

	<b>Schools Forum</b> 17 <sup>th</sup> June 2021
	<b>Report from the Strategic Director of Children and Young People</b>
<b>Updated DSG High Needs Block Management Plan</b>	
<b>Wards Affected:</b>	All
<b>Key or Non-Key Decision:</b>	N/A
<b>Open or Part/Fully Exempt:</b> (If exempt, please highlight relevant paragraph of Part 1, Schedule 12A of 1972 Local Government Act)	N/A
<b>No. of Appendices:</b>	One:  Appendix 1 – DSG HNB Management Plan
<b>Background Papers:</b>	Schools Forum Papers 25 <sup>th</sup> Feb 2021 (DSG High Needs Deficit Management Plan)
<b>Contact Officer(s):</b> (Name, Title, Contact Details)	Sharon Buckby Head of Inclusion Service and Virtual School Headteacher Tel: 0208 937 1447 <a href="mailto:sharon.buckby@brent.gov.uk">sharon.buckby@brent.gov.uk</a>  Olufunke Adediran Head of Finance CYP Tel: 0208 937 1196 <a href="mailto:Olufunke.adediran@brent.gov.uk">Olufunke.adediran@brent.gov.uk</a>

## 1. Purpose of the Report

- 1.1. To update the Schools Forum on the costed management plan

## 2. Recommendations

- 2.1. To note the contents of the report.

## 3. DSG Current Position

- 3.1 The High Needs Block [HNB] element of the Dedicated Schools Grant [DSG] was in £4.9m deficit at the end of 2019/20 and the 2020/21 outturn is reflecting an

overall DSG deficit of £5.6m. This brings the cumulative DSG deficit to £10.5m by the end of the 2020/21 financial year as reflected in Table 1 below.

**Table 1**

<b>Blocks</b>	<b>2020/21 DSG Income £m</b>	<b>2020/21 DSG Expenditure £m</b>	<b>Variance (surplus) /deficit £m</b>
Schools Block	(237.5)	237.0	(0.5)
High Needs Block	(61.1)	67.3	6.2
Early Years Block	(23.1)	23.6	0.5
Central School Services Block	(2.2)	1.6	(0.6)
<b>Total DSG</b>	<b>(323.9)</b>	<b>329.5</b>	<b>5.6</b>
<b>2019/20 Deficit:</b>			<b>4.9</b>
<b>Cumulative Deficit:</b>			<b>10.5</b>

#### **4. DSG – DfE interventions in 5 local authorities**

- 4.1. The DfE has agreed High Needs reforms and savings targets with a first batch of 5 local authorities (Bury, Hammersmith & Fulham, Kingston upon Thames, Richmond upon Thames and Stoke on Trent) with the highest DSG deficits. These authorities are required to follow the reforms and deliver the savings target to eliminate their historic deficits and function sustainably in future. The intention is to invite more authorities with very high deficits to take part in the process. Based on the level of the deficit in Brent it may take some time before Brent is considered to take part in the process.
- 4.2. In these agreements, the DfE would allocate the local authority additional funding ranging from £10m - £27m spread over a number of years to eliminate the deficit in 4 - 5 years. The authority will have to agree to reach a positive in-year balance on its DSG account by the end of an agreed financial year and in each subsequent year.
- 4.3. The 5 authorities also agreed to ongoing monitoring of performance in fulfilling this agreement which includes; quarterly reporting in writing to the DfE (Funding Policy Unit) on its progress towards implementing the plan; informing the DfE of any unforeseen difficulties or impacts of carrying out the agreement, or any significant risks to reaching the agreed financial position, as soon as they arise; meeting with the DfE in the last quarter of each financial year covered by this agreement or at any other time the DfE deems it necessary to discuss progress, updating on plans for the subsequent financial year and providing the DfE with relevant Schools Forum papers as soon as they are issued.

- 4.4. The agreements are subject to review at any time, for example if there are significant changes to national SEND policy, higher or lower DSG funding levels for the authority in future financial years; insufficient progress made as set out in the plan.
- 4.5. Most of the actions agreed between the five local authorities and the DfE are actions that Brent are already working towards and are summarised in the Brent Council HNB management plan, as set out below.

## **5.0 HNB Management Plan update**

- 5.1 The management plan will be reported against three themes namely; Managing Demand; Improving Sufficiency of places and Financial Management. Appendix 1 shows the costed plan.

