

Schools Forum

4th June 2020

DSG Recovery Plan

Recommendations

- That the Schools Forum approve the DSG Recovery Plan at Appendix B
- That the Schools Forum work with the local authority and school leaders to develop the DSG Sustainability Plan going forward

1. Purpose

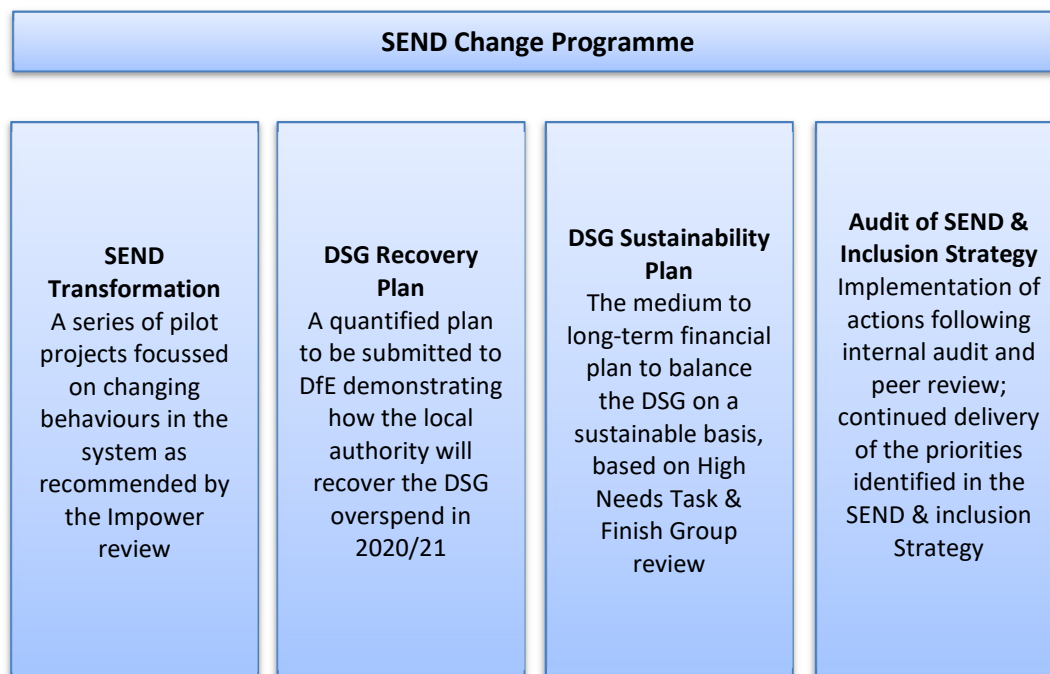
- 1.1. The purpose of this report is to present the DSG Recovery Plan. The plan is part of an overall SEND Change Programme to be taken forward and led by Warwickshire County Council.
- 2.2 In previous years, the local authorities have been required to submit the DSG Recovery Plan to the Department for Education (DfE) by 30th June. Warwickshire are working to this deadline, however the guidance this year states that plans must be shared with the DfE 'as and when requested':

Any local authority that has an overall deficit on its DSG account at the end of the 2019 to 2020 financial year, or whose DSG surplus has substantially reduced during the year, must co-operate with the Department for Education (DfE) in handling that situation. In particular, the local authority must:

- 1. Provide information as and when requested by the department about its plans for managing its DSG account in the 2020 to 2021 financial year and subsequently.*
- 2. Provide information as and when requested by the department about pressures and potential savings on its high needs budget.*
- 3. Meet with officials of the department as and when they request to discuss the local authority's plans and financial situation.*
- 4. Keep the schools forum regularly updated about the local authority's DSG account and plans for handling it, including high needs pressures and potential savings.*

2. SEND Change Programme

- 2.1. The SEND Change Programme, approved by Corporate Board in May 2020, will pull together the different strands of work from the past year into one place.



