

Report to Cllr N Jupp, Cabinet Member for Learning and Skills

February 2022

School Funding 2022/23

Report by Mr P Wagstaff, Director of Education and Skills

Electoral divisions: All

Summary

West Sussex County Council is required, under national funding regulations, to consult schools and the Schools Forum on proposed changes to funding arrangements affecting school budgets. The School Funding Review 2022/23 consultation document was published on 20th October 2021. Responses to the consultation and feedback from Schools Forum have been taken into account in the development of the local funding formula for mainstream schools in 2022/23.

To help pay for service improvements within the High Needs budget that will help to reduce the size of the Dedicated Schools Grant (DSG) deficit in future years a proposal to transfer £1.2m of funding from the Schools block to the High Needs block of the DSG was approved by Schools Forum at its meeting on 25th November 2021, and therefore has also been taken into account when setting the funding rates within the local funding formula for mainstream schools in 2022/23.

Recommendations

The Cabinet Member for Learning and Skills is asked to agree the approach to the local funding formula for mainstream schools as set out in section two of the report and to approve the proposals in paragraph 2.30 of the report to:

- (1) Continue to protect the primary lump sum at a rate of £130,000, by continuing to scale back the primary unit values for Low Prior Attainment (LPA) from the National Funding Formula (NFF) primary unit value,
 - (2) Reduce the NFF basic entitlement rates by 0.5% in order to help pay for the £1.2m transfer to the Dedicated Schools Grant High Needs block,
 - (3) Set the Minimum Funding Guarantee level at 1% to ensure that all mainstream schools benefit by this increase in their pupil-led funding.
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Proposal

1 Background and context

- 1.1 In 2018/19 the Government introduced a new National Funding Formula (NFF) for the Dedicated Schools Grant (DSG) Schools block. In order to avoid significant fluctuations in funding and maintain stability during implementation,

although the NFF was introduced from 2018/19 it was done using 'soft formula' arrangements where the Department for Education (DfE) allocated funding to Local Authorities for the total of the schools in their area, and then each Local Authority was asked to distribute their allocation by means of a local funding formula.

- 1.2 Last summer the DfE put forward its initial plans for moving to a 'hard' NFF, whereby school funding will be directly allocated to schools, rather than going through a local funding formula, in the future. A second stage consultation with more detailed proposals, is planned to be published following feedback to this first consultation. The DfE do not propose, at this point, to set a fixed target date by which the 'hard' NFF will be fully in place.
- 1.3 Whilst the 'soft formula' arrangements remain in place, West Sussex County Council is required, under national funding regulations, to consult schools and the Schools Forum on proposed changes to funding arrangements affecting school budgets.
- 1.4 The School Funding Review 2022/23 [consultation document](#) was published on 20th October 2021 and set out proposals for changes as follows:
 - Changes to the local funding formula for mainstream schools towards the implementation of the national funding formula.
 - A one-off transfer of up to 0.5% of the Dedicated Schools Grant (DSG) Schools block to the High Needs block.

The consultation document included spreadsheets illustrating the local funding formula options for mainstream schools and a modelling tool was provided based on October 2020 pupil census data to show the indicative impact of the proposed formula options on individual school budgets both before and after a proposed transfer of £2.2m to the DSG High Needs block.

- 1.5 The School Charging Review 2022/23 consultation document was also published on 20th October 2021 and set out proposals for changes as follows:
 - Topslice the delegation of funding to Local Authority maintained primary and secondary schools in order to create pooled budgets (see paragraph 1.7).
 - The charge to maintained primary, secondary and special schools and Alternative Provision College for General Duties (see paragraph 1.7).
- 1.6 Further details of the consultation, including the level of responses received from schools, is set out in section 4.
- 1.7 After taking account of responses from schools to the consultation proposals, at its meeting on 25th November the Schools Forum made decisions, as required in its constitution, to approve the proposed charges set out in the charging review. These matters are therefore not covered in this report.
- 1.8 The purpose of this report is to recommend changes to the local funding formula for mainstream schools and academies which take account of responses from schools and Schools Forum to consultation proposals. The changes also take account of the outcome of disapplication requests submitted to the DfE by the County Council to vary the local formula to avoid

disproportionate advantage or disadvantage to individual schools or groups of schools.