### **5.2 Managing Demand.**

- A SEN Support conditional grant with a £0.5m envelope will be piloted in the academic year 2021/22 to increase early intervention activity through a schools based graduated approach which intends to reduce escalation of need to Education Health and Care Plan (EHCP) level.
- In April 2021 the CYP department introduced a revised EHCP assessment and planning process. The intention is to ensure that children and young people most requiring support to access the curriculum receive an EHCP and those children whose needs can be met appropriately with lower levels of intervention in schools or through other services are supported in that way. The Brent Parent/Carer Forum via a 'Big Conversation', were consulted before the changes to the process were applied, along with relevant professionals.
- An improved annual EHCP review process will enhance the scrutiny and review of the impact of plans and consider the length of time a plan should remain in place. Plans will cease when appropriate to do so, or packages of support reduced where levels of needs have changed.
- A sufficiency analysis has been undertaken to forecast needs over the next five years. Placements will be sought with local schools and settings 18 months in advance to ensure greater longer-term planning.
- The ambition is to reduce the numbers of EHCPs to a 7% in year growth by 2024/25 (table 2). However, this ambitious target needs to be considered in the context of Covid-19 and the potential impact of increasing need over 2021/22 as opposed to reducing needs.

Table 2	Actual	Actual	Projections				
	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26
Number of EHCPs	2426	2805	3114	3425	3733	3994	4274
Estimated % Increase	12%	16%	11%	10%	9%	7%	7%

### 5.3 Improving sufficiency of places

- Establish more SEND provision in-borough** including a new Special School for the secondary age cohort, as set out in the Brent Council School Place Planning Strategy 2019-23. Whilst this will still require both place and top up funding for additional places, this avoids spending greater sums on Out of Borough provision, and lessens the risk of price inflation from providers. Additional capacity is needed as there is rising demand across London and nationally, resulting in a risk of demand for even the most expensive out of Borough provision outstripping available supply. The Avenue, sponsored by Brent Specialist Academy Trust (BSAT) will provide up to 100 places for children aged 5-18 with complex ASD needs when it moves to its permanent site in Brondesbury from Easter 2022. However, to ensure sufficient local places, there continues to be a need to provide 245 additional secondary special school places across years 7 to 11 to cater for pupils with Autistic Spectrum Disorder (ASD), Mild Learning or Severe Learning Disabilities (MLD/SLD).
- Create more provision and pathways for Post 16** students funded by the High Needs Block. A full business case to develop a Post 16 Resource Centre is being developed for Cabinet approval in October 2021 as part of the SEND capital plan.
- Supporting schools to meet a higher level of need in a more cost effective way within mainstream settings, while maintaining the quality of provision, the Council is developing a proposal to progress with setting up new Additionally Resourced Provisions (ARPs) for Communication and Interaction needs (Autistic Spectrum Disorder (ASD)) for primary and secondary aged pupils. The intention will be to establish two primary ARPs during the academic year 2021/22 academic year with the remaining provision available from September 2022.
- Expanding specialist provision** to avoid placements in more expensive Independent and Non-maintained special schools. Whilst Brent Council is progressing the development of a new secondary special school, additional places will be required before this provision is available. To address the pressure on special school places whilst

awaiting the delivery of secondary provision, proposals are being developed to expand existing specialist provision including Phoenix Arch (community school) by 13 places, an expansion of the Compass Partnership provision at primary and secondary (total 50 places), and an expansion of Brent Specialist Academy Trust (BSAT) at Key stage 3 by 36 places in academic year 2022/23. Additionally as mentioned in above, the BSAT Avenue School site will be ready for full occupation from Easter 2022, thereby providing 100 places across all key stages.

- As additional cost avoidance measures, the alternative provision offer is being enhanced to provide a broader support offer for young people with an EHCP educated in mainstream schools, in order to reduce the likelihood of a move to a special school.

#### 5.4 Financial Management

- **A request to transfer 0.5% of the Schools Block** was approved by the Schools Forum to support the HNB in 2021/22.
- **Reduce the DSG funded SEN support services** or fund these services from the General Fund. The pressure against the Education Psychology team's statutory function will be funded by the general fund following the allocation of growth funds to increase the establishment and enable the service to meet its statutory duties as well as provide the additional early intervention required to manage down demand. This will reduce the pressure on the DSG by £0.2m. Following the Council wide voluntary redundancy programme in 2020/21 a saving has been identified in the Inclusion service of £70k from a DSG funded post. There is also a SEN Outreach Service restructure underway to realise efficiencies of £0.25m from 2022/23.
- **Undertaking a review of all additional packages in place for pupils.** This includes 29 pupils attending out of borough provision with an average additional support plan of between £10k-20k per annum. A review is underway for those attending Independent Non-Maintained Special Schools (INMSS). The cost avoidance will be quantified once the review is completed.
- **Ensure full cost recovery from other local authorities.** Other boroughs which place children in Brent high needs settings are charged our standard top up rates to recoup the cost of funding. These could be increased to account for administration overheads, rising costs and to help ration demand for places. Charging more to other boroughs does

not lower the overall regional or national cost of SEND provision, but if Brent does not do this it will lose out financially. Brent is a net exporter of SEND pupils to other boroughs, who are already raising their recoupment charges. It has been agreed by the DSG High Needs task group that a 5% administrative charge will be applied on the top-up element for all placing authorities from April 2021.

