

Meeting:	Schools Forum
Date:	4 May 2021
Subject:	Item 5: DSG Deficit Management Plan
Responsible Officer:	Carole Wells, SEND Strategy Programme Lead

Section 1 – summary

1. This report sets out the DSG High Needs Deficit Management Plan (DMP) for 2021-2024.
2. In June 2020 the LA presented the first version of the DMP to Schools Forum. Due to Covid 19 the DfE deferred submission of the DMP until June 2021 and subsequently issued a revised template.
3. Schools Forum is asked to:
 - Review, discuss and comment on the DMP
 - Note that the DMP will not bring the deficit back into balance

Section 2 – report

DSG Deficits Legislation

4. All local authorities that have a **cumulative DSG deficit of 1%** or more at the end of a financial year are required to submit a DMP outlining how they will bring their deficit back into balance in a three-year time frame.
5. Local authorities that are required to submit a DMP should do so by 30 June 2021. Confirmation of this date has not yet been received.

6. The 1% calculation is based on the published total DSG allocations for 2020-21, gross of recoupment, as at the end of the 2020-21 financial year, and excludes maintained school balances.
7. The ESFA anticipate that by requiring all LAs with a cumulative deficit of 1% or more to provide a DMP they will have better visibility of deficits and will be able to work with LAs to help bring deficits back into balance.
8. DMP should **be discussed with schools forums and be signed off by the local authority's chief financial officer** (CFO) before the plans are submitted.
9. If an LA feels that a three-year time frame is not realistic, it will be able to submit with its plan, evidence that states how this may not be achievable.
10. The ESFA will review each DMP on a case by case basis and will decide if a management plan can be accepted that leaves some or all of the deficit accumulated to date outstanding. This would result in the LA carrying forward the agreed deficit and would not require this to be recovered within the three-year period.
11. Any LAs that propose to leave part, or all of their accumulated DSG deficit outstanding will need to provide a clear explanation as to why their deficits could not be recovered in the short term and provide thorough evidence to support their proposals. They will also need agreement from their CFO.

Harrow's Position

12. Harrow's cumulative projected deficit March 2021 is £4.719m which equates to **1.97% deficit** of total DSG.
13. When the final position of the DSG deficit and specifically the High Needs Block is reported this will be transferred to a separate reserve which will hold a deficit balance which sits with the LA.
14. The government consulted on the accounting treatments of deficits on the DSG. The consultation focussed on changing the conditions of grant and regulations applying to the DSG so as to clarify that the DSG is a ring-fenced specific grant separate from the general funding of local authorities. Therefore, any deficits an authority may have on its DSG account is expected to be carried forward and does not require to be covered by the authority's general reserves.

Background

15. In June 2020 the first DMP was presented to Schools Forum. Schools Forum were supportive of the SEND Strategic priorities which underpin the DMP and acknowledged that the plan would not bring the deficit back into balance.

16. The revised and refined template is in the format of a set of complex spreadsheets which contain pre-populated data including SEN2 and Census data which interrelate to financial and narrative tabs.
17. The exercise of completing the revised DMP template, cleansing the SEND data, and reviewing the totality of EHCPs across the age ranges has made for more accurate projections
18. The following paragraphs set out a high-level summary of the DMP including an overview of the SEND Strategy and pupil and financial projections. The DMP is required for the 5-year period 2020-21 to 2024-25.

Context

19. Harrow has a changing profile in terms of its population and pupils. Pupils with SEND increased in 2020 for the fifth consecutive year during the last 5 years. The proportion of pupils with SEND with an EHCP has increased in primary and secondary schools. Harrow is in line with the national picture. The number of pupils with EHCPs has increased, over a 6-year period, by 58.4% from 1168 in January 2014 in comparison to 1851 in January 2021. 39% of school age pupils with EHCPs are placed in special schools or resourced provision. The demand for special school places for pupils with severe learning difficulties (SLD) is increasing exponentially.
20. **Appendix A** The measures proposed in the DMP will not bring the deficit back into balance.
21. If we do nothing or are unsuccessful in implementing measures Harrow's projected cumulative deficit will be approx. **£13m by March 2023.**
22. If we do nothing or are unsuccessful in implementing measures Harrow's projected cumulative deficit will be approx. **£32m by March 2025.**
23. Mitigated deficit will be approx. **£27m by March 2025.**

Measures

24. An analysis of the current and projected pupil numbers in special schools and additionally resourced mainstream schools (ARMS) underpinned the decision making and plan to reduce the DSG deficit.
25. In order to reduce spend on the High Needs Block it is necessary to develop the **'Whole System Shift' model**
26. This will require **expansion of SLD provision** across all four special schools in Harrow by:
 - Increasing the number of places at Kingsley
 - Increasing the number of places at Shaftesbury

