

## Agenda Pack – Item 6

<b>Date:</b> 9 December 2021	<b>Item 6</b>	<b>Type of report:</b> For Discussion <b>and</b> decision
<b>Report title:</b>	<b>High Needs Management Plan</b>	
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### 1. Executive Summary

This report sets out details of the high needs management plan and the current activities and the milestones that need to be met to ensure the required savings are delivered

### 2. Schools Forum Actions

That the Schools Forum

- a) note the report
- b) agree to schools being consulted on a potential reduced high needs block transfer of £1.9m (2%)

### 3. Background

3.1 The Dedicated Schools Grant (DSG): conditions of grant 2021 to 2022, requires that any local authority (LA) with an overall deficit on its DSG account at the end of the 2021 to 2022 financial year, must be able to present a plan to the Department for Education (DfE) for managing their future DSG spend, when requested.

3.2 The DfE have designed a template to help LAs manage their DSG deficit management plan. While they encourage all LAs to use the template as a planning tool it is not mandatory but they believe the format is useful when discussing and sharing complex funding information with internal and external bodies, parent and carer forums and elected members. It should be kept updated throughout the year to reflect the most recent forecast position and be viewed as an on-going live document including being presented at schools forum meetings and any high needs sub-groups at least on a termly basis. In this there will be a standing item on the management plan at each Schools Forum meeting.

### 4. Management Plan detail

4.1 The template the Department use is complex and has a lot of details, mostly around the High Needs Deficit that members agreed at the budget setting meeting in January 2021. It is not the purpose of this report to reconsider that. The summary of the overall financial position with projections is detailed in Appendix A.

- 4.2 The recovery plan is predicated on the fact that savings will start to be delivered in 2022/23. As the changes would only be implemented from the September 2022, it means that the savings in the first year would be small compared to the overall total of savings when the plan is in fully implemented. The real challenges will be in the later years of the management plan, although there is no reason to believe that we are significantly off course currently.
- 4.3 The School Forum High Needs sub-group is meeting on the 14 December 2021 and will discuss the plan in more detail.

## 5. Funding Settlement 2022-2023

- 5.1 Back in July we received initial details of the funding settlement for next year. For the high needs block rather than receive the minimum amount we will be capped at the maximum settlement amount of 11% per head of population. This sudden change in our fortunes is due to a change in the way the funding formula operates. Part of the formula now recognises historical costs based on actual spend in 2017/18 rather than the previously budgeted levels for that year. In 2017/18 we were significantly overspent, this has in turn now meant that extra funding is allocated to us. There is a maximum amount any local authority can receive, which is set at 11% or roughly £5.5m. If there was no cap we would receive more, around another £3m.
- 5.2 Recent communications with the ESFA since the spending review, has been slightly less positive with an element of caution expressed. It has been always anticipated the high needs block transfer would reduce next year by £1.2m to £1.9m. It is believed that this is still deliverable, although it is hoped that it could be even lower and reduced by a further £0.7m. to £1.2m. At this level we would not need to seek Secretary of State approval as it is with the 0.5% limit that the Schools Forum can approve a block transfer. We will not know the exact position until the final settlement notification which is likely to be just before Christmas. However we had to give an preliminary indication to the ESFA on whether we plan to seek the Secretary of approval for a block transfer, above the 0.5% by the 19<sup>th</sup> November 2021. While is not necessarily the case we want a transfer above the 0.5% we have given that notice to the ESFA in case the settlement is worse than expected. The notice can be withdrawn at any stage though. Appendix B shows the impact on individual schools.
- 5.3 This creates a difficulty, as if we have to seek Secretary of State approval then we would need to consult all schools before the decision is made on the 13 January 2022. In essence we would need to start the consultation, straight after agreement by the Schools Forum. Hence this would be 10<sup>th</sup> December 2021, the consultation would run until 5 January 2022. The outcome would be reported back to the Schools Forum meeting on the 13 January. The Schools Forum is asked to agree to this consultation
- 5.4 As in past years alternative proposals will be given to schools to reduce other services in either SEN or Family Early Help.

There are a number of potential outcomes. In the short term schools would receive less support, but could go to the market to purchase these services which may mean the overall costs increase. In the longer term there is a likelihood that the needs of children would escalate, for example there may be more permanent exclusions in the future, raising the cost of alternative provision and create the need for even more savings in the High Needs Block. Schools may find the

EHCP's would take longer to process far beyond that which is currently experienced. There also may be a rationing of other services for high needs children.

This option looks at reducing the funding of EHCP's as an alternative. If a reduction in the top up funding of 10% is made this would release £700k.

5.5 The outcome would be reported to the Schools Forum for decision on 13 January 2022