

Outline Draft - DSG Management Plan (January 2021)

Introduction

1. This plan is written in advance of using the ESFA's Management Plan Tool. The main purposes of this draft are to:
 - a. Present the principles that have previously been agreed and which lay the foundations of our general DSG management.
 - b. Summarise the approaches that are used in the management of the Schools Block, Early Years Block and Central Schools Services Block, so that any financial pressure present within these three blocks does not result in a cumulative deficit in Bradford's DSG account.
 - c. Explain in more detail the approaches that are and will be used for the management of the High Needs Block. This plan provides context for High Needs Block financial decisions. The plan identifies the main risks to the High Needs Block and mitigations. In this context, risk is defined as the accrual of a significant cumulative deficit.
2. This plan focuses on the High Needs Block for the following reasons:
 - a. Over spends in the High Needs Block are a common reason why local authorities are currently recording cumulative deficits in their DSG accounts.
 - b. For this reason, the focus of the ESFA's Management Plan Tool is the High Needs Block.
 - c. The High Needs Block is *the* major block of the DSG where financial pressure cannot be released fully through the adjustment of formula funding. In the Schools Block, and in the Early Years Block, formula funding can be adjusted downwards to control the overall spending position of the block (albeit that this passes pressure onto the recipients of delegated allocations and is also subject to restrictions e.g. the Minimum Funding Guarantee in the Schools Block, the 5% central retention in the Early Years Block).

Within the High Needs Block, however, although the Authority can control spending to an extent, for example through the value it sets for top up for EHCPs, much more of the spending within this block is influenced by volume and growth of demand, which are less controllable. There is greater risk of a deficit crystallising at DSG account level because of this. There are also only limited and difficult options available for recovery from deficit.
3. Bradford's DSG account is not forecasted to be in deficit at either 31 March 2021 or 31 March 2022. As such, our management plan at this time is not needed for deficit recovery. Our plan instead focuses on monitoring the avoidance of a deficit building for the future and on continuing to secure sufficient high quality provision and support services, whilst delivering value for money.
4. Attached with this plan is a four year forecast of the High Needs Block (Appendix 3). This forecast is calculated on various estimates of both income and expenditure. We would also refer the Schools Forum to Document ML, presented on 9 December 2020, which provided further information on high needs places sufficiency and spending on out of authority non maintained special school and independent placements.

Our current four year forecast suggests that our High Needs Block should not develop a structural deficit problem in the medium term. Our forecast does confirm the need to continue to monitor key aspects, to ensure

value for money and to control expenditure, in particular, through the continued development of 'local' specialist places. This forecast does rely on continued growth in funding from Government year on year, which if not received via the national DSG settlements will require us to take mitigating action.

There is uncertainty. Although the Chancellor has confirmed the Government's commitment to the third year of above inflationary increases in school funding in 2022/23, the Authority is cautious / concerned about how the Government's response to public sector spending following COVID-19 will affect the values of DSG and High Needs Block settlements from April 2023. In addition, we are also currently uncertain about whether and how the DfE's national SEND / AP systems reviews will impact on the High Needs Block. The final Schools Block hard National Funding Formula (when this comes) may prevent block transfers, meaning that the High Needs Block will need to be self-sufficient going forward. In this context, it is important to state that balancing our High Needs Block budget at this time is not conditional on any transfers of funding from any other block.

5. It is intended that our DSG Management Plan will be regularly reviewed and presented to the Schools Forum. We expect to begin to use the ESFA's tool to do this during 2021.

