Kingston SEND Futures Plan

June 2021

Annex 1 : Dedicated Schools Grant Financial Model (DRAFT)

1. Introduction and context

This annex 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 and reflect the position as projected in November 2020**. **This annex has not been updated to reflect the latest position at the time of reporting to provide a consistent baseline.**

Kingston 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 costs more than the £6,000 that is allocated to an individual school budget, this additional support is funded through the High Needs Block of the Dedicated Schools Grant. Where the education needs for 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 could be for behavioural or medical issues. The health and social care elements of an EHCP are funded by the Clinical Commissioning Group (health) and the Council (social care).

Kingston, 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 70% between January 2014 and January 2020 with annual increases being between 4% and 13%. Funding has increased by 26.66% between 2014/15 and 2020/21 and this must pay for increased levels of need as well as year on year inflationary pressures. Positively, the provisional DSG settlement announced in mid December 2020, would indicate a further 11% increase next year which would bring the cumulative increase since 2014/15 to 41%. Kingston 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 first finalised and published in February 2019, and it was then updated in November 2020. The plans have helped reduce the average cost of providing support over the last five years but the scale of the funding gap means that it has not been possible to bring annual spending in line with 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 £19.3million on the ringfenced DSG fund at 31st March 2020 and in late 2020 it was estimated that this would grow by a further £5.9million by 31st March 2021. The deficit would be £8m 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:

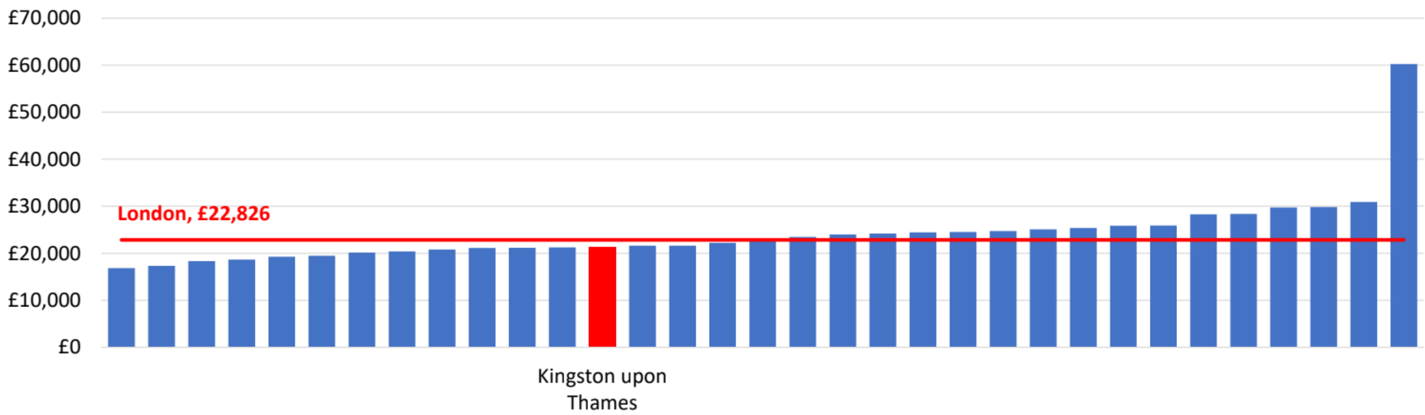
Table 1: Deficits

Year	**2015/16**	**2016/17**	**2017/18**	**2018/19**	**2019/20**	***2020/21**
	£m	**£m**	**£m**	**£m**	**£m**	**£m**
DSG annual deficit (£m)	2.487	4.825	4.208	3.381	5.180	5.874
High needs annual shortfall in funding (£m)	3.325	4.884	6.387	5.514	6.369	6.870
Cumulative DSG deficit	1.657	6.482	10.690	14.071	19.251	25.125
Cumulative DSG deficit after "Safety Valve" funding (£m)	1.657	6.482	10.69	14.071	19.251	*13.125

