

WESTMINSTER CITY COUNCIL**SCHOOLS' FORUM – 26TH SEPTEMBER 2022****REPORT BY THE ASSISTANT DIRECTOR, SPECIAL EDUCATIONAL NEEDS
AND EDUCATIONAL PSYCHOLOGY AND LEAD STRATEGIC FINANCE
MANAGER – BI-BOROUGH CHILDREN'S SERVICES****DEDICATED SCHOOLS GRANT DEFICIT MANAGEMENT PLAN**

This report sets out the updated detailed Dedicated Schools Grant (DSG) deficit management plan to be submitted to the Education & Skills Funding Agency (ESFA).

FOR DECISION

1. INTRODUCTION

- 1.1 The Schools' Forum at their meeting on 6th June 2022 noted the DSG deficit of £1.167m and requested that the proposed DSG deficit management plan be revised to include an option to repay the deficit over three years rather than the proposed two.
- 1.2 The Education and Skills Funding Agency (ESFA) requirements regarding DSG deficits are detailed in this report together with the updated draft deficit management plan for submission to the ESFA. The plan reflects the latest forecast and high needs review work undertaken by the High Needs Block Review Group (HNBRG).

2. BACKGROUND

- 2.1 A detailed deficit management plan has been completed, that shows the deficit position if no action had been taken and the impact of the action taken. The proposal is to bring the DSG back into balance within three years (by the end of 2024/25).
- 2.2 The deficit management plan template required by the DfE is complex, with 20 worksheets including forecast costs and EHCP numbers for this year and the next 4 years split between types of provision and age groups.
- 2.3 As reported in the June 2022 DSG outturn paper, on 31st March 2022 Westminster City Council had a cumulative deficit on the DSG of £1.167m. This included an in-year deficit of £3.554m.
- 2.4 Reports regarding feedback from the HNBRG and regular updates on the high needs forecast, pressures and proposals are regularly provided to the Schools'

Forum, with the latest reports provided for the 6th June 2022 meeting (paper A6), 28th March 2022 meeting (Paper A3), and 20th January 2022 (paper A3).

- 2.5 Despite the local context being one of falling rolls the demands on the high needs block continue to increase. The challenges stem from the expectations raised by the Children and Families Act 2014 particularly unfunded responsibilities for young people aged 19-25. Nationally increases in EHCPs have been 10% year on year since 2014, in Westminster over the last year our increase is only 6%. This is likely to reflect that we have robust identification, good understanding of need and strong services which was confirmed by OFSTED in the SEND area inspection.

3. DfE / ESFA REQUIREMENTS AND PROCESS

- 3.1 The DSG is a ring-fenced specific grant, provided outside the local government finance settlement. It must be used in support of the schools' budget for the purposes defined in the School and Early Years Finance (England) Regulations.
- 3.2 Any LA with an overall DSG deficit must co-operate with the DfE in handling that situation. In particular, the local authority must:
- 3.2.1 Provide information as and when requested by the department about its plans for managing its DSG account in the 2022/23 financial year and subsequently.
 - 3.2.2 Provide information as and when requested by the department about pressures and potential savings on its high needs budget.
 - 3.2.3 Meet with officials of the department as and when they request to discuss the local authority's plans and financial situation.
 - 3.2.4 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.
- 3.3 The Secretary of State reserves the right to impose more specific conditions of grant on individual LAs that have an overall deficit on their DSG account, where he believes that they are not taking sufficient action to address the situation.
- 3.4 As part of these requirements regarding our management of future DSG spend we are required to provide a DSG management plan to the DfE. The ESFA have provided a DSG management plan template which will help:
- monitor how DSG funding is being spent;
 - 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;
 - and provide a consistent reporting format to help LAs share best practice and initiatives.

- 3.5 The template will help LAs to focus attention on comparisons of high needs provision and spend, to produce the required plan. All LAs are encouraged to use the template as a planning tool.
- 3.6 The ESFA 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 local authority should aim to present their plan to the schools forum in time for budget planning discussions for 2023 to 2024 and before the deadline for block movement requests if it is submitting one. They realise that the management of DSG balances, both bringing spend in line with income and repaying deficits, will take time for some LAs.
- 3.7 Management plans should reflect the most current forecast DSG position and be published on the LA local offer website. 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).
- 3.8 It is statutory that a DSG deficit must be carried forward to be dealt with from future DSG income, unless the Secretary of State authorises the local authority not to do this.

