

## Schools Forum Briefing

1.	Date of meeting:	19 <sup>th</sup> NOVEMBER 2021
2.	Title:	High Needs Finance Update and DSG Sustainability
3.	Directorate:	Finance Customer Services / CYPS

### 1. SUBJECT: High Needs Update & DSG

### 2. PURPOSE OF REPORT

To update all members of Schools Forum on the latest Dedicated Schools Grant position and the DSG projections as outlined in the DSG Management Plan.

### 3. RECOMMENDATION (S)

That members note the contents of the report.

### 4. REASON FOR RECOMMENDATION (S)

To ensure Schools Forum members are aware of the current and medium term projections of the wider dedicated schools grant (DSG) and the impact this has on the DSG reserve.

### 5. BACKGROUND INFORMATION

- 5.1 Rotherham is a relatively low funded authority and has seen significant pressures on the High Needs Block for many years. The High Needs Budget allocation has increased year on year but, partly due to Rotherham's low funding baseline compared to neighbouring boroughs and nationally, the budget uplifts have not been sufficient to match the acceleration in demand and increase in the cost of provision.
- 5.2 During 2017/18 the ESFA required local authorities to undertake a historic spend data DSG block realignment exercise. The High Needs block was realigned after taking account of a £2.9 million transfer from the Schools block in 2016/17 and an additional £3 million transfer in 2017/18. Prior to this exercise Rotherham consistently had a lower High Needs allocation than its statistical neighbours and the transfers helped limit the impact of rising costs associated with the increasing demand for SEND provision in the borough.
- 5.3 From 2016/17 to 2019/20 the DSG deficit was rising at circa £5m per annum leading to an overall deficit of just under £20m, but since that point the SEND sufficiency strategies have started to have an impact, but further work is still required as the overall DSG deficit as previously report has risen to £21.258m at the end of the 2020/21 financial year.
- 5.4 The DSG conditions of grant 2021 to 2022 paragraph 5.2, required that any LA with an overall deficit on its DSG account at the end of the 2020 to 2021 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. To help LAs to

meet this requirement the DfE provided a DSG management plan template. This template helps LAs:

- comply with paragraph 5.2 of the DSG: conditions of grant 2021 to 2022
  - monitor how DSG funding is being spent
  - compare data on high needs spend between LAs
  - highlight areas where LAs may wish to review spending
  - form evidence-based and strategic future plans for the provision of children and young people with SEND
  - present complex funding information simply to schools forums and other external stakeholders
  - provide a consistent reporting format to help LAs share best practice and initiatives
- The template helps LAs to focus attention on comparisons of high needs provision and spend, to produce the required plan.

- 5.5 The DfE expect the plan to be updated and presented at schools forum meetings and any high needs subgroups regularly and at least on a termly basis. The LA should aim to present their plan to the schools forum in time for budget planning discussions for 2022 to 2023 and before the deadline for block movement requests, if it is submitting one. The DfE realise that the management of DSG balances, both bringing spend in line with income and repaying deficits, will take time for some LAs. the template has been developed in such a way that it is intended to be a live document.
- 5.6 Management plans should reflect the most current forecast DSG position and be published on the LA local offer website as set out in the Special educational needs and disability (SEND) Code of Practice: 0 to 25 years. Relevant leads in the finance and special educational needs (SEN) areas should sign off each version of the management plan (with sign off to be at least at assistant director level).
- 5.7 The impact of these statutory provisions state that a local authority with a DSG deficit from the previous year will need to apply to the Secretary of State under regulation 8(8) for authorisation to disregard the requirements in regulation 8(7) if it wishes to fund any part of the deficit from a source other than the DSG.
- 5.8 As outlined to School Forum in September the 2021/22 High Needs DSG has a forecast overspend of £0.756m based on the DSG recovery plan and included anticipated growth on EHCs numbers and the implementation of new developments linked to the SEND Sufficiency Strategy. All other DSG Blocks are projected to outturn to the funding allocation.
- 5.9 The level of DSG central reserves deficit will increase from a deficit of £21.258m (carried forward from 2020/21) to £22.014m at the end of 2021/22. This would equate to 8.07% of the overall DSG allocation.
- 5.10 The current year financial position has been input into the DSG Management Template in addition to funding assumptions (8%) and the current and future impact of proposed strategies over the forthcoming financial years, which is summarised in the table on the next page, the detailed plan is attached.

Original Proposal - 8% uplift from 2023/24 and cease School Block Transfer from 24/25								
	2018-19 £,000s	2019-20 £,000s	2020-21 £,000s	2021-22 £,000s	2022-23 £,000s	2023-24 £,000s	2024-25 £,000s	2025-26 £,000s
Mitigated expenditure forecast			£255,190	£274,031	£282,200	£288,938	£299,155	£305,451
Estimated DSG Funding	-£229,967	-£234,222	-£252,743	-£272,815	-£281,424	-£289,820	-£297,962	-£306,400
Other Income	-£1,034	-£612	-£577	-£461	-£468	-£476	-£484	-£492
School Block to HNB Transfer	-£937	-£2,853	-£2,956	-£3,038	-£3,236	-£3,300	£0	£0
In Year Deficit / Surplus	£5,427	£4,778	£1,366	£756	£308	-£1,359	£709	-£1,442
Planned Overall DSG position (surplus)/deficit	£15,114	£19,892	£21,258	£22,013	£22,321	£20,962	£21,671	£20,230

- 5.11 Based on the funding assumptions it will still require a transfer from the School Block for the 2022/23 and 2023/24 financial years to dampen the in year financial pressures and avoid a significant increase in the overall DSG deficit over this period.
- 5.12 In summary, the financial sustainability of the high needs block still remains a significant cause for concern for the borough and will require the support of the School Forum and High Needs Subgroup to implement the strategies to assist in supporting the DSG High Needs Block to operate within its annual allocation.

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