- 1.9 In addition to the main DSG allocation the mainstream schools in West Sussex have also been provisionally allocated an additional £15.5m through a DSG Supplementary Grant, as part of the £1.6bn announced nationally in the 2021 Spending Review for additional school funding in 2022/23. These additional monies are intended to help the schools sector respond to the various pressures that they are currently seeing in overall costs, in national insurance, on high needs, in managing Covid and in supporting children and young people to recover from the pandemic.

2 Proposal Details

Local Funding Formula for Mainstream Maintained Schools and Academies

Options for allocating out DSG funds to mainstream schools

- 2.1 All the pupil led factors used in the National Funding Formula (NFF) are remaining the same next year, although the DfE has made the following technical changes:
- Decreasing the funding lag for the “FSM6” (free school meals at any time in the last 6 years) deprivation funding factor by 9 months, by moving from using the January 2021 census to the October 2021 census for measuring eligibility.
 - In calculating low prior attainment proportions, data from the 2019 early years foundation stage profile (EYFSP) and key stage 2 (KS2) tests is used as a proxy for the 2020 tests, following the cancellation of assessments due to the pandemic in 2020.
 - Pupils who joined a school between January and May 2020 attract funding for mobility based on their entry date, rather than by virtue of the May school census being their first census at the current school (as the May 2020 census did not take place due to the pandemic).
- 2.2 Since 2018/19, the NFF rates have been fully adopted within the local formula for secondary schools, but local variations are still made within the primary sector. Last year, the West Sussex local formula continued to provide transitional protection to the smaller and medium sized primary schools in the county through holding the primary lump sum at £130,000 and paying an additional lump sum amount to all primary schools with less than 150 pupils. The financial impact of removing these transitional arrangements in 2022/23 and adopting the NFF rates in full was summarized in Option 1 of the consultation.
- 2.3 The other key aspects of the DSG Schools block NFF formula for 2022/23 announced by the Minister of State for School Standards are:
- School funding is increasing by 3.2% overall, and by 2.8% per pupil, compared with 2021/22.

- 3% increase to basic entitlement, free school meals at any time in the last 6 years (FSM6), income deprivation affecting children index (IDACI), lower prior attainment (LPA), English as an additional language (EAL) and the lump sum.
- 2% increase on Free School Meals (FSM) and 0% on the premises factors, except for PFI which has increased by RPIX.
- The maximum sparsity value is set to increase from £45,000 to £55,000 for primary schools, and from £70,000 to £80,000 for secondary schools. The DfE has also improved the accuracy with which they identify schools' remoteness, by using road distances instead of straight-line distances in their calculations.
- The funding floor is allocating at least 2% more in pupil-led funding per pupil, and
- a 2% increase in minimum per pupil funding levels directing further increases to the lowest funded schools.

2.4 2022/23 will be the fifth year of the NFF for schools. This new formula is significantly different to our historic local formula, with the main changes being a reduction in the lump sum for fixed costs (previously £150,000 per school), and a change in the way deprivation funding is allocated, with a basket of measures including IDACI (Income Deprivation Affecting Children Index), Free School Meals and Free Schools Meals Ever 6 being used.

2.5 Since 2018/19, the NFF rates have been fully adopted within the local formula for secondary schools, but local variations are still made within the primary sector. Last year, the West Sussex local formula continued to provide transitional protection to the smaller and medium sized primary schools in the county through holding the primary lump sum at £130,000 and paying an additional lump sum amount to all primary schools with less than 150 pupils. The financial impact of removing these transitional arrangements in 2022/23 and adopting the NFF rates in full was summarized in Option 1 of the consultation.

