

# Richmond SEND Futures Plan

May 2021

## Annexe 1 : Dedicated Schools Grant Financial Model

### 1. Introduction and context

This annexe focuses on the financial impact and context of the SEND Futures Plan. **The metrics are those discussed with the Department for Education in March 2021 with regard to the “Safety Valve” funding arrangements.**

Richmond has been spending more on delivering support to children who need additional support with their education than is funded through the Dedicated Schools Grant since 2012. Where the support for a child with a special educational need or disability costs more than the £6,000 that is allocated to an individual school budget, this extra support is funded through the High Needs Block of the Dedicated Schools Grant. Where the education needs of a child can not be afforded within a school’s funding allocation, the High Needs Block funds early intervention support, education provision (as outlined in a young persons Education, Health and Care Plan (EHCP)) or alternative provision which can include medical issues. The health and social care elements of an EHCP are funded by the Clinical Commissioning Group (health) and the Council (social care).

Richmond, like many other local authorities, has seen year on year increases in the level of need for high needs education support which has not been matched with equivalent increases in funding each year. The number of EHCPs has increased by 59% between January 2014 and January 2020 with annual increases being between 3% and 11%. Funding has increased by 35% between 2014/15 and 2020/21 and this must pay for increased levels of need as well as year on year inflationary pressures. Richmond has had plans to manage the high needs position since 2015. The plan has become more detailed in recent years. The SEND Futures Plan was finalised and published in July 2019 and has helped reduce the average cost of providing support over the last five years. The scale of the funding gap means that it has not been possible to bring annual spending in line with the funding available or reduce spend to a scale that would recover the cumulative deficit on the Dedicated Schools Grant fund.

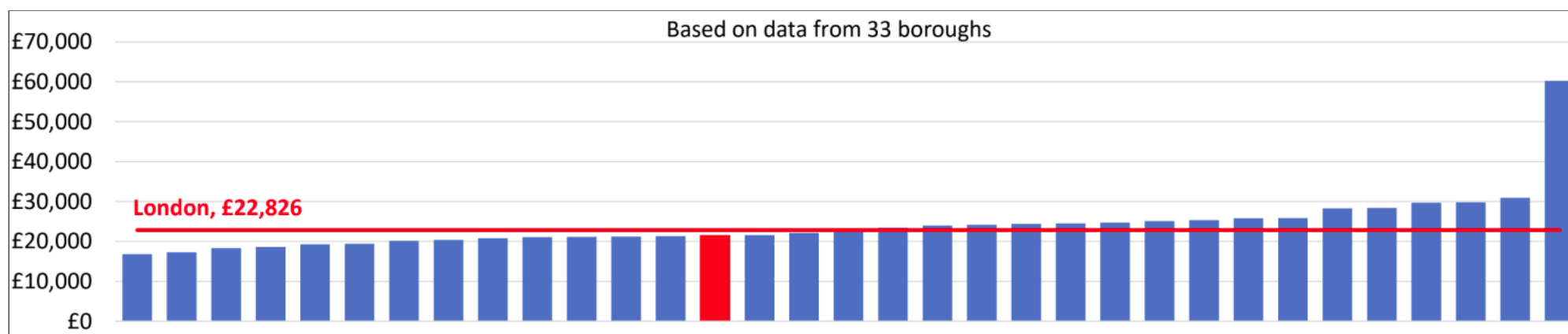
The borough had a cumulative deficit of £14.8million on the ringfenced DSG fund at 31st March 2020 and in late 2020 it was estimated that this would grow by a further £2.8m by 31st March 2021. The deficit would be nearly £5m worse if the plan had not been in place. The following table shows how the deficit has accumulated over the past six years, and been reduced by the recent “Safety Valve” arrangements in 2020/21:

Table 1: Deficits

Year	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
DSG annual shortfall in funding (£m)	1.849	3.863	2.154	2.984	3.881	2.352
High needs annual shortfall in funding (£m)	3.809	6.026	4.108	4.473	5.624	3.392
Cumulative DSG deficit (£m)	1.954	5.817	7.970	10.954	14.835	17.187
Cumulative DSG deficit after "Safety Valve" funding (£m)	1.954	5.817	7.970	10.954	14.835	11.187

Despite the significant year on year overspend Richmond benchmarks as marginally below average when comparing a basic average spend on EHCPs to other local authorities in London. This position makes managing the position more difficult as we are starting from / already at a point of a relatively healthy average spend per EHCP. The relative average cost position has also improved in recent years with the early years of the plan focused on areas where we benchmarked as higher than similar local authorities (e.g. use of the independent sector).

Graph 1: Average cost of an EHCP by borough based on 2018/19 data (latest available), London Councils (Richmond in red)



## 2. Objectives of the Deficit Management Plan

Whilst it is clear that there is an affordability gap between the Borough's statutory duty to support children and the amount that this costs, the Borough, alongside health and social care partners, must do everything possible to control spend and make every pound of high needs funding go further. The SEND Futures Plan outlines how the borough intends to do that whilst continuing to meet statutory responsibilities.

