

To: **Schools Forum**
15 September 2022

Delivering Better Value in SEND Programme and other related matters
Executive Director - People

1 Introduction

- 1.1 This report is intended to inform the Schools Forum on the Delivering Better Value in SEND (DBV) programme which the Department for Education (DfE) announced details of in June 2022. The programme is part of the DfE's support package to help local authorities maintain effective SEND services while functioning sustainably.
- 1.2 There is also an update and draft timetable for the setting of the 2023-24 High Needs Block (HNB) budget.

2 Supporting information

Background to DBV Programme

- 2.1 This new programme aims to support local authorities to improve delivery of SEND services for children and young people while ensuring services are sustainable. The programme will provide dedicated support and funding to 55 local authorities which have been selected based on those with the highest deficits as at 2020-21.
- 2.2 Newton Europe, in collaboration with the Chartered Institute of Public Finance and Accountancy (CIPFA), will work with the DfE to deliver the programme.
- 2.3 Newton works as a transformation and improvement partner to local authorities and CIPFA is the local government accounting standard setter in the UK. Between them, they have worked with hundreds of public sector organisations, particularly local authorities, have a comprehensive understanding of children's services and the SEND agenda, and have set out an approach that is:
- **Outcomes-focussed.** Both organisations have worked extensively alongside local authorities to transform how services are delivered. Their focus is always on improving resident outcomes and ways of working, and consequently sustainably improving financial performance
 - **Evidence-based, data-driven and delivery-focussed.** Newton and CIPFA take a partnership approach to working with local authorities to create robust plans which will have a measurable and sustainable difference, and as delivery partners understand the challenges associated with implementing change
 - **Rooted in co-production:** The organisations believe any programme of work needs to be co-produced, bespoke, and based on detailed evidence of each local area – balancing visibility and assurance with local autonomy to genuinely add value to existing work
- 2.4 They will bring experience of working with local authorities to improve social care, alongside project management, change management, and analytical financial modelling capacity. With SEND practice advisers, they will support local authorities to engage with key stakeholders and conduct a comprehensive diagnostic process to identify the

opportunities to reform their high needs systems. Alongside SEND advisers, they will also support local systems to create a local delivery plan to realise these opportunities to improve. The department will then work with local authorities to determine which identified reforms to fund and will provide small grants directly to local authorities to implement and embed these reforms.

- 2.5 Local stakeholder engagement will be vital to ensure everyone has fed into the plan and has bought into the outcomes the local area wants to achieve together. Newton/CIPFA will support this engagement, which is expected to include the Schools Forum and The Parent Carer Forum.
- 2.6 A Sector Steering Group will provide sector-led advice, support and steers to the DfE in the delivery of the programme ensuring a channel of feedback for participating LAs and the wider sector. It will also ensure learning is shared more widely with the sector, building further on the research and guidance publications.
- 2.7 This programme will compliment work already underway in individual local authorities, building on existing progress and will not require a specific approach to be taken. Therefore, some of the work already undertaken in completing the Written Statement of Action to the SEND Ofsted inspection will support the outcomes sought through the DBV programme.

BF Position

- 2.8 The programme will be phased starting with a first tranche of 20 authorities in June 2022, followed by a second tranche of 20 authorities in autumn (2022) and the third tranche of 15 authorities in spring next year (2023). Bracknell Forest has been invited to join the first tranche.
- 2.9 An initial meeting has been held with Newton Europe and CIPFA 28 July where the phasing of the programme was further explained as follows:

1. **Phase 1:** 6 months and supported by a delivery partner, SEND Advisers and Financial advisers and involving comprehensive diagnostics comprising:
 - Local area stock take (assessment of existing processes, plans, capability, relationships, etc.).
 - Facilitation of key stakeholder engagement for each authority
 - Data analysis and assurance.
 - Identification of root cause/underlying cost drivers and mitigating solutions/reforms.
 - Improvement plan including reform implementation critical path
 - A quality assured DSG management plan.

DfE will provide a £0.045m grant to support data analysis and assurance at the beginning of this phase, which should be completed by the end of 2022.

DfE will agree with each LA critical elements of its action plan to be funded at the end of phase 1. There is £85m revenue funding available for DBV. The funding will not be distributed on a formulaic basis. The intention is that LAs will not need to bid for funding and compete against other LAs on the programme. Each LA's funding allocation will be determined by the action plan produced during the diagnostic phase up to an upper limit. Depending on the action plans, some LAs will get more funds and some will get less.

Annex A sets out a diagram provided by Newton Europe to illustrate “When has a Local Authority finished the diagnostic phase of DBV?”

