

WIRRAL COUNCIL

SCHOOLS FORUM – 24th NOVEMBER 2020

REPORT OF THE DIRECTOR FOR CHILDREN, FAMILIES AND EDUCATION

DSG MANAGEMENT PLAN 2020-2021

1.0 EXECUTIVE SUMMARY

1.1 The purpose of this report is to update the Forum on the actions that are being undertaken to develop Wirral's DSG Management Plan.

2.0 BACKGROUND

2.1 At the end of the financial year 2019-2020, Wirral's overall DSG deficit was £1.3m which was mainly due to pressure in the High Needs Block. Despite an increase in the budget for 2020-2021, a further overspend of £1.4m is expected due mainly to further demand on the High Needs Block resulting in a forecast total DSG deficit of £2.7m by the end of financial year 2020-21.

2.2 Of the £1.4m net overspend that is forecast for 2020-2021, £1.3m relates to High Needs and is expected to recur in future years unless significant and enduring action is taken to reduce costs with effect from 01 April 2021.

2.3 The DSG conditions of grant require that any local authority with an overall deficit on its DSG account at the end of 2019-2020 financial year, or whose DSG surplus has substantially reduced during the year, must be able to present a plan to the Department for managing their future DSG spend. The expectation of the Department for Education (DFE) is that local authorities should plan to recover their deficit in a 3-year period although a 5-year plan may be considered. The local authority is proposing action to mitigate any potential negative impact of the recovery plan. The action includes:

- spread the savings over the maximum time period, which is five years.
- make the least amount of savings possible to achieve an in-year balance, by year three, and go on to reduce the deficit by year five

2.4 To assist in the planning process, the DFE have issued a detailed Management Plan Tool that is to be completed with both statistical and financial information for the period 2017-18 to 2024-25. A copy of Wirral's Management Plan Tool as it stands at present has been made available with this report in the document called Appendix 3 Wirral's Dedicated Schools Grant (DSG) Management Plan Tool.

2.5 The management of future DSG spend requires two stages namely, a sustainable reduction in annual expenditure of around £1.3m to remain within the annual budget plus a further sustainable reduction in spend of around £0.5m per annum to recover the accumulated deficit. Ideally Wirral should plan to more than recover the deficit position so that a positive reserve can be maintained to cover future unforeseen costs and to develop the service. A sustainable reduction in high needs costs of around £2m per annum is recommended. The table below

identifies the impact of various savings levels on both the in-year and cumulative deficit.

Yr. Details	If no action taken		If High Needs spend is reduced by £1m per annum		If High Needs spend is reduced by £1.3m per annum		If High Needs spend is reduced by £2.0m per annum	
	In year deficit	Deficit c/fwd	In year deficit	Deficit c/fwd	In year deficit	Deficit c/fwd	In year deficit	Deficit c/fwd
	£m	£m	£m	£m	£m	£m	£m	£m
2019-20 Actual	-£1.264	-£1.264	-£1.264	-£1.264	-£1.264	-£1.264	-£1.264	-£1.264
2020-21 Forecast	-£1.419	-£2.683	-£1.419	-£2.683	-£1.419	-£2.683	-£1.419	-£2.683
1 2021-22 High Needs Forecast	-£1.302	-£3.985	-£0.302	-£2.985	£0.000	-£2.683	£0.698	-£1.985
2 2022-23 High Needs Forecast	-£1.302	-£5.287	-£0.302	-£3.287	£0.000	-£2.683	£0.698	-£1.287
3 2023-24 High Needs Forecast	-£1.302	-£6.589	-£0.302	-£3.589	£0.000	-£2.683	£0.698	-£0.589
4 2024-25 High Needs Forecast	-£1.302	-£7.891	-£0.302	-£3.891	£0.000	-£2.683	£0.698	£0.109
5 2025-26 High Needs Forecast	-£1.302	-£9.193	-£0.302	-£4.193	£0.000	-£2.683	£0.698	£0.807

2.6 The table above assumes that a recurring £2.0m saving can be delivered by financial year 2021-2022 and that this will result in the recovery of the deficit by year 4. It is more likely that savings will be generated over a period of time with staggered implementation across the 5-year period. The level of savings implemented each year will determine how quickly the deficit position can be recovered.

