

 Brent	Schools Forum 21 January 2021
	Report from the Strategic Director of Children and Young People
Dedicated Schools Grant High Needs Block Deficit Management Plan	
Wards Affected:	All
Key or Non-Key Decision:	N/A
Open or Part/Fully Exempt: (If exempt, please highlight relevant paragraph of Part 1, Schedule 12A of 1972 Local Government Act)	N/A
No. of Appendices:	None.
Background Papers:	
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1. Purpose of the Report

- 1.1. To provide information on the DSG deficit management plan toolkit provided by the ESFA for all local authorities.
- 1.2. To present Schools Forum with the first update on preparation of the plan, with further updates to be presented to Schools Forum on a termly basis.

2. Recommendations

- 2.1. That the Schools Forum notes the DSG High Needs Block deficit management plan proposals.

3. Summary

- 3.1 In September 2020, the ESFA issued a template to help local authorities manage their deficit management plan, through developing evidence-based and strategic plans covering the provision available for children and young people (CYP) with special education needs and disabilities (SEND).

- 3.2 Any local authority with an overall DSG deficit by the end of the 2019-20 financial year must be able to present a plan to the DfE for managing their future spend.
- 3.3 As stated in the deficit management template's published guidance, the template is designed to help local authorities:
- comply with the DfE requirement for any local authority with an overall DSG deficit at the end of the 2019-20 to provide information (as and when requested by the DfE) about plans for managing DSG expenditure;
 - 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;
 - monitor how DSG funding is being spent;
 - compare data on high needs spend between LAs;
 - 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;
 - provide a consistent reporting format to help LAs share best practice and initiatives.

4. Current Position

- 4.1 At the end of the financial year 2019/20, the overall DSG was in deficit by £4.9m and this represents 1.57% of the DSG allocation. This deficit was carried forward to 2020/21. Presently the current DSG forecast for 2020/21 is a further deficit of £4.2m and this would mean that at the end of the financial year 2020/21, the deficit would increase to £9.1m, which represents 2.9% of the current 2020/21 allocation.
- 4.2 A large number of Councils including most London Boroughs are forecasting a deficit on their DSG budgets by the end of 2020/21. An ISOS Partnership's research project commissioned by the LGA in 2019 showed that by the end of 2018/19 HNB expenditure was projected nationally to be in a cumulative deficit position of £470m. It showed that the degree of cumulative overspend on the HNB was higher in London than in any other region.
- 4.3 A recent survey undertaken by the Society of London Treasurers (SLT) of the 32 London Boroughs in the summer of 2020 showed that 18 out of 24 responding LAs are forecasting in year deficits at the end of 2020/21. Forecast deficits ranged from £0.4m to £14.4m placing Brent mid-range and the total forecast accumulated deficits for 17 out of the 24 responding LAs amount to £239m with accumulated deficits ranging from £1.5m to £28.4m.

5. Deficit Management Template

- 5.1. The deficit management template is a large, comprehensive document, which comprises several tabs of data and narrative to be completed. Officers will continue to work on this and the High Needs Sub group will be engaged as the plan is developed, with updates to the Schools Forum.
- 5.2. The narrative sections include the current DSG financial position, high needs trends and proposed strategies for managing demand, engagement with stakeholders and key risks and mitigations.
- 5.3. The data sections of the template include current and projected EHCP numbers, recent High Needs Block outturn data, as well as projected (mitigated and unmitigated) expenditure for future years. Once completed, the template will then include some useful benchmarking comparisons across different years, and to statistical neighbours of a geographical region.

6. EHCP Projections.

- 6.1. The main cost driver of the HNB deficit remains the growth in EHCPs. Table 1 below models three scenarios of EHCP growth. The scenarios are “Low” which assumes that EHCP numbers will reduce compared to 2020/21 and level off; “Medium” which assumes a stable increase over the next few years; and “High”, which assumes exponential growth in EHCP numbers.

Table 1 – Projected Increases in EHCP numbers.

Number of EHCPs	Projected 2020	Projected 2021	Projected 2022	Projected 2023	Projected 2024	Projected 2025
Low	2,807	3,060	3,213	3,373	3,542	3,719
Estimated % Increase	12%	11%	7%	5%	5%	5%
Medium	2,807	3,116	3,427	3,770	4,147	4,562
Estimated % Increase	12%	11%	10%	10%	10%	10%
High	2,807	3,121	3,484	3,952	4,557	5,348
Estimated % Increase	12%	11%	12%	13%	15%	17%

- 6.2. The growth in EHCP numbers will have a financial impact and Table 2 below models the potential financial impact of EHCP increases and assumes a 6% increase in HNB funding based on average HNB funding increases over the past 3 years. The model excludes any assumed transfers from the schools block.

