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Executive Summary

This report sets out the Local Authority's Dedicated Schools Grant Budget Recovery Plan for the agreement of the Schools Forum (note this has already been submitted to the ESFA and the decision of the Schools Forum will be conveyed to them with any comments made)

Schools Forum Actions

- to support the Local Authority's qualification, assumptions and risks contained within the plan.
- to provide any comments and observations on the plan.

1. Requirement & Guidance

- 1.1 All local authorities with a DSG deficit of 1% or more are required to submit a recovery plan by 30 June in the following financial year. With a deficit of £11.5m on a total DSG of £315.1m (before academy/ high needs recoupment) for 2018-19, the current deficit for this LA is 3.6%.
- 1.2 The Plan should detail the steps that LA's will take to bring their DSG back into balance in 3 years. For this LA to repay the deficit back within 3 years would not be possible given its' scale. However, the plan seeks to balance the in-year position within 3 years, which in itself will be challenging, leaving a large accumulated balance to be carried over to be re-paid over a much longer timescale.
- 1.3 We will need to provide evidence for this (likely to be the scale of the deficit when benchmarked to other LAs) and the LA's Chief Financial Officer (CFO) needs to agree the approach being taken.
- 1.4 It is the intention that the ESFA will review the plans and give feedback by September 2019 and support may be given to LA's to bring deficits back into balance.
- 1.5 Much of the evidence to support the plan has already been presented to Schools Forum, notably through the reports and minutes of the Schools Forum Sub Groups and any summaries presented to Schools Forum. Furthermore, the ESFA have already been provided with much of the

evidence for block movement disapplication requests which were approved for both 2018-19 and 2019-20 (£3.1m in total).

- 1.6 Generally, the plans will need to address the main causes of overspending, noting that there have been issues raised concerning how reforms were implemented and funded from 2014-15 (para 2.2 refers) and the steady increase in EHCPs.
- 1.7 The plan is required to set out the key areas for pressure and any commissioning changes (largely driven by the increase in ASD & 18-25) by the LA. The plan should also set out any plans to change the pattern of provision (ASD & 18-25) and any measures to achieve efficiency and value for money which have been agreed with key stakeholders.
- 1.8 LAs need to show that where the overall DSG cannot be balanced in 3 years then the in-year position should be at least balanced by year 3. This is the case with the plan that has been prepared and put before Schools Forum.

2 Commentary and Assumptions

- 2.1 The Plan is set out at Appendix 1 with a schedule explaining the narrative and a further schedule containing the financials over 5 years. This commentary provides an overview of the plan and needs to be read in tandem with Appendix 1.
- 2.2 *Overall Qualification to the Plan:* As with any plan there are certain underlying assumptions and risks within that plan which can increase with the later years. In addition, this is a demand led system which tends to be driven by factors which are outside the control of the LA and Schools and are re-enforced by increased parental expectations since the reforms were implemented. Fundamentally there are also issues regarding how the SEND reforms were funded, in particular with regard to the extension of 18-25 which has not been properly funded. The Authority along with others made strong representations on this matter as part of the high needs funding consultation which were not addressed. This was considered at the March 2017 meeting by Schools Forum agenda item 8.
- 2.3 Whilst there is SEND capital grant (to £2.8m over 3 years) to support additional provision (including Park College Post 16 provision, previously agreed with Schools Forum), there is a heavy reliance upon the ESFA with regard to place provision, notably the setting up of Free Special Schools and also there is reliance upon mainstream academies for the provision of resource units in particular within the secondary phase. The LA continues to support SEND provision through its' considerable capital programme, notably by the recent expansion of Cherry Tree Gardens, a contribution to the Spa Camberwell Free School, planned ASD resource bases in COLA and Charter School East Dulwich. There is also the re-provision of Beormund School & capital investment in SILS.