2. **Phase 2:** 18 months and supported by SEND Advisers and regional teams. Implementation of action plans produced in phase 1, with critical elements funded through grant.

A second meeting between the council and Newton Europe and CIPFA is expected to take place in September.

Other DfE programmes: Safety Valve Programme

- 2.10 The Forum has previously received information on the DfE Safety Valve programme which is targeted to LAs with the largest deficits on their Dedicated Schools Grant (DSG) budgets. This programme is intended to support LAs in the delivery of reforms to their high needs systems, so that they can function sustainably and therefore in the best interests of the children and young people they serve. Additional resources are allocated by the DfE to LAs in the programme with the intention of removing accumulated deficits. Each LA agrees a medium-term action plan and provided set conditions are met, receives additional funding to move to a sustainable financial position, delivery of a balanced budget and elimination of cumulative deficits.
- 2.11 There have been 2 phases of the programme to date with 14 LAs completing formal agreements which if all conditions are met, will result in to access around £400m of additional funding
- 2.12 The council has not been invited to join the programme.

Government liability for financing DSG deficits

- 2.13 The Forum is aware that the government has put in place a temporary statutory override to ring-fence DSG deficits outside of LAs financial responsibilities. As it stands, this ring-fence is due to end after the accounts for the financial year 2022-23, at which point LAs will need to demonstrate their ability to cover DSG deficits from their available reserves. For BFC, the accumulated deficit is estimated at £18.2m, equivalent to 80% of the annual High Needs Block DSG income and will place a significant financial risk that will have implications for the council’s wider financial strategy.
- 2.14 Removing this override is raising serious concerns for a large number of LAs that will not have sufficient resources to manage the debt. The government has recognised this and is in the process of surveying LAs to establish the scale of net debt.
- 2.15 As a consequence, the Department for Levelling Up, Housing and Communities – the government Department responsible for the wider funding responsibilities of LAs - has conducted a survey amounts LAs to gather data on the potential impact from removing the statutory override on DSG deficits. This is intended to better understand the wide impact on LA finances.

Initial HNB budget information for 2023-24

- 2.16 The HNB element of the Dedicated Schools Grant¹ (DSG) is allocated to Local Authorities (LAs) by the DfE through a national funding formula (NFF) to support pupils with Special Educational Needs and Disability (SEND) and is intended to fund a continuum of provision for relevant pupils and students from 0-24. It is a ring-fenced grant that defines the areas of permitted spend against which LAs in general commission services from providers. In-house arrangements are made for a relatively small number of provisions.
- 2.17 To assist LAs with their budget planning, the DfE publishes provisional HNB DSG allocations each July in advance of the relevant financial year. Further updates are provided in December but remain provisional as final funding allocations for the basic element factor relating to number of students in special schools and the import / export adjustment to compensate LAs educating pupils from other areas will be based on January 2023 data which is not confirmed until after the commencement of the financial year.
- 2.18 HNB funding is increasing by £570 million, or 6.3%, in 2023-24. All local authorities will receive at least a 5% increase per head of their 2 to 18 population, compared to their 2022 to 2023 allocations, with some authorities seeing gains of up to 7%.
- 2.19 Initial information from the DfE indicates a gross HNB DSG allocation for 2023-24 of £23.857m which reduces to £22.993m after adjusting for the provisional impact of the import / export adjustment that compensates LAs that educate pupils from other areas. BF will receive a 5% increase in funding from 2022-23.

Annex 2 provides more information on the national HNB funding framework and a breakdown of the component parts of the initial July 2022 BF notification.

- 2.20 In terms of presenting the 2023-24 HNB budget proposals to the Forum for consideration and comment, updates are expected at all 4 Forum meetings that will take place before the start of the financial year in April 2023. An outline of planned updates is as follows:
- 17 November: confirmation of key budget developments under consideration, update on 2022-23 academic year placement and top-up costs relating to EHCPs
 - 8 December: first draft costed budget plan for consideration
 - 12 January: updated costed budget plan, reflecting on comments received by the Forum in December and other data changes
 - 9 March: final HNB budget proposals reflecting current data and comments received from the Forum from 12 January

3 Equalities Impact Assessment

- 3.1 There are no specific impact assessments arising from this report.

¹ DSG is the ringfenced grant used by the DfE to fund LAs for prescribed education related services.

4 Strategic Risk Management Issues

- 4.1 If responsibility for the predicted DSG deficit is transferred to the council there is a significant risk to financial stability. Transforming services and enabling cost reductions will aid the movement to a balanced budget and greater financial stability.

Background Papers

None.