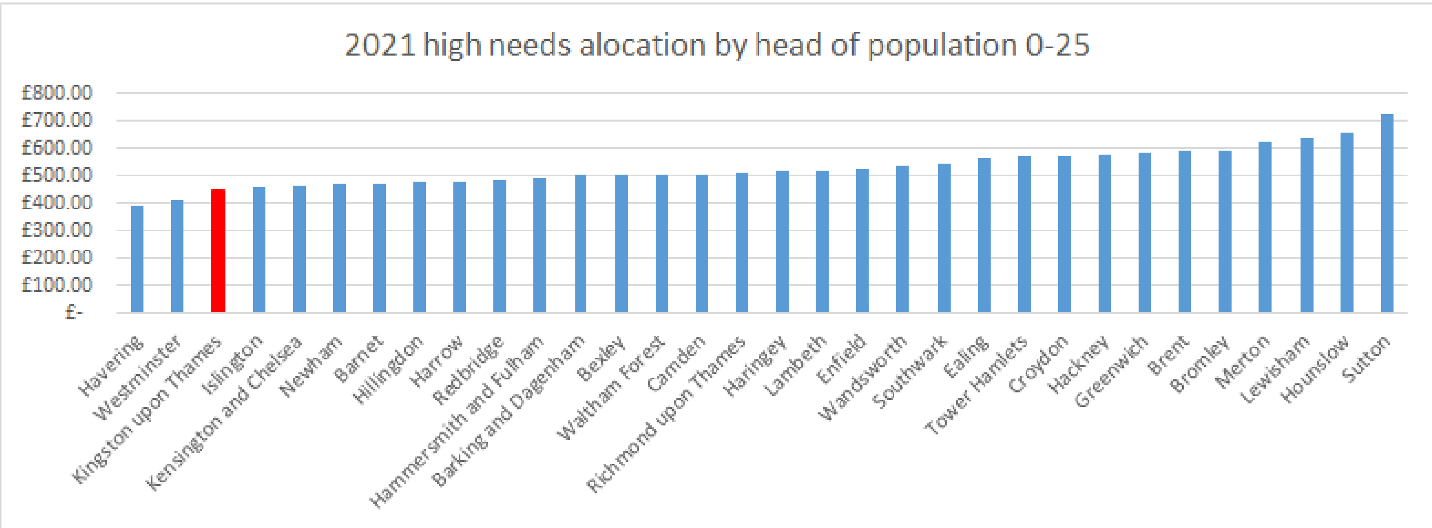
**position projected in November 2020. Actual cumulative deficit is £12.4m after safety valve funding.*

Despite the significant year on year overspend, Kingston benchmarks as marginally below average when comparing a basic average spend on plans to other local authorities. This position would indicate that whilst there are actions that could be undertaken to further reduce average costs that Kingston is not starting from a significantly over-inflated position. 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



When comparing Kingston's 2021/22 provisional funding received (before 'safety valve' funding) to other boroughs per head of population Kingston continues to receive one of the lowest allocations in London.



2. Objectives of the Deficit Management Plan

Whilst it is clear that there is an affordability gap between the boroughs 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 £19million at 31st March 2020 and which will continue to 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 totalling £5m per year as well as the year on year impact of inflation on those costs
- **Cost of new need** that presents each year and costs in excess of £2million per year

The Plan outlines three key financial objectives as follows:

1. <u>Increasing the level of funding</u>

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 may not be matched each year by equivalent funding increases.

2. <u>Investment in our local services</u>

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. It is also important that there are clear thresholds for accessing services to ensure that funding remains aligned to a consistent assessment of need.

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 principle 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 and impact of plan

