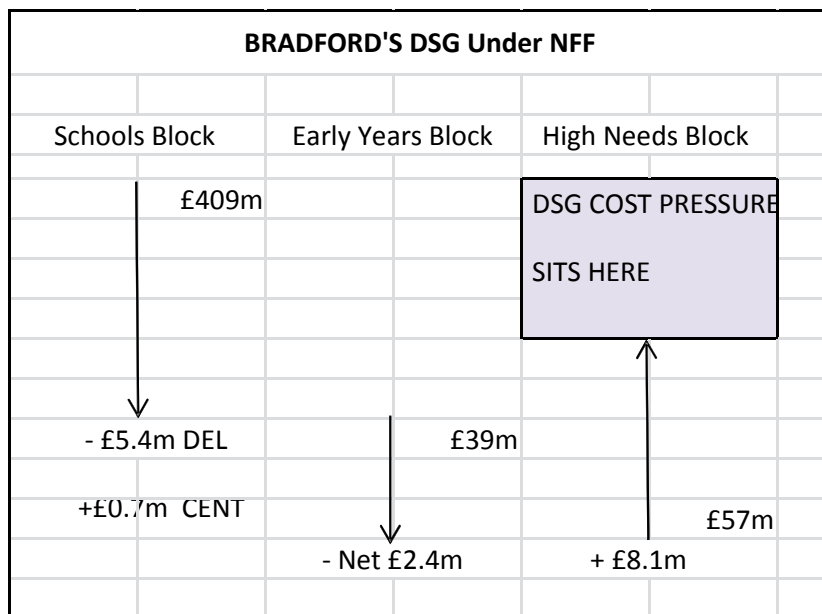


DSG Recommendations School & High Needs Blocks 2017/18 – National Context

1. National Funding Formula and the transfer of monies within the DSG

Important in the consideration of a Schools Block contribution to the High Needs Block in 2017/18



We have set out to the Schools Forum the indicative proposal for a contribution to be made from primary and secondary school budgets in 2017/18 in order to support High Needs Block (HNB) costs e.g. a 1.5% reduction in pupil-led formulae factors.

Please see the separate briefing note on NFF. The table above attempts to show / repeat simply (and taking the DfE’s illustrative modelling at face value) our expectations regarding the impact of national funding formula (NFF) on Bradford’s DSG if the DfE’s proposals set out in its 2nd stage of consultation are implemented; that there will effectively be a transfer of DSG monies from our Schools Block (mainstream primary and secondary formula funding) into our High Needs Block. We held this expectation previously, from what we know about the size of our Schools Block relative to the number of places funded by our HNB compared with the national position. This has been presented to the Schools Forum and is repeated below in paragraph 4. Our current conversations about a Schools Block contribution to the HNB in 2017/18 should be seen in this context i.e. if there wasn’t to be a NFF we would need to talk to Bradford’s Schools Forum about agreeing a transfer of monies into the HNB over the next 3-5 years in order to fund additional places.

The DfE’s National Funding Formula illustrative modelling indicates that, had a formulae basis for our High Needs Block been used in 2016/17, our High Needs Block allocation would be £8.1m higher than the actual in this current financial year.

We expect that, under NFF from April 2019, the Authority will not be permitted generally to adjust individual primary and secondary school and academy allocations. However, there appears to be some continued scope, in 2018/19 and beyond, for the Schools Block to continue to support High Needs Block pressures at a local level. Please see the separate NFF briefing note.

The MFG is set at minus 1.5%. The DfE has committed to introducing the NFF under this MFG protection, and has proposed in its 2nd stage of consultation an additional 3% protection of pupil-led funding. It appears that the majority of our schools are on this 3% protection mechanism. The scale of MFG protection, and the loss of funding for Bradford's primary and secondary schools, will be affected by final key decisions on how the NFF is constructed, including the weighting given for additional educational needs and the value of the lump sum.