2.6 Although the increase in the minimum per pupil funding levels (MpPFLs) to £4,265 for primary schools and £5,525 for secondary schools next year is welcome, at 2% the increase is not as high as the 3% increase on the pupil-led factors. This means that those schools who do not receive any protection through the MpPFL or the MFG will receive a larger increase in their funding in 2022/23 than those schools who do receive protection.

2.7 In 2021/22 117 schools (41%) [mostly larger primary schools and secondary schools] benefitted from the protection of the MpPFL and 75 schools (16%) [mostly small and medium sized primary schools] received funding through the MFG protection mechanism.

2.8 It is for this reason that the government's continued commitment to expand and improve the support the NFF provides to small and remote schools and the resultant increase level of support to these schools through the sparsity factor in 2022/23 is also welcome.

2.9 Unfortunately, only 16 of our 54 small primary schools (and one secondary) in West Sussex currently qualify for this sparsity funding through the NFF.

However, the change in the sparsity funding criteria to using road distances instead of straight-line distances next year will see 19 more primary schools attracting sparsity funding through the NFF, and the introduction of the new distance "taper" will mean that a further 11 small primary schools will also benefit from this funding.

- 2.10 For the last four years the Local Authority (LA) has sought a disapplication from the Secretary of State in order to use the sparsity funds differently through our local formula by allocating 50% of the funding in a more targeted way that would benefit all of the small primary schools in the county, by paying these monies as an additional lump sum. However, given that the DfE has now concluded its proposed changes to the NFF for small and remote schools, the LA proposed that the transitional protection that has been afforded to the small schools in West Sussex should be removed over the next two years. This would mean reducing the current rates by 50% in 2022/23 and removing them entirely in 2023/24. The financial impact of this was set out under Option 2 in the consultation.
- 2.11 In 2018/19, following consultation, Schools Forum recommended to reduce the lump sum for secondary schools to the NFF level of £110,000 whilst maintain the lump sum for primary schools at the local level of £150,000. However, it was recognized that the primary lump sum value could not be maintained at that level and would need to be reduced as we move closer to the 'hard' formula implementation.
- 2.12 In 2019/20, in order to move towards NFF rates it was agreed to implement a phased reduction in the primary lump sum to £130,000, and although this rate was maintained in the local formula for 2020/21 and 2021/22 the gap to the NFF rate further reduced as the NFF rate increased from £110,000 to £117,800.
- 2.13 Next year the NFF lump sum is set to increase by a further 3% to £121,300, thereby reducing the gap still further. Therefore, rather than looking to reduce the primary lump sum in the local formula, consideration was given again to keeping the primary lump sum at its current rate of £130,000 and letting the difference between the two rates erode naturally each year through inflation increases. The financial impact of this was set out as Option 3 in the consultation.
- 2.14 Options 2 and 3 were not mutually exclusive as the LA could look to adopt both options in the local formula next year. Therefore, the financial impact of phasing out the transitional small lump sum over two years and also maintaining the primary lump sum value at £130,000 was set out under Option 4 in the consultation.
- 2.15 The West Sussex local formula has always included a funding protection mechanism in order to ensure that all schools will gain by a certain minimum amount when comparing any one year to the next. This protection is known as the Minimum Funding Guarantee (MFG).
- 2.16 The way in which the protection mechanism works means that it is possible for any gains or losses arising from changes in the value of individual formula factors to be overridden by the MFG calculation at a school level. This therefore ensures that all schools at the very least will gain by the percentage value at which the MFG is set.

