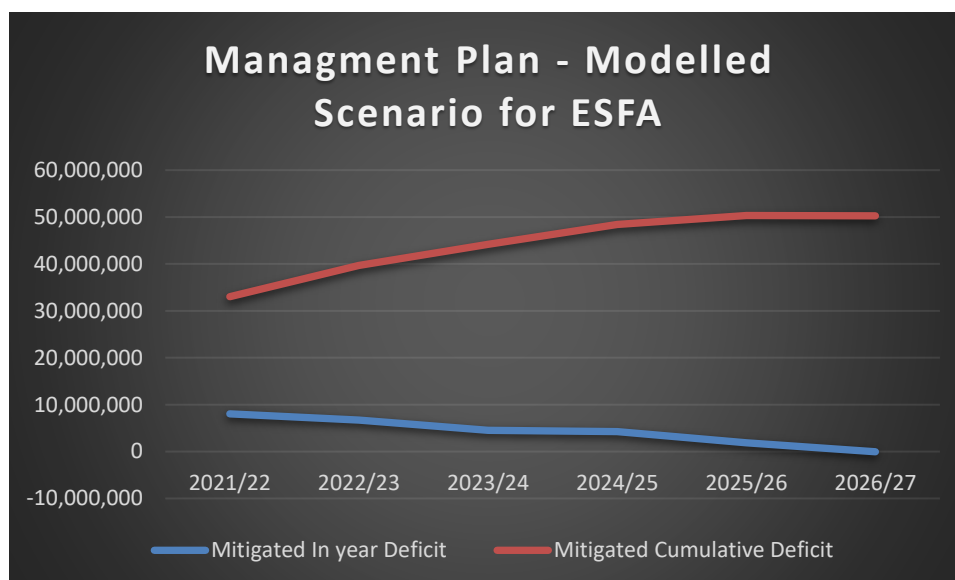


## ESFA Management Plan update to Schools Forum 15 November 2021

- The Council received a letter from Government on 11 November 2021. The letter requests the Council take part in the next round of 'Safety Valve' intervention discussions with the DfE with the aim of agreeing a package of reform to our HN system that will bring the DSG deficit under control.
- The Council has been chosen because it is carrying one of the largest DSG deficits, nationally. The cumulative DSG deficit on the Council's balance sheet at year end 2020/21 was **£23m**.
- The Council is currently forecasting an in-year deficit of approximately £10m on the High Needs (HN) Block for 2021/22; cumulative deficit forecast to increase to **£33m** by current year end.
- The graph below highlights future cumulative deficit projections (red line) and in-year deficit forecasts (blue line) based on the Council's current draft Management Plan outlined to ESFA:



- The above scenario highlights a 'break-even' position by 2026/27. The reduction of the in-year deficit is based around the following approaches incorporated into the Management Plan:
  - Further development of the Inclusion Support Offer (ISO)
  - Full implementation of the "Graduated Approach" to ensure that children are educated in the most appropriate setting
  - Development of the Alternative Provision Offer
  - Development of the Specialist/Resourced Provision Offer
  - Capital Investment into 2 new special schools providing additional capacity
- A robust management plan is critical to the success of the SEND Transformation agenda, to deliver better outcomes and manage down the in-year HN deficit over time.

- A robust plan is equally critical to the Councils forthcoming 'negotiations' with DfE for significant Safety Valve funding to address the cumulative DSG deficit. Without this funding, the Council's medium -term financial sustainability will be severely compromised.
- Council negotiations will commence with DfE in December 2021 to demonstrate how we will achieve a balanced in-year HN funding position over the medium term and are due to conclude by mid-February 2022.
- DfE expects all avenues to have been explored locally to reduce the in-year DSG deficit. We will make reference to Council revenue investment to date of £1m into the SEND transformation agenda, and £36m 'new' capital investment into 2 special school re-builds, which will cost the Council about £1.4m annually in additional revenue (borrowing) costs, once built.
- The proposed £1.6m block transfer request through schools forum, if agreed, will also be seen by DfE as consideration of all local avenues & collective commitment as a pre-condition to any 'Safety Valve' funding.