

Please complete this recovery plan template outlining how you will bring your DSG deficit back into balance within a 3 year time frame. Please complete all relevant fields and return the completed recovery plan to financial.management@education.gov.uk.

You may wish to include brief supporting attachments with your request such as forum minutes (if links not available) - these can be added towards the bottom of this page. Spreadsheet calculations should be included on the **Financial Summary** tab.

Local Authority	Tower Hamlets
Local Authority number	211
Does schools forum agree with this recovery plan and when was it presented to them?	Draft plan to be taken to schools forum in September 2019
If yes, please provide link(s) to the minutes and action plans from the schools forum agreement	

What plans have you put in place to reduce the deficit in increments over the next 3 years?

The LA is currently in the middle of an extensive consultation process on the way in which it spends the high needs funding block. A series of pre-consultation workshops took place over May and June 2019 and the formal public consultation will be completed on the 26th July. Following the analysis of the formal consultation recommendations will go forward to support the changes being suggested. A full financial model will be developed to ensure that the consultation recommendations form a full part of the final Recovery Plan.

The LA has also consulted on the use of the Capital Grant Funding. Overwhelming support has been expressed for solutions that increase the capacity within the current Special Schools and the development of further resource base provision within the mainstream school system. Tower Hamlets has one of the highest rates of EHCPs nationally and a high rate of children and young people who remain in the mainstream schools (54%) and such solutions will enable more children and young people to remain within the very strong Tower Hamlets school system.

Overall strategy

To reduce budget pressures on the High Needs Funding Block (HNFB) and achieve financial balance over the period 2018 – 2022 through:

- significantly reducing the funding retained by LBTH to deliver support services,
- reducing the demand for centrally retained funding for Alternative Provision through a variety of measures,
- reducing the rate of increase in EHC plan numbers
- a reduction across all school top-up payments

1. Increase special school places

Informed by demographic and school place projections, there is a need to plan to fund more special school places in Tower Hamlets, responding to the anticipated increase in the numbers of children

Word count: 1347

Can you specify how continuous improvement has reduced the deficit/ is going to reduce the deficit? This could include sharing best practice, new contracts, efficiency savings

S2 - The current public consultation on the HNFB is consulting on a reduction of top-up rates for pupils. The consultation asks about cuts to the top-up rates of 2%, 5% or 7%. All three outcomes would reduce the deficit to some extent. The two higher rates of cuts to the HNFB would also allow for the development of an inclusion fund to enable implementation of additional support at key transition points for some pupils at SEN support, without the need to issue an EHCP. The estimates at 7% are being used to calculate the savings to reduce the deficit. This would happen from April 2020. (best practice)

Word count: 1008

Please provide details of any previous movements between blocks, what current cost pressures those movements covered, and why those transfers have not been adequate to counter the new cost pressures

In the years 2013-14 to 2016-17, DSG brought forward reserves funded overspends in the HNB. The reserves used were: 13-14 £2.00m, 14-15 £1.80m, 15-16 £1.54m, 16-17 £1.59m. In 2017-18 the HNB overspend was covered by underspends in other blocks, £0.82m, and brought forward reserves of £1.66m. In 2018-19, The HNB overspend of £7.07m was offset by CSSB underspends of £1.18m and brought forward DSG balances of £0.19m, leaving a net overspend of £5.70m. There were no budgeted movements between blocks in these years, but Forum have agreed a movement of £0.72m between the Schools Block and the HNB for 2019-20. The use of reserves was to offset the pressures on the HNB described elsewhere, alongside action to control expenditure. Schools Forum will be asked to transfer a further £500 from the unused central funding block for the 2019-20 year.

Word count: 138

Please provide details of contributions coming from the health and social care budgets towards the cost of high needs provision

With regard to the development of the multi-agency placements funding protocol, a task and finish group has been set up to ensure that tri-partite funding arrangements are in place. The development of a policy outlining both the process for future joint funding of placements and the review of current placements has strengthened the multi-agency working approach. The re-instated Independent Placement Overview Panel, led by CSC, will be the vehicle through which any savings are delivered.

In 2018/19 there were 16 children and young people (not all full year) in residential School Placements and Social Care contributed £1.548m - This was the 50% costs of the placement - Currently there are no Health Contributions to these placements.