- 2.17 As part of its local formula, the LA is required to set a MFG. This is known as the 'floor' and for next year, the DfE has stipulated that this needs to be set between 0.5% and 2%. In response to last year's consultation 80% of those schools that responded on this question said that the MFG should be set at the government's expected rate of 2%. Therefore, given the extremely high level of support for this last year the LA proposed once again to set the MFG at 2% as this would continue to maximise the protection for those schools remaining on the funding floor.
- 2.18 The majority of respondents commented on the four local funding formula proposals.
- 17 (45%) schools responded that the local formula should now mirror the NFF, whilst 18 (47%) thought that the transitional small school lump sum should be phased out over the next two years. 3 (8%) schools who completed the consultation survey did not express a clear preference.
 - 6 (16%) schools responded that the local formula should mirror the NFF for the primary lump sum, whilst 32 (84%) thought that the primary lump sum should continue to be protected at its current level and eroded naturally over time.
 - 10 (27%) schools responded that the local formula should mirror the NFF for both factors, whilst 27 (73%) thought both the primary lump sum and small school lump sum should be phased out over the next couple of years.
 - All 38 schools who responded to the survey stated that the MFG should be set at the Government's expected rate of 2%.

Disapplication Requests

- 2.19 Local authorities can submit disapplication requests to the DfE to make variations to the local formula to avoid disproportionate advantage or disadvantage to individual schools or groups of schools. With the approval of the Schools Forum, the County Council submitted the following disapplication requests in order to have additional flexibility with the County Council's local formula:
- Disapply the sparsity factor criteria and use £0.124m of the allocated funding to provide an additional lump sum to the small primary schools (outside of the MFG calculation). Under the revised NFF sparsity funding formula 46 of our 54 small primary schools now attract sparsity funding. It is therefore proposed to allocate 92% of the sparsity monies received to the 48 schools (includes two secondaries) that qualify for the sparsity funding under the National Funding Formula, and to allocate the remaining £0.124m (8%) in a more targeted way that will benefit all of the small primary schools in the county, by paying these monies as an additional lump sum. In order to phase out this transitional protection over two years this will be done by halving the 2021/22 rates, and therefore the proposed rates for 2022/23 will be £2,150 for those schools with 100 pupils or more and £2,450 for those schools with under 100 pupils.
 - Approval for Oathall Community College to continue to receive exceptional circumstances funding within the local formula for its farm

unit, which was established in 1941 in response the Ministry of Agriculture's 'Dig for Victory' campaign during the Second World War. The facility enhances student learning at Oathall in many different ways; the school is able to offer recognised vocational qualifications in this field but also many different subject areas use it in a practical way to aid learning including art, maths, English, science and even ICT.

- 2.20 Although the sparsity disapplication request was approved by Schools Forum at its meeting on 25th November 2021, the DfE declined the application on 20th January 2022 on the grounds that non-sparse schools should not benefit from the sparsity funding as 'it goes against the policy intention of specifically supporting small rural schools'. As a result, the small primary schools in the county will no longer receive the transitional 'sparsity' lump sums as part of their school budget share next year and the West Sussex local formula will adopt the maximum NFF sparsity values of £55,000 (primary) and £80,000 (secondary) for those schools who do qualify for sparsity funding instead.
- 2.21 The farm unit disapplication request was approved virtually by Schools Forum on 12th January 2022 and subsequently also by the DfE five days later. Operations on the farm have been severely impacted by the pandemic, and as a result a reappraisal of the resource is to be undertaken by the school and the governors in the coming months. Following this review a full discussion on the future of the farm unit, the part it plays as part of our SEND and Inclusion strategy in the county, and also how other schools across the schools' community can benefit from it is planned to take place at the September 2022 meeting of Schools Forum.