- 2.2 The full 2019/20 out-turn of the DSG is set out in another agenda item. The DSG Recovery Plan is to show how the shortfall of £7.343 million (£5.240 million after WCC contributions) in 2019/20 can be recovered. The plan set out below demonstrate savings against forecast of over £6.000 million in three years. It should be made clear, however, that within that timeframe expenditure is forecast to increase and therefore the Recovery Plan alone is not sustainable.
- 2.3 A DSG Sustainability Plan is also being developed with the objective of ensuring that the High Needs Block keeps within allocated resources, whilst meeting statutory requirements, year on year. Forecasting shows that, on current trends, the 'as-is' position is that expenditure will rise to £19.000 million above allocated budget year on year from 2023/24. As local authorities are no longer allowed to contribute to the deficit from their own reserves, this will have significant cumulative impact on the DSG budget.
- 2.4 The Council will need to work with Schools Forum, and more broadly with all school leaders, to further develop the DSG Sustainability Plan. Following changes in guidance, the council will not be able to contribute to the DSG deficit from its own reserves in future.
- 2.5 The National Audit Office has stated that current national arrangements for SEND are financially unsustainable and a national review is underway. Other local authorities, particularly County Councils, are also facing similar challenges. The pressures described by the National Audit Office continue and have been articulated in previous reports (eg. increase in EHC plans, increase in age range, increase in demand for specialist provision).

3. Conclusions

- 3.1 The table below details the activity for the DSG Recovery Plan. It also highlights the impact these interventions will have and the confidence in achieving them. The current forecast savings against these interventions is shown at Appendix A (as of 22nd May). It is important to note that this plan includes activity on EHC plan 'top-ups', previously excluded from the scope of savings plans.
- 3.2 The table of activity is based upon the work of the High Needs Task and Finish Group and a subsequent Schools Forum sub-group. The calculated savings are in development. Appendix A shows workings to date. The Council will continue to work with Schools Forum and school leaders beyond 30th June to implement the DSG Recovery Plan and further develop the DSG Sustainability Plan.
- 3.3 This being presented to Schools Forum, prior to Cabinet on 11th June and submission to DfE.

Ref	Action	Assumption	Notes	Impact (Potential savings over 3 years)	Confidence level (Savings can be achieved)
1.	Continued increase in Resourced Provision capacity and utilisation	Placements currently in special schools could be catered for in Resourced Provision, creating capacity in special schools and reducing the need for higher costs independent specialist placements	Links with Impower Trial 3: Child-centred inclusion pathways (Impower); Recommendation from High Needs Task and Finish Group; Already in progress	High (£1.499m)	High
2.	Increase in special school capacity at the Pears site	The 80 place provision for ASD/SEMH needs will reduce need for higher costs independent specialist placements	Recommendation from High Needs Task and Finish Group; Already in progress	High (£3.173m)	High
3.	Increase the timeliness of EHC plans issued in early years (ages 0-4)	By ensuring package of support are in place earlier, the demand for special school (more costly) places in Reception Year and Year 1 should be reduced.	Links with Impower Trial 3: Child-centred inclusion pathways (Impower);	Medium (initial additional cost of £0.223m, but leading to savings by year 4)	Medium
4.	Align increase in EHC plans with statistical neighbours (eg. Review current SEND Guidance and clarify thresholds for panel decision-making)	Assumed reduction in requests for assessment and fewer placements to be made in specialist provision (state-funded and specialist)	Links with Impower Trial 2: Needs-focussed panels Recommendation from High Needs Task and Finish Group (SEND Guidance); Already in progress	Medium (estimated £0.919m but has a cumulative effect)	Medium/Low
5.	Contracts with Independent Specialist Provision to ensure financial discipline	The framework contract limits 1% inflation to stated prices and ensure robust contract management	Recommendation from High Needs Task and Finish Group; Already in progress	Medium/Low (£0.187m)	Medium/Low