This transfer will also result in an increase in our High Needs Block over the next 3 to 5 year period. It is this that will help us fund increased places provisions and new schools. We have previously speculated however, that the value by which our HNB will increase will be lower than either the value of our loss in our Schools Block or our true emerging costs, meaning that our total loss of DSG funding / the insufficiency of our DSG will crystallise at DSG level in the HNB. We are also concerned that the speed of loss in the Schools Block will be faster than our gain in the High Needs Block and that this will create transitional issues. These are both issues we think are present in the DfE's announcement of 14 December and we are currently working these through.

2. National Alternative Provision Reform

Important in the consideration of the High Needs Block's current funding of £1.40m of alternative provision for pupils without EHCPs.

We have indicated to the Schools Forum that an area for review of our current pattern of High Needs Block spending is the £1.40m that is spent on the 'top up' element of the placements in alternative provisions for pupils without EHCPs.

The DfE's White Paper in March 2016 set out a direction of travel where mainstream schools in the future will retain accountability for the educational outcomes of pupils that are permanently excluded (and not enrolled at another mainstream school), will have responsibility for commissioning provision and for the management of budgets from which alternative provision is funded. Under NFF, these budgets will in effect be the delegated allocations of mainstream primary and secondary schools and academies. As stated above, we expect that the Authority will not be permitted generally to adjust or top slice individual primary and secondary school and academy NFF allocations.

In this context, we would expect to move to a position whereby the High Needs Block will pay for the place-element of established Bradford-located alternative provisions (this is required under current Regulations, but may change) but the 'top up' element for pupils without EHCPs will be funded directly by the commissioning mainstream schools. Where these top ups are currently funded through the High Needs Block (the currently identified £1.40m), this transfer will produce a saving within our High Needs Block but will push to cost to mainstream school budgets.

3. Growth in Demand Nationally for Specialist Places

Important in understanding the pressure for places and the financial pressure that this puts onto the High Needs Block in Bradford

We have set out our forecasts of the growth in the demand for a minimum of an additional 360 SEND places in Bradford over the 2016-2019 period plus additional SEMH places. Document GX presented to the last Schools Forum meeting stated that the initial 2017/18 academic year total of planned places is

2,379, representing an increase of 359 (17.8%) on 2016/17. This growth forecast incorporates the first 2 tranches of additional SEND and SEMH places in 2016/17 and 2017/18 academic years.

The table below (taken from DfE’s statistical release <https://www.gov.uk/government/statistics/national-pupil-projections-july-2016>) shows the growth trend and forecast nationally of the number of FTE pupils in special schools and alternative provisions:

	2014	2015	2016	2017	2018	2019	2020
Special	84,000	87,000	91,000	93,000	96,000	98,000	100,000
AP	13,000	13,000	15,000	14,000	15,000	15,000	16,000

This table above shows the forecast of a growth in total of 11,000 (12.6%) in places in special schools between 2015 and 2019; 19% between 2014 and 2020.

The table below is extracted from the DfE’s recent National Funding Formula 2nd stage consultation document, “Nationally just under half of pupils with statements of SEN or EHC plans are in mainstream schools²⁰. Some in mainstream schools receive their support in special units or resourced provision (which is a type of special provision involving more integrated teaching and learning). Although for many years the number of pupils with EHC plans or statements of SEN has remained fairly constant, at about 2.8% of overall pupil numbers, the proportions in mainstream and special schools has changed”.