Formula options with a transfer to the DSG High Needs block

- 2.22 The funding regulations that were put in place in 2018/19 to allow LAs to consult schools and Schools Forum about transferring up to 0.5% of the DSG Schools block towards High Needs cost pressures have been extended into 2022/23.
- 2.23 The School Funding Review 2022/23 consultation document set out the case for the proposed one-off transfer of 0.5% (approximately £2.7m) from the DSG Schools block to the DSG High Needs block in 2022/23 showing the increase in Education Health and Care Plans (EHCPs) and expenditure since 2014/15.
- 2.24 38 schools (14% of all schools) responded to the transfer from the DSG Schools block proposal. Although responses from 7 schools (18%) recognised the reasons for the proposed transfer of £2.7m, in view of the pressures affecting school budgets, the majority (74% of respondents – 28 schools) did not support the proposals. 3 schools did not express a strong preference either way.
- 2.25 Given the response to the consultation, the value of the proposed transfer was reduced to £1.2m for the discussion at the meeting of the Schools Forum on 25th November 2021. Rather than contributing to the funding of the DSG deficit the £1.2m was also earmarked for service improvements that would help to reduce the size of the deficit in future years:
- 4 additional specialist advisers and 4 learning support assistants in the Learning and Behaviour Advisory Team (LBAT) and Autism and Social Communication Team (ASCT) to help respond to increased Social,

Emotional and Mental Health (SEMH) needs in mainstream schools (£0.360m),

- Additional Educational Psychologists to provide a school and settings offer to enhance early intervention and prevent the need for an Educational, Health & Care Needs Assessment (£0.280m),
- 4 additional advisory teachers to support Early Years settings and schools plan for transition to school in the year before the child starts school (£0.240m), and
- 5 additional Special Needs Officers to help the Further Education Colleges in West Sussex to co-ordinate, chair and record the Annual Review for all their pupils with an EHCP (£0.320m).

- 2.26 The simplest way of funding any transfer from the DSG Schools block is to reduce one of the per pupil funding streams, such as the basic entitlement, which all schools receive. Unfortunately, with 133 schools protected either through the Minimum per Pupil Funding level (MpPFL) or the Minimum Funding Guarantee (MFG) calculations, this means that only 135 schools would contribute to the funding of any transfer.
- 2.27 However, in terms of the protected schools, the 19 schools on the funding floor would also be able to contribute to any DSG block transfer by setting the MFG at a lower level than the 2% government expectation. Although, since the MpPFL rates are mandatory these cannot be adjusted and therefore these 114 schools would not make any such contribution.
- 2.28 The financial impact of using the lowest possible MFG value of 0.5% and cutting the basic entitlement rates by 1% was set out in Option A in the consultation. However, at the Schools Forum meeting, to fund the £1.2m transfer it was proposed to lower the MFG from 2% to 1% and reduce the NFF basic entitlement rate by 0.5%.
- 2.29 Schools Forum approved the proposed £1.2m one-off transfer from the DSG Schools block to the DSG High Needs block, on the grounds that the monies were being invested in service improvements rather than being used to help fund the increasing DSG deficit. The forum also asked for regular updates on the impact that the new funded initiatives were having.

Local Funding Formula Recommendations

- 2.30 Following the consultation carried out in the autumn, Schools Forum's approval to transfer £1.2m from the DSG Schools block to the DSG High Needs block next year and the results of the disapplication requests it is recommended that the West Sussex local formula for 2022/23 will mirror the NFF with the exception of the following adjustments:
- The primary lump sum will continue to be protected at the higher rate of £130,000. This will be funded by reducing the Low Prior Attainment funding factor for primary schools from the NFF rate of £1,130 to £1,076.
 - The £1.2m transfer to the DSG High Needs block will be funded by reducing the NFF basic entitlement rate by 0.5% (from £3,217 to £3,200.91 for primary pupils, from £4,536 to £4,513.32 for key stage 3 pupils and from £5,112 to £5,086.44 for key stage 4 pupils) and by lowering the Minimum Funding Guarantee from 2% to 1%.