There are three key financial issues that the plan must support to resolve:

- **Cumulative deficit** on the DSG fund totalling £11.2 million at 31st March 2021 and which will rise each year until an in year balanced position is achieved
- **Cost of prior year plans** - In year funding shortfalls for support agreed in prior years as well as the year on year impact of inflation on those costs
- **Cost of new need** that presents each year and which over recent years has cost in excess of £2million per year

The Plan outlines three key financial objectives as follows:

### 1. Increasing the level of funding

The Council recognises that the financial pressure being experienced on high needs education is principally due to an underfunding of these services at a national level. It is in this context that the Council continues to be proactive in lobbying Government for fairer grant levels and a funding system that adequately reflects the level of need and local statutory duty.

The Council will consider the budget for all education services alongside partners each year. It is important that in considering the annual budget that partners explore options to re-prioritise money between local priorities (both SEND and non SEND) and increase the budget available for SEND in the context of a rising level of need that is not matched by equivalent funding increases.

### 2. Investment in our local services

As part of this plan, local partners intend to invest locally to ensure that we have sufficiently skilled local staff and a good local infrastructure to support pupils achieve their potential. This should in turn make the funding we have go further through improving the efficiency of our local processes, improving how we use our local resources and reducing dependence on the independent sector. Partners are committed to ensuring that as much money as possible is spent locally by

our partners. The very challenging financial context highlights the importance of investing only after robust analysis of the likely benefits. Investment decisions will be reviewed periodically

### 3. Improving efficiency

Whilst it is important that the Council continues to challenge the national funding system it is also vital that steps are taken locally to ensure that the funding we do have is aligned to need and that we are achieving maximum value for every penny that is spent. This plan recognises that there are different ways of delivering services and that broadly speaking through having a high quality local offer, that is aligned to need, we can support more pupils with the level of funding that is available.

## **3. Financial Impact of the Plan**

The plan works to mitigate potential overspends over the five year period through both cost avoidance and through the control of average costs. If successful, the plan will bring the fund back to an in year balance by 2025/26.

The plan aims to bring spending more in line with the overall DSG funding available over the plan period and also relies on external contributions from the Council's general funds to completely balance the position by March 2026. The ambition would be to continue to work beyond the plan period to reduce reliance on the general fund over time and return to the principal that education should be fully funded via the Dedicated Schools Grant.

The plan makes significant assumptions about the level of future grant funding settlements and also the level of rising need and the rationale for these assumptions is further explained below.

The table below summarises the overall financial analysis of the potential impact of the SEND Futures Plan. It also includes the impact of additional Safety Valve funding agreed with the DfE subject to achievement of the service and efficiency improvements outlined in the SEND Futures Plan.

Table 2: Summary financial impact of plan

	2020/21*	2021/22	2022/23	2023/24	2024/25	2025/26
	£m	£m	£m	£m	£m	£m
Estimated high needs budget	28.409	32.324	34.736	37.374	40.224	43.392
Estimated high needs spend	34.024	37.159	40.318	43.659	47.165	50.465
<b>High needs funding gap with no plan</b>	<b>5.615</b>	<b>4.835</b>	<b>5.582</b>	<b>6.285</b>	<b>6.941</b>	<b>7.073</b>
Financial impact of actions in plan	-1.929	-3.148	-4.120	-5.092	-6.145	-6.372
<b>High needs funding gap with plan</b>	<b>3.686</b>	<b>1.687</b>	<b>1.462</b>	<b>1.192</b>	<b>0.796</b>	<b>0.700</b>
Underspends in other blocks	-0.841	-0.700	-0.700	-0.700	-0.700	-0.700
<b>Net annual DSG over/underspend</b>	<b>2.845</b>	<b>0.987</b>	<b>0.762</b>	<b>0.492</b>	<b>0.096</b>	<b>0.000</b>
<b>Cumulative DSG funding shortfall - 100% savings achieved</b>	<b>17.681</b>	<b>18.668</b>	<b>19.430</b>	<b>19.922</b>	<b>20.018</b>	<b>20.018</b>
<b>Cumulative DSG funding shortfall - 100% savings achieved and after safety valve funding</b>	<b>11.681</b>	<b>8.668</b>	<b>5.430</b>	<b>2.922</b>	<b>0.018</b>	<b>0.018</b>
<b>Cumulative DSG funding shortfall - 75% savings achieved</b>	<b>18.163</b>	<b>19.937</b>	<b>21.729</b>	<b>23.494</b>	<b>25.127</b>	<b>26.720</b>
<b>Cumulative DSG funding shortfall - 50% savings achieved</b>	<b>18.646</b>	<b>21.206</b>	<b>24.028</b>	<b>27.067</b>	<b>30.235</b>	<b>33.422</b>
<b>Cumulative DSG funding shortfall - 25% savings achieved</b>	<b>19.128</b>	<b>22.475</b>	<b>26.327</b>	<b>30.639</b>	<b>35.344</b>	<b>40.123</b>
<b>Cumulative DSG funding shortfall - 0% savings achieved</b>	<b>20.451</b>	<b>25.285</b>	<b>30.868</b>	<b>37.152</b>	<b>44.093</b>	<b>51.166</b>

\* reflects projection as at November 2020

## 4. Grant Funding and Budget Assumptions

Increased levels of funding must be part of the deficit management solution. Positively, Richmond has received an increase in high needs funding in excess of 10% in 2020/21 and 9.58% in 2021/22. The Council has been advised by the Department for Education to assume funding increases of 8% per year over the plan period and this has been reflected in the model. The Council has also assumed that funding can be re-prioritised within the DSG fund as well as a need to provide time-limited general fund money to support the position. It is hoped that beyond the plan period the support from the general fund can be incrementally stepped down so that education is fully funded from the Dedicated Schools Grant.

