



**Audit and Standards Advisory
Committee**
24 July 2024

**Report from the Corporate Director
Children, Young People**

**Lead Member - Cabinet Member for
Children & Young People &
Schools
(Councillor Gwen Grahl)**

**Dedicated Schools Grant (DSG) Deficit Management Plan
Update**

Wards Affected:	All
Key or Non-Key Decision:	Not Applicable
Open or Part/Fully Exempt: <small>(If exempt, please highlight relevant paragraph of Part 1, Schedule 12A of 1972 Local Government Act)</small>	Open
List of Appendices:	None
Background Papers:	None
Contact Officer(s): <small>(Name, Title, Contact Details)</small>	Shirley Parks Director Education Partnerships and Strategy Tel: 0208 937 4529 Email: Shirley.Parks@brent.gov.uk Folake Olufeko Head of Finance Tel: 0208 937 2491 Email: Folake.Olufeko@brent.gov.uk

1. Executive Summary

- 1.1. This report informs the committee of the Dedicated Schools Grant (DSG) deficit which has arisen mainly from overspend against the High Needs Block (HNB) of the DSG that is used to support children and young people with Special Educational Needs and Disabilities (SEND).
- 1.2. The report provides the historical context to the deficit and an update on the progress that has been made against the DSG Deficit Management Plan to address the deficit. The report also provides an update on Brent's participation in the Department for Education's (DfE) Delivering Better Value (DBV) in SEND

programme, aimed at supporting a reduction in expenditure against the HN Block of the DSG.

2. Recommendations

- 2.1. That the Audit and Standards Advisory Committee notes the historical context to the deficit of the High Needs Block and the actions in place to reduce the deficit, including the DSG deficit management plan and the Delivering Better Value in SEND programme which commenced in August 2022.

3. Contribution to Borough Priorities and Strategic Context

- 3.1 This report is linked to the Council's Borough Plan priority Best Start in Life, which aims to support all children and young people through access to education and opportunity by working in partnership with schools and other partners. The High Needs Block of the DSG supports children and young people with SEND in early years settings, schools and post-16 institutions.

4. Background

Table 1: DSG deficit position

DSG Block Type	DSG Balance as at 31/03/23 £'000	2023/24 Movement £'000	DSG Balance as at 31/03/24 £'000
School Block	209	(643)	(433)
High Needs Block	14,882	1,365	16,246
Early Years Block	(1,000)	(1,015)	(2,015)
Central School Services Block	(263)	(278)	(541)
Total	13,828	(572)	13,257

- 4.1. The overall DSG deficit has been accumulating since 2019/20 and the balance at the end of March 2024 was £13.2m, with an in-year surplus of £0.6m. The HN budget overspent by £1.4m in 2023/24 and under-spends against the other Blocks of the DSG resulted in the in-year surplus. The Quarter 1 forecast for the 2024/25 financial year reported a break-even position. However, this is subject to change based on activities in the new academic year that commences in September 2024.
- 4.2. The DSG deficit has arisen mainly due to spend against the HNB of the DSG since the introduction of a new SEND Code of Practice in 2015. The legal duties introduced in The Children and Families Act 2014 place responsibilities on the local area partnership (the local authority, health partners, settings, schools and colleges) to identify and meet the needs of children aged 0-25 who have SEND, defined in the Act as:
- **Special Educational Needs:** A child or young person has special educational needs if he/she has a learning difficulty or a disability which calls for special educational provision to be made for them.