3 Other options considered (and reasons for not proposing)

- 3.1 A number of different options for the local formula were modelled as part of the consultation with schools in October/November 2021. Following discussions at Schools Forum, Option A was recommended.
- 3.2 Now that the DfE has confirmed the level of Schools block DSG funding for 2022/23, the updated data set has been provided, and the outcome of the disapplication requests is known, further modelling using the recommended option has been undertaken to calculate the individual mainstream school budgets in 2022/23.

4 Consultation, engagement and advice

- 4.1 The School Funding Review 2022/23 consultation document was published on 20th October 2021 through the Have Your Say consultation section on the County Council website. The closing date for responses was 10th November 2021.
- 4.2 Unfortunately due to the Covid-19 pandemic it was not possible to hold any briefing sessions for schools as part of the consultation this year.
- 4.3 38 (14%) of all primary and secondary maintained schools and academies submitted written responses to the consultation proposals. As agreed with headteachers' executive groups, the written responses from schools are deemed to be representative of each phase.
- 4.4 The consultation responses were discussed at the Schools Forum meeting held on 25th November 2021.

5 Finance

- 5.1 The West Sussex DSG Schools block is set to rise by £19.358m from £534.626m to £553.984m in 2022/23.

	<u>2021/22 Allocation</u>			<u>2022/23 Allocation</u>		
	<u>Funding Rate</u>	<u>Pupil Numbers</u>	<u>Total Funding</u>	<u>Funding Rate</u>	<u>Pupil Numbers</u>	<u>Total Funding</u>
	<u>£</u>		<u>£m</u>	<u>£</u>		<u>£m</u>
Primary	4,324.07	64,939	280,798.620	4,437.64	64,842	287,743.235
Secondary	5,553.50	43,220	240,022.270	5,697.40	44,230	251,996.002
			520,820.890			539,739.237
Premises Factors			10,848.222			10,523.290
Growth Factors			2,957.163			3,721.558
Total			534,626.275			553,984.085

- 5.2 Of the £534.626m funding allocated to mainstream schools in West Sussex, Schools Forum has approved that £1.2m will be transferred to the DSG High Needs block and that £2.6m will be allocated via the growth fund to those mainstream schools who require one or more additional classes as a result of

increased pupil numbers at the start of the school year from September. The remaining £551.184m of this funding will be allocated to mainstream schools in 2022/23 by means of the West Sussex local formula proposed in this decision report.

- 5.3 In addition to the main DSG allocation the mainstream schools in West Sussex have also been provisionally allocated an additional £15.5m through a DSG Supplementary Grant, as part of the £1.6bn announced nationally in the 2021 Spending Review for additional school funding in 2022/23. These additional monies are being paid to primary and secondary mainstream schools, over and above their school budget share from the DSG Schools block allocation, in recognition of both the Health and Social Care Levy (1.25% on national insurance rates) and other cost pressures.
- 5.4 The base funding rates for the supplementary grant are as follows:
 - Lump sum of £3,680
 - Basic per-pupil rate of £97 for primary pupils, £137 for key stage 3 pupils and £155 for key stage 4 pupils, and
 - FSM6 per-pupil rate of £85 per eligible primary pupil and £124 per eligible secondary pupil
- 5.5 The 2022/23 grant allocation of £15.5m for West Sussex mainstream schools is indicative only at this stage, as it has been calculated using preliminary data from the October 2021 census. In particular, part of the allocations will depend on the number of Free School Meal (FSM6) pupils a school has. The final FSM6 data will be available in early 2022, and the indicative allocations are therefore based on initial FSM6 estimates. Final allocations for the DSG supplementary grant will be confirmed in spring 2022, based on final FSM6 data.
- 5.6 In 2022/23 the provisional DSG High Needs block is £112.286m which is an increase of £12.569m on the 2021/22 provisional allocation of £99.717m. This total includes as additional £3.995m of supplementary funding following the additional school funding announcement in the 2021 Spending Review.
- 5.7 Despite this increase in high needs funding there is still an estimated High Needs budget shortfall of £6m next year. Since the LA is currently forecasting to have a DSG deficit at the end of the current financial year of £25m, this will mean that this deficit is expected to increase to £31m by 31st March 2023. As set out in the conditions and regulations of the DSG this deficit should not be covered from Local Authority general funds but should be recovered from future DSG income over time.
- 5.8 The DSG conditions of grant 2022/23 also requires that any LA with an overall deficit on its DSG account at the end of the 2021/22 financial year must be able to present a plan to the DfE for managing their future DSG spend, when requested. To date the County Council has not been requested to submit such a plan, however the council is also required to keep Schools Forum regularly updated about the authority's DSG account and plans for handling it, including the latest high needs pressures and potential savings.
- 5.9 The DfE has recognised that for many LA's with the highest DSG deficits, there is a particularly urgent need to resolve issues around sustainability of their high needs systems. To enable the DfE to work with a wider cohort of authorities, an additional £150m was added to this programme in the spending review. As a

