficit overspend was just under £49.0 million as at the end of 2020/21 and when the forecasted deficit of £36.0 million is added to this the cumulative deficit is £85.0 million to March 2022.
- 1.5. The deficit could have a considerable impact on future education budgets within the DSG as well as impacting on the financial sustainability of the authority and urgent action is required to reduce the demand on Education, Health and Care Plans (EHCPs) and independent placements.
- 1.6. In order to bring the DSG and in particular the HNB within the funding envelope action needs to be taken to improve parent's and young people's lived experience of Special Educational Needs (SEN) support in Devon. This is to be achieved by designing and implementing an integrated service, together with families, to ensure young people receive the right support at the right time. Meeting the child's need earlier and more effectively the authority should see a reduction in the demand for EHCPs.
- 1.7. Management Actions were planned to commence at the start of the financial year, however with the continued impact of the Pandemic it has not been possible to achieve or progress management actions as originally planned. In addition, the 0-25 team are continuing to see increased demands for children with SEND.
- 1.8. With the start of the new academic year, a detailed review of the actions has been undertaken for month 6, this has resulted in £2.9 million being delayed until 2022/23 financial year.

2. Management Actions

- 2.1. For 2021/22 management actions that are being taken are

- New resource bases
- Commencing Outreach initiatives and SEN support
- Reduction of Independent Sector core costs
- Cessation of 3-5 year placements in Independent Sector
- Reduction in demand for EHCPs by supporting children better in mainstream settings.
- Review of joint funded placement costs

- 2.2. Appendix A sets out the management actions delivery for 2021/22. Of the £6.2 million savings originally identified £2.8 million is now being forecast to be achieved.
- 2.3. There were 6 new resource bases due to open from January 2022, two schools have withdrawn in Exeter and Cullompton due to leadership capacity. This has resulted in £76,000 slippage. There is also a further risk with the remaining resource bases opening due to the Regional School Commissioner preventing schools from expanding if they are not expanding within the Academy, this could delay January 2022 opening.
- 2.4. Outreach Support for Special Schools will now run from August 2021 to July 2022 (academic year) resulting the project being a term behind for 2021/22 financial year. A full launch is set from 1st November with joint triage and access request pathways now agreed, this has resulted in slippage of £405,000 into 2022/23 financial year.
- 2.5. SEN Support Service project is currently not running, a meeting was held in September between DCC and the SEN100 steering group to discuss the issues raised by the steering group. New options are currently being developed and a new lead from Education South West being allocated. It is hoped the project will be up and running for the spring term. This has resulted in £810,000 slippage into 2022/23 financial year but there is a risk this could increase if this project is delayed even longer.
- 2.6. The 0-25 team are seeing a continued demand from schools for new EHCP requests, 195 requests were received in July and in addition a high number of new starters in the Independent Special School sector for the 2021/22 academic year. This has had an impact on the ability to reduce the demand for EHCPs by supporting children better in mainstream settings and has seen the management action of £2.1 million slip into 2022/23 financial year.
- 2.7. High Needs Block Operational guidance for 2021/22 states that 'High Needs Block may not be used to meet non-educational costs, except where specifically permitted'. The costs of securing social care provision should be met by the local authority from their social care budgets. At present £1.4 million is shown to be achieved for Children's Social Care joint funded placements, however agreement is still to be reached regarding this transfer. If this is not forthcoming from Children's Social Care budgets it will need to be funded from reserves.
- 2.8. Schools have recently responded to the consultation for 'Schools Funding Arrangements for 2022/23' with the majority saying not to transfer any funds between blocks and seeing this funding being removed from the projections.

