

	<p align="center">Schools Forum 20th February 2024</p>
	<p align="center">Report from the Corporate Director of Children and Young People</p>
<p>Update on the DSG High Needs Block Deficit Management Plan and the Delivering Better Value (DBV) in SEND Programme</p>	
Wards Affected:	All
Key or Non-Key Decision:	N/A
Open or Part/Fully Exempt: <small>(If exempt, please highlight relevant paragraph of Part 1, Schedule 12A of 1972 Local Government Act)</small>	N/A
List of Appendices:	Appendix 1 – DfE Annex 1 - Mitigating Items Appendix 2 – DfE DSG Management Plan
Background Papers:	Previous School Forum papers
Contact Officer(s): <small>(Name, Title, Contact Details)</small>	<p>Shirley Parks Director Education Partnerships & Strategy Email: shirley.parks@brent.gov.uk</p> <p>Olufunke Adediran Head of Finance – CYP Email: Olufunke.adediran@brent.gov.uk</p>

1.0 Executive Summary

- 1.1. This report provides an update on progress to date against the DSG Management Plan and an update on Brent's participation in the Department for Education's (DfE) Delivering Better Value (DBV) in Special Educational Needs and Disabilities (SEND) programme, aimed at supporting a reduction in expenditure against the High Needs Block of the Dedicated Schools' Grant (DSG).
- 1.2. The DfE has asked each authority in the DBV in SEND programme to prepare a revised draft DSG deficit management plan that provides a clear picture on how initiatives might impact on the High Needs Block. This is in line with the requirement set out in paragraph 6.2 of the DfE's High Needs Funding Guidance 2023-24, that any local authority with an overall deficit on its DSG account at the end of the financial year, or whose DSG surplus has substantially reduced during the year, must be able to present a plan to the department.

2.0 Recommendation(s)

- 2.1 Schools Forum to note the updated Management Plan and update on the DBV in SEND programme.

3.0 Contribution to Borough Plan Priorities and Strategic Context

3.1 This report is linked to the Council's Borough Plan which aims to support children and young people to get the best start in life, by working in partnership with schools and other partners to ensure access to education is fair and equal.

4.0 Background

4.1 In Brent, the DSG has carried a deficit balance since 2019/20 and the cumulative balance carried forward from 2022/23 was £13.8m. With the current in year forecast deficit of £0.8m, this will increase the overall deficit to £14.6m.

4.2 This pressure has arisen within the High Needs Block (HNB) and the main cost driver of this deficit is the rising number of children with Education, Health, and Care Plans (EHCPs).

4.3 Table 1 below shows the year-on-year increase of EHCPs over the past 6 years. The recent trend shows that the rate of growth has slowed, however there remains a number of children still awaiting assessment before the end of the current reporting year, which is likely to see the percentage increase rising to a projected annual rate for 23/24 of 7%.

Table 1

Financial Year	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24 (Dec)
Number of EHCPs	2,173	2,426	2,784	2,938	3,235	3,430
Brent % Increase	5%	12%	15%	6%	11%	5%
National % Increase	11%	10%	10%	10%	10%	tbc

4.4 The pressure against the HNB of the DSG is a national challenge affecting approximately half of England's local authorities. In response, the DfE set up three programmes offering support to local authorities to tackle the pressures in the high needs system and for it to be placed on a sustainable footing. The local authorities with the highest DSG deficits have been invited to the Safety Valve programme and there are 20 local authorities on this programme. 55 local authorities with less severe but substantial deficits are part of the Delivering Better Value programme (DBV), which includes Brent. The DBV programme included grant funding of £1m to deliver on the Management Plan. The third programme will be for local authorities at risk of going into deficit and the Education and Skills Funding Agency (ESFA) will be in touch with those authorities in due course.

4.5 The delivery partners for the DBV programme are Newton Europe and the Chartered Institute of Public Finance and Accountancy (CIPFA) and Brent is currently working on delivering actions as part of the previously existing

Management Plan and the opportunities identified as part of the DBV programme which commenced in August 2022.