result, by the end of 2022/23, the DfE are expecting to be working with over 30 LAs to achieve a financially stable system. Those LAs being invited to participate in the Safety Valve programme will be contacted by the DfE during the 2022 spring term.

5.10 The effect of the proposal:

(a) **How the cost represents good value**

This is covered in the narrative setting out the proposals and the rationale supporting them.

(b) **Future savings/efficiencies being delivered**

The County Council will not be required to deliver any savings or efficiencies as a result of this proposal. However, some schools may need to cut costs or re-structure their staffing establishment in order to live within their 2022/23 budget allocation. In most cases this is likely to be due to a number of factors (e.g. falling pupil numbers) rather than just the funding formula itself.

(c) **Human Resources, IT and Assets Impact**

None

6 Risk implications and mitigations

Risk	Mitigating Action (in place or planned)
Funding may not be sufficient to cover unavoidable cost pressures and unfunded cost burdens. Where redundancy costs cannot be funded by the schools themselves these costs may fall to the County Council.	Schools and academies will need to consider further efficiency measures in 2022/23 to reduce expenditure, including staff reductions. The County Council is the compensatory body for LA maintained schools and will be responsible for meeting redundancy costs. The 2022/23 Learning and Skills budget includes a budget of £0.4m for this purpose.
The NFF funding changes may affect the viability of some small schools. This may cause concerns in local communities, affect parental choice of school and create additional capital and revenue costs.	The West Sussex funding formula has adopted the full NFF sparsity values in 2022/23 and as a result a further 30 small primary schools will benefit from this funding next year. Requests to distribute the funding differently were declined.
High Needs expenditure continues to increase at a greater rate than our annual High Needs DSG funding allocation, which means our DSG deficit continues to rise.	These cost pressures will need to be met from increased DSG provision or planned savings in the County Council's DSG recovery plan. To help facilitate this £1.2m has been transferred from the DSG Schools block to invest in initiatives

Risk	Mitigating Action (in place or planned)
	that will help to reduce the size of the deficit in future years, and £20m has been set aside in the proposed capital programme in order to create more special school places.

7 Policy alignment and compliance

7.1 Legal Implications

None

7.2 Equality Duty and Human Rights Assessment

In order to ensure that the needs of those pupils with an EHCP are being met next year the County Council is planning to set a High Needs budget which is £6m higher than its DSG allocation for 2022/23. These funds will have to be found from DSG reserves thereby increasing the County Council's DSG deficit by this amount. In this way the Council will ensure that the needs of those pupils who may otherwise be disadvantaged are met. In the planning for the management of the DSG Higher Needs block the Council will ensure that its public sector equality duty is discharged by the consideration given to those expectations in its work in connection with EHCP provision and support and in working with schools and other partners.

7.3 Climate Change

Not applicable

7.4 Crime and Disorder

Not applicable

7.5 Public Health

Not applicable

7.6 Social Value

Not applicable for this funding exercise

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Background papers

None