- **Learning Difficulty:** A child or a young person of compulsory school age has a learning difficulty or disability if they:
 - Have a significantly greater difficulty in learning than the majority of others the same age, or
 - Have a disability which prevents or hinders them from making use of facilities of a kind generally provided for others of the same age in mainstream schools or mainstream post-16 institutions or in employment without support.
- 4.3. How the Act should be interpreted is set out in the SEND Code of Practice 2015. The duties and reforms to the SEND system introduced in 2014 aspired to achieve an integrated 0-25 system spanning education, health and care, driven by high ambition and preparation for adulthood. The Brent SEND Strategy 2021-25 sets out how the partnership is implementing the Code of Practice 2015.
- 4.4. In terms of the prevalence of children and young people with SEND, in January 2024 there were 3500 children and young people aged 0-25 with an Education, Health and Care Plan (EHCP), which as a proportion of the local population is similar nationally. 11.2% of pupils were identified with additional needs that can be met at SEN support where a need is identified but does not meet threshold for an EHCP (compared to 13.4% nationally). 63.9% of children and young people with an EHCP are identified with communication and interaction needs (autistic spectrum disorder and speech, language and communication).
- 4.5. The HNB of the DSG is a demand-led budget that supports pupils with SEND in specialist provisions and mainstream settings. It also covers specialist support services and costs in relation to Post-16 provision. A key driver for overspend against the HNB budget is the increasing number of children and young people with an Education Health and Care Plan. Funding is allocated to meet the needs of children and young people as identified in their EHCP. Table 2 below shows the year-on-year increase in EHCPs over the past 5 years. Between January 2020 and January 2024, the number of children with an EHCPs increased by over 1000 (44%). This growth has placed significant pressures on the HNB budget that has not increased at the same pace.

Table 2: Growth in EHCPs (SEN2 annual return to DfE)

	January	January	January	January	January
Financial Year	2020	2021	2022	2023	2024
Number of EHCP	2,426	2,784	2,938	3,251	3,500
Brent Year on Year % Increase	12%	15%	6%	11%	8%
National Year on Year % Increase	10%	10%	10%	9%	11.4%

- 4.6 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 HN system and to place the HNB on a sustainable footing: a) The Safety Valve Programme for the 20 local authorities with the highest DSG deficits; b) the Delivering Better Value Programme (DBV) for 55 local authorities (including Brent) with less severe but substantial deficits and c) individual support from the Education and Skills Funding Agency (ESFA) for LAs at risk of a deficit.

- 4.7 The initial delivery partners for the DBV programme were Newton Europe and the Chartered Institute of Public Finance and Accountancy (CIPFA) who worked with Brent to identify a number of projects to support efficiencies. Brent is currently working with the DfE on the delivering actions against the opportunities identified as part of the DBV programme as well as delivering actions as part of the previously existing Management Plan. The DBV programme awarded grant funding of £1m to Brent to support delivery of a number of identified actions as part of the overall Management Plan over two financial years ending in March 2025. £0.421m of this funding was spent in 2023/24.

5. DSG Deficit Management Plan

- 5.1. The key actions in the Management Plan are grouped into three workstreams: a) managing demand; b) increasing the sufficiency of local places and c) financial management adjustments. The total cost avoidance to be achieved from the delivery of the Management Plan and the DBV programme workstreams is £2.5m.
- 5.2. New KPIs have been approved against the workstreams for 2024/25 as follows and the Q1 update will be presented to the strategic board that has been set up by the council to coordinate and monitor these actions:

5.2.1. Managing demand (£0.4m cost avoidance target)

This involves ceasing EHC Plans following appropriate assessment and cost avoidance through 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 without the need for children and young people to have an EHCP. Training is being provided to improve the capacity of schools to meet pupils needs at an earlier stage.

5.2.2. Improving sufficiency of local places (£1.558 cost avoidance target).

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 that are at a significantly higher cost more than local provision, at an average cost of £34k more. A £1.558m cost avoidance target for this workstream has been set for the 2024/25 academic year to be derived from establishing new Additionally Resourced Provisions (ARPs) increasing places by 53 and delivering 49 additional Special School places. This includes the establishment of a new Special Secondary School (Wembley Manor) which will move into a new build accommodation in September 2025. Further work is

underway to develop more local places through special school satellites and ARPs.

5.2.3. **Financial management workstream** (£0.227 cost avoidance target).

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 would achieve projected cost avoidance of £0.227m in 2024/25.

6. **DBV in SEND Programme update**

6.1. Brent's participation in the DfE's Delivering Better Value (DBV) programme has been utilised to identify areas to further expand activities under the existing Management Plan workstreams. The main objective of Brent's participation in the DBV programme is to identify local opportunities to improve the outcomes for children and young people with SEND within the available budget.