4. DSG DEFICIT MANAGEMENT PLAN

- 4.1 The cumulative DSG deficit position at 31st March 2022 was £1.167m, the majority of which relates to high needs. The draft deficit management plan has 20 pages and [a link to the full document is here](#). The following pages are included in the plan and the key pages are included as [Appendix A, B and C](#):

Table 1

Page	Commentary
Cover	Shows the summary of changes since the previous version of the deficit management plan
Introduction	
Executive Summary	Provides a high level overview of the current financial situation. Key mitigations/savings and key pressures are covered in the LA specific tab
Summary	Captures the significant work undertaken by the HNBRG and Schools Forum to deliver cost reductions. It also flags the significant risks regarding the; increasing complexity of need; the increased expectation from parents; increases in pupils diagnosed with ASD; and the further unfunded statutory increases in post 16 numbers (until age 25). This summary page is shown in Appendix A
Financial	This is the summary of the 5-year financial plan per funding block. Captures the income, expenditure, in year net position, and planned year end position. This financial summary is shown in Appendix B
CYP	Children and Young People (CYP) summary, shows the total number of Children and young people with education, health and

	care plans (EHCP) or receiving top ups. This is broken down by age group.
HN Recoupment	Reflects the DfE recoupment from the DSG for high needs places in academies, Alternative Provision and FE.
Governance	A summary of the purpose of the two workstream groups - HNBRG and Post 16 task groups. A description of outcomes and success criteria. Key milestones and date for each of the workstreams. Also, it includes the sign off section of the management plan.
Stakeholders	Captures the various Stakeholders engagement, co-production and consultation. This includes Schools forum, Education institutions, Parents and Carers, Children and young people, Elected members (councilors, mayors), and Health partners.
LA Specific	This is a narrative of the Local authority management plan support, including key risks and mitigations. The LA specific narrative is shown in Appendix C
Placements	The section provide context to the various placement settings included in the management plan. There are detailed descriptions of what each setting entails.
Mainstream	This is a summary of mainstream schools or academies placements expenditure in Primary, Secondary and Early Years. It includes the number of EHCPs by age group in the setting.
Resourced or SEN Units	This is a summary of resourced provision or SEN units placements expenditure in Primary, Secondary and Early Years. It includes the number of EHCPs by age group in this setting.
Special Schools	This is a summary of maintained special schools or special academies placements expenditure It includes the number of EHCPs by age group in this setting.
NMSS or independent	This is a summary of non-maintained special schools or independent placements expenditure. It includes the number of EHCPs by age group in this setting.
Hospital schools or AP	This is a summary of hospital schools and alternative provision (AP) placements expenditure. It includes the number of EHCPs by age group in this setting.
Post 16 and FE	This is a summary of post 16 and further education (FE) placements expenditure. It includes the number of EHCPs by age group in this setting
Health, Social Care	This is a summary of therapy services and care provision expenditure; it includes speech and language therapy (SALT) and occupational therapy costs
Other	This section is for other placements or direct payments. Also, any adjustments to published data figures are input to this section.

4.2 The summary deficit management plan between 2022/23 and 2026/27 is shown below with details included within the ESFA deficit management plan format at [Appendix A](#). This shows an estimated in year position of (£0.138m) surplus in 2026/27 and an estimated cumulative surplus of (£0.033m) by the end of 2026/27. This is significantly lower than the £9.093m estimated deficit if no mitigating action had been taken. The recovery plan reflects the following:

- 4.2.1 The updated 2022/23 DSG as at 19th July 2022, the indicative 2023/24 DSG (July 2022) and annual DSG increases of 2.5% from 2024/25.
- 4.2.2 the actions agreed at the March 2022 Forum regarding the education banding tool (EBT) review to amend some of the banding values by capping bands 8 – 10 from either April or September 2022 (for schools in deficit) and the recalibration of the EBT. These actions are estimated to reduce the top up allocations to schools (while still meeting the cost of identified provision). There is a part year impact of these amendments in 2022/23 and a full year impact in 2023/24 and it is estimated that the cumulative DSG balance will be back in balance by the end of 2024/25, go back into deficit in 2025/26 due to the estimated increase in EHCPs, and will recover again in 2026/27 as a result of planned new provision and related capital investment as detailed in section 5 of this report. As noted in the previous high needs papers to the Forum there are assumptions in the forecasts including estimated growth in EHCP numbers of 6% and therefore the forecasts will change when actual increases are known. The forecast will be regularly updated with the latest estimates and to take account of the impact of the continuing EBT review actions.
- 4.2.3 The reduced transfer from the Schools Block to the High Needs Block of 0.25% of £0.323m for 2023/24, increasing to £0.332m for 2024/25. If the plan goes off track it will be necessary to review and potentially increase the transfer to the high needs block.
- 4.2.4 The agreements made by the Schools Forum on:
 28th January 2022 (paper A3) Regarding high needs budget update and proposed budgets for 2022/23
 28th March 2022 (paper A3) High needs education banding tool review and high needs forecast update