The Local Area is committed to jointly commissioning a range of provisions/interventions for children and young people with SEND. In 2018 Speech and Language contracts were aligned as the first step to commissioning of integrated therapy services which it is hoped will create opportunities to better utilise the collective resource as demand increases over the coming years. Phase one includes joining up the mainstream primary schools and also leading a multi-disciplinary task and finish group to consider the strategic approach and operational practise in integrating therapies across the system, from early years and throughout a child's school career. The broader integration of therapies will also consider:

- o Pupil projections data
- o Resourcing across the system (and if resources are allocated at the most effective time)
- o Mapping out therapies providers outside of the CCG and Council contracts.

Word count: 250

Please explain how the LA has discharged its duties under section 149 of the Equality Act 2010, C&F 2014 and common law to consult with those affected by the changes proposed.

The LA is currently engaged in an extensive consultation process, reviewing the way that the HNFB is spent. The consultation process has involved children and young people with SEND, their families, services and settings.

Whilst decisions about the way the HNFB is spent falls within the responsibilities of the council, the commitment to openness and transparency, the complexity of the problem around funding SEND and the risks to the council of challenges to changing the way the HNFB is spent, has prompted officers to invest in a two part consultation process.

The first phase which ran from mid-May to mid-June, 2019, and included a series of fifteen engagement workshops for parents and carers, supported by trained SEND Parent Ambassadors and council officers. The purpose of these sessions was to develop an understanding within the communities of the issues related to SEND funding. The sessions included:

- the challenges that the local authority face in managing the spending of the HNFB
- the pressure on the HNFB, including the national funding picture
- the need to review the work of services for which the council maintains elements of the HNFB, including the SLS and BASS
- the increasing need to address the responsibilities of the local area in relation to young people 19-25 with SEND.

The engagement workshops considered possible solutions to these pressures, informing the options that have been included in the public consultation and a full report will be available by the end of June 2019.

The formal online public consultation asks families, services and residents in Tower Hamlets about specific options to help the Council make decisions about the use of the HNFB.

Specifically, there are questions relating to the current structure of top-up payments paid to schools to support individual pupils with an Education Health and Care Plan, and a review of the amount of money that the council currently retains to provide support for learning services for children and young people with Special Educational Needs and Disabilities.

Analysis of the formal consultation will contribute to the decision making process around the new model of inclusion support for children with high needs and the re-structure of services within the LA.

Timeline:
Date Activity
24th June 2019 Consultation commences

Word count: 485

Please include a summary of the savings/and or measure you propose to implement over the next three years which will reduce the overspend.

S1	Transfer from other blocks and reserves at year end 2018-19. (described above)
S2	Agreed and planned adjustments to the top-up rates, following LA review of top-ups. S2 shows the agreed cuts to top-ups for 2019-20 (1.5%) and gives indicative savings on the middle proposal of the consultation currently taking place (7%) This would happen from April 2020.
S3	Adjustments to individual schedules for pupils in FE Colleges; review of schedules to show health and social care contributions. Renegotiation of contracts with main LA FE College to ensure best value.
S4	Renegotiation of tripartite funding agreements with health and social care in respect of children and young people who are in specialist residential schooling, residential schooling, or in secure placements.
S5	Proposed reduction in the amount of the HNFB to be retained by the LA for the delivery of services.
S6	Review of the delivery of provision in AP and reduction in top-up rates.

Please discuss the local circumstances that have contributed to your deficit. Please provide a brief summary of the pressures in the box below and transfer the forecast spend in this area on the financial summary tab via the appropriate link. Local authorities should consider providing budget pressures in the following areas:

A) mainstream schools; B) state-funded special schools,
 C) further education and sixth form colleges,
 D) independent specialist provision; E) alternative provision

P1	P1 - Mainstream schools – Including maintained, special and free schools, approximately £2m pressure created by a forecast increase in pupil numbers based on historical increases.
P2	P2 - State-funded special schools - £1m pressure based on increases in special school provision created by the expansion of special school provision for pupils with Autism and for those with profound and multiple learning difficulties (PMLD). The increase in numbers also increases pressure on pupil place payments but it does reduce pressure on out of borough provision in independent non-maintained special schools.
P3	P-3 - Further education and sixth form colleges. £1.4m pressure related to increased numbers of young people with EHCPs in further education and rising costs of provision – especially with the main provider for young people within the LA.
P4	P4 - Independent specialist provision; £1.7m. There is a small cohort of pupils across all age ranges, with acute complex SEMH needs, often linked to other special educational needs such as Communication and Interaction (including Autism) requiring provision at independent non-maintained special schools. An increase in the costs of independent specialist provision – both day schooling and residential placements for the most vulnerable, mostly joint funded with social care.
P5	P5 - Alternative provision approximately 12% of the current HNFB goes into Alternative Provision (AP)