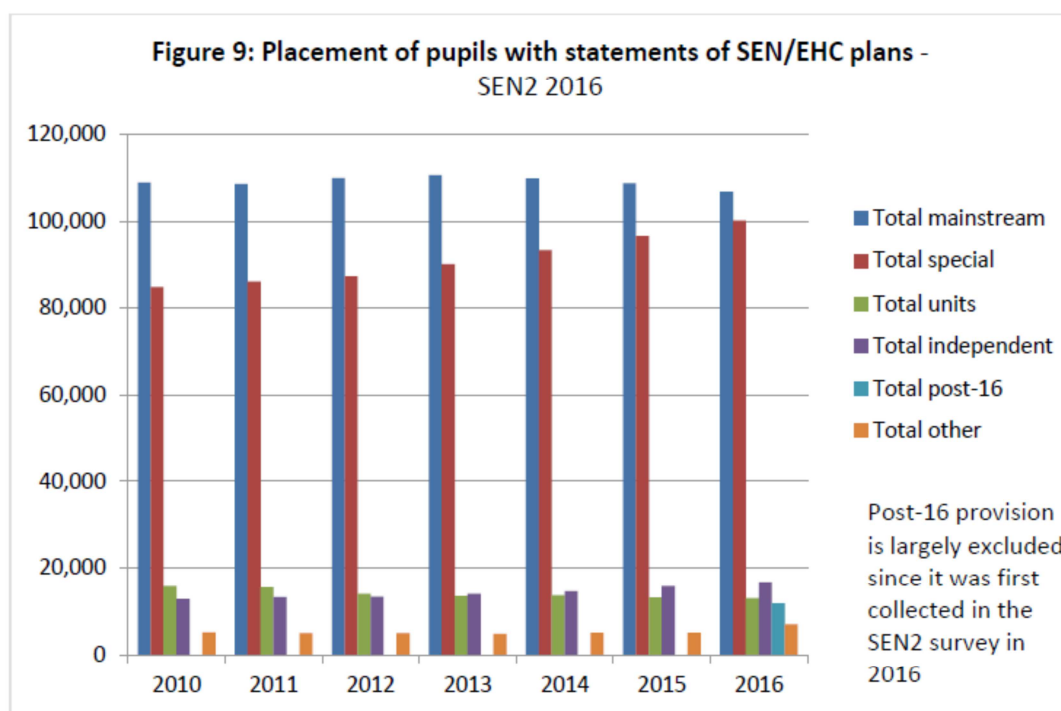


Figure 9: This chart shows how the number of pupils with statements of SEN/EHC plans in each type of provision has changed from 2010-16.

Source: Department for Education, ‘[Statements of SEN and EHC plans: England, 2016](#)’, updated June 2016

“The pattern of high needs spending, which provides the baseline for the new funding arrangements, partly reflects the variety of ways in which provision for SEN has developed and been organised in local areas, over time. Some areas take a highly inclusive approach, with the majority of children and young people with SEN placed in mainstream schools, and the local authority providing additional resource, for example through spending on central services or targeting extra funding to individual schools. Other areas have

more specialised provision, and have needed to transfer money from schools to their high needs budgets to fund places in special schools or other specialist provision. Figure 10 highlights those local areas with the most and least use of mainstream provision for meeting SEN.”