- Increasing the proportion of pupils at Shaftesbury with SLD
 - Increasing the proportion of pupils at Alexandra with SLD
27. The model also requires **increased additionally resourced mainstream school (ARMS) provisions** for pupils with MLD in Harrow to ensure a pathway of specialist provision for pupils who would have previously attended Shaftesbury or Alexandra.
28. The model also requires a review **of existing additionally resourced mainstream school (ARMS) provisions** for pupils to explore how the Local Authority best supports the development and on-going expansion of ARMS and to ensure a pathway for specialist provision from primary through to secondary.
29. Measures to support the system shift have already started and have reduced spend from September 2021. Analysis of the accumulated DSG deficit, local circumstances and the current and projected number of CYP with SEND in the system evidence that the LA will be unable to recover the deficit in the medium to long term and the accumulated DSG deficit will continue to be outstanding.
30. However, the proposed measures are cost effective in containing some of the new growth in demand through providing local provision thus preventing further increase in spend on INMSS.
31. The proposed measures do not provide Harrow with sufficient capacity to reduce the current 'spend' on out borough placements and thus reduce the overall DSG deficit. There are no assumptions that Harrow will open a new/satellite special school given the constraints around legislation, funding, and site access.

Barriers to overcome to support the success of the measures

32. Expanding provision is challenging at the best of times and there are many complex issues to overcome. The current most pressing issue is the reduced capacity in schools to engage and commit due to Covid-19. The realignment of the MLD schools to include SLD pupils is critical to the whole system shift.
33. In relation to ARMS provision, as well as schools' capacity to engage and commit, the lead in time for developing and progressing capital works required may delay the opening of any new provision.
34. However, discussion and agreement with special schools has resulted in 16 additional SLD places for September 2021. Feasibility studies have also been commissioned and are underway in 3 primary schools and 1 special school.
35. There will also need to be significant timely engagement and communication, with parents of children who will be part of the phase transfer in September

2022, to start from the commencement of the autumn term in September 2021.

Further Considerations

36. The measure we have in place to develop new provision in the scheme of the deficit make a relatively small impact.
37. Further measures to increase resourced provision or adapt established resourced provision for secondary age pupils are limited and will not eliminate the deficit.
38. Plans to progress any increase in provision will continue however the evidence supports the emphasis has to be on partnership working between the LA and mainstream schools and how we collectively support our mainstream schools to be more inclusive and our special schools to meet the needs of children with the greatest complexity of need.
39. In the long term the whole system shift is much more a cultural shift.
40. There is no single solution or quick win to reduce the DSG deficit. Over the long term we need to consistently develop and remodel the early intervention offer to mainstream settings, clearly map what is available to support inclusion of pupils with SEND and in partnership with schools develop, operate, and embed a clear and consistent graduated response.
41. Working within the funds allocated by central government collaboration, prevention, and inclusion as a cross cutting priority across the LA, schools, Health, and other partners in order to develop a long-term sustainable view of Harrow's provision.

Appendix A

MITIGATED							UNMITIGATED						
Provision/Year	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	Provision/Year	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
ARMS	£2,039	£2,306	£2,253	£2,681	£3,030	£3,380	ARMS	£2,039	£2,306	£2,253	£2,331	£2,331	£2,331
Early Years	£288	£289	£288	£303	£308	£308	Early Years	£288	£289	£288	£303	£308	£308
Hospital/AP	£1,774	£1,822	£1,774	£1,791	£1,791	£1,791	Hospital/AP	£1,774	£1,822	£1,774	£1,791	£1,791	£1,791
INMSS	£6,204	£6,769	£7,861	£10,883	£12,144	£13,219	INMSS	£6,204	£6,769	£7,861	£12,425	£14,853	£17,236
LA	£2,419	£2,715	£2,715	£2,715	£2,715	£2,715	LA	£2,419	£2,715	£2,715	£2,715	£2,715	£2,715
Mainstream	£6,716	£6,009	£7,190	£6,014	£6,208	£6,386	Mainstream	£6,716	£6,009	£7,190	£5,930	£6,107	£6,284
Post 16/FE	£4,370	£4,063	£4,304	£7,082	£7,577	£8,071	Post 16/FE	£4,370	£4,063	£4,304	£7,082	£7,577	£8,071
Special Schools	£13,034	£14,331	£15,469	£15,612	£15,755	£16,042	Special Schools	£13,034	£14,331	£15,469	£15,469	£15,469	£15,469
Total	£36,844	£38,304	£41,854	£47,082	£49,529	£51,911	Total	£36,844	£38,304	£41,854	£48,046	£51,151	£54,205
Budget	£33,901	£36,529	£40,076	£41,278	£42,517	£43,792	Budget	£33,901	£36,529	£40,076	£41,278	£42,517	£43,792
In year deficit	£2,944	£1,775	£1,778	£5,803	£7,012	£8,119	In year deficit	£2,944	£1,775	£1,778	£6,767	£8,634	£10,413
Cumulative deficit	£2,944	£4,719	£6,497	£12,300	£19,313	£27,432	Cumulative deficit	£2,944	£4,719	£6,497	£13,264	£21,899	£32,312
No. EHCPS	1,799	1,851	1,977	2,079	2,178	2,275	No. EHCPS	1,799	1,851	1,977	2,079	2,178	2,275
Average cost	£20,480	£20,694	£21,171	£22,646	£22,741	£22,818	Average cost	£20,480	£20,694	£21,171	£23,110	£23,485	£23,826
EHCP growth %		3%	7%	5%	5%	4%							
EHCP growth Nos.		52	126	102	99	97							

Section 3 – contact details

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