Please provide any further detail here if required, including any attachments that support your recovery plan and any disapplication reference

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Date	31st July 2019

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Recovery Plan number	
ID	
DfE Response to Plan	
Details of the Decision	

Name	
Date	
Type of Notification	

Further Information	
High Needs Funding Arrangements	Information for local authorities and institutions about high needs funding arrangements for 2019 to 2020.
High Needs Benchmarking Tool	Information for local authorities about strategic reviews, funding of high needs provision for children and young people with SEND and the High Needs benchmarking tool.

DSG Deficit Recovery Plan

Ref.	Block	Type of provision e.g. special schools	Action e.g. increasing special school places	2018-19	Year 1	Year 2	Year 3
				£	2019-20	2020-21	2021-22
DSG Balance b/f					5,705,000	9,275,000	8,678,808
Savings (figures should be entered as negative values)							
S1		Transfer from other blocks & reserves y/e 2018/19	Other	(1,365,000)			
S2	High Needs	All Schools	Other			(1,816,153)	(1,997,768)
S3	High Needs	Further Education & 6FC			(329,000)	(32,900)	(36,190)
S4	High Needs	Independent specialist provision			(800,000)	(80,000)	(88,000)
S5	High Needs	Mainstream Schools				(1,100,000)	(1,100,000)
S6	High Needs	Alternative provision				(434,839)	(378,323)
Total savings				(1,365,000)	(1,129,000)	(3,463,892)	(3,600,281)
Pressures (figures should be entered as positive values)							
P1	High Needs	Mainstream Schools	Increase in the number of EHC Plans	2,000,000	2,200,000	2,420,000	1,562,000
P2	High Needs	Maintained special schools	Increase in the number of EHC Plans	1,000,000	1,100,000	1,210,000	1,331,000
P3	High Needs	Further Education & 6FC	Increase in the number of EHC Plans	1,400,000	1,540,000	1,365,000	1,501,500
P4	High Needs	Independent specialist provision	Placements in independent and non-maintained schools	1,700,000	1,870,000	1,257,000	1,382,700
P5	High Needs	Alternative Provision		970,000	1,067,000	1,173,700	1,191,070
Additional Pressures (figures should be entered as positive values)				7,070,000	7,777,000	7,425,700	6,968,270
Cost reductions from impact of recovery plan				5,705,000	6,648,000	3,961,808	3,367,989
Total DSG forecast overspend							
Net in year impact on High Needs DSG				5,705,000	6,648,000	3,961,808	3,367,989
Estimated High Needs Block change (additional grant)					(1,858,000)	(1,858,000)	(1,858,000)
Approved transfer of schools block to HN block				0	(1,220,000)	(2,700,000)	(2,700,000)
Other adjustments							
Net in year Forecast Outturn Variance				5,705,000	3,570,000	(596,192)	(1,190,011)
DSG Balance – show a deficit as a positive value				5,705,000	9,275,000	8,678,808	7,488,797
				DEFICIT	DEFICIT	DEFICIT	DEFICIT

Key
User entry required

Education, Health and Care Plans

	Number of CYP with Statements/ EHCPs	Total HNB	Outturn	Cumulative
2016	2066	£44,048,000	£45,641,000	£0
2017	2212	£46,080,000	£48,553,230	£0
2018	2444	£49,781,000	£56,851,000	£5,705,000
2019	2842	£50,531,000	£54,101,000	£9,275,000
2020	3240	£52,389,000	£51,792,808	£8,678,808
2021	3547	£54,247,000	£53,056,989	£7,488,797

	2016	% against total	2017	% against total	2018	% against total	2019	% against total	2020	% against total	2021	% against total
Under Age 5	181	9%	172	8%	141	6%	212	7%	162	5%	141	4%
Aged 5-10	924	45%	966	44%	1018	42%	1075	38%	1296	40%	1349	38%
Aged 11-15	728	35%	769	35%	811	33%	890	31%	908	28%	1117	31%
Aged 16-19	229	11%	282	13%	411	17%	540	19%	680	21%	710	20%
Aged 20-25	4	0%	23	1%	63	3%	125	4%	194	6%	230	6%
Total	2066	100%	2212	100%	2444	100%	2842	100%	3240	100%	3547	100%