Table 2

	22/23 £m	23/24 £m	24/25 £m	25/26 £m	26/27 £m	
Start of year cumulative deficit	1.167	0.712	0.270	(0.049)	0.105	
<i>In year forecast overspend/(Surplus)</i>	(0.455)	(0.442)	(0.319)	0.154	(0.138)	
Estimated Year end Deficit / (Surplus) Position	0.712	0.270	(0.049)	0.105	(0.033)	surplus after four years (£0.033m)
Unmitigated net in year forecast	0.824	0.953	1.205	2.047	2.896	
Unmitigated Year end deficit	1.991	2.944	4.150	6.197	9.093	Outstanding deficit with no mitigating actions

5. HIGH NEEDS PRESSURES AND KEY ACTIONS BEING TAKEN TO MANAGE THE PRESSURE ON THE DSG

- 5.1 The challenges facing the Westminster high needs block stem from the expectations raised by the Children and Families Act 2014 particularly unfunded responsibilities for young people aged 19-25. We have developed our local offer to increase earlier identification to ensure ordinarily available provision through outreach and a range of services of support schools and settings. Better identification is ensuring that more children with speech and language needs including autism can receive the support that they need in local schools. Through the scrutiny role of the HNBRG it has become evident that the deficit is the result of underfunding. The recalibration of the EBT means that we are confident that the level of top up funding in mainstream schools matches for the level of need. Plans are in place for the HNBRG to review where overpayments may have taken place in the 2021/22 year.
- 5.2 During the calendar year 2021 there were 145 new statutory assessments for Westminster residents compared to 119 the previous year and the number of Education Health and Care plans (EHCPs) reached 1338 by January 2022, an increase of 6% despite falling primary rolls. Although the increase is below the national average Westminster's early years cohort subject to an EHCP is greater:

WCC (residents only)	Actual number of EHCPs (January DfE return SEN2)					Percentage for 2022		
	2018	2019	2020	2021	2022	WCC	London	England
Under Aged 5	37	45	58	64	64	4.80%	3.90%	3.80%
Aged 5 to 10	375	417	422	427	438	32.70%	35.10%	32.70%
Aged 11 to 15	354	357	389	420	434	32.40%	33.50%	35.40%
Aged 16 to 19	251	228	250	269	288	21.50%	19.40%	20.80%
Aged 20 to 25	18	37	52	81	114	8.50%	8.00%	7.20%
Total	1035	1084	1171	1261	1338	100%	100%	100%

- 5.3 Analysis by placements shows most (60%) of pupils with EHCPs are taught in mainstream schools (7% in specialist resourced provisions). Work to increase local provision has seen the number attending non-maintained special schools only increase by 1 pupil since 2019 while the number attending independent special schools rose by 13 (to 61) over the same two-year period.
- 5.4 The capacity of Westminster's special schools has implications for place planning and the high needs block. College Park has expanded the number of primary places for autism through satellite provision and plans to reconfigure Queen Elizabeth II Jubilee will accommodate up to 8 additional pupils. The number of commissioned places, for secondary aged pupils with speech and language needs, at St Marylebone Bridge has increased to 65 (70 in 2023) as

the school moves into its new building this term. Only 25 places are filled by Westminster resident pupils.