Contact for further information

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[https://bfcouncil.sharepoint.com/sites/fina/bpm/FIBPSCB-FIN9.6/Schools_Forum/\(112\)_150922/Delivering_Better_Value_Programme.docx](https://bfcouncil.sharepoint.com/sites/fina/bpm/FIBPSCB-FIN9.6/Schools_Forum/(112)_150922/Delivering_Better_Value_Programme.docx)

Delivering Better Value: End of Phase 1 Criteria

When has a Local Authority finished the diagnostic phase of DBV?

They know what to change to have the biggest impact on key measures/outcomes

There is sufficient evidence to determine the priority changes to make locally

The biggest impact areas are identified based on both the opportunity for improvement and the reality of feasible changes

They know how the impact on key measures will profile over time

There are clear profiles of spend and numbers of children receiving different levels of support in the future, with and without the changes (mitigated and unmitigated positions)

There are reasonable detailed calculations and assumptions used to generate the profiles

They have a realistic activity plan to implement the high impact changes

There are defined workstreams within the overall implementation plan

There is an activity plan per workstream with clear milestones to measure progress and associated expected completion dates, covering changes in processes, tools and behaviours

There is a risk analysis of the implementation plan, including appraisal of competing priorities that might impact leadership bandwidth to support the changes, with mitigating actions devised

They know the conditions required for a successful implementation and have a plan to meet those conditions

The resource (project and operational) required to support the delivery of the implementation plan – both capacity and capability – is known and there is a realistic approach to securing the resource

The digital infrastructure required to support the changes, and track their efficacy, is known and there is clear plan to deliver it

The appropriate governance to manage the implementation is mapped out, key decision makers are bought in and to-be owners are agreed

Where possible, local partners & stakeholders have been involved in designing the implementation plan and have been briefed on it

Current relationships with local partners and stakeholders are well understood, including areas for potential improvement

There is a clear plan to engage local partners and stakeholders to maximise the chances of success in Phase 2 of DBV

The implementation plan has been co-produced, and socialised in the most appropriate manner, with local partners and stakeholders to provide opportunity for input and collaboration

Delivering Better Value: Resource Requirements

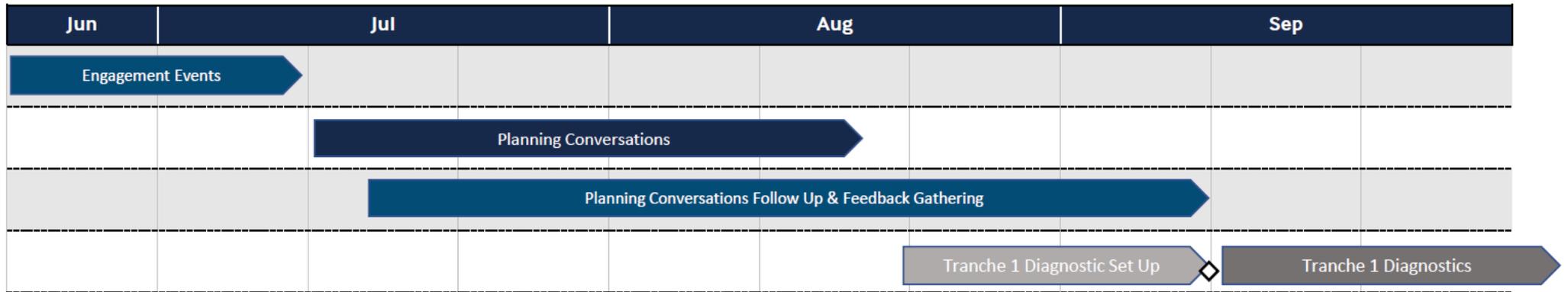
The specific diagnostic activities will be tailored to each Local Authority depending on their needs, and this will be worked through with Local Authorities following these Planning Conversations. While specific activities will vary, a Local Authority requiring support across all modules are likely to require at least the following in terms of engagement and resource:

Diagnostic likely to require:

- Regular touchpoints with SEND Lead to feedback and iterate diagnostic activity
 - A regular forum with Senior Leadership to update on progress of diagnostic, escalate risks and remove blockers
 - 2-4 days from the SEND Lead to participate in training, then weekly calls for follow up coaching
 - Additional 2-4 days training for additional people such as Data Leads, Transformation Team etc.
 - Continued access to Management Information/Data Teams for additional data requests
 - 12 hours of time with Operational Teams for Case Reviews
 - Ad-hoc time with Operational Teams for 1:1s and meetings
 - Time to complete 'improvement cycle' analysis
 - Staff from across the organisation to partake in 'Environment for Change' survey, then time from an individual to analyse and review the results
 - Appropriate time to engage your local forums for co-production with parents, carers, children and young people.
 - Availability from Political Members
 - *[If requested]* Access to LA site offices for DBV Team to provide face to face direct delivery support
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Delivering Better Value: Key Next Steps & Timelines

Over the coming weeks, we will be talking to all 55 LAs to better understand their needs and to be able to tailor next steps for each Local Authority. We will be setting up a calls with you to work through the detail of the modules activities and to begin setting up for diagnostics.