2.7 Whilst it is expected that there will be some real growth funding in the 2021-2022 DSG High Needs Block allocation, this cannot be relied upon to recover the deficit position and to generate a surplus going forward. On that basis Wirral has moved forward with its DSG Management Plan.

3.0 DSG DEFICIT MANAGEMENT PLAN ACTIONS TO DATE

3.1 To date the Head of Special Educational Needs and Disabilities (SEND) and Inclusion has corresponded with the relevant stakeholders and attended their meetings to outline the issues and to identify the financial proposals that are being considered to reduce High Needs expenditure. The relevant stakeholder groups have been invited to both review the proposals and to contribute to the development of alternative proposals.

3.2 Thirteen proposals have been identified to date and these are listed in Appendix 1 along with the financial impact of the potential changes. Each proposal has been shown with four options for reducing costs i.e. reductions of 3%, 5%, 10% and 20%. The full year saving that these proposals will achieve by the end of year 5 ranges from £2.6m to £8.9m if all of the proposals are adopted. For information, an analysis of the total 2019-20 High Needs Block expenditure has been included in Appendix 2.

3.3 The next stage in the process is to review the financial proposals to identify the changes that will be needed to the service to achieve the various savings levels and what the impact and risk will be on the delivery of each of the services affected. This more detailed analysis will be communicated to the relevant stakeholder groups and will inform the decision on which proposals are to be taken forward. This will be followed up with a period of consultation.

3.4 Consultations will take place each term with the Schools Forum. In addition, consultations will take place with:

- High Needs Working Party of the Schools Forum
- Wirral Association of Secondary Headteachers (WASH)
- Primary Headteachers Consultative Group (PHCG)
- WiSpHA (Wirral Special Headteachers Association)
- Parent Carer Participation Wirral (PCPW)
- Health Authorities
- Wirral Children's Social Care (CSC)
- Wirral SENDCO Locality Boards