	2020/21*	2021/22	2022/23	2023/24	2024/25	2025/26
	£m	**£m**	**£m**	**£m**	**£m**	**£m**
	FORECAST	**FORECAST**	**FORECAST**	**FORECAST**	**FORECAST**	**FORECAST**
Estimated high needs budget	23.706	27.559	29.631	33.068	35.485	38.095
Estimated high needs spend	32.726	35.202	37.636	40.050	42.303	43.950
In year high needs funding shortfall before plan	**9.020**	**7.643**	**8.005**	**6.982**	**6.818**	**5.856**
Financial impact of actions in plan	-2.150	-3.411	-4.396	-5.464	-6.623	-6.731
In year high needs funding shortfall after plan	**6.870**	**4.232**	**3.609**	**1.517**	**0.195**	**-0.875**
Underspends in other blocks	-0.996	-0.750	-0.750	-0.750	-0.750	-0.750
Net annual DSG over/underspend	**5.874**	**3.482**	**2.859**	**0.767**	**-0.555**	**-1.625**
Cumulative DSG funding shortfall - 100% savings achieved	**25.125**	**28.607**	**31.465**	**32.233**	**31.678**	**30.053**
Cumulative DSG funding shortfall - 100% savings achieved and after safety valve funding	**13.125**	**11.607**	**9.465**	**5.233**	**1.678**	**0.053**
Cumulative DSG funding shortfall - 75% savings achieved	**25.662**	**29.997**	**33.955**	**36.088**	**37.189**	**37.247**
Cumulative DSG funding shortfall - 50% savings achieved	**26.200**	**31.387**	**36.444**	**39.944**	**42.700**	**44.441**
Cumulative DSG funding shortfall - 25% savings achieved	**26.738**	**32.778**	**38.933**	**43.799**	**48.211**	**51.635**
Cumulative DSG funding shortfall - 0% savings achieved	**28.271**	**35.914**	**43.919**	**50.901**	**57.719**	**63.574**

** 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, Kingston has received an increase in high needs funding in excess of 11% 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

	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
	£m	**£m**	**£m**	**£m**	**£m**	**£m**
	FORECAST	**FORECAST**	**FORECAST**	**FORECAST**	**FORECAST**	**FORECAST**
INCOME						
Prior year high needs grant allocation	23.287	23.269	25.897	27.969	30.206	32.623
Annual grant increase	-0.018	2.628	2.072	2.238	2.417	2.610
Early Years block transfer	0.121	0.162	0.162	0.162	0.162	0.162
Central Block	0.016	0.000	0.000	0.000	0.000	0.000
Schools Block Transfer - Targeted High Needs	0.300	0.300	0.300	0.300	0.300	0.300
Additional contributions - funding source tbc	0.000	1.200	1.200	2.400	2.400	2.400
Total high needs budget including recoupment	**23.706**	**27.559**	**29.631**	**33.068**	**35.485**	**38.095**

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 £259k - £326k in every year that the lower amount is received. For example if 1% less is received in 2022/23 this would add £1m to the cumulative deficit over the remaining three 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 £30m over the plan period even after the significant activity outlined in the Plan. The DfE has agreed to waive the repayment of a previous £3m DSG advance and to provide additional "Safety Valve" funding of £27m 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 £27m safety valve funding received the cumulative position on the fund will be brought back into balance by 2025/26 as outlined in the table below:

Table 4: Impact of 'Safety Valve' funding

	2020/21*	**2021/22**	**2022/23**	**2023/24**	**2024/25**	**2025/26**
	£m	**£m**	**£m**	**£m**	**£m**	**£m**
Deficit carried forward at 1st April	19.251	13.125	11.607	9.466	5.233	1.678
Annual projected DSG over/underspend	5.874	3.482	2.859	0.767	-0.555	-1.625
Cumulative DSG funding shortfall	25.125	16.607	14.466	10.233	4.678	0.053
Safety Valve Funding	-12.000	-5.000	-5.000	-5.000	-3.000	0.000
Cumulative DSG funding shortfall after safety valve funding	13.125	11.607	9.466	5.233	1.678	0.053

**reflects projection as at November 2020*

5. Growth Assumptions

The model looks to forecast growth that will need to be funded via the high needs grant allocation over the five year plan period. Kingston's plan growth has, in recent years, been slightly below the national average and the % of plans per 0-18 population has been below statistical neighbours averages and slightly above the comparative national and outer London average. This would indicate that Kingston is not an outlier and the SEND Team has acceptable thresholds for agreeing new plans. Kingstons cessation of plans has been lower than the comparative averages in recent years and a focused exercise is planned for 2021/22 to review plans that may no longer be needed with a particular focus on those that do not require funding from the high needs block. 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

The following table summarises the financial impact of growth assumptions on annual spend:

Table 4: Financial impact of growth assumptions

	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
	£m	**£m**	**£m**	**£m**	**£m**	**£m**
SPEND <u>BEFORE</u> ACTIONS						
Prior Year spend	29.655	32.726	35.202	37.636	40.050	42.303
Needs led growth (prior year full growth impact and new year impact)	4.245	3.302	3.433	3.665	3.875	3.998
Ceased Plans	-1.767	-1.488	-1.721	-2.036	-2.476	-3.503
Inflation growth (existing plans)	0.593	0.661	0.722	0.785	0.853	1.153

Total spend including recoupment		**32.726**	**35.202**	**37.636**	**40.050**	**42.303**	**43.950**

The following table summarises the assumptions that underpin these figures:

Table 5: Demand projections

	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
% increase		***9.29%***	***7.00%***	***6.70%***	***6.49%***	***6.00%***	***4.01%***
EHCPs @ Jan	***1,314***	***1,436***	***1,537***	***1,640***	***1,746***	***1,851***	***1,925***
Net increase		**122**	**101**	**103**	**106**	**105**	***74***
new plans		*209*	*172*	*184*	*201*	*217*	*230*
% increase		15.9%	*12.00%*	*12.00%*	*12.25%*	*12.45%*	*12.45%*
new plans - not nil cost		*188*	*155*	*166*	*181*	*196*	*207*
ceased plans		*-87*	*-72*	*-81*	*-94*	*-113*	*-156*
% reduction		*-6.62%*	*-5.00%*	*-5.30%*	*-5.76%*	*-6.45%*	*-8.44%*
ceased plans - not nil cost		*-78*	*-65*	*-73*	*-85*	*-101*	*-141*

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 4% to 9.3% in plans each year and 46% increase in EHCPs over the plan period. There is significant risk attached to this assumption when you look at the level of growth that has been experienced in previous years. The actual level of growth will be closely monitored as part of the plan governance and the team will have a focus on ensuring that where plans are no longer needed, that they are ceased, and that the existing strong threshold management for new plans continues.

Table 6: Historic demand

	2014	2015	2016	2017	2018	2019	2020	Total
Number of statements or EHCPs	770	803	899	958	1042	1161	1314	
Net increase		33	96	59	84	119	153	544
% increase		4%	12%	7%	9%	11%	13%	71%

New plans - The number of new plans is expected to increase by about 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 between 5% and 8.4% has been assumed with 10% of those plans ceased assumed to be met within school rather than high needs block resources. Over the past five years an estimated 3.8% of plans have ceased each year and a higher percentage has been included to reflect a renewed focus in this area. 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 EHC plans was 1416, 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	73	5.16%	10	101	7.13%	20+	42	2.97%
N2	6	0.42%	5	107	7.56%	11	109	7.70%	21+	25	1.77%
R	35	2.47%	6	91	6.43%	12	97	6.85%	22+	19	1.34%

1	41	2.90%		7	107	7.56%		13	68	4.80%		23+	10	0.71%
2	51	3.60%		8	113	7.98%		14	63	4.45%		24+	4	0.28%
3	93	6.57%		9	104	7.34%		19+	56	3.95%		25+	0	0.00%

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 carefully 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 £6.7m by March 2026 when compared to the position without the plan.

Table 8: Cost Control

	2020/21	2021/22	2022/23	2023/24	2024/25	2024/26	TOTAl IMPACT
	£m	£m	£m	£m	£m	£m	£m
ANNUAL SAVINGS / COST MITIGATION:							
Increased places in Specialist Resource Provisions (SRP)	-0.100	-0.071	-0.036	-0.010	0.000	0.000	**-0.217**
Review of SRP vacant place funding	-0.077	-0.073	0.000	0.000	0.000	0.000	**-0.150**
Increased special school places	-0.132	-0.047	-0.090	-0.154	-0.130	-0.108	**-0.660**
Development of post 16 offer	-0.120	-0.120	-0.121	-0.121	-0.121	0.000	**-0.603**
Improved commissioning practice including review of funding models and annual reviews	-1.320	-0.351	-0.489	-0.533	-0.658	0.000	**-3.351**
Contributions from other partners (health & social care)	-0.401	-0.599	-0.250	-0.250	-0.250	0.000	**-1.750**
Total financial impact of actions	**-2.150**	**-1.261**	**-0.986**	**-1.068**	**-1.159**	**-0.108**	**-6.731**

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

A key part of the Kingston 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 preferable to place a child in a local school than it is to place a child within an out of borough school. This affordability benefit is particularly relevant where we can use a local special school place rather than an independent sector place to meet needs. In a similar vein it is important that we have adequate places within local Specialist Resource Provisions (SRPs) 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.