*Table 3: Budget assumptions*

<b>£ million FORECAST</b>	<b>2020/21</b>	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>	<b>2024/25</b>	<b>2025/26</b>
<b>INCOME</b>						
Prior year high needs grant allocation	25.269	27.868	30.537	32.980	35.618	38.468
Annual grant increase	2.599	2.669	2.443	2.638	2.849	3.077
General Fund or other contribution	0.000	1.200	1.200	1.200	1.200	1.291
School Block Transfer - Targeted High Needs	0.250	0.250	0.250	0.250	0.250	0.250
School Block Transfer - early intervention outreach	0.131	0.031	0.000	0.000	0.000	0.000
Early Years Block Transfer	0.000	0.130	0.130	0.130	0.130	0.130
Central School Services Block Transfer	0.160	0.176	0.176	0.176	0.176	0.176
<b>Total high needs budget including recoupment</b>	<b>28.409</b>	<b>32.324</b>	<b>34.736</b>	<b>37.374</b>	<b>40.224</b>	<b>43.392</b>

If funding increases are higher or lower than modelled this will make the position better or worse. A 1% movement in the funding allocation is worth between £250k - £385k in every year that the lower amount is received. For example if 1% less is received in 2022/23 this would add £1.2m to the cumulative deficit over the remaining four years of the plan.

The plan also assumes that the Council will consider the re-prioritisation of funding each year to maximise funding available for high needs education. This includes working with Schools Forum to consider the re-prioritisation of funding from other blocks in the DSG as well as significant contributions from the general fund to support the position. The Council is committed to providing cash flow to protect support to children and young people but it is imperative that a wider solution is found at a national level. The interim measure of providing for education via the general fund should be time limited.

The focus of this plan is on managing costs and funding effectively to manage the deficit position. Without the “Safety Valve” funding the cumulative deficit would continue to rise to £20m over the plan period even after the significant activity outlined in the Plan. The DfE has agreed to provide additional “Safety Valve” funding of £20m to support the write off of the cumulative deficit over the Plan period. The funding will be received incrementally over the five year period and is subject to successful achievement of the service and financial improvements outlined in the Plan. If the Plan is fully delivered and the full £20m safety valve funding received the cumulative position on the fund will be brought back into balance by 2024/25 as outlined in the table below:

*Table 4: Impact of ‘Safety Valve’ funding*

	<b>2020/21*</b>	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>	<b>2024/25</b>	<b>2025/26</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
Deficit carried forward at 1st April	14.836	11.681	8.667	5.429	2.922	0.018
Annual projected DSG over/underspend	2.845	0.986	0.762	0.493	0.096	0.000
Cumulative DSG funding shortfall	17.681	12.667	9.429	5.922	3.018	0.018
Safety Valve Funding	-6.000	-4.000	-4.000	-3.000	-3.000	0.000
Cumulative DSG funding shortfall after safety valve funding	11.681	8.667	5.429	2.922	0.018	0.018

*\*reflects projection as at November 2020*

## 5. Growth Assumptions

The model looks to forecast growth that will need to be funded from the High Needs Block over the plan period. The increase in the number of EHCPs in Richmond over recent years has been slightly below the comparative national average. The number of EHCPs as a proportion of the total number of children and young people is in line with the Outer London average. This would indicate that Richmond has reasonable processes for agreeing new plans, although we continue to review these on an ongoing basis. Richmond's cessation of plans has been lower than the comparative averages in recent years and consideration of this gap is also ongoing. Both these matters are part of the work being undertaken within Workstream 5 of the SEND Futures Plan.

The growth projection is broken down into three key areas:

- New Education Health and Care Plans
- Ceased Education Health and Care Plans that are no longer needed
- Inflationary pressures on prior year spending commitments

Table 5 below summarises the financial impact of growth assumptions on annual spend:

*Table 5: Financial impact of growth assumptions*

<b>SPEND BEFORE ACTIONS, £ million</b>	<b>2020/21</b>	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>	<b>2024/25</b>	<b>2025/26</b>
Prior Year spend	30.892	34.024	37.158	40.318	43.659	47.165
Needs led growth (prior year full growth impact + new year impact)	3.441	3.466	3.673	3.909	4.165	4.430
Ceased Plans	-1.153	-0.995	-1.244	-1.369	-1.537	-2.331
Inflation growth (existing plans)	0.844	0.664	0.731	0.801	0.878	1.201
<b>Total spend including recoupment before plan impact</b>	<b>34.024</b>	<b>37.159</b>	<b>40.318</b>	<b>43.659</b>	<b>47.165</b>	<b>50.465</b>



The following table summarises the assumptions that underpin these figures:

*Table 6: Demand projections*

	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
<b>% increase</b>		<b>4.50%</b>	<b>8.00%</b>	<b>7.46%</b>	<b>7.44%</b>	<b>7.33%</b>	<b>5.53%</b>
<b>EHCPS @ Jan</b>	<b>1,494</b>	<b>1,561</b>	<b>1,686</b>	<b>1,812</b>	<b>1,947</b>	<b>2,089</b>	<b>2,205</b>
<b>Net increase</b>		<b>67</b>	<b>125</b>	<b>126</b>	<b>135</b>	<b>143</b>	<b>116</b>
<i>new plans</i>		180	187	202	217	234	251
<i>% increase</i>		13.50%	12.00%	12.00%	12.00%	12.00%	12.00%
<i>new plans - not nil cost</i>		162	169	182	196	210	226
<i>ceased plans</i>		-113	-62	-77	-83	-91	-135
<i>% reduction</i>		-9.00%	-4.00%	-4.54%	-4.56%	-4.67%	-6.47%
<i>ceased plans - not nil cost</i>		-56	-47	-57	-62	-68	-101

The change in need has been split into new plans that are predicted to present each year with the associated financial cost and the plans that will cease each year, giving a net increase in plans year on year. The plan assumes a net increase of 5% - 8% in plans each year and 48% increase in EHCPs over the plan period (including current year).

**New plans** - The number of new plans is expected to increase by an average of 12% each year over the plan period. The plan assumes that 10% of new plans can be met from within schools existing funding allocations with 90% requiring funding from the High Needs Block . The new plans have been built in at the prior year's uninflated average cost in line with the assumption that the actions detailed within the strategy to manage the impact of inflationary rises, across all plans, as part of the commissioning activity is successful.

**Cessation of plans** - The plan also allows for plans that will be ceased each year in cases where a child or young person no longer needs a plan due to age or needs. An average cessation percentage of 4% to 6% has been assumed with 25% of those plans ceased assumed to be met within school rather than high needs

block resources. The estimated ceased plan values have been assumed at the prior year uninflated average cost. Following the increase in age range to 25 as part of the 2014 reforms, 2021/22 will be the first year where young people begin to turn 25. The expected impact has been included within the plans ceasing each year.

The age profile when this plan was put together, when the total number of EHCPs was 1530, was:

*Table 7: Age profile of plans*

Year group / age	No. of EHCPs	%	Year Group / age	No. of EHCPs	%	Year Group / age	No. of EHCPs	%	Year Group / age	No. of EHCPs	%
N1	1	0.07%	4	115	7.52%	10	94	6.14%	20+	41	2.68%
N2	2	0.13%	5	119	7.78%	11	96	6.27%	21+	39	2.55%
R	42	2.75%	6	106	6.93%	12	93	6.08%	22+	13	0.85%
1	49	3.20%	7	119	7.78%	13	93	6.08%	23+	10	0.65%
2	62	4.05%	8	114	7.45%	14	84	5.49%	24+	9	0.59%
3	81	5.29%	9	104	6.80%	19+	43	2.81%	25+	1	0.07%

**Price inflation** - Price inflation has been built into the plan at 2% per year. There are inflationary pressures on most areas of high needs spending. Each year most schools submit requests to increase top up rates, independent school fees or high needs contractual costs. The high needs block also pays for pay inflation either directly for LA / AfC employed staff or via the various school funding mechanisms. The requests can range from nil percentage increase to over 10%. Managing inflationary rises is a key part of the SEND Futures Plan and the action to mitigate this pressure is discussed later in this plan.

The financial model assumes that where new areas of need are identified that are over and above the statutory provision that equivalent funding from outside the High Needs Block would need to be identified to ensure that the extension of support is affordable. Alternative funding sources could be from health, social care or the re-prioritisation of grant funds between education areas or within the high needs block. Where investment is needed that has the potential to save more money in the longer term then a business case to fund this from the high needs block is considered.

The impact of Covid on complexity of need and the need for EHCPs is still unclear and if this proves to be significant over the coming years this will present a pressure that has not been allowed for within the modelling. The impact of Covid 19 will need to be monitored and reflected in future iterations of this plan.

## 6. Savings and cost mitigation

The SEND Futures plan outlines a number of actions that will be undertaken to both improve quality but also to control cost. The table below seeks to estimate the impact of the actions that are likely to work towards improving value for money, mitigating future cost and reducing the overall average cost. The plan outlines activity that could reduce in year spend by £6.4m by March 2026 when compared to the position without the plan.

Table 8: Cost Control

£ million	2020/21	2021/22	2022/23	2023/24	2024/25	2024/26
<b>CUMULATIVE SAVINGS / MITIGATION:</b>						
Increased places in Specialist Resource Provisions (SRP)	-0.022	-0.053	-0.087	-0.120	-0.153	-0.171
Review of SRP vacant place funding	0.000	-0.050	-0.050	-0.050	-0.050	-0.050
Increased special school places	-0.139	-0.307	-0.524	-0.727	-0.923	-1.132
Development of post 16 offer	-0.121	-0.242	-0.363	-0.484	-0.605	-0.605
Improved commissioning practice including review of funding models and annual reviews	-1.154	-1.496	-1.847	-2.211	-2.664	-2.664
Contributions from other partners (health & social care)	-0.493	-1.000	-1.250	-1.500	-1.750	-1.750
<b>Total financial impact of actions</b>	<b>-1.929</b>	<b>-3.148</b>	<b>-4.120</b>	<b>-5.092</b>	<b>-6.145</b>	<b>-6.372</b>

## a. Increasing and improving local provision for children under the age of 16

A key part of the Richmond strategy is increasing local and more affordable high needs school places. Improving the local place offer has been ongoing for a number of years and will be a key component of the local strategy for the foreseeable future.