- 2.4 *Deficit* - The Plan sets out the deficit position as at 31 March 2019 which was £11.5m as is confirmed in the outturn report, noting that the position is subject to confirmation by the Council's statutory external auditor.
- 2.5 *Overarching Strategy* – Generally the plan is underpinned by the following:
- Containing the rise in EHCPs
 - Supporting mainstream to be more inclusive
 - Reducing reliance upon NMSS/ Independent Provision
 - Maximising capacity in mainstream and in borough for specialist provision
 - Manage demand and pathways for 16-25
 - Greater commissioning of provision with the partnership (health, neighbouring boroughs and social care)
 - Containing growth in alternative provision
- 2.6 *Savings* – In 2019-20 the savings included are those already agreed with regard to Central Retentions and those on Alternative Provision. We have prudently re-phased the planned 2019-20 savings on mainstream top ups, resource units and for the opening of the Spa Camberwell Free School into 2020-21. The planned savings for 2020-21 are assumed to be those already initially agreed and to be worked by the Schools Forum sub group. Generally, we anticipate that these saving will be achieved and that if they are not then compensating savings will be made or future savings will be brought forward. Achievement of savings is a risk within the plan, in particular noting that the consultation and approval processes with schools and LA members (particularly for central retentions) will need to be gone through.
- 2.7 For 2021-22 and beyond, these savings are still at a very early developmental stage and broad brush therefore need to be treated with extreme caution at this stage and may be subject to considerable review and change over time. For example, this involves partner contributions and negotiations with independent providers which can be difficult to assess. This is a significant risk within the plan. Other savings and reshapes may have to be developed if these savings prove to be unachievable/ not deliverable.
- 2.8 *Pressures* – These reflect an assessment of the key areas and causes for pressures within the current high need system flowing from EHCP activity, age cohorts and also AP activity. The commentary also includes the broad reasons for these pressures notably demand, increased parental expectations, population increases, demographics and increase responsibilities over age groups.
- 2.9 *Additional demand* – We have assumed that there will be an annual increase by c £1.5m in 2019-20 and 2020-21 but that this will decrease to £0.5m by 2021-22 as the full effect of the 18-25 cohort will have been added since this was introduced in 2014-15. Should demand be higher or

lower than these assumptions, the impact will change the recovery plan. This is a significant risk within the plan.

- 2.10 *Grant Changes* – Whilst 2019-20 is reflective of actual changes, for 2020-21 and 2021-22 we have only assumed very modest increases in grant. The LA and other representative bodies remain of the view that there needs to be significant additional further funding within the system overall to reflect the current inadequacy and shortfall of funding dating back to when the reforms were implemented. The LA and representative bodies will continue to lobby hard for additional funding and for the current system inadequacies to be addressed. Additional grant announcements whilst welcome, have been insufficient to meet the additional system pressures. Until this is addressed it will be very difficult to balance the in-year position over 3 years and also to repay the accumulated deficit over a reasonable timescale and this position is noted by the CFO and other stakeholders such as the Ministry of Housing, Communities and Local Government (MHCLG).
- 2.11 *Approved transfers to the High Needs Block* - Whilst 2019-20 is reflective of the approved disapplication request which has been agreed, the cumulative baseline and additional impacts for 2020-21 and 2021-22 are not as yet approved by both Schools Forum and the Secretary of State and therefore need to be viewed with caution at this stage and are a risk within the plan that needs to be highlighted. These are very necessary to meet the challenging requirement to balance the in-year position over 3 years and then to begin to re-pay the accumulated deficit.
- 2.12 *Other Disclosure Matters* - Reliance has been placed upon EHCP data provide by the SEND Team included on the Recovery Plan appendix. It is important to note that data for future years has been based upon estimates.
- 2.13 In addition, we have sought legal and equalities specialist advice regarding the comments within that section of the plan, referencing the EIA conducted for the disapplication request.

3. **Next Steps**

- 3.1 The LA Chief Finance Officer needs to consider and agree the draft plan as submitted to ESFA, noting the risks and the assumptions made and also agree to carry over the accumulated deficit to be repaid over a much longer period than the 3- 5 years currently set out. This is likely to require ongoing discussion with LA Members and also other stakeholders such as the statutory external auditor and MHCLG.
- 3.2 The ESFA will then receive the supplementary comments post the plan being submitted on 30 June and will take note of the views of the Schools Forum.

- 3.3. The work of the Schools Forum Sub Group and the LA officers will continue over time and be used to refine, revise and enhance the plan, recognising that it will evolve over time. This will include a consideration of the highlighted risks.
- 3.4 The LA and Schools Forum will respond to ESFA comments and feedback on the plan and co-operate with any assistance offered and advice given. This will also ensure the relevant learning from good practice at other LAs. The LA has already met with SEND and Finance officials from the ESFA and have sought to build any feedback and learning into this plan.

Supplementary Information

Appendix 1: DSG Recovery Plan Submission to ESFA

Link to DFE guidance on the Plan:

<https://www.gov.uk/government/publications/dedicated-schools-grant-dsg-deficit-recovery-plans>