High Needs Block Current Position

- 4.6 The HN budget, excluding the proportion allocated to academies, is £74.8m. This allocation includes a £1.3m transfer from the Schools Block. The forecast previously reported to Forum in November 2023, showed a pressure of £0.8m. However, the HNB pressure has increased to £1.5m mainly due to an increase in the spend against the Independent and residential settings as a result of the cost of 30 additional children. Table 2 below summarises the block spend.

Table 2 - DSG High Needs Block	2022/23 Outturn	2023/24 Budget	2023/24 Forecast	2023/24 Variance
	(£m)	(£m)	(£m)	(£m)
Place funding in Brent Special Schools and ARPS	2.3	2.3	2.4	0.1
Top ups to mainstream settings in Brent	9.7	9.5	9.4	(0.1)
Top up funding in Brent Special Schools and ARPs	27.5	30.9	31.9	1.0
Recoupment Income	(3.6)	(2.4)	(3.2)	(0.8)
Independent and Residential settings	9.7	10.4	11.5	1.1
Out of Borough Top ups	7.5	9.1	9.0	(0.1)
Post 16 Top ups	3.8	4.2	5.0	0.8
Targeted Funding	0.1	0.0	0.0	0.0
Early Years Inclusion Fund	1.0	1.1	1.1	0.0
SEN Support Services including Education Otherwise / Awaiting Placement	9.3	9.2	8.9	(0.3)
SEN Support	0.1	0.5	0.3	(0.2)
Total Expenditure: High Needs Block	67.5	74.8	76.3	1.5

- 4.6.1 The main pressures in the forecast relate to a £1m pressure against in-borough special schools' (including Academies) top up funding due to an increased number of pupils with special educational needs being placed within the borough. This pressure is offset by (£0.8m) additional income to be recouped from other local authorities that have children placed in Brent schools. Also, a £1.1m pressure against the Independent and residential settings is included in the forecast as a result of increase in the number of

children. The pressure against the post-16 provision has reduced from the £1.1m previously reported to £0.8m following a number of settings confirming their charges to the local authority.

DSG Deficit Management Plan Update

4.7 The existing Management Plan includes longer-term actions to mitigate the deficit grouped into three themes: a) managing demand, b) increasing the sufficiency of local places and c) financial management adjustments. As at Quarter 3 of 2023/24, the forecast cost avoidance against the three themes, equates to c£2m. In addition, to mitigating the pressures against the HNB, a 0.5% transfer from the Schools Block i.e., £1.3m was agreed by Schools' Forum and transferred to the HNB. An update on the three themes are as follows:

- a) **Managing demand** (Cost avoided £0.56m) - involves ceasing EHC Plans following appropriate assessment, with 33 plans having been ceased through this route to date during 2023/24. Separately, cost avoidance has been realised as a result of the introduction of the Graduated Approach to SEND across schools and settings, aimed at the early identification of children's needs and delivery of appropriate support with training provided to improve the capacity of schools to meet pupils needs at an earlier stage.
- b) **Improving sufficiency of local places.** This theme is focused on cost avoidance by reducing the number of children and young people who are placed out of borough or in independent special schools at a higher cost than local provision. This year there have been 34FTE in-borough places created that would otherwise have resulted in an out of borough placement, enabling the avoidance of c£1m. The total number of places to be delivered by the end of 2025 via the existing SEND capital programme is an additional 427 places, including a new secondary special school for children with autism. Any risks to delivery of the capital programme are managed through the Schools Capital Programme Board. The updated management plan has been profiled to reflect the impact of some slippage in timescales.
- c) **Financial management workstream.** This has involved a deep dive into each area of spend to identify efficiencies, including administrative charges to other local authorities for out of borough pupils in Brent and a review of commissioning arrangements that has avoided projected costs of £0.482m in 2023/24.