Broadly speaking, and there are a small number of exceptions, it is more affordable to place a child in a local school than it is to place a child within an out of borough independent special school. In a similar vein it is important that we have adequate places within local Specialist Resource Provisions (SRPs) at mainstream schools to avoid escalation to more expensive special school placements.

Local school places are likely to be more affordable and there are clear cost avoidance opportunities in relation to home to school travel. Educating children locally also provides more opportunity for young people to benefit from local resources and community links.

Section 11 below provides a detailed breakdown of planned school places, by school, over the five year period.

The plan to increase the number of SRPs and special school places should reduce the in year spend by £1.076m by 2024/25. It has been assumed, based on local data, that there is an average net benefit of £3,000 per primary school pupil who can be supported in an SRP rather than a special school, £4,000 per secondary school pupil who can be supported in an SRP rather than a special school and £7,000 where a child can attend a local special school rather than an out of borough independent school. The following tables summarise the planned place expansion and savings:

*Table 9: New places (full year equivalent) by financial year*

	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
Primary Places	3	3	4	3	3	4
Secondary Places	3	6	6	6	6	2
Special School Places	20	24	31	29	28	30
<b>Total</b>	<b>26</b>	<b>33</b>	<b>40</b>	<b>38</b>	<b>37</b>	<b>36</b>

Table 10: Estimated new place savings

Impact of in year action	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	TOTAL
	£m	£m	£m	£m	£m	£m	£m
Primary SRP Places	£0.010	£0.008	£0.011	£0.009	£0.010	£0.012	<b>£0.058</b>
Secondary SRP Places	£0.012	£0.024	£0.023	£0.025	£0.023	£0.007	<b>£0.113</b>
Special School Places	£0.139	£0.168	£0.217	£0.203	£0.197	£0.209	<b>£1.132</b>
<b>Total</b>	<b>£0.161</b>	<b>£0.199</b>	<b>£0.250</b>	<b>£0.237</b>	<b>£0.229</b>	<b>£0.228</b>	<b>£1.304</b>

AfC annually reviews vacancy rates in SRPs. Places in SRPs can remain vacant if there is a mismatch between need or location and the provision of places. SRPs are funded based on fixed numbers of places to allow schools to plan staffing resources. Where there are consistent vacancies in SRPs those places will either be re-designated and used to support children, with the agreement of the school, or they will be removed. Savings of £50k have been built in to allow for this activity.

### **b. Increasing and improving local provision for young people over the age of 16**

The Plan also recognises the importance of developing the local offer for young people over the age of 16. This will be done through ensuring that there is proactive pathway planning for every young person at an early stage and that there is a broad range of options available to young people including college places, apprenticeships or local vocational training. There will be a focus on preparing young people for adulthood to ease the transition from the EHCP service offer which extends to age 25.

Savings / cost avoidance of £605k have been built in over the plan period

### **c. Improved commissioning practices and funding models**

Effective review and commissioning of placements is an important part of the SEND Futures Plan. To achieve value for money it is important that AfC are in a good position to commission support at a competitive price and also review that provision at least annually to ensure that it still meets the young person's needs

and continues to represent value for money. The commissioning team will work with providers to mitigate future costs and ensure that inflationary rises are reasonable. There must be clear mechanisms in place to support a fair share of funding amongst partners - education, health, social care. The SEND Futures Plan outlines the following specific activity:

- Develop principles and processes that enable commissioning activities to better respond to local need and be strongly focussed on outcomes for children and young people, including developing our local intelligence and considering how different funding models may offer incentives to drive improvements in the quality and efficiency of provision
- Work together and with children, young people and their parents to understand the performance of commissioned services for children and young people with special educational needs and disabilities and the outcomes that they support; and identify priorities to transform services
- Review resourcing allocations across the partnership to understand the contributions required of each partner to meet the needs of children and young people with Education, Health and Care Plans, including jointly funded places for those with complex needs and in out of borough and residential placements
- Work with children, young people and their families, and the leads of Workstream 3, to develop a high quality local therapy offer
- Identify opportunities to work in commissioning consortiums or other partnership arrangements with other areas to leverage cost savings
- Improve commissioning of placements including building quality assurance mechanisms into its contract management to securing better value for money

The plan assumes the following average costs over the plan period with inflationary pressure being fully mitigated:

Table 11: Assumed average costs

	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
<i>Average cost based on projected spend after actions</i>	£20,558	£20,171	£19,978	£19,811	£19,632	£19,997
<i>% increase</i>	-0.58%	-1.88%	-0.96%	-0.83%	-0.90%	1.86%
<i>Estimated inflated average cost before action</i>	£21,242	£21,667	£22,100	£22,542	£22,993	£23,568
<i>% increase</i>	2.73%	2.00%	2.00%	2.00%	2.00%	2.50%
<i>Estimated unit price inflation</i>	£565	£425	£433	£442	£451	£575