Paragraph 11 provides a detailed breakdown of planned school places, by school, over the plan period.

The plan to increase the number of SRP and special school places should reduce the in year spend by £877k by March 2026. 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 table summarises the planned place expansion:

Table 9: New places FTE by financial year

	2020/21	**2021/22**	**2022/23**	**2023/24**	**2024/25**	**2025/26**
Primary SRP Places	8	5	2	0	0	0
Secondary SRP Places	19	14	8	3	0	0
Special School Places	19	7	13	22	19	15
Total	**46**	**26**	**22**	**25**	**19**	**15**

Table 10: Estimated new place savings

Impact of in year action	2020/21	2021/22	2022/23	2023/24	2024/25	2024/26	TOTAL
	£m	£m	£m	£m	£m	£m	£m
Primary SRP Places	£0.023	£0.015	£0.005	£0.000	£0.000	£0.000	**£0.043**
Secondary SRP Places	£0.077	£0.057	£0.031	£0.010	£0.000	£0.000	**£0.174**
Special School Places	£0.132	£0.047	£0.090	£0.154	£0.130	£0.108	**£0.660**
Total	**£0.232**	**£0.118**	**£0.126**	**£0.164**	**£0.130**	**£0.108**	**£0.877**

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 £150k 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.

The Council is working with partners to explore whether a post 16 campus that brings together learning opportunities, apprenticeship opportunities and supported accommodation could assist in improving outcomes and supporting young people in a more affordable way. The full business case is not yet developed but there is a clear rationale that by consolidating provision to a central best practice campus a stronger offer can be offered at a lower cost. Broad estimates of the potential impact of this development have been included in the latter years of the plan and at this point in time the estimates are very prudent.

Savings / cost avoidance of £603k 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 SEND commissioning team will work with providers to mitigate future costs and ensure that inflationary rises are reasonable. AfC also continues to buy in support from the South London Commissioning Consortium. 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 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 secure better value for money and taking advantage of scale purchasing opportunities

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

Table 11: Assumed average costs

	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
Average cost based on projected spend after actions	*£22,568*	*£21,291*	*£20,689*	*£20,274*	*£19,809*	*£19,279*	*£19,336*
% increase		*-5.66%*	*-2.83%*	*-2.01%*	*-2.29%*	*-2.68%*	*0.29%*
Estimated inflated average cost before action	*£22,568*	*£23,020*	*£23,480*	*£23,950*	*£24,429*	*£24,917*	*£25,540*
% increase		*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.50%*
Estimated unit price inflation		*£451*	*£460*	*£470*	*£479*	*£489*	*£623*

d. Effective Management of Demand for High Needs Block Services

The plan assumes that there will be lower increases in levels of need than has been experienced historically. The Council has a duty to assess and provide an EHCP 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 thresholds for accessing support 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 the unnecessary escalation of need.

The Council will also 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.

The impact of the lower growth assumptions is further explained in the table below:

Table 12: Impact of lower EHCP growth assumptions

	2021/22	2022/23	2023/24	2024/25	2025/26
Projected increase in EHCPs based on current trends	8.75%	8.45%	7.99%	7.30%	4.01%
Reduction in trend reflected in the plan	1.75%	1.75%	1.50%	1.30%	1.30%
Impact on EHCPs as at January	-25	-54	-83	-112	-137
Financial impact - cumulative	-£519,944	-£1,097,714	-£1,645,435	-£2,155,878	-£2,645,614

e. Other Funding sources

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. An assumption of continued underspends has been built in over the plan period.