Bradford's Existing DSG Management Principles

6. We have agreed previously with the Schools Forum the following general management principles, which we still employ and expect to do so going forward:
 - a. We establish annually in February a planned DSG budget for the next financial year that broadly balances 'in year'. One off monies (brought forward surplus balances) are used to a limited extent and mainly for specific agreed time-limited commitments. We do not establish a planned budget that is dependent on significant savings to be made, which are still to be identified.
 - b. We seek to set a realistic but prudent planned budget. A main example of prudence is that we set the High Needs Block planned budget for the next financial year on a 'capacity building basis' – on full year occupancy of all high needs provisions including newly developing places. This approach aims to ensure that our spending strategy, and the new provisions we develop, can be sustained across the medium to longer terms.
 - c. The retention of a 'safety net' reserve (held within surplus brought forward balances) is an important part of our DSG management. This is certainly true for the High Needs Block but, given the fluctuations within the Early Years Block (EYB), we also seek to ensure that there is sufficient surplus brought forward balance retained each year within the EYB so that we can manage unexpected or higher than expected costs without needing to reduce the values of Early Years Single Funding Formula (EYSFF) rates for providers in the following financial year.
 - d. We initially treat each of the four DSG blocks as ring-fenced, meaning that we manage any financial pressure within a block by adjusting the planned budget for that block unless there is agreement otherwise to support this pressure by taking contributions from another block. Block transfers are subject to the Finance Regulations.
 - e. We adjust our funding formulae, which are used to calculate delegated allocations to schools, academies and early years providers within the Schools Block and the Early Years Block, to produce an 'in year' balanced planned budget in these two blocks before we then consider the allocation of any brought forward balances for specific purposes. To provide parity, we adjust our High Needs Block funding models with reference to the funding settlement being received by schools and academies through formula funding within the Schools Block.

- f. We expect the Central Schools Services Block (CSSB) commitments to match the CSSB allocation each year and for the planned budget to be established on this basis.
- g. If we over spend the planned budget in any block, meaning that there is a cumulative 'in year' over spend, which is not offset by savings elsewhere within the block, this over spend is retained within the respective block and is managed by adjusting next year's planned budget for that block in combination with the deployment of any surplus balances (reserves) carried forward within that block. *
- h. If we under spend the planned budget in any block, meaning that there is a cumulative 'in year' surplus, which is not offset by over spends elsewhere within the block, this under spend is retained within the respective block and is added to the block's carried forward balance. Although the Regulations permit balances to be used cross-block, we have established a local ring-fencing policy. Balances are only moved between blocks following agreement. Balances held within the Schools Block relating to maintained school de-delegated funds, Growth Fund and Falling Rolls Fund are also ring-fenced for these respective purposes. *

* A standard exception to our block ring-fencing approach however, is any surplus balance generated within the Central Schools Services Block (CSSB). We have previously agreed that CSSB surplus balances are transferred for use within the Schools Block. Where a CSSB surplus has been transferred previously we also expect, if a deficit balance is subsequently held within the CSSB, the Schools Forum will agree for the Schools Block balance to write off this deficit up to the cumulative value of the surplus balance previously transferred.

High Needs Block – Construction

7. The table below shows the proposed 2021/22 High Needs Block planned budget at summary heading level sorted by cash value / percentage of the total budget. These figures are taken from the attached four year forecast. They also match the figures presented in Document MO.

Budget Heading	£ 2021/22	%
Place Plus - Maintained Special Schools and Special School Academies	34,785,155	37.4%
Mainstream EHCPs (Pre 16) including SEN Funding Floor and PVI EHCPs	12,361,000	13.3%
Independent & OLA Placements & Education OLAs	10,745,000	11.6%
Place Plus - School-Led Resourced Provisions Primary & Secondary	6,300,499	6.8%
Place Plus - EHCPs Post 16 in Further Education institutions	5,328,613	5.7%
Teaching Support Services	4,830,001	5.2%
Place Plus - PRUs & Alternative Providers	3,984,965	4.3%
Place Plus - New SEND Places not yet allocated	3,000,000	3.2%
Place Plus - Other LA Resourced Provisions	2,859,840	3.1%
Place Plus - LA-Led Resourced Provisions - Sensory	2,229,661	2.4%
TPG & TPENG special schools, resourced provisions and AP providers	1,421,673	1.5%
Medical Home Tuition, EinH & Tracks Central Service	1,341,000	1.4%
Place Plus - Early Years Enhanced Provisions	1,315,010	1.4%
EHCP Banding Model resilience, needs-led growth, stacking	1,000,000	1.1%
BSF (PFI) - Special Schools	799,800	0.9%
Specialist Equipment	216,000	0.2%
Speech & Language Therapy Services	175,000	0.2%
Mainstream EHCPs (Post 16 element 2 cost)	152,000	0.2%
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- The top three budget headings (special schools; mainstream EHCPs; OLA, independent and non-maintained placements) account for nearly two thirds of the High Needs Block planned budget (62%).
- The top five headings (adding school-led resourced provisions and EHCPs post 16 in Further Education institutions) account for three quarters of the High Needs Block planned budget (75%).
- 92% of the High Needs Block planned budget in total is allocated to the cost of places provision. Correspondingly, 8% is allocated to other centrally managed expenditure, of which the most significant spend heading is SEND teaching support services (5.2%).