#### **d. Effective Management of Demand for High Needs Block Services**

The plan assumes that there will be lower increases in numbers of EHC plans than in recent years. The Council has a duty to assess and provide an EHC plan and associated education support for children and young people in line with the Children and Families Act. In meeting this duty the Council will continue to have clear and understandable processes for accessing a child or young person's needs which will include an assessment of where support can be delivered within resources already available to schools. The Council will also continue to facilitate early intervention support at the earliest opportunity to avoid, where possible, unnecessary escalation of need. The Council will continue to improve arrangements for the annual review of EHCPs to ensure that funded support remains aligned to a child or young person's needs. This will be particularly important at key transition points. It is also important that the effectiveness of support be regularly assessed and reviewed to ensure it is achieving the stated outcomes.

#### **e. Other Funding sources**

The Plan assumes that an annual exercise will be undertaken to review and decide how all possible funding sources could be re-prioritised to assist with high needs education pressures. This could include from other education blocks in the Dedicated Schools Grant (schools, early years, central) as well as non Dedicated Schools Grant budgets (e.g. general fund or health funding). The review will be undertaken with relevant partners including the Clinical Commissioning Group, Schools Forum, Achieving for Children and the Council. In recent years there have been consistent underspends in the Early Years Block of the Dedicated Schools Grant. The early years formula is reviewed each year to ensure that local Early Years Entitlement rates remain reasonable. Continued Early Years Block underspends have been assumed over the plan period.

## 7. Assumptions and Risk Register

The plan includes significant estimates relating to future years income, cost and demand pressures as well as the potential impact of plan actions. Small variations in assumptions can make a material difference to the financial position. The main assumptions are as follows:

*Table 12: Assumptions*

<b>ASSUMPTION</b>	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>	<b>2024/25</b>	<b>2025/26</b>
DSG Funding increase £	£2.669m	£2.443m	£2.638m	£2.849m	£3.077m
DSG Funding increase %	9.58%	8.00%	8.00%	8.00%	8.00%
General Fund or other contribution	£1.200m	£1.200m	£1.200m	£1.200m	£1.291m
Early Years Contribution £	£0.830m	£0.830m	£0.830m	£0.830m	£0.830m
Central Services Contribution £	£0.176m	£0.176m	£0.176m	£0.176m	£0.176m
EHCP growth %	8.00%	7.46%	7.44%	7.33%	5.53%
Inflation growth %	2.00%	2.00%	2.00%	2.00%	2.50%
Savings / cost avoidance	-£1.219m	-£0.972m	-£0.972m	-1.053m	-£0.228m
Covid 19	£0.000m	£0.000m	£0.000m	£0.000m	£0.000m
Investment in service improvement	£0.000m	£0.000m	£0.000m	£0.000m	£0.000m

Progress against these assumptions and targets will be closely monitored and the financial projections updated as appropriate.



## Risk Register

The following table details the risks associated with the plan in more detail as well as the action the Council and partners will take to manage risks:

RISK DESCRIPTION	MITIGATION / CONTROL	RAG
There is a risk that certain elements of the plan are not achieved and that ongoing financial pressure continues to put at risk the financial stability of Richmond Council and schools.	The Plan will be a key priority for the Council over the coming years and will be closely monitored to ensure that risks and opportunities are identified and appropriate action taken to mitigate the impact.	R
The Council is unable to bring the DSG back into balance without a significant support package from the DfE which would include financial as well as implementation support.	The Council has clearly articulated the support package needed from the DfE as part of the DMP process to reach a mutual understanding of what is needed. Safety valve funding has been agreed with the DfE subject to successful implementation of the Plan. Additional capital funding to support investment in the local offer may also be available.	A
If significant and ongoing year on year increases in high needs funding is not received this would create a year on year budget gap and the plan would not bring the fund back into balance over time.	The Council is working closely with the DfE and has reflected funding increases that are in line with DfE recommendations.	A
The Plan assumes significant contributions from council general fund resources and other areas of the DSG over the plan period and this will have a direct impact on the availability of funding for other council and education services. If this funding is not available then this would create a year on year budget gap and the plan would not bring the fund back into balance over time.	The Council will work with partners to consider how local funding should be prioritised each year. The S151 officer will also make appropriate assumptions when undertaking medium term financial modelling in relation to general fund resources. The impact of diverting funding will be monitored and considered as part of decision making processes as well as relevant Equality Impact Assessments.	A
There is a risk that levels of future need may be higher than what has been built into the plan which could create additional year on year gaps. The Council will continue to	Challenging assumptions have been built into the model regarding levels of future need. The Partnership Board, Council and Schools Forum will monitor progress against these plans. The Council's Director of Children's Services will monitor the	R