6.1.1. **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. Schools have referred 52 children aged 4-7 to date to a specialist multi-disciplinary team that includes a Clinical Psychologist, 2 Child and Family Specialists, an Assistant Education Psychologist and Team Manager. 51 children have been accepted onto a targeted programme over 12 weeks that is underpinned by a Social Communication, Emotional Regulation, and Transactional Support (SCERTS) model. The programme include a school and home plan to strengthen working memory. Early feedback has indicated parents engaging well and welcome the support, seeing the difference in children's behaviour and improved academic results.

6.1.2. **SEND Assurance**

Under this workstream an audit has been undertaken of EHCPs and accompanying records of plans for children aged under 7 that have high levels of support identified (26 hours and above) and post-16 plans that high levels of support (19.5 hours and above) to assess if this level of support is needed. This has resulted in the identification of children and young people whose allocated support funding could be reduced. Several actions are being driven forward based on this analysis. A programme of using the audit work to inform annual reviews is being implemented, with the first cohort of young people in Year 12 in mainstream schools to consider if a reduction in support would be appropriate as they progress into Year 13 to help with their preparation for adulthood. The SEND Support Team has developed an approach to reviewing how needs are met where schools have a high number of EHCPs with significant support

needs. Working with two primary schools the aim is to develop a model of support for efficiently supporting these children that can be cascaded to the other schools.

6.1.3. **Workforce and inclusive environments**

As the number of EHCPs has increased, the number of children with an EHCP placed in mainstream schools has increased by over 40% between 2020 and 2024 and schools are supporting children with increasing complexity. This workstream focuses on ensuring schools have access to relevant training and workforce experience to support the wide range of needs of children and young people with SEND, both those with EHCPs and those at SEN Support. A range of training is being delivered, including SCERTS, Makaton and SEMH/Attachment based support. In addition, one of Brent's special school multi-academy trusts is supporting training.

To enable schools to support a wide range of children at SEN support, £750,000 capital funding has been set aside to support environmental adaptations that would make school environments more inclusive. To date funding has been allocated to 31 schools and the opportunity to apply for this funding will be rolled out to early years settings in September.

6.1.4. **Commissioning** - A number of projects sit under this workstream:

- A review of funding from the High Needs Block contribution to the Early Years Inclusion fund (EYIF) aims to ensure that the funding is used in an effective manner to contribute to cost avoidance against the HNB.
- A review of funding for children with EHCPs in mainstream schools and post-16 has led to a proposed new needs-led, provision-based approach to funding to move away from an hours-led approach. This would apply to early years settings, mainstream schools, Additionally Resourced Provisions (ARPs) and at post-16.
- A speech, language and communication needs (SLCN) review is driving new ways of working across system partners to support children and families, from universal support to targeted support identified in EHCPs. Service changes will be implemented through a procurement process for a reshaped SLCN commissioned service, to commence delivery from March 2025. This will drive efficiencies, for example reducing spot-purchasing costs.
- A review of the commissioning of places in Pupil Referral Units and Education Otherwise Than at School (e.g., home tuition) has been initiated as there is significant overspend in this area. A market testing exercise of commissioned services will be used to identify efficiencies, for example more cost-effective home tuition services.

6.2. Brent was awarded a grant of £1m to support the reform of the HN system whilst achieving efficiencies. £0.421m of the grant was utilised in 2023/24 to cover the costs of a number of new staff positions including a Programme Manager, Finance Analyst, SEND Assurance Officer, SEN Commissioner, an Intervention First Team comprising Manager, Senior Assistant Educational Psychologist.

£0.340m of the first tranche of the grant has been brought forward into 2024/25 and the remaining £0.579m will go towards costs for the IF team for the test and learn pilot which will run until the end of the following academic year in September 2025.