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

ASSUMPTION	2021/22	2022/23	2023/24	2024/25	2025/26
DSG Funding increase £	£2.628m	£2.072m	£2.238m	£2.417m	£2.610m
DSG Funding increase %	*11.29%*	*8.00%*	*8.00%*	*8.00%*	*8.00%*
Additional contribution £	£1.200m	£1.200m	£2.400m	£2.400m	£2.400m
Early Years Contribution £	£0.912m	£0.912m	£0.912m	£0.912m	£0.912m
EHCP growth %	*7.00%*	*6.70%*	*6.49%*	*6.00%*	*4.01%*
Inflation growth %	2.00%	2.00%	2.00%	2.00%	2.50%
Savings / cost avoidance	-£1.261m	-£0.986m	-£1.068m	-£1.159m	-£0.108m
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 Kingston 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 fund back into balance without a significant support package from the DfE which would include financial as well as implementation support.	The Council will clearly articulate the support package needed from the DfE as part of the DMP process to reach a mutual understanding of what is needed.	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.	R
There is a significant 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 meet its statutory duty where plans should be issued.	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 Councils DCS will monitor the application of thresholds to ensure they are in line with statutory duty.	R
For the plan to be successful all local partners including Council, AfC, schools, early years providers, health and the DfE must	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	A

work together to find solutions and implement the SEND Futures Plan. There is a risk that in the context of limited funding that relationships become fractured and this impacts on the achievement of plans.	proactive in working with partners to discuss plans and where possible mutually agree solutions to challenges.	
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 avoidance through the use of local places in SRPs and special schools. The Councils 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 Councils CEO.	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 could also lead to an escalation in the number of children requiring support as well as the level of support required.	The impact of Covid 19 will be monitored over the coming 12 months as the country begins to move towards recover and where needed the financial impact will be reflected 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.	R

8. Governance Arrangements

The Plan will be signed off by the Council's S151 officer and the Council's Director of Children's Services (DCS). The DCS will have overall responsibility for making arrangements to implement and monitor the effectiveness of the plan and reports directly to the Council's Chief Executive.

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 Councils 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 AfCs 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, People Committee, and Kingston Schools Forum as part of established reporting mechanism

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
No. EHCPs Jan census	1436			1537			1640			1746			1851			1925	
Average cost of EHCP (£'000)		£21.3			£20.7			£20.3			£19.8			£19.3			£19.3
Savings / cost avoidance(£m)		£2.15			£3.4			£4.4			£5.5			£6.6			£6.7
New local specialist places			14*			42			64**			80			95		

* Business case for post 16 campus complete

**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
INCOME						
Prior year high needs grant allocation	23.287	23.269	25.897	27.969	30.206	32.623
Annual grant increase	-0.018	2.628	2.072	2.238	2.417	2.610
Early Years block transfer	0.121	0.162	0.162	0.162	0.162	0.162
Central Block transfer	0.016	0.000	0.000	0.000	0.000	0.000
Schools Block Transfer - Targeted High Needs	0.300	0.300	0.300	0.300	0.300	0.300
Additional contributions - funding source tbc	0.000	1.200	1.200	2.400	2.400	2.400
Total high needs budget including recoupment	**23.706**	**27.559**	**29.631**	**33.068**	**35.485**	**38.095**
SPEND BEFORE ACTIONS						
Prior Year spend	29.655	32.726	35.202	37.636	40.050	42.303
Needs led growth (prior year full growth impact and new year impact)	4.245	3.302	3.433	3.665	3.875	3.998
Ceased Plans	-1.767	-1.488	-1.721	-2.036	-2.476	-3.503
Inflation growth (existing plans)	0.593	0.661	0.722	0.785	0.853	1.153
Total spend including recoupment	**32.726**	**35.202**	**37.636**	**40.050**	**42.303**	**43.950**
Saving required to balance the high needs block (in-year deficit)	**9.020**	**7.643**	**8.005**	**6.982**	**6.818**	**5.856**
CUMULATIVE SAVINGS/ COST MITIGATION:						
Increased places in Specialist Resource Provisions (SRP)	-0.100	-0.171	-0.207	-0.217	-0.217	-0.217

