



CABINET – 23 JUNE 2023

**TRANSFORMING SPECIAL EDUCATIONAL NEEDS AND
DISABILITIES (SEND) AND INCLUSION IN LEICESTERSHIRE (TSIL)
PROGRAMME UPDATE**

**REPORT OF THE DIRECTOR OF CHILDREN AND FAMILY
SERVICES**

PART A

Purpose of the Report

1. The purpose of this report is to advise the Cabinet of progress with the Transforming SEND and Inclusion in Leicestershire (TSIL) programme, in particular the design phase, and to seek approval for the ongoing delivery of the programme. This would involve extending the Council's contract with its strategic partner, Newton Europe.

Recommendations

2. It is recommended the Director of Children and Family Services be authorised to move to the next phase of the Transforming SEND and Inclusion in Leicestershire (TSIL) programme with the Service's strategic partner, Newton Europe, making the necessary contract variations under the April 2022 procurement exercise.

Reasons for Recommendation

3. Continuation of the arrangement with the Children and Family Service's strategic partner, Newton Europe, will enable the Authority to capitalise on the required expertise and skills required to deliver the identified improvements and savings needed in the complex national and regional Special Educational Needs (SEN) landscape. The continuation of the relationship will ensure that there is a fully contingent model under which £10m of annualised recurrent savings will be delivered, along with key other non-financial benefits.

Timetable for Decisions (including Scrutiny)

4. The next phase of the TSIL programme is covered under the tendering process and the full implementation and sustainability phase of the programme was included within the initial procurement, approved by the Cabinet in April 2022.

Policy Framework and Previous Decisions

5. Local authorities have a statutory responsibility for meeting the needs of children and young people assessed as having Special Educational Needs and Disabilities (SEND), for which they receive funding from the High Needs Block of the Dedicated Schools Grant. Growth for services has, however, been greater than growth in funding and the Grant has reported an annual deficit since 2019/20 and without further remedial actions will continue to do so.
6. The High Needs Block is forecasting significant growth in demand over the period of the Medium Term Financial Strategy (MTFS), and a 'do nothing' position that gives a cumulative deficit position of over £130m. This is clearly an unsustainable position and is the most significant financial risk faced by the Council.
7. Following a diagnostic review of SEN Provision in early 2022, which identified the potential for savings of up to £23.9m, in April 2022 the Cabinet approved the SEND and Inclusion Programme Partner Proposal and authorised the Director of Children and Family Services to –
 - i) Implement the delivery of service development and associated enabling work outlined in paragraphs 33 to 35 of this report, regarding the future SEND and Inclusion offer for Leicestershire;
 - ii) Proceed to the next phase of the programme and make appropriate contract arrangements with a strategic partner (following the completion of a procurement exercise) as part of an integrated programme team containing a combination of external and internal resources.
8. Newton Europe was the successful bidder in response to the procurement exercise and the programme was launched in August 2022. The full implementation and sustainability phase of the programme was included within the initial procurement which was approved by the Cabinet in April 2022.
9. In relation to the Leicestershire County Council Strategic Plan 2022-26, the TSIL programme continues to contribute to the following strategic objectives:
 - a. 'Great Communities' – through working with the wider SEN system to encourage all stakeholders in the SEN environment to support each other and the children and young people in their communities
 - b. 'Improved Opportunities' – the TSIL programme will improve the offer for children and young people in Leicestershire and enable them to get the best start for life, having the opportunities they need to meet their full potential by best supporting their needs at the right time in the right way.

The programme aims to create a fairer and more equitable system.

- c. 'Clean and Green' – the relationship with Newton Europe is carbon neutral and this has been written into the contract through a series of agreed offsetting measures.
- d. 'Safe and Well' – the programme is committed to providing the best support for children with SEN needs and identifying, supporting and enabling these children and young people to live independent and fulfilling lives.

Resource Implications

- 10. The contractual arrangements with Newton Europe were made under an invest to save strategy. The stretch target of £32m savings has been factored into financial planning, with £21.5m included in the 2023-27 MTFS rising to £32m in 2028/29.
- 11. Despite the delivery of these savings, a deficit on the High Needs Dedicated Schools Grant (DSG) is projected at £90m and offset by £10m of surplus across other DSG blocks.
- 12. The Director of Law and Governance and Director of Corporate Resources have been consulted on the content of this report.