Table 3: DBV Financial KPIs

Description of DBV diagnostic initiatives	Brief outline of what it involves	Potential in-year financial impact		
		2024-25 £000	2025-26 £000	2026-27 £000
Opportunity 1 – Targeted Support (Stretched)	Supporting the goals and aspirations of the child can be achieved without the need for an EHCP.	47	332	877
Opportunity 2 – Shorter Duration New EHCPs (Stretched)	Achieving the goals and aspirations of the child through the right duration in mainstream support (time limited EHCPs)	3	24	66
Opportunity 3 – Fewer Hours New EHCPs (Stretched)	Ensuring the right level of support for the child's goals and aspirations at the start of provision in Mainstream	5	37	96
Subtotal		55	393	1,039
Opportunity 2 – Shorter Duration existing EHCPs (Proposed by Brent)	Achieving the goals and aspirations of the child through the right duration in mainstream support (time limited EHCPs)	110	361	571
Opportunity 3 – Fewer Hours existing EHCPs (Proposed by Brent)	Ensuring the right level of support for the child's goals and aspirations at the start of provision in Mainstream	149	299	448
Subtotal		259	660	1,019
Total cost avoidance linked to DBV benefits		314	1,053	2,058

7. Financial considerations

- 7.1. The financial considerations are included in the body of the report. There remains a risk that the number of children and young people with EHCPs continues to grow but the HN Block funding from DfE does not increase in line with this growth. Over the years, this has created financial pressures on a national level resulting in many authorities holding deficit DSG balances.

- 7.2. The government has announced that the regulations that are in place to carry forward a deficit balance against the DSG are due to end in 2025/26 (known as the statutory override). This poses a significant risk for the council, as the expectation is that the accumulated deficit at the end of that period will be covered by General Fund reserves.

8. Legal considerations

- 8.1 The Department for Education (DfE) leads the SEND system for England and defines the legislative, policy and funding arrangements. The DfE's vision is of "children and young people with SEND achieving well in their early years, at school and in college; finding employment; leading happy and fulfilled lives; and having choice and control over their support." (DfE 2015b). The current arrangements for the education and care of children and young people with SEND are largely governed by the Children and Families Act (2014). Part 3 of this requires local authorities, schools and academies, early years providers and NHS bodies to pay regard to the regulations and to the statutory Code of Practice for SEND (DfE 2015a). Duties in the Children and Families Act (2014) include:

- To work across the local authority and health to jointly commission services that deliver integrated support for children and young people with SEND aged 0-25, including arrangements that support personalisation and personal budgets.
- For the local authority to work with local partners, parents and young people to co-produce and publish a Local Offer of SEND services and to assist young people in finding employment, obtaining accommodation and participating in society.
- For the local authority to provide co-ordinated education, health and care needs assessments for children and young people aged 0 - 25 and issue education, health and care (EHC) plans.
- For NHS clinical commissioning groups (CCGs) to put in place mechanisms to ensure practitioners and clinicians can support the integrated EHC needs assessment process.

- 8.2. The Care Act (2014) sets out duties local authorities and CCGs must fulfil for children and young people with disabilities and their families, including direct payments and supporting transitions to adult care services. The Government holds the local SEND system to account through Ofsted and the Care Quality Commission (CQC) who have been tasked to carry out evaluations of local areas in England and their support for children and young people with SEND. Inspection teams assess the effectiveness of the local organisations in identifying and meeting the needs of all children and young people with SEND from ages 0 to 25 (Ofsted 2016).

9. Equity, Diversity & Inclusion considerations

- 9.1. This report focused on funding to support 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 to ensure they have equal access to a good education that meets their needs.

10. Stakeholder and ward member consultation and engagement

- 10.1. The Lead Member for Children, Young People and Schools is regularly updated on SEND. Members are kept abreast of the DSG forecast deficit position as part of the quarterly finance reports submitted to Cabinet and Scrutiny Committee receive an annual report on SEND.
- 10.2 The Schools Forum is responsible for agreeing the allocation of the DSG and receives regular updates on the HNB.

11. Additional considerations

- 11.1. There are no additional considerations in relation to the following areas arising from the report:
- a) Climate Change and Environmental considerations
 - b) Human Resources/Property considerations (if appropriate)
 - c) Communication considerations

Report sign off:

Nigel Chapman

Corporate Director Children and Young People