meet its statutory duty where plans should be issued.	application of EHCP assessment, issuance and cessation processes to ensure they are in line with statutory duty.	
For the Plan to be successful all local partners including the Council, AfC, schools, early years providers, health and the DfE must work together to find solutions and implement the SEND Futures Plan. There is a risk that in the context of limited funding relationships become fractured and this impacts on the achievement of plans.	The SEND Partnership Board is a key part of the plan governance and brings together all partners to monitor and discuss the plan. The Council will also be proactive in working with partners to discuss plans and where possible mutually agree solutions to challenges.	A
If there are delays or capital funding shortfalls in relation to local place investment plans then this will impact on where children are placed in the future which is likely to increase costs and lead to shortfalls on the plan.	The plan assumes significant cost mitigation through the use of local places in SRPs and special schools. The Council's capital team will be managing the capital investment programme and investment decisions will be based on sound invest to save business cases. The Council will work with the DfE, schools and colleges to identify appropriate sites as well as capital funding. The placement of children in the new places will be monitored as part of the plan governance to ensure that appropriate children are being supported in the new local places and that the places are being used effectively.	A
If inflationary requests are not managed effectively this will lead to increased costs and shortfalls on the plan. It is also important that financial decisions are made by staff with value for money being considered.	The SEN Team and Commissioning Team will receive regular financial monitoring information. They will also be supported to understand the financial implications of their decisions by relevant finance and commissioning staff. The scheme of delegation will support decision making at appropriate levels in the organisation. The Council will continue to buy in support for managing inflationary requests on independent placements via the South London Commissioning Partnership.	A
Lack of investment in service improvement causes delays in implementing the SEND Futures plan and leads to reduced performance and outcomes.	The SEND Futures plan outlines how services will be improved over time as well as how cost will be managed. The Council will need to consider what additional investment is needed with partners each year and identify how this will be funded if it can't be achieved within existing resources. The SEND Partnership Board will have oversight over these discussions, chaired by the Council's DCS.	R
The full impact of Covid 19 is not yet clear but it could lead to reduced capacity in schools to support children and it	The impact of Covid 19 will be monitored over the coming 12 months as the country begins to move towards recovery, where needed the financial impact will be reflected	R

could also lead to an escalation in the number of children requiring support as well as the level of support required.

in future iterations of plans. The Council will work closely with AfC and other partners to understand the impact and discuss solutions as the challenges become clearer.

## 8. Governance Arrangements

This plan is monitored on a quarterly basis and where there are significant changes, assumptions will be updated to reflect the latest information on both the in year and future years financial position. The SEND Futures Plan is overseen by an established governance structure which includes a SEND Partnership Board and the Director of Children's Services receives regular updates from SEND Futures workstream leads and the finance department. AfC works closely with the Council and reports on the DSG position as part of the monthly budget monitoring cycle. The following arrangements will be in place to support appropriate oversight and monitoring of the plan:

- The Council's Director of Children's Services (DCS) will be the officer accountable for delivery of the plan and reports directly to the Council's Chief Executive
- The plan will continue to be one of the Council's key priority programmes
- The delivery of the plan will be formalised as one of AfC's key contractual objectives with associated key performance indicators and milestones
- Monthly reporting on progress will continue as part of existing commissioning arrangements between the Council and AfC budget monitoring and performance monitoring
- There will be a quarterly meeting of a Delivery Board with Council and AfC representatives discussing progress and performance against key performance indicators as well as risks and opportunities
- Periodic reporting on progress to SEND Partnership Board, Education and Children's Committee and Richmond Schools Forum as part of established reporting mechanisms

## 9. Key Milestones

The existing monitoring reports will be updated to reflect key milestones and performance indicators once there is a finalised plan. The following table summarises some of the key measures:

	2021			2022			2023			2024			2025			2026	
	Jan	Mar	Sep	Jan	Mar	Sep	Jan	Mar	Sep	Jan	Mar	Sep	Jan	Mar	Sep	Jan	Mar
<b>No. EHCPs Jan census</b>	1561			1686			1812			1947			2089			2205	
<b>Average cost of EHCP (£'000)</b>		£20.6			£20.2			£20.0			£19.8			£19.6			£20.0
<b>Savings / cost avoidance (£m)</b>		£1.9			£3.1			£4.12			£5.1			£6.1			£6.4
<b>New local specialist places</b>			26			59			99 *			137			174		

\*Plus new special free school open

## 10. Full Deficit Management Plan Financial Model

	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
	£m	£m	£m	£m	£m	£m
	FORECAST	FORECAST	FORECAST	FORECAST	FORECAST	FORECAST
<b>INCOME</b>						
Prior year high needs grant allocation	25.269	27.868	30.537	32.980	35.618	38.468
Annual grant increase	2.599	2.669	2.443	2.638	2.849	3.077
General Fund or other contribution	0.000	1.200	1.200	1.200	1.200	1.291
School Block Transfer - Targeted High Needs	0.250	0.250	0.250	0.250	0.250	0.250
School Block Transfer	0.131	0.031	0.000	0.000	0.000	0.000
Early Years Block Transfer	0.000	0.130	0.130	0.130	0.130	0.130
Central School Services Block Transfer	0.160	0.176	0.176	0.176	0.176	0.176
<b>Total high needs budget including recoupment</b>	<b>28.409</b>	<b>32.324</b>	<b>34.736</b>	<b>37.374</b>	<b>40.224</b>	<b>43.392</b>
<b>SPEND BEFORE ACTIONS</b>						
Prior Year spend	30.892	34.024	37.158	40.318	43.659	47.165
Needs led growth (prior year full growth impact and new year impact)	3.441	3.466	3.673	3.909	4.165	4.430
Ceased Plans	-1.153	-0.995	-1.244	-1.369	-1.537	-2.331
Inflation growth (existing plans)	0.844	0.664	0.731	0.801	0.878	1.201
<b>Total spend including recoupment</b>	<b>34.024</b>	<b>37.159</b>	<b>40.318</b>	<b>43.659</b>	<b>47.165</b>	<b>50.465</b>
<b>Saving required to balance the high needs block (in-year deficit)</b>	<b>5.615</b>	<b>4.835</b>	<b>5.582</b>	<b>6.285</b>	<b>6.941</b>	<b>7.073</b>