Table 2 – Financial Impact of forecast trends of EHCP numbers.

	Projected 2020-21	Projected 2021-22	Projected 2022-23	Projected 2023-24	Projected 2024-25	Projected 2025-26
Low	£000	£000	£000	£000	£000	£000
Expenditure	66,484	70,689	73,651	75,948	78,322	80,775
HNB Allocation	(60,386)	(66,425)	(70,639)	(75,122)	(79,888)	(84,958)
Funding Gap	6,098	4,265	3,012	827	(1,566)	(4,183)
Medium						
Expenditure	66,484	70,995	75,098	79,451	84,067	88,963
HNB Allocation	(60,386)	(66,425)	(70,639)	(75,122)	(79,888)	(84,958)
Funding Gap	6,098	4,570	4,459	4,329	4,178	4,005
High						
Expenditure	66,484	71,066	75,786	81,592	88,685	97,414
HNB Allocation	(60,386)	(66,425)	(70,639)	(75,122)	(79,888)	(84,958)
Funding Gap	6,098	4,642	5,147	6,470	8,797	12,456

- 6.3. In summary against the high scenario an exponential growth in demand could increase the deficit position, while if the rate of growth in EHCPs slows down and levels off, the funding gap will reduce.

7. Key Strategies to mitigate the High Needs Block deficit.

- 7.1 As set out in the School Place Planning strategy 2019 – 2023 November 2020 refresh, a number of actions are being taken to expand the range of local placement options for children with SEND and reduce the need for high cost independent sector placements. These include:
- a. The new Roundwood School is opening to its first cohort this month. The first cohort will consist of KS3 and KS4 pupils on 6 week respite placements. The provision will offer combined curriculum and therapeutic interventions.
 - b. Brent Council is working with Brent special schools to expand their Published Admission Number (PAN) over the next 3 years.
 - c. Brent Council is working to establish an additional special school in Brent and additional satellite provision, particularly at secondary.
 - d. Options are also being considered by Brent Council with Brent CCG, FE Colleges and school partners to develop a new post 16 skills hub to help meet the demand for education places for young people 16-25 with SEND.
- 7.2 Further developments are underway to manage the rate of EHCP growth and securing provision locally to meet the needs of Brent children. Brent is adopting an approach that builds on jointly meeting the needs of Brent children and recognises that for most children SEND is a dynamic characteristic. In addition to those areas identified in this paper, the strategy under development includes:

- a. Reviewing SLCN, MLD, and Social, Emotional & Mental Health (SEMH) EHCPs to ensure that resources are targeted appropriately, considering time limited resources where possible.
- b. A new Banding matrix and criteria to be established and to be agreed with Schools Forum as part of financial regulations. Within a defined matrix offer approach to allocate funds and additional support into SEN support this will include keeping young people in mainstream with appropriate funding and less reliance to default to an EHCP; work with current school clusters to explore with schools how needs can be best met locally, focusing on increasing SEND capacity in mainstream through Additional Resource Provisions (ARPs).
- c. Introduce a strengthened graduated response and mainstream plus offer, with a Brent moderation programme with SENCOs and Headteachers to address needs earlier, to support children to stay and progress in mainstream without an EHCP. It is proposed that this is called a Graduated Response Programme (GRP) with the aim to reduce the number of requests for EHCPs as modelled in the “Low” scenario in table 1 above.
- d. Clearly define Additional Resource Provisions (ARPs) that provide a ‘mainstream plus approach for low needs such as Moderate Learning Difficulty (MLD), Speech Language and Communication Needs (SLCN) and SEN Support, with an allocated amount to strengthen SEN support intervention and reducing the need for EHCP or promoting time limited EHCPs; and for children requiring at least 60% time in specialist provision coupled with a new Banding Matrix that clearly defines primary need [called Level 2 ARPs].

7.3 Brent Council is also developing a cross borough approach with the West London Alliance (WLA) for commissioning Independent Non-Maintained Special Schools (INMSS) to help reduce the financial impact on the DSG High Needs Block from these placements.

8. Financial Implications

8.1. If the key strategies outlined in the report are implemented, the financial impact, and how it contributes to the reduction of the DSG deficit, will be modelled and presented at future Schools Forums.

9. Legal Implications

9.1. There are no legal implications for this report.

10. Equality Implications

10.1. Not applicable.

11. Consultation with Ward Members and Stakeholders

11.1. Not applicable.

12. Human Resources/Property Implications (if appropriate)

12.1. Not applicable.

Report sign off:

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