DBV in SEND Programme update

4.8 Brent is part of this DfE's DBV programme of which the main objective is to identify local and national opportunities to improve the outcomes for children and young people with SEND and achieve this within the available budget. Brent was awarded a grant of £1m to support the reform of the high needs system whiles achieving

efficiencies. As part of the programme for Brent, four main workstreams have been developed and quarterly submissions are made to the DfE with regards to progress. The expectation is that by 2026/27 the actions from the workstreams as a result of the investment from the DfE should lead to cost avoidance of c£2.1m as detailed in Appendix 1. The updates for each workstream are as follows:

a) **Intervention First**

The focus of this workstream is to enable improved outcomes by meeting needs and improving outcomes earlier, avoiding the need for some children to have EHCPs. The underlying evidence showed a post pandemic increase in mental health and wellbeing issues, including diagnosis for ASD/ADHD and CAMHs referrals in 2–10-year-olds. The DBV funding has enabled a new early intervention model to be piloted working with the Harlesden cluster of schools. A team is being created to focus on identifying CYP aged 4-7 for a targeted intervention first programme over 12 weeks with the aim of supporting 96 children over the academic year. The programme will include a school and home plan to strengthen working memory and will be underpinned by the Social Communication, Emotional Regulation, and Transactional Support (SCERTS) model. Focus to date has been on recruiting to a specialist team including a Clinical Psychologist, 2 Child and Family Specialists, an Assistant Education Psychologist and Team Manager. The team have been engaging with school leaders in the Harlesden test cluster to finalise the referral, triage and assessment processes. As of December 2023, schools have been using these to make referrals. 8 referrals have been received from schools since December and have been triaged and direct work has now begun with children, families and schools. Intervention First provision has been progressing and plans to be fully open in early March.

b) **SEND Assurance**

This workstream focusses on the audit of EHCPs and accompanying records of plans for children aged under 7 that include support 26 hours and above and post-16 plans that include support of 19.5 hours and above to assess if this level of support is needed. So far, 300 cases have been audited for under 7s across Brent and all post-16 plans for young people in mainstream schools (106 in total). The team have identified pupils for whom allocated support funding could be reduced. The team will be working with schools to develop a model of support for these children that can be cascaded to the other cases. A process for allocating hours beyond those given at initial plan allocation has also been reviewed to ensure effectiveness.

c) **Workforce and inclusive environments**

This workstream focuses on ensuring schools have the relevant training and workforce experience to support the wide range of needs of children and young people at SEN Support. A survey has been undertaken across all schools and settings to develop a wider understanding of the training that staff

feel they need. Training has been commissioning for SCERTS, Makaton and SEMH/Attachment based support. In addition, one of Brent's special schools trust supports universal training for teachers. At the end of the summer term, a review will take place led by the SEND Support team to ascertain if appreciable impact has been made in children remaining at SEN Support and not requiring an EHC Needs Assessment. Training will also be provided via the SENCO forum to support workforce development for Brent schools.

To enable schools to support a wide range of children at SEN support, £1million capital funding has been set aside to support environmental adaptations that would make more school environments inclusive. Schools have submitted proposals for this investment and so far, 13 proposals have been agreed. Consideration is currently being given to whether this opportunity could also be rolled out to the Private, Voluntary, and Independent (PVI) sector.

d) **Commissioning**

This workstream is reviewing the High Needs Block contribution to the Early Years Inclusion fund (EYIF) to ensure that the funding is used in an effective manner to contribute to cost avoidance against the HNB. Options have been discussed with the Early years Sub-group and a child level allocation system is being considered.

There is a banding review underway to move away from the current hours led system to a needs-led, provision-based approach for the Mainstream schools and Additional Resource Provisions (ARPs).

A speech, language and communication needs (SLCN) review is underway to consider options and recommendation(s) to model new ways of working across system partners to support children and families, from universal support to targeted support identified in EHCPs. This has involved benchmarking the current service commissioned by the council against other LAs, undertaking needs analysis and capacity across Brent as well as identifying current gaps and potential areas of efficiency. Working with key partners such as the SLCN provider and Public Health, parameters of collaboration, scope and priority areas for reshaping the SLCN funding model are being agreed. Reviewing the current specification and operational delivery has commenced in partnership with Public Health in relation to how the commissioned service interfaces with the universal communication needs offer. Discussions have taken place with the service provider, sensitive to concerns of the provider on potential impact to staff. Service changes will be implemented through a procurement process for a reshaped SLCN commissioned service, to commence delivery from March 2025.

4.8 In the autumn of 2023, the DfE communicated to all DBV authorities a requirement to produce revised DSG deficit management plans (see Appendix 2). The required template for submission and accompanying guidance for local authorities was intended to help local authorities develop further evidence-based and strategic plans covering the provision available for children and young people with SEND. The DfE's expectation is that local authorities' management plans will focus on how they will bring in-year spending in line with in-year resources.