8. The table below summarises the number of SEND and AP places by type of provision on which the 2021/22 planned budget is proposed to be established. Appendix 2 gives a detailed by-setting list of these places.

Setting	20/21 Initial Planned Budget AY Places (FTE)	21/22 AY Current Planned Places (FTE)	Diff 21/22 AY vs. 20/21 AY
Total SEND Places, made up of:	2,590.8	2,617.8	27.0
Early Years Resourced Provision	78.0	78.0	0.0
Local Authority-Led Resourced Provisions - Sensory	100.0	100.0	0.0
Maintained Special Schools and Special Academies	1,544.8	1,499.8	-45.0
School-Led Resourced Provisions	302.0	343.0	41.0
Local Authority-Led Resourced Provisions (Other)	135.0	136.0	1.0
Further Education (Post 16)	331.0	341.0	10.0
Additional SEND Places not yet allocated	100.0	120.0	20.0
Total Alternative Provision Places, made up of:	149.0	214.0	65.0
PRUs & Alternative Provision Academies	100.0	165.0	65.0
Education in Hospital, Tracks	49.0	49.0	0.0

9. It is helpful to summarise the recent key changes and actions that have influenced the shape of our 2021/22 planned budget. We also explain here the key assumptions on which the four year forecast is calculated.
- Bradford District has experienced a significant increase in demand for Special Educational Needs and Disabilities (SEND) provision. It is projected that demand will continue to grow across all sectors. We presented our analysis of this to the Schools Forum on 9 December 2020 in the detailed annual sufficiency statement (Document ML Appendix 1). The total number of EHCPs across the Bradford District in early December 2020 was recorded at 4,619. This was increased from 3,673 recorded at January 2019 and 3,786 recorded in December 2019. 1,867 (40% of the 4,619) were accessing specialist provisions within Bradford; of this number, 31% were in special schools / special school academies and 9% were in resourced provisions. 323 (7% of the 4,619) were accessing specialist provision 'out of authority'; of this number 94 (2%) were accessing specialist provision in independent settings and in non-maintained special schools. The balance of 2,429 (53% of the 4,619) were educated in other provisions, including (mostly) within non-specialist provisions in mainstream schools and academies.
 - The Local Authority, over the last two years, has created more than 700 additional specialist places across the District in response to the growth in the numbers of children and young people requiring specialist provision.

Our modelling indicates clearly that more SEND specialist places are required to be developed on a continued basis. Taking an average over the next three years, we forecast that EHCP cohorts will increase by 5.47% (primary) and by 10.49% (secondary) each year. The Authority's data continues to evidence that provision for SEMH, across both primary and secondary, and ASD in the secondary sector, are key pressure points.

Our current projection is that we will require 120 additional specialist places for the 2021/22 academic year, with these places being delivered in the special school sector and in resourced provisions. The majority of these places are needed for secondary-aged provision.

Our projections then show that we will need to increase specialist places again for both the 2022/23 and the 2023/24 academic years by 100-120 places each year. This is a minimum number of places that should be developed in order to meet demand but also to control (to not increase) reliance on more expensive out of authority, non-maintained special school and independent placements.