6.	Reduce the use of alternative provision	Placements in alternative provision have increased and now match (or sometimes exceed) special school costs. Packages of support in mainstream settings would be a less costly alternative and will ensure children remain in mainstream settings.	Links with Impower Trial 1: Changing the conversation A deep dive review is required urgently in this area to provide clarity on how savings are to be achieved. AP is currently commissioned by schools, SENDAR, Flex Learning and EET. AP Free School to open Sept 2021.	High (estimated £1.415m but may increase dependent on findings of review)	Medium
7.	Invest to save in supported internships quality assurance	By increasing the number supported internships and ensuring they find employment we can achieve positive outcomes for the young person, the end of an EHC plan and savings for adult social care.	Development from recommendation from High Needs Task and Finish Group; Already in progress	High (£1.817m)	Medium
8.	Increase funding to mainstream settings for children with EHC plans	Through proposed trials with school consortia from the Impower review, more children should be supported to stay in mainstream settings, reducing costs from specialist placements.	Links with Impower Trial 1: Changing the conversation Increases need to lead to overall savings; calculations still being made.	To be confirmed	
9.	Service reviews (LA services funded by DSG)	The remaining services delivered or commissioned by the LA from DSG to be reviewed to ensure value for money		To be confirmed (following review)	
10.	Review the special school funding matrix	Review current funding allocations to different types of specialist provision, within the same funding envelope. Cost neutral.	Requested by special school headteachers; last reviewed in 2016	Cost neutral	
11.	Joint commissioning	Ensuring that we work with our partners so that the system delivers value for money	Recommendation from High Needs Task and Finish Group; Already in progress	Cost neutral	

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Appendices

APPENDIX A: DSG Recovery Plan High Level Summary

APPENDIX B: DSG Recovery Plan

APPENDIX A: DSG Recovery Plan High Level Summary (as of 27th May 2020)

High Needs

Forecast

*2019/20 Cumulative includes WCC contribution of £2.103m

1. Baseline Model - "As is"

Annual Forecast

Under/(Over) Spend

Cumulative Overspend

£(000)								
2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
(£7,343.4)	(£7,056.5)	(£11,351.0)	(£16,035.3)	(£18,898.6)	(£21,829.9)	(£23,138.7)	(£23,469.5)	(£24,627.8)
(£5,240.4)	(£12,296.8)	(£23,647.8)	(£39,683.0)	(£58,581.7)	(£80,411.5)	(£103,550.3)	(£127,019.8)	(£151,647.5)

2. Annual Intervention Savings

1. Resource Provision

2. Special School & Pears

3. Increase EHCP in Early Years

4. Align growth of EHC plans in line with statistical neighbours

5. Inflation on ISP Res reduce at 1%

6. Reduce in the use of AP

7. Increase the number of internships

Annual Savings

Sustainability reduction as % from Baseline

£(000)								
2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
£0.0	£201.5	£521.3	£776.3	£771.2	£757.3	£732.7	£646.3	£583.0
£0.0	£0.0	£849.8	£2,323.6	£3,600.0	£3,849.6	£4,075.1	£4,186.0	£4,329.5
£0.0	(£10.5)	(£213.5)	£0.1	£249.4	£555.3	£796.0	£892.0	£979.0
£0.0	£0.0	£279.0	£641.0	£1,163.5	£1,804.7	£2,622.3	£3,478.7	£4,557.3
£0.0	£32.2	£64.0	£90.8	£107.3	£129.2	£137.2	£136.5	£156.4
£0.0	£0.0	£705.9	£709.3	£704.6	£705.0	£702.4	£666.0	£633.0
£0.0	£485.9	£587.8	£743.3	£922.7	£1,052.9	£1,137.6	£1,206.1	£1,294.8
£0.0	£709.0	£2,794.2	£5,284.4	£7,518.7	£8,854.0	£10,203.3	£11,211.5	£12,532.9
0%	-10%	-25%	-33%	-40%	-41%	-44%	-48%	-51%

£(000)

3. Impact to forecast after interventions

	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
Annual Forecast									
Under/(Over) Spend	(£7,343.4)	(£6,347.4)	(£8,556.8)	(£10,750.9)	(£11,380.0)	(£12,975.9)	(£12,935.5)	(£12,258.0)	(£12,094.9)
Cumulative Overspend	(£5,240.4)	(£11,587.8)	(£20,144.5)	(£30,895.4)	(£42,275.4)	(£55,251.2)	(£68,186.7)	(£80,444.7)	(£92,539.6)

Annual Incremental Saving	£0.0	£705.9	£3.4	(£4.7)	£0.5	(£2.7)	(£36.4)	(£33.0)
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APPENDIX B: DSG Recovery Plan (separate attachment)