

## Schools Funding Forum 23<sup>rd</sup> March 2021 ITEM 4 (Addition)

**Subject Heading:**

**Dedicated Schools Grant (DSG)  
Management Plan**

**Report Author:**

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**Eligibility to vote:**

**N/A**

### SUMMARY

This paper provides an update on the development of a DSG Management Plan following confirmation of the provisional High Needs Block allocations for 2021-22.

### RECOMMENDATIONS

That the Schools Funding Forum note the content of this report and the proposed next steps.

### REPORT DETAIL

#### 1. The Requirement to Complete a DSG Management Plan

The DSG conditions of grant 2020 requires that any LA with an overall deficit on its DSG account at the end of the 2019-20 financial year, or whose DSG surplus has substantially reduced during the year, must be able to present a plan to the Department for Education (DfE) for managing their future DSG spend.

Havering's High Needs Block overspent by £4.6m in 2019-20. This was offset by a £1.3m DSG underspend carried forward from the 2018-19 financial year and £2.2m of underspends in other areas of the Dedicated Schools Budget (DSG) in financial year 2019-20. There remains a deficit carried forward into financial year 2020-21

of £1.133m.

## **2. High Needs projections 2020-21 to 2022-23**

The table below sets out the estimated position on the DSG High Needs Block for the current and next two financial years. Modelling beyond this period is difficult due to the review of High Needs funding planned for 2023/24. Furthermore, SEND pupil number projections beyond this point are currently being refreshed. The funding estimates assume no change to the current formulaic allocation other than an uplift to the basic entitlement allocation due to an increase in pupils on roll in special schools and special academies. As Havering's High Needs Block funding is being topped up to provide the minimum floor increase, it is unlikely that any small changes to the data sets will result in additional funding. Expenditure has been increased by £16,000 for each additional pupil, which is the minimum cost for a high needs pupil. Under the current formula, growth in the number of high needs pupils only adds to the shortfall, as the incremental funding received is less than the incremental expenditure.

High Needs Forecast	2020/21	2021/22	2022/23
	£m	£m	£m
Surplus/(Deficit) Brought Forward	(1.133)	(4.096)	(4.798)
High Needs Allocation	28.897	31.839	31.981
High Needs Expenditure	32.360	32.541	32.989
In-Year Position	(3.463)	(0.702)	(1.008)
Transfer from Schools Block	0.500		
Surplus/(Deficit) Carried Forward	(4.096)	(4.798)	(5.807)

## **3. Management of High Needs Block Expenditure**

Havering makes effective use of the funding received to support high needs. An LG Futures independent report on Financial Benchmarking in 2019 showed that Havering's unit costs for non-schools Education were 25.5% below the nearest neighbours' average and that special school unit costs were the third lowest of its group of fourteen neighbour authorities.

In September 2020 a report from IMPOWER named Havering as one of the best performing councils for supporting children with high educational needs. The list ranks the borough amongst those achieving greater than average outcomes for children with high needs from a less than average spend per head.

The service is also undertaking a number of initiatives in an attempt to contain future costs. These initiatives are set out in the Council's Education Commissioning Plan and High Needs Strategy and include:

- Delivering a new 60 place Special free school to meet the needs of children and young people aged 3-16 years who have complex or severe ASD or social, emotional and mental health difficulties by 2022-23.

- Delivering an expansion of additionally resourced provisions (ARPs) in mainstream settings to create more places for pupils with moderate learning difficulties and communication and interaction needs (mainly for those with autistic spectrum disorder), who can best be supported in mainstream provision or an ARP, where appropriate. Our plan is to deliver 1-2 new ARPs per year, with each supporting 12-20 pupils.
- Reviewing and re-designating special schools, as appropriate; reducing the number of pupils with moderate learning difficulties who attend special schools and enabling special schools to support the growing numbers of children with more complex needs.
- Established 'Routes 4 Life' to deliver places for 19 – 25 year olds with SEND.
- Commissioning further new special free school(s) through the free school wave route to cater for pupils with communication and interaction needs that cannot be met within an ARP setting.

These may help to reduce future pressures through cost avoidance but will not address the current deficit.

#### **4. High Needs Block Consultation**

The DfE have launched a consultation on High Needs Block funding for 2022-23. Details of the consultation are set out in Paper 5 in the agenda for this meeting. With Havering being a floor authority and requiring top-up funding to reach the floor, it is unlikely that minor changes to the formula will generate significant additional funding. Many other authorities are carrying significant High Needs Block deficits and future plans only show their deficits increasing. The view from local authorities is that the current situation can only be resolved through an increase in overall funding of the High Needs Block.

#### **5. Next Steps**

This update has been shared at SEND Executive Board, as well as this Funding Forum. Officers have also been invited to an informal meeting with the DfE next month to discuss support available on DSG management plans.

Feedback from this meeting will be taken into consideration when finalising the DSG Management Plan, and the final version will be brought back to the Funding Forum and SEND Executive Board. It is expected that political sign-off will also be required, but this will be discussed with the DfE at the meeting next month.

#### **6. Background Documents**

## Education Commissioning Plan

[https://www.havering.gov.uk/downloads/file/3367/commissioning\\_plan\\_for\\_education\\_provision\\_2019-2023](https://www.havering.gov.uk/downloads/file/3367/commissioning_plan_for_education_provision_2019-2023)

## High Needs Strategy

[https://search3.openobjects.com/mediamanager/havering/directory/files/havering\\_high\\_needs\\_strategy\\_2017-2022\\_1.pdf](https://search3.openobjects.com/mediamanager/havering/directory/files/havering_high_needs_strategy_2017-2022_1.pdf)