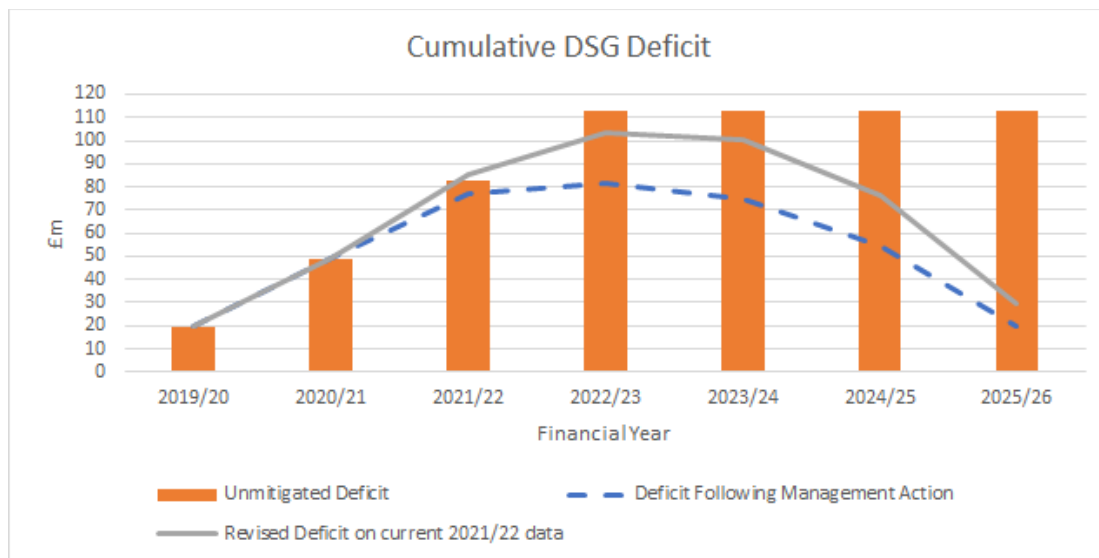
3. Medium Term

- 3.1. For the medium term plan the service will hope to extend the SEN projects that have commenced in 2021/22 along with the continued reduction in the demand for EHCPs through to 2026/27.

- 3.2. Extra places within the mainstream special schools are expected as three special schools are being considered to reduce the demand on the Independent Sector providing around 280 places. The first of which is planning to open in September 2022.
- 3.3. In addition to the Resource Bases opening this year a total of 15 are expected to open across the county to allow more localised access to support and allow access for more complex needs within the special school settings.

4. Impact of cost reduction on overall Deficit

- 4.1. The graph below shows in orange the overall deficit as set out if no action is taken and the budget remains unmitigated. The blue dotted line shows the mitigated position at budget prep and the grey solid line based on the month 6 position.



5. Risks

- 5.1. The Management Plan contains some key risks which could impact on the outcome of the plan.
 - Impact of SEN Transformation and in housing of the Education and Inclusion Services Management
 - Engagement of key stakeholders to drive initiatives forward is vital.
 - Ability to prevent the need of more complex support requirements
 - Funding assumed at an annual rise of 8% from 2023/24 onwards. However, this is not secured and may rise or fall through items outside of the LA's control.
 - New special schools need to open as planned and dependent on the DfE opening another round of presumption bids.
 - Regional School Commissioner preventing schools from expanding if they are not expanding within the Academy resulting in delays or Resource Bases not opening
 - Potential delay in fully opening of Okehampton Special School due to ongoing issues with building supplies.
 - Further impact of Covid-19 could result in unanticipated delays to projects starting as planned.
 - Inclusion of the 0.5% transfer for 2023/24 and beyond. This has not been agreed by Schools Forum in recent years.

6. Recommendation

- 6.1. That DEF note month 6 DSG monitoring position as set out in the report
All to Note

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Management Plan Actions – as at month 6