- 5.5 In response to demand, we have increased the number of specialist places for autism in for specialist resourced provision (SRP) for nursery aged children to 32 places as well as 26 in primary schools. There are currently no secondary aged SRP places for autism.
- 5.6 Forecasts indicate that Westminster could be maintaining 450 additional EHCPs by 2026 with 33% requiring specialist provision. Current prevalence indicates at least 25 additional resourced provision places will be needed by September 2025 (32 by 2027) to meet this level of growth. In order to address unaffordable provision within the independent sector and recognising parent preference for resource bases in mainstream schools, it is proposed to create up to 60 new SRPs places catering for autism and/or speech language and communication needs alongside 148 in special schools (33% of growth).
- 5.7 The actual commissioned numbers of places from the high needs block will be reviewed each autumn prior to the year of admission e.g. October 2023 for admission in September 2024 so that schools appoint additional staff when appropriate. For primary aged autistic children, significant capital investment at Milbank Primary Academy to improve existing accommodation and expand the number of places for autistic children although delayed, will complete in 2022/23, creating up to 12 additional places. Plans are in place to establish up to 24 specialist places for primary aged autistic children at Edward Wilson and Barrow Hill Junior schools from 2023. There is demand for the age range at Hallfield nursery provision to be extended into the foundation stage and KS1.
- 5.8 An expression of interest in establishing up to 18 places for autistic boys aged 11-16 was received from Marylebone Boys. Approval is being sought from the Regional Schools Commissioner (RSC) to establish the provision in the autumn term 2022.
- 5.9 Plans are in place for expansion of College Park creating 32 further primary places at a site in the South of the borough. As the Bayswater site is severely restricted (originally for 100 students) it unlikely that this can create more than 8-10 additional secondary places. It will not be sufficient to address the demand for secondary places and significant capital investment is needed to relocate or rebuild to create an additional 72 secondary aged places by 2027. The deficit management plans assumes that there will be a continuance of the current DfE SEND capital funding particularly as the DfE have indicated they will be issuing tools this term and carrying out net capacity assessments of special schools. This could create lower cost provision than current alternatives such as maintained schools in other areas (top up plus £10k taxi) or independent school fees. Queen Elizabeth II Jubilee Special School is unable to admit children who need its specialist environment before they are statutory school age, an expression of interest in hosting provision for up to 6 PMLD children is being explored with a local school. We have invited the headteacher of St Marylebone Bridge to review its designation and expand the range of Westminster residents it can cater for. This would offer improved specialist

resources for local young people and represent good value for money from the high needs block.

A summary of the commissioning intentions is set out below:

SRPs	Planned	Sep-22	Sep-23	Sep-24	Sep-25	Sep-26
Milbank Primary School	12	4	4	4		
Edward Wilson Primary	16		4	4	4	4
Primary (BHJ)	8		4	4		
Foundation/KS1 (HPS)	6		4	2		
Secondary (MBS)	18	8	6	4		
Total	60	12	22	18	4	4

Special	Planned	Sep-22	Sep-23	Sep-24	Sep-25	Sep-26
College Park (satellite)	18	12	6	0		
College Park (south)	32		10	10	12	
College Park (Bayswater)	8		4	4		
College Park (secondary)	72					72
QEII Jubilee	8	2	4	2		
St Marylebone Bridge	10	5	5			
Total	148	19	29	16	12	72

Nursery	Planned	Sep-22	Sep-23	Sep-24	Sep-25	Sep-26
PMLD	6		3	3		

6. RECOMMENDATION(S)

6.1 Schools Forum is asked to:

6.1.1 agree the draft deficit management plan, subject to the final agreement by members and the Chief Financial Officer (CFO) representative. This plan reflects the 0.25% transfer from the schools' block to the high needs block estimated at around £0.330m per year from 2023/24 for two years and if the plan goes off track the size of the transfer will need to be reviewed and may need to be increased.

6.1.2 agree that the deficit is cleared by the end 2024/25, go back into deficit in 2025/26 due to the estimated increase in EHCPs, and will recover again in 2026/27 as a result of planned new provision and related capital investment as detailed in section 5 of this report.

6.1.3 Note that commissioning arrangements for specialist provision will be provided to future HNBRG and Schools Forum meetings.

7. APPENDICES

- A – Deficit Management Plan – Summary
- B – Deficit Management Plan – Financial page
- C – Deficit Management Plan - LA specific page

Julie Ely
Assistant Director, SEN and EPS - Bi-Borough Children's Services

Anita Stokes
Lead Strategic Finance Manager – Bi-Borough Children's Services

Sarah Newman
Bi-Borough Executive Director of Children's Services

Background papers:

EFSA – DSG Allocations 2022-23 and 2023-24 (indicative)
Commissioning plan

Dedicated schools grant (DSG) management plan template guidance for local authorities

[DSG deficit management plan template: guidance for local authorities 2022 to 2023 - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/publications/dsg-deficit-management-plan-template-guidance-for-local-authorities-2022-to-2023)

DSG conditions of grant 2022/23
[DSG: conditions of grant 2022 to 2023](https://www.gov.uk/government/publications/dsg-conditions-of-grant-2022-to-2023)

Contact officers:

Julie Ely
Tel: 020 7361 3311 **E-mail:** Julie.ely@rbkc.gov.uk

Rasheed Tijani, Finance Manager – SEND
Tel: 07739 316507 **E-mail:** Rasheed.Tijani@rbkc.gov.uk