



**Schools Forum**  
21 February 2023

**Report from the Corporate Director  
of Children and Young People**

**Updated DSG High Needs Block Management Plan 2022/23**

<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 A – HNB Deficit Management Plan
<b>Background Papers:</b>	None.
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**1. Purpose of the Report**

- 1.1. To update the Schools Forum on the DSG High Needs Block Deficit Management Plan.

**2. Recommendations**

- 2.1. To note the actions in place to manage the High Needs Block Deficit.

**3. DSG Current Deficit Position**

- 3.1 The DSG carried forward a cumulative deficit of £15.1m from 2021/22 as a result of pressures against the High Needs Block (HNB). The 2022/23 forecast position at the end of January against the HNB is an in-year deficit of £2.8m. Alongside a pressure against the Schools Block, this brings the cumulative forecast deficit position against the DSG to £18.3m.

- 3.2 Pressure on the HNB in Brent is directly related to the increasing number of children and young people with an Education, Health and Care Plan (EHCP). Table 1 shows the increase over the past 6 years. The trend reflects a 9.6% increase compared to the last financial year, which is slightly lower than the national average.

**Table 1**

Financial Year	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23 (Jan)
<b>Number of EHCPs</b>	2,076	2,173	2,426	2,784	2,938	3,219
<b>Brent % Increase</b>	6%	5%	12%	15%	6%	9.6%
<b>National % Increase</b>	11%	11%	10%	10%	10%	10%

#### 4. DSG HNB Deficit Management Plan update

- 4.1. The previously reported Management Plan to Schools Forum assumed that the HNB funding will increase by 5% in 2023/24 and 3% thereafter. In light of the autumn statement increased funding announcement to schools, the HNB will see a 10% increase in 2023/24 and the plan has been updated accordingly. The plan assumes an 8% increase in 2024/25 and 3% thereafter.
- 4.2. The plan also assumes that there will be a 0.5% transfer from the Schools Block (£1.2m) to support pressures in the HNB and that a number of mitigating items that have been put in place will reduce the pressure on the HNB.
- 4.3. The mitigating items are grouped into three workstreams: a) managing demand, b) increasing the sufficiency of local places and c) financial management adjustments. Brent's participation in the DfE's Delivering Better Value (DBV) programme is being utilised to identify areas to further expand activities under these existing workstreams. Appendix 1 details the Management Plan up till the financial year 2026/27.
- 4.3.1. Reducing costs through **managing demand** for EHC plans has involved rolling out the Graduated Approach Framework (GAF) to SEND across 88 schools and 200 settings during the academic year 2021/22, aimed at the early identification of children's needs and delivery of appropriate support. Training to improve the capacity of schools to meet pupils needs early was commissioned through the SEN Support Fund and the Inclusion Service has provided focused support for Special Educational Needs Co-ordinators (SENCOs) through school cluster groups. The expectation is that traction on this change programme will be realised in the 2023/24 academic year.

There has been an increase in demand for EHCPs for children who are in the 0-7 age group, many of whom have speech and communication

needs possibly linked to the impacts of reduced socialisation during the COVID-19 pandemic. A key programme theme under the DBV is to refocus how support is offered to children aged 0-7, preventing the need for an EHCP or moving to time limited EHCPs for a third of this cohort. This programme will be developed during the 2023/24 financial year.

4.3.2. The **improving sufficiency of local places** theme is focused on cost avoidance through reducing the number of children and young people who are placed out of borough or in Independent Special Schools that cost more than local places and incur transport costs. The Council is investing £44m to deliver 427 additional SEND places in the borough, including a new Special School. In 2022/23, the expansion of local places saw the development of 78 additional special school places and 9 ARPs which has led to cost avoidance of £1.8m.

4.3.3. The **financial management** workstream has been a deep dive into each area of spend to identify efficiencies and charging an administrative cost to ensure that there is full cost recovery from other local authorities that place pupils in Brent Special Schools.