Review of SRP vacant place funding	-0.077	-0.150	-0.150	-0.150	-0.150	-0.150
Increased special school places	-0.132	-0.179	-0.269	-0.423	-0.552	-0.660
Development of post 16 offer	-0.120	-0.240	-0.361	-0.482	-0.603	-0.603
Improved commissioning practice including review of funding models and annual reviews	-1.320	-1.671	-2.160	-2.693	-3.351	-3.351
Contributions from other partners (health & social care)	-0.401	-1.000	-1.250	-1.500	-1.750	-1.750
Total financial impact of actions	**-2.150**	**-3.411**	**-4.396**	**-5.464**	**-6.623**	**-6.731**
Net spend after actions	**30.576**	**31.791**	**33.239**	**34.586**	**35.680**	**37.220**
In year high needs funding shortfall after plan	**6.870**	**4.232**	**3.609**	**1.517**	**0.195**	**-0.875**
Underspends in other blocks	-0.996	-0.750	-0.750	-0.750	-0.750	-0.750
Net annual DSG over/underspend	**5.874**	**3.482**	**2.859**	**0.767**	**-0.555**	**-1.625**
Cumulative DSG funding shortfall - 100% savings achieved	**25.125**	**28.607**	**31.465**	**32.233**	**31.678**	**30.053**
Cumulative DSG funding shortfall - 75% savings achieved	**25.662**	**29.997**	**33.955**	**36.088**	**37.189**	**37.247**
Cumulative DSG funding shortfall - 50% savings achieved	**26.200**	**31.387**	**36.444**	**39.944**	**42.700**	**44.441**
Cumulative DSG funding shortfall - 25% savings achieved	**26.738**	**32.778**	**38.933**	**43.799**	**48.211**	**51.635**
Cumulative DSG funding shortfall - 0% savings achieved	**28.271**	**35.914**	**43.919**	**50.901**	**57.719**	**63.574**

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	Surbiton Children's Centre Nursery	ASD	6	12	12	12	12	12	12	12	12
	Alexandra	PD/PMLD	19	19	19	19	19	19	19	19	19
	Castle Hill Primary	SLCN	23	35	39	43	47	47	47	47	47
	Grand Avenue Primary	ASD	8	8	8	8	8	8	8	8	8
	King Athelstan Primary	SEMH			4	6	6	6	6	6	6
	King's Oak Primary	ASD	31	31	31	31	31	31	31	31	31
	Knollmead Primary	ASD	16	16	16	16	16	16	16	16	16
	Knollmead Primary	HI	12	12	12	12	12	12	12	12	12
	Latchmere	ASD	8	12	14	14	14	14	14	14	14
	Lime Tree Primary	ASD	21	21	21	21	21	21	21	21	21
	Tolworth Infant and Junior	MLD	24	24	24	24	24	24	24	24	24
Secondary	Coombe Girls'	HI		6	12	18	24	30	30	30	30
	The Hollyfield	ASD			8	16	20	20	20	20	20
	The Kingston Academy	ASD	15	15	15	15	15	15	15	15	15
	Richard Challoner	ASD	20	20	20	20	20	20	20	20	20
	Richard Challoner	SEMH	15	15	15	15	15	15	15	15	15
	Richard Challoner	MLD	16	16	16	16	16	16	16	16	16

	Tolworth Girls'	SEMH			4	10	10	10	10	10	10

Special Schools

	Places by academic year	Specialism	2017	2018	2019	2020	2021	2022	2023	2024	2025
Special Schools	Bedelsford Special School	PMLD	119	119	119	119	119	119	119	119	119
	Dysart Special School	SLD	96	105	112	120	120	120	120	120	120
	St Philip's Special School	MLD	143	159	175	183	183	183	183	183	183
	New special school	ASD						12	24	36	48
	New special school (neighbouring bor)	SEMH						10	20	24	27

b. Total specialist places (SRPs + special schools)

	Places by academic year	Specialism	2017	2018	2019	2020	2021	2022	2023	2024	2025
	Totals	All	**592**	**645**	**696**	**738**	**752**	**780**	**802**	**818**	**833**