We have discussed previously with the Schools Forum, and Forum Members have repeatedly highlighted, the importance of access to capital funds in order to successfully deliver more specialist places. We are currently waiting for the DfE's announcement on SEND capital allocations (expected early in the new year). The Authority's budget proposals, published for consultation in autumn, include the allocation of £6m of capital (£2m a year for the next 3 years) specifically to support SEND specialist places creation across the Bradford District.

- c. The 2021/22 planned budget, and the four year forecast, estimate that spend on pupils with EHCPs in mainstream settings will continue to grow at current rates, which are substantial. Our planned budget and forecasts include the revised SEND Funding Floor model, which is proposed to be introduced for a year in trial in 2021/22 with the specific aim of supporting mainstream schools and academies to meet their element 2 (£6,000) contributions for a growing volume of pupils with EHCPs.
- d. The 2021/22 planned budget, and the four year forecast, estimate that spend on students with EHCPs in post 16 Further Education settings will continue to grow at current rates. However, this is a watch area, as the bulge of demographic growth that is currently progressing through the secondary phase is expected to reach post 16 at September 2022.
- e. The 2021/22 planned budget, and the four year forecast, estimate that spend on pupils with EHCPs placed in independent and non maintained special school provisions will continue to grow at current rates. As we discussed with the Schools Forum on 9 December (Document ML), this is the third largest spend heading within the High Needs Block and our spending has increased quite substantially, and steadily, over the last four years. Our current annual growth rate is c. £1.3m.

Tied in with our benchmarking of special school places, our analysis here indicates that we are not out of line with other authorities in respect of our use of independent and NMSS placements. We would expect to continue to place pupils, where their needs are most effectively met in these provisions. We wish to continue to closely monitor the position however, to consider a) whether we have, and are continuing to create, a sufficient number of specialist places within Bradford to ensure that we are not over-reliant on independent settings and NMSS for provision that we could deliver ourselves and b) where we have the joint commissioning of placements (between education, social care and health), that the apportionment of their cost between parties is reflective of respective responsibilities thus ensuring, in the case of the education element, that the charge to the High Needs Block is accurate and proportionate.

The apportionment of the cost of jointly commissioned placements is part of an on-going discussion and review with health, which includes the funding of continuing care health services and equipment in schools and which

together have wider significant financial consequences for all parties, but including for the Authority and for schools, especially for special schools. What is done to resolve the national issue (the lack of clarity and regulatory inconsistency) with regards to the definition of the legitimate use of education funding for health-related costs, is also very important here.

The Authority has entered into a Social Impact Bond, which funds pro-active early support aimed at reducing the likelihood of children and young people who are identified as being 'at risk' of being placed in expensive independent provision. This Bond in particular is a mechanism that the Authority has employed in seeking to control the increase in cost to the Authority's base budget. The High Needs Block currently contributes £0.07m to this Bond annually.

- f. The 2021/22 planned budget allocates the 2nd year of substantial increase in High Needs Block (HNB) funding received from Government. Over the 2020-2022 period, Bradford has received an additional £22.8m of DSG HNB funding. This recent funding growth is in stark contrast to the very limited increases that were received in the years prior to 2020/21. In response to these limited increases, and following our analysis of the impact of the movement to the National Funding Formula, with the support of the Schools Forum, we transferred £5.7m of funding from other blocks into the HNB in 2017/18 and then transferred a further £2.0m from the Schools Block to the HNB in 2019/20. We have not transferred funding into or expenditure out of the HNB since 2019/20. The way we have sought to manage the HNB has meant that we have avoided deficit and, whilst other authorities are using a proportion of the funding increases they are receiving now to recover, we are in a surplus financial position. This means that the funding growth we are currently receiving can be allocated to rapidly improve levels of funding as well as to increase the quantity of specialist provision.
- g. A proportion of the funding growth we have received across 2020-2022 has been and will continue to be allocated out to schools, academies and other providers through our new Banded Model for EHCPs, which was introduced at 1 April 2020. Inclusive of the £6,000 element 2 proportion, Band 3 values are proposed to be increased by 3% in 2021/22. Inclusive of the £10,000 place element, Band 4 values are proposed to be increased by between 4% - 5%. We have also introduced a new Day Rate Model for the funding of permanent exclusion placements. The Day Rate is proposed to increase by 4.1% in 2021/22 when including the £10,000 place element. So both these models are allocating above inflationary increases in per pupil funding in 2021/22. It is recognised that these increases do follow some years of limited funding for schools, academies and other providers. The cost management position for settings however, will be improved further following a public sector pay 'pause' in 2021.
- h. Our four year forecast assumes that we will continue to uplift rates of funding allocated through our Banded and Day Rate models. The term '*2% creep*' is used to indicate that the cost of existing budgets is forecasted to increase by 2% in total year on year, incorporating both growth in need (the movement of pupils up the EHCPs Bands) as well as increases in per capita funding values. This position is put forward on the assumption that the Government will continue to deliver HNB settlements that are well above inflation. However, we are assuming that growth rates going forward will slow down and will not match those currently received, especially from April 2023. By consequence, increases in rates of funding for providers will also slow down.