4.0 CONCLUSION

4.1 Wirral officers will continue to develop the Management Plan and will report back to the next Schools Forum meeting.

5.0 RECOMMENDATIONS

5.1 That the Forum notes the report.

Paul Boyce,
Director for Children, Families and Education

Appendix 3
Wirral's Dedicated Schools Grant (DSG) Management Plan Tool

Appendix 1 – Financial Proposals

Proposal	Activity	Details of change (s)	2019-2020 Spend	Option/ Saving	Modelled savings to be delivered by the end of Year 5			
					Option 1	Option 2	Option 3	Option 4
1	Exceptional Needs Funding	Starting maximum cap of £900k, individual maximum cap of £16,100, maximum period of 52 consecutive calendar weeks, reduction in cap for five consecutive financial years of either 5%, 10% or 20%	£1,005,465	Option	3%	5%	10%	20%
				Saving	-£330,286	-£393,735	-£534,022	-£738,322
2	Individual Pupil Funding Agreements (IPFA)	Starting maximum cap of £1,900k, individual maximum cap of 5 units, maximum period of 52 consecutive calendar weeks, reduction in cap for five consecutive financial years of either 5%, 10% or 20%	£2,365,417	Option	3%	5%	10%	20%
				Saving	-£646,818	-£762,518	-£1,033,446	-£1,496,783
3a	Inclusion funding – Base funding	Starting level £33,470 per setting, maximum period of 52 consecutive calendar weeks, reduction in value for five consecutive financial years of either 5%, 10% or 20%	£334,700	Option	3%	5%	10%	20%
				Saving	-£64,171	-£102,762	-£186,024	-£305,408
3b	Inclusion funding – EBD Outreach 1st Day Exclusion	Starting level £270,144, reduction in value for five consecutive financial years of either 5%, 10% or 20%	£270,144	Option	3%	5%	10%	20%
				Saving	-£38,162	-£61,112	-£110,627	-£181,623
3c	Inclusion funding- Specialist school	Starting level £119,560, reduction in value for five consecutive financial years of either 5%, 10% or 20%	£119,560	Option	3%	5%	10%	20%
				Saving	-£16,890	-£27,047	-£48,961	-£80,383
4	Clinical Psychology	Starting level £382,000, reduction in value for five consecutive financial years of either 5%, 10% or 20%	£276,107	Option	3%	5%	10%	20%
				Saving	-£53,964	-£86,416	-£156,433	-£256,826
5	Communications Differences Team	Reduction based on 1.00 FTE vacant post	£147,100	Option	1 FTE	1 FTE	1 FTE	1 FTE
				Saving	-£47,834	-£47,834	-£47,834	-£47,834
6	Hearing & Visually Impaired Service (excluding commissioning which is covered in Option 9)	Starting level £1,043,500, reduction in value for five consecutive financial years of either 5%, 10% or 20%	£1,058,413	Option	3%	5%	10%	20%
				Saving	-£147,411	-£236,060	-£427,324	-£701,566
7	Townfield Academy Primary School local authority Resource Provision Hearing Support Base	Starting level £100k (10 Top-ups), reduction in value for five consecutive financial years of either 5%, 10% or 20%	£90,000	Option	3%	5%	10%	20%
				Saving	-£14,127	-£22,622	-£40,951	-£67,232
8	Three Language Bases	Starting level £348k (58 Places), reduction in value for five consecutive financial years of either 5%, 10% or 20%	£348,000	Option	3%	5%	10%	20%
				Saving	-£49,161	-£78,724	-£142,509	-£233,967
9	SEND Commissioning Speech and Language Therapy (SaLT)	Starting level £120,000, reduction in value for five consecutive financial years of either 5%, 10% or 20%	£120,000	Option	3%	5%	10%	20%
				Saving	-£16,952	-£27,146	-£49,141	-£80,678
10	Wirral Metropolitan College	Starting level £1,034,880, reduction in value for five consecutive financial years of either 5%, 10% or 20%	£908,115	Option	3%	5%	10%	20%
				Saving	-£146,193	-£234,110	-£423,794	-£695,771
11	Physical / Medical Impairment Team	Starting level £189,366, reduction in value for five consecutive financial years of either 5%, 10% or 20%	£154,094	Option	3%	5%	10%	20%
				Saving	-£26,751	-£42,838	-£77,547	-£127,314
12	Home Education Service (Hilbre)	Starting level £500,500, reduction in value for five consecutive financial years of either 5%, 10% or 20%	£493,945	Option	3%	5%	10%	20%
				Saving	-£70,704	-£113,223	-£204,960	-£336,496
13	Units of resource value (£1,090 per unit)	Starting level £5,747,528, reduction in value for five consecutive financial years of either 5%, 10% or 20%	£5,350,935	Option	3%	5%	10%	20%
				Saving	-£811,930	-£1,300,200	-£2,353,670	-£3,864,178
Total potential savings					-£2,481,354	-£3,536,346	-£5,837,243	-£9,214,382
Total 2019-20 Costs of activities covered by the proposals			£13,041,994					
Total 2019-20 Costs of activities not covered by the proposals			£24,681,064					
Total 2019-20 High Needs Costs (see Appendix 2 for further analysis)			£37,723,058					

Appendix 2

		2019-20 Expenditure	
Individual Schools Budget	Special (inclcdg. 6th Form/Further Education	£10,328,600	
	Wirral Hospitals School	£1,354,300	
	SEN Bases	£999,187	
High Needs Pupils	Statements:	Primary School - Units of resource	£3,146,151
		Secondary School - Units of resource	£2,204,784
		Personal Budgets	£196,871
		Staffing for Independent Settings	£69,555
		Recharges and overheads	£37,200
	SEN top-ups:	Top-ups for Maintained Special Schools	£8,113,933
		FE & 6th Form Top-Up	£1,648,939
		Top-ups for Resourced provision	£1,067,641
		Exceptional Needs	£1,005,465
		Alternative provision	£949,984
		Nursing Support (NHS)	£145,330
	High Needs contingency		£231,378
	Independent Special Schools		£3,728,872
	Home Tuition Service		£493,945
	Exclusions		£43,463
	Support for SEN:	Clinical Psychologists	£276,107
		Communication Differences	£113,943
Hearing & Visually Impaired Service		£1,058,413	
Physical/Medical Impairment		£154,094	
Pre School Portage		£188,346	
Vulnerable Children		£108,358	
Special School Transport		£58,200	
Total High Needs Block Expenditure		£37,723,058	