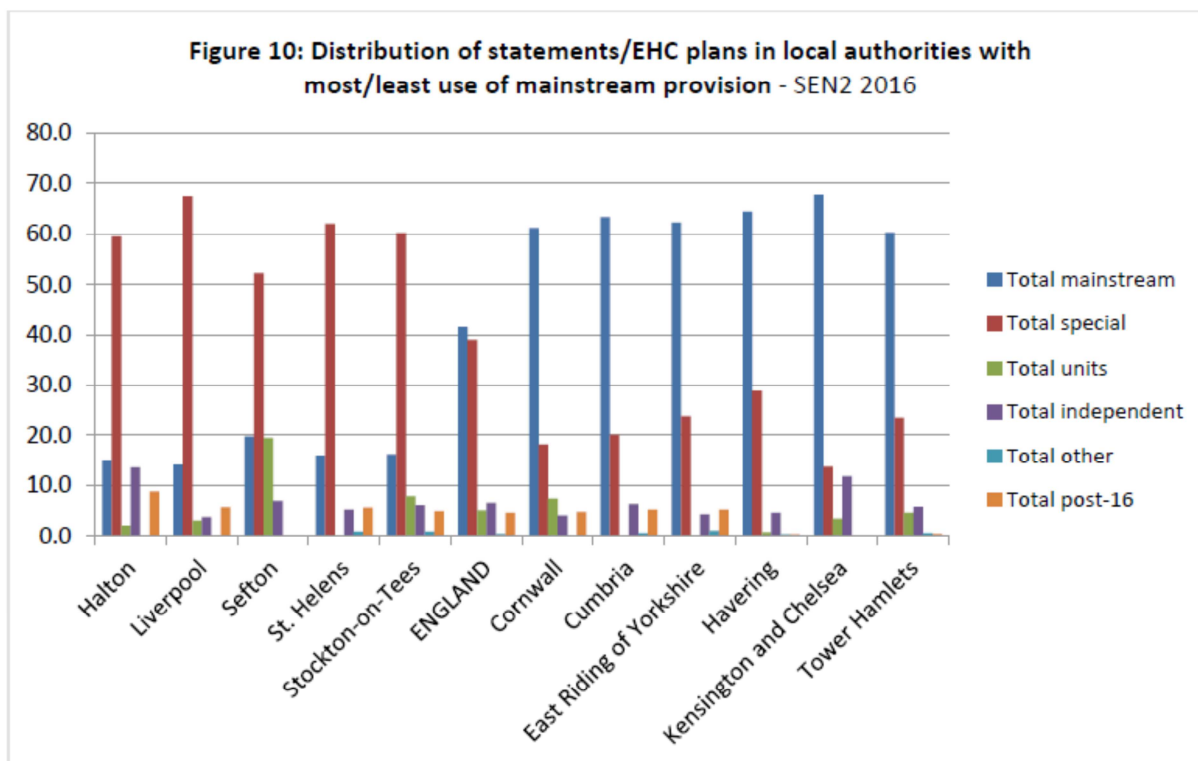


Figure 10: This chart shows the local authorities with the most use of mainstream provision (Cornwall, Cumbria, East Riding of Yorkshire, Havering, Kensington and Chelsea, Tower Hamlets) and the least (Halton, Liverpool, Sefton, St. Helens, Stockton-on-Tees).

Source: Department for Education, [‘Statements of SEN and EHC plans: England, 2016’](#), updated June 2016

4. Our Baseline Places Number vs. Other Local Authorities (and Distribution of DSG)

Important in understanding our starting position for the delivery of additional places in the context of National Funding Formula

We have presented previously to the Schools that the F40 Group’s modelling suggest that, under a fairer national funding formula, Bradford’s per pupil funding in primary and secondary schools would be £175 lower than currently. Our modelling clearly demonstrates that our current values of funding to schools for children with multiple additional educational needs are substantially higher than the national average. These pieces of data, together, indicate that we currently allocate more DSG into primary and secondary school budgets than in other authorities. This is confirmed when we benchmark our total values of Schools Block and High Needs Block (in 2015/16); our Schools Block is £19.0m higher than the national average and our High Needs Block is £12.3m lower than the national average. This £12.3m is the stand out figure. It indicates that, although we are funded at a rate in total that is higher than the national average (what we would expect given the levels of need of our pupils), our HNB spending is much lower. The reason for this must not be because we have a lower level of need; it must be because we are meeting need in a different way and our funding distribution reflects this.

Roughly benchmarking the number of specialist places funded by our High Needs Block evidences that we have significantly fewer funded places in discrete specialist settings than found in other authorities:

- In relation to 0-19 population, Bradford's DSG funds 1 SEND place in Bradford-located settings for every 116 young people. The national average is 1 for every 83; on this basis Bradford has 518 fewer places proportionately than the national average. Based on 2015/16 data.
- Alongside this, Bradford's DSG spends £27 per young person on SEND / alternative provision placements in independent / non maintained settings. The national average is £70; on this basis Bradford spends £6.2m less on such places in cash terms than the national average. Based on 2015/16 data.
- For alternative provision, for reference, Bradford's DSG funds 1 place in Bradford-located settings for every 429 young people. The national average is 1 for every 512 young people. Based on 2015/16 data.

The table below shares information collected by the Chair of the Schools Forum, based on 2014/15 statistics, which shows the % of children educated in special schools in Bradford and in our statistical neighbour authorities.