Please note: this plan shows timelines for Tranche 1 Local Authorities, there will be a different set of timelines for those in Tranches 2 & 3

Tranche 1 Begins

In order to start the Diagnostic activity, we will need to liaise with the SEND Lead to work through a set of 'Set Up Checklist' of activities to prepare for beginning the diagnostic. This will include completing activities such as:

- Data sharing agreement (DSA)
- Data requests sent
- Resource agreed including LA Lead agreement
- Diagnostic start date agreed
- Diagnostic communications sent out within Local Authority
- Scheduling in modular coaching and training

Overview of the HNB Budget

1. The HNB element of the DSG supports pupils with special educational needs and disabilities (SEND) and is intended to fund a continuum of provision for relevant pupils and students from 0-24. LAs receive funding for these provisions from the DfE and in general commission services from providers. In-house arrangements are made in a relatively small number of areas.
2. The DfE has determined that where the cost of provision is above £10,000 it will be classified as high needs. In such circumstances, a “place-plus” approach to funding will generally be used which can be applied consistently across all providers that support high needs pupils and students as follows:
 - a. **Element 1 or “core education funding”**: equivalent to the age-weighted pupil unit (AWPU) in mainstream schools, which the DfE has stated the national average is around £4,000.
 - b. **Element 2 or “additional support funding”**: a budget for providers to deliver additional support for high needs pupils or students with additional needs of up to £6,000.
Specialist and Alternative Providers (AP), such as special schools and Pupil Referral Units (PRUs) only cater for high needs pupils and therefore receive a minimum £10,000 (Element 1 funding plus Element 2) per agreed place.
 - c. **Element 3, or “top-up funding”**: funding above elements 1 and 2 to meet the total cost of the education provision required by an individual high needs pupil or student, as based on the pupil’s or student’s assessed needs. This element is paid to all provider types, for pupils with assessed needs above the £10,000 threshold.
3. Additionally, HNB DSG is also intended to be used where high needs provisions are not arranged in the form of places e.g. specialist support for pupils with sensory impairments, or tuition for pupils not able to attend schools etc.
4. The statutory regulatory framework requires the council to decide on the arrangements to be put in place for the HNB and associated resources and for the Forum to comment on their appropriateness. The current approach in BF is to develop the services during the year in partnership with schools and has therefore created a sub-committee of the Forum to gather views and help shape arrangements. Final budget decisions are taken in March each year by the Executive Member for Children, Young People and Learning.

DfE Reforms

5. A new National Funding Formula (HNB NFF) was introduced in April 2018 to replace a system that largely allocated funding based on historic spending decisions. The core elements of funds distribution to LAs now comprises:
 1. **Basic entitlement**: £4,660 (2022-23 amount) for each pupil / student that the LA is responsible for educating that is attending a special school
 2. **Historic spend**: 50% of 2017-18 baseline amount agreed with each LA
 3. **Population**: Share of national budget allocation based on projected 2-18 year olds at the relevant mid-year as a proportion of all 2-18 year olds)