Bradford received a capped 17% per pupil increase in HNB funding in 2020/21 and a capped 12% increase in 2021/22. We have estimated that Bradford will receive a 10% increase in per pupil funding in 2022/23 and then 8% a year thereafter. As stated in the introduction in paragraph 4, our forecast as currently presented does rely on this continued growth in funding from Government year on year, which if not received will worsen our financial position and will require us to take mitigating action.

One of the main mitigating actions would be to reduce the increases provided for within our Banded and Day Rate funding models. This potentially would pass some of the financial pressure onto schools, academies and other providers. The opposite is also true – should a higher level of HNB settlement be received, depending on the proportion needed to cover growth in need, we would expect to provide a greater % increase in funding for schools, academies and other providers via our Banded and Day Rate funding models.

- i. Finally, in quick summary, over the last couple of years we have also delivered structural changes in the following areas:

We have established Local Authority-led resourced provisions, where resourced provision is hosted on school-sites but where staffing is centrally managing.

We have created and further developed Early Years Enhanced Specialist Provision (school-led resourced provisions) attached to our maintained nursery schools.

We have restructured our PRU / AP provisions. Our PRU / AP provisions going forward, where funded from the High Needs Block, will now deliver Local Authority commissioned provision for pupils permanent excluded. 165 places are funded within the 2021/22 planned budget. This is increased on the 100 places provided within the 2020/21 planned budget. The planned budget going forward no longer funds school-commissioned alternative provision.

PRU restructuring has included the amalgamation of Ellar Carr PRU into Beechcliffe Special School. Due to the way the National Funding Formula works, this 're-designation' has delivered an additional £0.37m of High Needs Block income in 2021/22 and on an on-going basis.

The 2021/22 planned budget now incorporates the financial efficiencies that come from the completion of the amalgamation of Bradford's hospital education, Tracks and medical home tuition provisions into a single Local Authority managed service.

Provision for the SEND teaching support services continues to incorporate the changes in structures that were agreed by the Executive in 2018. The planned budget, and four year forecast, provide only for pay / inflationary increases on current capacity. This is likely to need to be further reviewed in future years as the numbers of EHCPs in mainstream settings continues to grow.

As well as introducing new funding models for delegated provision – the Banded Model, the Day Rate Model and the amended SEND Floor Model – we have adjusted our approach to supporting schools, academies and other providers for the costs of specialist equipment.

High Needs Block – Risks & Monitoring

10. Our four year forecast suggests that our High Needs Block should not develop a structural deficit problem in the medium term. The retention of the brought forward balance that is forecasted to be held at the close of 2020/21 is an important part of this current view.

However, we identify the following main financial risks, which the Authority will continue to closely monitor and will continue to consider within future updates of this plan to be presented to the Schools Forum. In this context, risk is defined as the accrual of a significant cumulative deficit.