Circulation under the Local Issues Alert Procedure

- 13. None

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PART B

Background

14. Following a diagnostic review early in 2022, Leicestershire engaged Newton Europe (through competitive tendering) as a strategic partner to deliver a programme of ambitious change to transform services and achieve the wide system change necessary for long term service and financial sustainability. The diagnostic review identified that if something had been different earlier in their educational journey, there were opportunities for up to:
 - 68% of children and young people in specialist settings to have their needs met in mainstream schools or resource bases
 - 91% of children and young people in Independent Special Schools could have their needs met in Leicestershire special schools
 - 34% of children and young people with an Education Health and Care Plan (EHCP) in a mainstream provision to have their needs met without an EHCP.
15. The programme is now well into its 'design phase' and has trialled many of the proposed changes, with plans in place to roll these changes out more widely. This will deliver significant improvements and savings.
16. The TSIL programme is working across the SEND system in Leicestershire to deliver sustainable system-wide change, including over £21.5m savings in the MTFs (2023-27), rising to £32m in 2028/29.
17. The TSIL programme predominantly aims to deliver solutions to this for new entrants into the Special Educational Needs system, and not to inappropriately change provision for a child.
18. The programme started in September 2022 and is divided into four projects each of which has multiple workstreams. The purpose of these four project areas is described below:
 - a. Service Transformation: to ensure the Local Authority understands the needs of Children and Young People and their families and makes transparent, needs-based decisions with timely and clear communication.
 - b. Inclusive Practice: to ensure everyone involved in supporting Children and Young People takes action and gives the right support where needed.
 - c. Accurate Information: to ensure that across the Local Authority and wider system there is accurate and timely information about Children and Young People so evidence-based decisions can be made.

- d. **Communications and Engagement:** to ensure that everyone in the system has the opportunity to work together to improve the offer available to Children and Young People, and that everyone understands the part they play.

Progress to Date

19. Across the four workstreams, the programme has been working with design groups, made up of representatives across the system, to trial the proposed changes and establish the full opportunities for savings. Current assessment of the financial impact of the proposed changes identifies that the initial savings targets will be achieved.
20. Following the work of the TSIL programme, Leicestershire is now seeing a significant number of children with SEND coming through the Early Years' service and starting in a mainstream school. It is likely that there will be a 20-40% reduction in children starting in a specialist school, although this will be confirmed before September 2023, as placements are finalised.
21. The Inclusive Practice workstream has brought together expertise and input from stakeholders from across the system including schools, parents and carers and providers to develop an 'Inclusive Practice Toolkit'. This sets out clear expectations and accountabilities for everyone in the SEND system, including schools. The implementation and training for this will begin in June 2023 as part of the roll out of the programme.
22. A key achievement of the programme to date has been working with the wider system to co-design changes. Notably, this has included trialling a support network for Special Education Needs Coordinators (SENCOs) which saw a 24% reduction in requests for assessments in trial schools.
23. A key workstream of the programme is focusing on making improvements to data infrastructure and KPI visibility, including financial data. This will ultimately provide significantly improved management information, to allow better oversight and decision making within the service.
24. The programme has undertaken significant collaboration with the Leicestershire SEND Hub, which works as a strategic partner of the Children and Family Service to deliver change for children and young people.
25. The 'Service Transformation' workstream is in the process of developing a new operating model for the Special Educational Needs Assessment (SENA) service, which will be implemented September 2023. The new operating model will be designed to:
- a. Improve productivity and therefore timeliness of assessments, reviews and placements.
 - b. Improve communication and in turn reduce complaints and tribunals
26. The 'Communication and Engagement' workstream is critical in ensuring the work of programme is communicated appropriately. Key highlights of this

workstream have included a number of system-wide engagement events, which have been attended by over 200 people, and the establishment of an education 'System Leaders Group' which acknowledges the shared challenges and responsibility across the system.

Financial Forecast

27. Local authorities have a statutory responsibility for meeting the needs of children and young people assessed as having Special Educational Needs and Disabilities (SEND), for which they receive funding from the High Needs Block of the Dedicated Schools Grant (DSG). Growth for services has, however, been greater than growth in funding and the grant has reported an annual deficit since 2019/20 and without further remedial actions will continue to do so.
28. The High Needs Block is forecasting significant growth in demand over the period of the MTFS, and a 'do nothing' position that gives a cumulative deficit position of over £130m. This is clearly an unsustainable position and is the most significant financial risk faced by the Council
29. The 2022/23 outturn was more favourable than that forecast within the MTFS of £10.876m; a reduced deficit of £6.684m was recorded. Whilst this is clearly an improved financial position, the significance of the deficit remains along with the financial risk. Rates of growth in places and costs continue to be routinely monitored.