4.4. Table 1 below summarises the Management Plan. The forecast assumes that there remains an increase in demand for EHCPs and the additional funding provided is still not sufficient to prevent a deficit in year. The Plan estimates that by 2026/27, there would be a deficit of about £14.2m.

Table 2	Projected 2022-23	Projected 2023-24	Projected 2024-25	Projected 2025-26	Projected 2026-27
	£000	£000	£000	£000	£000
Expenditure	81,595	87,220	94,106	99,595	103,846
HNB Allocation	(74,755)	(82,205)	(88,782)	(91,445)	(94,189)
<b>HNB Funding Gap</b>	<b>6,840</b>	<b>5,015</b>	<b>5,324</b>	<b>8,150</b>	<b>9,657</b>
Schools Block 0.5% transfer	(1,240)	(1,299)	(1,299)	(1,299)	(1,299)
<b>Funding Gap including 0.5% transfer</b>	<b>5,600</b>	<b>3,716</b>	<b>4,025</b>	<b>6,851</b>	<b>8,358</b>
<i>Cost avoidance</i>					
Managing Demand	(565)	(737)	(749)	(761)	(772)
Improving Sufficiency of Places	(1,819)	(1,548)	(4,115)	(6,638)	(9,218)
Financial Management	(366)	(615)	(620)	(625)	(630)
<b>Total Cost Avoidance</b>	<b>(2,750)</b>	<b>(2,900)</b>	<b>(5,484)</b>	<b>(8,024)</b>	<b>(10,620)</b>
<b>Mitigated In-year Deficit/(Surplus)</b>	<b>2,850</b>	<b>816</b>	<b>(1,459)</b>	<b>(1,173)</b>	<b>(2,262)</b>
<b>Cumulative Deficit*</b>	<b>18,305</b>	<b>19,121</b>	<b>17,662</b>	<b>16,489</b>	<b>14,227</b>
*Cumulative deficit 22/23 includes prior year deficit of £15.181m and pressures against the Schools Block.					

## **5. Financial Implications**

- 5.1 The current Management Plan does not recover the deficit by 2026/27. There remains a risk that the number of children and young people with EHCPs will continue to grow but the HNB funding will not increase in line with continued growth. Over the years, this has created financial pressures with many authorities holding deficit balances. In addition, the impact of the cost-of-living crisis could see providers requesting high inflationary price increases.
- 5.2 The regulations that are in place to carry forward a deficit balance against the DSG was due to end in 2022/23. However, this statutory override has been extended for another three years until 2025/26.
- 5.3 The plan will be updated with potential benefits arising from the outcomes of the DBV programme. The programme itself will not address the historic deficit but will support Brent to return to an in-year balance whilst delivering high-quality services. Efficiencies identified from the programme may allow funds to be released to address historic deficits. It is anticipated that in 2023/24 a number of LAs that are part of the DBV programme may be invited to join the Safety Valve programme due to the scale of their deficit. It is not anticipated that this will include Brent.

## **6. Legal Implications**

- 6.1 There are no legal implications for this report.

## **7 Equality Implications**

- 7.1 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.
- 7.2 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.
- 7.3 The proposals in this report have been subject to screening and officers believe that there are no equality implications.

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

- 8.1 There is ongoing consultation with key stakeholders including elected members, parents and carers, health and education providers in providing the right support for children and young people with SEND at the right time in the right place (Managing Demand). In the financial year 2023/24 meeting needs earlier will remain the main priority, including a review of the GAF, SEN support Fund, Early Years Intervention Fund and targeted intervention and its impact. An equality impact assessment will be undertaken as part of the review of these programmes. Feedback from consultation will inform the direction of the programmes identified above and the early intervention funding allocation for financial year 2024/25.

## **9 Human Resources/Property Implications (if appropriate)**

- 9.1 Not applicable.

### Related Documents

Prior HNB Management Plan update reports to Schools Forum

**Report sign off:**

***Nigel Chapman***

Corporate Director of Children and Young People