Local Authority (no of students in special)	% in special of total pop
Bradford (715)	0.9
Blackburn with Darwen (159)	0.7
Bolton (483)	1.2
Derby (540)	1.6
Kirklees (617)	1.1
Oldham (410)	1.6
Peterborough (470)	1.6
Rochdale (381)	1.3
Sheffield (884)	1.4
Walsall (465)	1.2

The statistical neighbour average is 1.26%. If Bradford's figures were adjusted to include an additional 360 places, our % would increase from 0.9% to 1.37%, which would place us at the median.

5. Our Share of Additional High Needs Block Funding allocated by DfE

Important in understanding how the so far insufficient level of funding increase in the High Needs Block means that other areas of the DSG are asked (required) to contribute

High Needs Block allocations have changed very little over the last 5 years. HNB allocations are not currently formularised; they are based on a 'spend +' methodology, which takes each local authority's spend in the previous year and adds some additional funding on top of this. Local authorities have not received additional funding related to their number of places since 2014. In the context of places growth, the DfE has allocated relatively small amounts of additional funding in 2015/16 and 2016/17.

In 2015/16, Bradford received an additional £556,000. This was 1.2% of a £46m national allocation. After this allocation, we still had a funding gap in the High Needs Block of £1.468m.

In 2016/17, Bradford received an additional £1,090,000. This was 1.2% of a £92.5m national allocation. After this allocation, we still had a funding gap in the High Needs Block of £1.608m.

This under funding vs. growth in pressure has led to the Forum's previous recommendations for contributions from the Schools and Early Years Blocks across 2014-2016. Most recently, the recommendation for a blanket 0.42% reduction across all Blocks in 2016/17.

In 2017/18, Bradford has received an additional £1.26m. This is 1% of a £130m national allocation. After this allocation, we still have a funding gap in the High Needs Block of £7.02m.

6. Transfers from the Schools Block to support High Needs Block Pressures

Important in understanding how other local authorities have had similar conversations with their Schools Forums about the transfer of DSG funding into the High Needs Block

We have reported previously to the Schools Forum that, over the period 2014-2016 (3 years), we have transferred a total of £6.32m from the Early Years and Schools Blocks to the High Needs Block; £6.32m represents 12% of the original 2014 High Needs Block value.

Over the same time period, 75% of local authorities have transferred monies from the other Blocks into their HNB. A net total of £269.4m has been transferred; an average of 5%. The table below lists the 26 local authorities where the transfer in % terms has been greater than in Bradford.

For additional reference, the minutes of the Yorkshire and Humberside regional finance officer meeting held on 9 November 2016 record:

- *Discussion related to the increasing pressures in the High Needs block resulting in a number of LAs considering the likely need to transfer additional resources into this block for 2017-2018. The various pressures discussed included:*
 - *Increases in post-16 student numbers – including colleges with students across the region;*
 - *The need to increase capacity – including new Special schools; and*
 - *Independent school placements.*
- *Generally, increasing High Needs pressures were felt to be a major concern for future years.*

LA	HNB Movement £m 2014-2016 (£m)	As a % of original HNB
Bath and North East Somerset	5.25	32%
Hounslow	8.58	26%
Enfield	8.10	25%
Derby	6.77	25%
Kent	31.68	21%
Darlington	1.84	19%
Bracknell Forest	2.44	19%
Tameside	2.88	19%
Telford and Wrekin	2.81	17%
Bedford Borough	2.80	16%
Lincolnshire	9.61	15%
Greenwich	5.74	15%
Merton	3.91	14%
Bury	3.43	14%
Southampton	2.64	14%
Rotherham	2.95	14%
Southwark	5.36	14%
Birmingham	16.99	14%
Wiltshire	5.14	13%
Bexley	3.71	13%
Leicestershire	7.25	13%
Swindon	3.33	13%
Ealing	5.80	13%
Newcastle upon Tyne	3.87	13%
Harrow	3.36	13%
Leicester	5.18	13%
Bradford	6.32	12%