21/22 DSG Management Plan savings / Cost reductions

21/22 DSG Management Plan savings / Cost reductions Workstream / Management Action	21/22 Targeted Savings £'000	21/22 Forecast Deliverable amount £'000	21/22 Forecast Non Deliverable amount £'000	Previous Delivery RAG	Current Delivery RAG	22/23 Targeted Savings £'000	23/24 Targeted Savings £'000	24/25 Targeted Savings £'000	25/26 Targeted Savings £'000	Total Targeted Savings over 5 years £'000
4.1 New Specialist Provision										
Okehampton Special School Opening Sept 2022	0	0		●	●	(467)	(1,667)	(833)	0	(2,967)
Marland Day additional Opening Sept 2022	0	0		●	●	(467)	(333)	0	0	(800)
Lampard additional Opening Sept 2022	0	0		●	●	(507)	(827)	(400)	0	(1,733)
South/West Devon Special School Opening Sept 2023	0	0		●	●	0	(700)	(1,550)	(250)	(2,500)
2 day provision schools - More complex needs open Sept 2024	0	0		●	●	0	0	(350)	(950)	(1,300)
Tiverton - Haven Centre - Sept 2022	0	0		●	●	(243)	(578)	(404)	0	(1,224)
New Specialist Provision	0	0	0			(1,683)	(4,104)	(3,538)	(1,200)	(10,524)
4.2 Support Centre Expansion										
Support Centre Expansion	(456)	(380)	76	●	●	(1,541)	(1,079)	(771)	0	(3,847)
Support Centre Expansion total	(456)	(380)	76			(1,541)	(1,079)	(771)	0	(3,847)
4.3 SEN 100 Project										
Outreach support in special schools - supporting 250 schools across the year (Year 1: supporting 50 children; Year 2-5 supporting 100 children)	(776)	(372)	405	●	●	(2,495)	(2,489)	(2,483)	(2,483)	(10,726)
Outreach support to reduce need for EHCPs (Year 1-2 : Supporting 80 children; Year 3 supporting 120 children)	(518)	(518)	0	●	●	(1,380)	(2,038)	(2,005)	(1,972)	(7,913)
SEN Support Service - (Year 1: Supporting 72 children to stay in Mainstream)	(840)	(30)	810	●	●	(1,532)	(1,516)	(1,500)	(1,484)	(6,872)
Teacher Training Sessions	0	0	0	●	●	0	0	0	0	0
Helpline	0	0	0	●	●	0	0	0	0	0
SEN 100 Project total	(2,134)	(920)	1,215			(5,407)	(6,043)	(5,988)	(5,939)	(25,511)
4.4 Independent Sector										
Independent Schools: 5% reduction to core costs in Independent settings (Based on discussions with top 12 providers)	0	0		●	●	(884)	0	0	0	(884)
Independent Schools: Ceasing 3-5 yr placements at the end of the summer term	0	0		●	●	(801)	(672)	(1,742)	(2,776)	(5,991)
Independent Sector Total	0	0	0			(1,685)	(672)	(1,742)	(2,776)	(6,875)
4.5 Prevention of more Complex Support requirements										
Prevention of more Complex Support requirements	(2,133)	0	2,133	●	●	(2,133)	(4,190)	(5,104)	(6,932)	(20,492)
Prevention of more Complex Support Total	(2,133)	0	2,133			(2,133)	(4,190)	(5,104)	(6,932)	(20,492)
4.6 Reduce Transition Between Phases										
Transition from Nursery to Primary	0	0	0	●	●	(170)	(170)	(170)	(170)	(680)
Transition from Primary to Secondary	0	0	0	●	●	(213)	(213)	(213)	(213)	(852)
Transition from Secondary to FE	0	0	0	●	●	0	0	0	0	0
SEN 100 Project total	0	0	0			(383)	(383)	(383)	(383)	(1,532)
4.7 Other										
20 placements - Children's Social Care Funding - Education only costs would see savings for DSG (transfer of costs to LA and Health)	(1,400)	(1,400)	0	●	●	0	0	0	0	(1,400)
Adults Social Care Funding - Education only costs would see savings for DSG (transfer of costs to LA and Health)	0	0	0	●	●	0	(1,000)	0	0	(1,000)
Mainstream Schools: Claim AWP back from mainstream schools if child receiving education other than at a mainstream school (as Exclusions)	(50)	(50)	0	●	●	(50)	(50)	(50)	(50)	(250)
Other total	(1,450)	(1,450)	0			(50)	(1,050)	(50)	(50)	(2,650)
Total Management Plan Savings	(6,173)	(2,750)	3,424			(12,882)	(17,521)	(17,575)	(17,280)	(71,432)