- **Continue to lobby central government** for funding increases which properly match the levels of need in London Boroughs such as Brent. This continues to be an issue raised by SLT and London Councils

## 6. Financial Implications

6.1 At the end of the financial year 2020/21 the overall DSG deficit due to pressures in the High Needs Block is £10.5m. Table 4 below models the financial implications of the cost avoidance estimates identified in the report over the next 5 years. It assumes that if the EHCP growth slows down (Table 2 above) from 16% to 7% by 2025-26 and assuming that the HNB funding increases by an average of 7% over the next few years, that the in-year pressure is likely to reduce from £6.2m in 2020-21 to £1.058m by 2025-26. The forecast for the actions which have been quantified will realise mitigating actions and cost avoidance from £1.7m in 2021-22 to £4.1m by 2025-26. However, although the pressure is forecast to slow down, the cumulative deficit will increase before a reduction occurs which is likely to be by 2024-25.

6.2 At this stage, the only significant way to reduce the current £10.5m deficit is if the HNB receives considerable year on year growth funds more than forecast i.e. 7% average and more than the rate of demand. The DfE interventions in section 6 above involved providing funding to clear historic deficits held by the 5 local authorities but demonstrating how savings/cost avoidance will be achieved to set a balanced budget going forward.

**Table 4**

	Actual 2020-21	Projected 2021-22	Projected 2022-23	Projected 2023-24	Projected 2024-25	Projected 2025-26
<b>In year Forecast</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Expenditure	67,346	71,670	75,791	79,751	83,059	86,510
HNB Allocation	(61,113)	(66,432)	(71,747)	(76,052)	(80,615)	(85,452)
<b>Funding Gap</b>	<b>6,233</b>	<b>5,238</b>	<b>4,044</b>	<b>3,699</b>	<b>2,444</b>	<b>1,058</b>
Management Plan		(1,691)	(2,677)	(3,198)	(3,367)	(4,135)
<b>Forecast in year Deficit/(Surplus)</b>	<b>6,233</b>	<b>3,547</b>	<b>1,367</b>	<b>501</b>	<b>(923)</b>	<b>(3,077)</b>

<b>Cumulative DSG deficit forecast</b>						
Cumulative Deficit	10,526	15,764	19,808	23,507	25,950	27,008
Management Plan		(1,691)	(2,677)	(3,198)	(3,367)	(4,135)
<b>Revised Cumulative DSG Deficit</b>	<b>10,526</b>	<b>14,073</b>	<b>17,131</b>	<b>20,309</b>	<b>22,583</b>	<b>22,873</b>

- 6.3 The actions being undertaken by Brent are looking to reduce costs to set an in-year balanced budget and then start to recover the cumulative deficit. The increase in the deficit is mainly due to the assumption that the numbers of EHCPs continue to rise above the funding allocation increases to the HNB albeit at a reduced rate than previous years. Further work will be required to reduce the deficit further.

## **7. Legal Implications**

- 7.1 The right to an assessment of a child's special educational needs, the production of an Education, Health and Care Plan which meets those needs and the commissioning of the required service provision outlined in the plan are statutory requirements under the Children and Families Act 2014.
- 7.2 There have been legal challenges brought against savings actions proposed by other Local Authorities to their High Needs blocks. The challenges have been unsuccessful where the Local Authority could show it had followed due process.
- 7.3 Legal Implications arising from the School and Early Years Finance (England) Regulations 2020 are contained in the body of the report.

## **8. Equality Implications**

- 8.1 The key groups affected by the proposals are children and young people with special educational needs and disability (SEND) aged 0-25 in Brent. The Council is committed to inclusive education for all children and young people with SEND in our mainstream schools, enhanced resource schools and special schools.
- 8.2 The DSG HNB Deficit Management Plan has been developed in order to improve outcomes for children and young people and achieve financial sustainability. The proposals support the needs of children and young people with SEND to be met earlier through evidence based interventions and aim to reduce our reliance on high cost placements in the non-maintained and independent sector, by ensuring that children with SEND can get a good education at a school close to their home.
- 8.3 The proposals in this report have been subject to screening and officers believe that there are no equality implications.

## **9. Consultation with Ward Members and Stakeholders**

- 9.1 Consultation has been undertaken with parents and carers, schools and settings and health providers. This consultation will continue through the piloting of the Graduated Approach Framework and SEN Support Fund during the 2021/22 academic year. An equality analysis will be undertaken as part of the review process of both the Graduated Approach Framework and SEN Support Fund.

## **10. Human Resources/Property Implications (if appropriate)**

- 10.1 Not applicable.

### **Report sign off:**

***Gail Tolley***

Strategic Director of Children and Young People