4. **Free school meals** Share of national budget allocation based on resident pupils eligible to FSM as a proportion of all pupils eligible to FSM
 5. **Income Deprivation Affecting Children Index** Share of national budget allocation based on number of 2-18 year olds in IDACI bands A-F as a proportion of all pupils in IDACI bands A-F
 6. **Bad health** Share of national budget allocation based on number of resident children aged 0-16 in bad or very bad health in the general population census as a proportion of all projected children in bad or very bad health
 7. **Disability** Share of national budget allocation based on number of resident children aged 0-16 for whom parents are eligible to disability living allowance (DLA) as a proportion of all eligible DLA families
 8. **Key Stage 2 low attainment** Share of national budget allocation based on number of resident pupils who did not attain level 3 in reading tests plus those that did not attain a scaled score in reading test or were not entered as a proportion of all relevant children
 9. **Key stage 4 low attainment** Share of national budget allocation based on number of resident pupils who did not attain 5 GCSEs at grades A* to G as a proportion of all relevant children.
 10. **Hospital education and historic pay, pensions and supplementary grant funding:** Hospital education is based on historic spend with the other allocations based on DfE national formulae.
 11. **Import / export adjustment:** An import / export adjustment so those LAs sending out more pupils to other LAs lose £6,000 per pupil funding to reflect the requirement of the resident LA to finance all place funding in the SEN institutions in their area, irrespective of which LA places the student. This amount is added to the £4,000 per pupil / student funding included in the main formula to achieve the £10,000 place funding cost. This is a lagged adjustment. LA funding allocations are adjusted from January census data, but actual places purchased will generally be based on actual student numbers taking up places during the year
 12. **Area cost adjustment:** reflects variations in labour market costs across the country by taking into account the general labour market trends and the particular salary variations in the teaching work
6. One of the key outcomes for the DfE from these reforms is to ensure that any change in the amount of funding allocated to individual LAs must be introduced slowly to allow those areas facing reductions time to adjust to the new amounts. This is because expenditure is mainly incurred on educational fees and these generally remain unchanged throughout the course of each pupil's time in the relevant institution which often presents commitments for over 10 years.
7. Therefore, the formula applies the protection of a funding floor to all the proxy factors. This ensures that, on a per head of population basis, these elements of the formula will increase by at least 5% in 2023-24 over 2022-23 funding baseline levels. There is then a limit of 7% on the gains for those local authorities gaining the most through the formula. In addition to the core factors set out above, there will be further adjustments to each LA's HNB funding as follows:

The allocations through the HNB NFF are illustrated in Figure 1 below with the impact in BF shown in Figure 2.

Figure 1: Basic building blocks of the formula

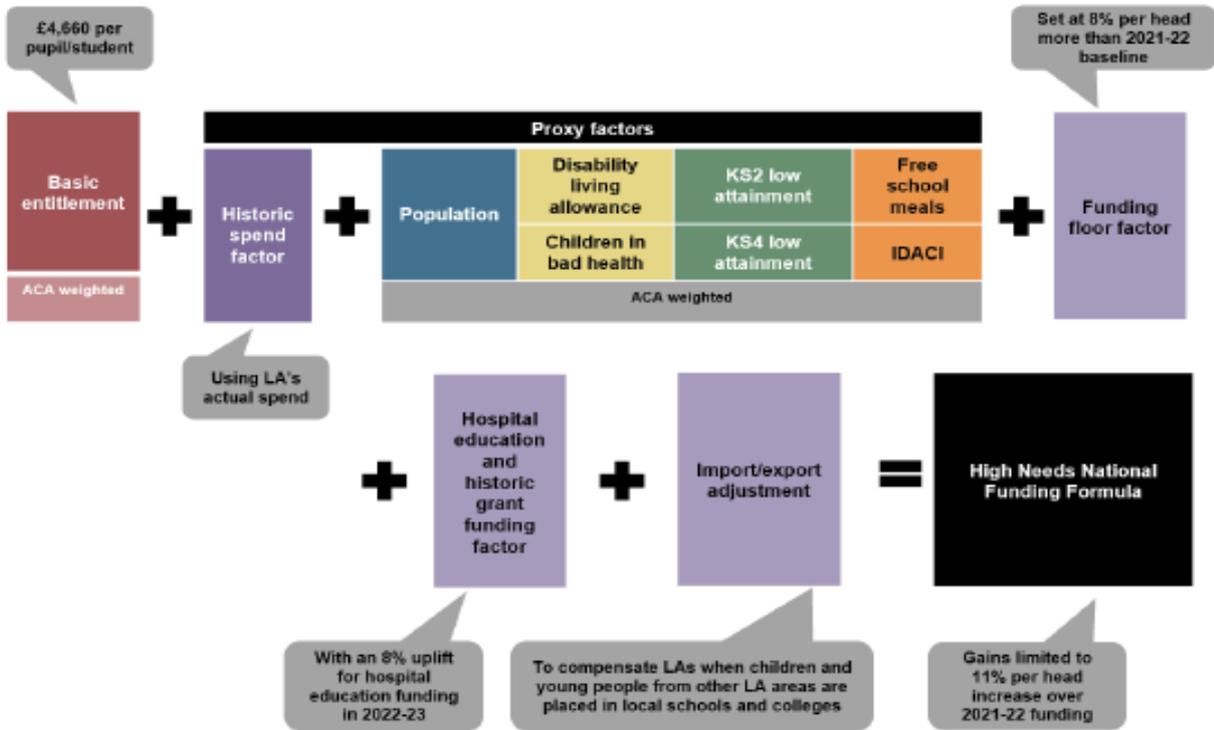


Figure 1: This diagram shows that the factors will be added together to give the formula allocation, with an area cost adjustment applied to the proxy factors and basic entitlement.

Formula split for Bracknell Forest