	2023/24 £,000	2024/25 £,000	2025/26 £,000	2026/27 £,000
High Needs Dedicated Schools Grant	-105,082	-108,225	-111,462	-114,797
Placement Costs	112,643	121,137	131,606	143,376
Other HNB Cost	10,029	10,029	10,029	10,029
Commissioning Cost - New Places	417	90	90	0
Invest to Save Project Costs – TSIL	939	0	0	0
Total Expenditure	124,028	131,256	141,725	153,405
Funding Gap Pre Savings	18,946	23,031	30,263	38,608
TSIL Programme Defined Opportunities	-3,112	-8,596	-14,863	-21,522
Benefit of Local Provision and Practice Improvements	-2,515	-2,803	-3,115	-3,115
Total Savings	-5,627	-11,399	-17,978	-24,637
Annual Revenue Funding Gap	13,319	11,632	12,285	13,971
2019/20 Deficit Brought Forward	7,062			
2020/21 High Needs Deficit Brought Forward	10,423			
2021/22 High Needs Deficit Brought Forward	11,365			
2022/23 High Needs Deficit Brought Forward P6 Estimate	6,684			
Cumulative High Needs Funding Gap	48,853	60,485	72,770	86,742
Surplus (-ve) / Deficit Other DSG Blocks	-7,347	-8,347	-9,347	-10,347
Dedicated Schools Grant Surplus (-ve) / Deficit	41,506	52,138	63,423	76,395
Surplus / Deficit as % of Total DSG	6%	8%	9%	11%

30. Local authorities are required to carry forward DSG as an unusable reserve and may only now contribute to DSG with the approval of the Secretary of State. This legislation has been confirmed by the DfE for a further three years from March 2023, although it is not a sustainable or reasonable approach.

31. Without the DfE addressing this through additional funding, local authorities will be required to set aside resources to offset the deficit. At the levels of expected growth, the position is completely unsustainable and puts the Council's finances in a very difficult position. As such it is essential that the planned measures to contain ongoing growth, as outlined in paragraph 17 are successful, and both demand and costs are reduced.

32. To support local authorities to manage the financial position, the DfE has established a three-tier intervention / support programme for authorities with DSG deficits:
- 13 authorities have agreed Safety Valve Agreements with the DfE. The DfE will, in return for local authorities delivering specific activities to create sustainable SEND services, provide additional DSG.
 - 55 local authorities have been invited to join the Delivering Better Value in SEND (DBV) programme. Leicestershire is in Tranche 1 of three in this programme which is currently in a data collection / diagnostic phase.
 - The remaining 83 authorities are subject to discussions with the DfE on their individual positions.
33. The DfE set out requirements for local authorities to maintain a management plan to recover any DSG deficit. In Leicestershire this requirement has been served by the High Needs Development Plan and now through the Transforming Special Needs and Inclusion in Leicestershire programme (TSIL). Whilst there is no requirement to submit this plan to the DfE it can be expected that its monitoring will become a feature of Leicestershire's involvement in the DBV programme. Updates will also be presented to the Schools Forum.

Next Stages

34. Continuation of the arrangement with the strategic partner will enable the authority to capitalise on the expertise and skills required to deliver the identified improvements and savings needed in the complex national and regional SEN landscape.
35. The continuation of the relationship moves the contracted terms from identification of £10m savings to a fully contingent model under which £10m annualised recurrent saving will be delivered.
36. In addition to the financial benefits outlined above, the continuation of the relationship with Newton Europe will provide the specialist input required for the TSIL programme to support the department in making improvements and delivering some non-financial benefits. In particular, the next phase of the programme will:
- a. Achieve greater depth and scale of benefits than would otherwise be achieved;
 - b. Ensure that all workstreams reach the point of sustainably, and have all changes embedded with the business as usual service structure;
 - c. Complete the data quality workstream, as currently defined, with a solid foundation of financial, operational and case management data. This workstream will ensure that the service's data quality improves, and the service is left with a solid foundation of financial, operational and case management data on which it is able to make fully informed decisions;

- (d) Deliver a stable set of performance dashboards, which will be operational and embedded in improvement cycle meetings at all levels;
- (e) Establish a robust forecasting of financial performance, fully entrenched into business as usual activity;
- (f) Identify further benefits and opportunities for delivery beyond this phase of the TSIL programme;
- (g) Provide longer and closer support to the Children and Family Services leadership team both on programme delivery and wider challenges and opportunities;

Equality Implications

37. There are no equality implications arising from the recommendations in this report.

Human Rights Implications

38. There are no human rights implications arising from the recommendations in this report.

Background Papers

Report to the Cabinet on Tuesday 26th April 2022 -“ Send and Inclusion Programme Partner Proposal”

<https://politics.leics.gov.uk/ieListDocuments.aspx?CId=135&MId=6743&Ver=4>

Report to the Cabinet on Friday 20th February 2023 -“Provisional Medium Term Financial Strategy 2023/24”

<https://politics.leics.gov.uk/documents/s174734/MTFS%202023-27.pdf>

Report to the Children and Families Overview and Scrutiny Committee on Wednesday 25th January 2023

<https://politics.leics.gov.uk/ieListDocuments.aspx?CId=1043&MId=7190>

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