<b>CUMULATIVE SAVINGS:</b>						
Increased places in Specialist Resource Provisions (SRP)	-0.022	-0.053	-0.087	-0.120	-0.153	-0.171
Review of SRP vacant place funding	0.000	-0.050	-0.050	-0.050	-0.050	-0.050
Increased special school places	-0.139	-0.307	-0.524	-0.727	-0.923	-1.132
Development of post 16 offer	-0.121	-0.242	-0.363	-0.484	-0.605	-0.605
Improved commissioning practice including review of funding models and annual reviews	-1.154	-1.496	-1.847	-2.211	-2.664	-2.664
Contributions from other partners (health & social care)	-0.493	-1.000	-1.250	-1.500	-1.750	-1.750
Total financial impact of actions	<b>-1.929</b>	<b>-3.149</b>	<b>-4.120</b>	<b>-5.092</b>	<b>-6.145</b>	<b>-6.372</b>
Net spend after actions	<b>32.095</b>	<b>34.010</b>	<b>36.198</b>	<b>38.567</b>	<b>41.020</b>	<b>44.092</b>
<b>In year high needs funding shortfall after savings</b>	<b>3.686</b>	<b>1.687</b>	<b>1.462</b>	<b>1.192</b>	<b>0.796</b>	<b>0.700</b>
Underspends in other blocks	-0.841	-0.700	-0.700	-0.700	-0.700	-0.700
<b>Net annual DSG over/underspend</b>	<b>2.845</b>	<b>0.987</b>	<b>0.762</b>	<b>0.492</b>	<b>0.096</b>	<b>0.000</b>
<b>Cumulative DSG funding shortfall - 100% savings achieved</b>	<b>17.681</b>	<b>18.668</b>	<b>19.430</b>	<b>19.922</b>	<b>20.018</b>	<b>20.018</b>
Cumulative DSG funding shortfall - 75% savings achieved	18.163	19.937	21.729	23.494	25.127	26.720
Cumulative DSG funding shortfall - 50% savings achieved	18.646	21.206	24.028	27.067	30.235	33.422
Cumulative DSG funding shortfall - 25% savings achieved	19.128	22.475	26.327	30.639	35.344	40.123
Cumulative DSG funding shortfall - 0% savings achieved	20.451	25.285	30.868	37.152	44.093	51.166

## 11. Specialist School Places

### a. Specialist Resource Provisions (SRPs) at mainstream schools

	Places by academic year	Specialism	2017	2018	2019	2020	2021	2022	2023	2024	2025
Primary	Windham Nursery	ASC	8	16	16	16	16	16	16	16	16
	Barnes Primary	ASC						4	6	10	14
	Darell Primary	MLD	8	8	13	15	18	18	18	18	18
	East Sheen Primary	SEMH	3	6	6	6	6	6	6	6	6
	Hampton Hill Junior	SEMH	3	6	6	6	6	6	6	6	6
	Heathfield Infant and Heathfield Junior	ASC	12	18	18	18	18	18	18	18	18
	Heathfield Junior	SEMH	4	4	4	4	4	4	4	4	4
	St James's Catholic Primary	ASC	10	10	10	10	10	10	10	10	10
	Stanley Primary	ASC	18	18	18	18	18	18	18	18	18
Secondary	Christ's	SpLD	6	6	6	6	6	6	6	6	6
	Grey Court	SLCN	8	8	8	8	8	8	8	8	8
	Hampton High	ASC					4	8	16	20	20
	Orleans Park	SpLD	6	10	10	10	10	10	10	10	10
	Richmond Park Academy	SEMH			3	6	10	10	10	10	10
	Waldegrave	ASC	6	6	6	6	6	6	6	6	6

## b. Special Schools

	Places by academic year	Specialism	2017	2018	2019	2020	2021	2022	2023	2024	2025
Special Schools	Capella House Special School	SLCN			14	38	62	72	72	72	72
	Clarendon Special School	MLD	130	148	148	148	148	148	128	128	128
	Clarendon Special School - New Gateway	ASC							12	23	34
	Strathmore Special School	SLD	85	98	98	98	98	98	104	110	116
	New special school	SEMH						20	40	48	54
	New special school (neighbouring borough)	ASC						6	12	18	24

## c. Total specialist places (SRPs + special schools)

	Places by academic year	Specialism	2017	2018	2019	2020	2021	2022	2023	2024	2025
	<b>Totals</b>	All	307	362	384	413	444	492	526	565	598