4.9 The timescales given to produce the Plan on the DfE's template have been challenging but have been achieved and the required documentation were submitted on 19th January 2024. The DfE required three sections on their template to be populated:

4.9.1 The '**Summary**' section provides an opportunity for the authority to explain the basis of the assumptions around the unmitigated forecasts and the authority's associated strategy for managing such pressures. There is also an '**LA Specific**' tab that provides more details to enable the authority to set out any risks associated with the planned mitigations, such as whether formal approvals have been secured, as well as an outline of how the plan will be delivered.

4.9.2 The '**Financial**' section – focusses on the aspects of income and expenditure that impact on the High Needs Block. Table 2 below shows that if no action is in place, the HNB spend could grow to £104.8m by 2026/27 (i.e., this would lead to the deficit being £43.3m by 2026/27). However, the actions in the management plan will reduce the forecast spend to £95.4m by 2026/27 and the deficit could still grow from £13.8m carried forward from 2022/23 to £19.6m by 2026/27. The actions do not clear the deficit and there is a risk that if EHCP numbers continue to grow and funding does not increase accordingly, it will remain a challenge to clear the deficit.

Table 2

	2022-23 £,000s	2023-24 £,000s	2024-25 £,000s	2025-26 £,000s	2026-27 £,000s
Planned DSG position (surplus)/deficit	£13,828	£14,720	£17,524	£19,167	£19,558
Unmitigated expenditure forecast		£90,852	£95,734	£100,317	£104,773
Savings forecast		£2,917	£3,479	£6,485	£9,400
Mitigated expenditure forecast		£87,935	£92,255	£93,832	£95,373

4.9.3 The assumptions included in the Management Plan are as follows:

- HNB funding for the next few years will see growth of 3% from 2024/25 onwards. It should be noted that growth in previous years ranged from 8% - 13%.

- The rate of growth for demand for EHCPs assumes an increase of 7% in 2024/25, which is the average of historic percentage increases and assumes a 1% reduction in the rate of growth as actions against the Plan take effect in future years.
- The inflationary amount applied is the CPI rate as at November 2023 of 3.9%.
- The savings are mainly cost avoidance as a result of the mitigating items listed in Appendix 1 by 2026/27. The cost avoided would be c£9.4m which consists of £7.3m from the existing plan and £2.1m from the DBV opportunities identified.
- That there will be a year on year 0.5% Schools Block transfer of c£1.3m to the HNB agreed by Schools' Forum.

4.10 The Management Plan was signed off by the Corporate Director of CYP and the Corporate Director of Finance and Resources and submitted to the DfE on the 19th of January.

4.11 A further “**CYP**” section has been completed to reflect the trends in EHCP growth by age-group and primary need.

5.0 **Stakeholder and ward member consultation and engagement**

5.1 Schools Forum is regularly kept abreast of the DSG including the Management Plan. The Lead Member for Children, Young People and Schools is regularly updated on matters related to the DSG including SEND. The DSG Management Plan is also presented at the High Needs Block Sub-group of the Schools' Forum.

6.0 **Financial considerations**

6.1 The current Management Plan including the DBV benefits will not recover the deficit by 2026/27 and Table 2 above shows that the deficit is at risk of growing from £13.8m carried forward from 2022/23 to £19.6m by 2026/27.

6.2 There remains a risk that the number of children and young people with Education Health and Care Plans (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 still see providers requesting high inflationary price increases.

6.2 The statutory override in place to carry forward a deficit balance against the DSG is due to end by 2025/26 which would possibly put a significant risk against the Council's General Fund reserves.

7.0 Legal considerations

7.1 There are no legal implications directly arising from this report.

8.0 Equality, Diversity, and Inclusion (EDI) considerations

8.1 The key groups affected by the proposals are children and young people with SEND aged 0-25 in Brent. The Council is committed to inclusive education for all children and young people with SEND in mainstream schools, additionally resourced provision in mainstream schools and within special schools.

9.0 Climate Change and environmental considerations

9.1 There are no climate change and environmental implications directly arising from this report.

10.0 Communication considerations

10.1 Not applicable.

Report sign off:

Nigel Chapman

Corporate Director of Children and Young People