- a. A significant slowing down in the rate of growth in the High Needs Block funding that is allocated by Government going forward, especially from April 2023.
- b. The DfE's impending national SEND / EHCP / AP system and funding reviews. These together may have significant structural cost implications for the High Needs Block, which are not factored into the 2021/22 planned budget nor into the four year forecast.
- c. The continued successful delivery of additional specialist places that are relevant to type of need. Delivery is primarily conditional on the continued availability of sufficient capital funding.
- d. Variances (increases) from the rates of growth of EHCPs and in demand for specialist places that are currently forecasted. Within this, specifically, the cost impact of the secondary population bulge as this reaches post 16 at September 2022.
- e. Significant growth in the number of permanent exclusions to a level that necessitates more than 165 places being funded from the High Needs Block on an on-going basis.
- f. The absence of satisfactory resolution to the identified issues related to the way health services are financed in schools.

Key Benchmarking Data

The comparisons here are repeated from Document ML Appendix 1 presented on 9 December 2020.

11. Special School Population

At January 2020, 1.28% of Bradford's pupil population was recorded in special schools and special school academies. This compares with 1.19% at January 2019. The national average was 1.46% at January 2020 and 1.38% at January 2019. The Yorkshire & Humberside average was 1.25% at January 2020 and 1.17% at January 2019. If Bradford's special school population was at the national average of 1.46%, we would have recorded a further 180 pupils in special schools. However, if 1,498 pupils had been recorded in our special schools at January 2020 (100% of our now available places) our percentage would have been 1.48%.

This indicates, at a simple level, that we have come more in line in respect of our number of special school places available as a proportion of our school population. Our capacity monitoring also shows that we do not have much spare capacity remaining in our special schools and so the continued development of additional special school places is an important part of our High Needs Block spending strategy.

12. Independent and Non-Maintained Special School Placements

In 2019/20, 1.1 pupils in every 1,000 in Bradford was placed in an independent provision or non maintained special school, compared with a national average of 1.9, a Yorkshire and Humberside average of 1.2 and the average of our 5 closest statistical neighbours of 1.4.

Looking specifically at the number of pupils with EHCPs, at January 2019, 2.4% of pupils in Bradford with EHCPs were placed in independent or non-maintained settings compared with a national average of 5.0% and a Yorkshire and Humberside average of 3.5%. The January 2019 position compares against the January 2017 position as follows – Bradford was 0.8%, the national average was 5.2% and the Yorkshire and Humberside

average was 4.4%. So, between 2017 and 2019 Bradford's % of population increased from 0.8% to 2.8% whereas the position in other authorities decreased. However, in 2019/20 Bradford's overall % was lower than the national and other averages.

Tied in with the benchmarking of special school places, this indicates that we are not currently out of line with other authorities in respect of our use of independent and NMSS placements. However, we will wish to closely monitor this. We are aware that local authorities nationally are seeking to develop more places in order to reduce their reliance on other provisions and therefore, we would expect the benchmarking picture to alter

13. EHCP Population

Nationally at January 2020 (taken from DfE Statistics releases)

- 3.3% of all pupils in schools in England were recorded as having an Education, Health and Care (EHC) plan - increased from 3.1% recorded at January 2019.
- A further 12.1% of all pupils were recorded at SEND support – increased from 11.9% at January 2019.
- The most common type of primary need recorded for pupils with an EHC plan is Autistic Spectrum Disorders and for pupils with SEND support is Speech, Communication and Language Needs.
- SEND is more prevalent in boys than girls, with boys representing 73.1% of all pupils with an EHC plan and 64.6% of pupils with SEND support.

In Bradford at January 2020 (taken from DfE Statistics releases)

- 3.0% of all pupils in schools in Bradford were recorded as having an Education, Health and Care (EHC) plan – increased from 2.8% recorded at January 2019
- A further 13.2% of all pupils were recorded at SEND Support - decreased slightly from 13.8 % at January 2019.
- The most common type of primary need for pupils with an EHC plan is autistic spectrum disorders, which is the same as the national picture. However, the most common type of primary need for pupils with SEND Support is Mild Learning Difficulties, closely followed by Speech, Communication and Language Need.
- As with national data, SEND is more prevalent in the Bradford District in boys than girls.

Attachments

- 2021/22 planned budget high needs places breakdown (Appendix 2).
- Four year High Needs Block forecast (Appendix 3).