

DSG Management Plan (Updated January 2023)

Introduction

1. The main purposes of this Plan are to:
 - a. Present the principles that have previously been agreed and which lay the foundations of our Dedicated Schools Grant (DSG) management.
 - b. Summarise the approaches that have been, and are, used in the management of the Schools Block, Early Years Block and Central Schools Services Block, so that 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 have been, 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 in our DSG account.
2. Our DSG Management Plan is reviewed and presented to the Schools Forum annually. It was last presented to the Forum on 12 January 2022.
3. **This plan focuses on the High Needs Block**, for the following two reasons:
 - a. Over spends in the High Needs Block are a common reason why local authorities currently are recording cumulative deficits in their DSG accounts. For this reason, the focus of the Education Skills Funding Agency's (ESFA's) Management Plan Tool is the High Needs Block.
 - b. 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 funding for EHCPs and by ensuring a sufficient number of 'local' specialist places (rather than being over-reliant on potentially more expensive out of authority and independent provision), 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 potentially difficult options available for recovery from deficit within the High Needs Block.

4. **Attached with this plan is an updated four-year forecast of our High Needs Block (Appendix 2).** This forecast is calculated on various estimates of both income and expenditure. It contains a number of uncertainties. We are conscious of four uncertainties, in particular, which will have direct financial implications for our High Needs Block going forward:
 - a) Whether we are successful in our bid for a Special School Free School. Our forecast currently does not include the on-going revenue cost of a new special school. Where we are successful, we will need to assess

the continuing affordability of our specialist places, including those that we have created in recent years, in part, as a result of not being previously successful in achieving a Free School. Document PH, which was presented on 7 December 2022, provided further information on high needs places sufficiency.

- b) The outcomes of the national reviews on SEND, EHCP and Alternative Provision systems and funding (the SEND Green Paper). It is likely that national changes will alter the cost base that our High Needs Block will need to manage.
- c) The rate of continuing growth in the number of children and young people with EHCPs in Bradford, including the numbers that will require specialist provisions, as well as high cost independent provisions, in the context of wider demographic changes. We are currently experiencing significant growth in these numbers, but for how long will growth (at this rate) continue?
- d) Whether the annual increases in High Needs Block funding allocated by the DfE will keep pace with increasing costs. On current information, assuming no change in EHCP growth rates, we assume that funding is unlikely to keep pace with costs growth. This is because the DfE has previously indicated that it expects EHCP growth rates nationally to slow and that future High Needs Block funding settlements will be calculated on this basis.

5. **Bradford’s DSG account is not forecasted to be cumulatively in deficit at either 31 March 2023 or 31 March 2024.** As such, our management plan at this time is not needed for deficit recovery. Our plan 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.

Our forecast does currently identify however, that there is clear risk of a cumulative deficit building within our High Needs Block by the end of the 2025/26 financial year, as a result of recurrent structural in-year over spending. The risk of cumulative deficit by the end of the 2026/27 financial year is then high. This position is different from that which we presented this time last year. Our January 2022 forecast did previously indicate the potential for in-year overspending, but to a much lower extent. To illustrate, a comparison of the in-year over spend within our High Needs Block, forecasted now and forecasted in January 2022, is shown in the table below.

	2023/24	2024/25	2025/26
Forecast January 2022	£2.575m	£4.131m	£4.889m
Forecast January 2023	£4.200m	£10.533m	£16.013m

Please note the January 2023 forecast includes the additional £4.76m High Needs Block funding that the DfE announced in December (funded from the £2bn that was announced by the Chancellor on 17 November). We have assumed that this additional funding is built into the base and continues. For reference, without this additional funding, but also removing the additional £1.393m expenditure that is specifically attached to it, our in year positions (in the January 2023 forecast) would be substantially worse.

Please also note that the January 2023 forecast, whilst still based on various assumptions and estimates, does not include further adjustments or mitigating actions, which would be introduced *specifically* to reduce spending and to manage the deficit position.

6. It is helpful to highlight the differences between the January 2023 vs. January 2022 forecasts for the 2023/24 financial year by spending heading. This gives sight of the main reasons why the forecast has changed (and highlights the main areas of change in financial pressure).

2023/24 Financial Year	Jan 2022	Jan 2023	Diff
High Needs Block Income (from DfE)	£109.109	£116.884	£7.775
Place Plus - Maintained Special Schools and Special School Academies	£37.812	£38.182	£0.370
Independent & Out of Authority Placements	£17.050	£21.750	£4.700
Mainstream EHCPs (Pre16) including SEND Floor and PVI EHCPs	£14.200	£18.604	£4.404
Place Plus - EHCPs Post16 in Further Education institutions	£8.495	£9.008	£0.513
Place Plus - School-Led Resourced Provisions Primary & Secondary	£6.739	£6.097	-£0.642
Teaching & SEND Support Services	£5.216	£5.715	£0.499
Place Plus - New SEND Places not yet allocated	£4.750	£3.409	-£1.341
Place Plus - PRUs & Alternative Providers	£4.075	£4.067	-£0.008
Place Plus - Other LA Resourced Provisions	£3.099	£3.522	£0.423
Place Plus - LA-Led Resourced Provisions - Sensory	£2.751	£2.752	£0.001
TPG & TPENG special schools, resourced provisions and AP providers	£1.693	£1.540	-£0.153
Place Plus - Early Years Enhanced Provisions	£1.567	£1.650	£0.083
Medical Home Tuition, Education in Hospital & Tracks Central Service	£1.553	£1.583	£0.030
EHCP Banding Model resilience, needs-led growth, stacking	£1.000	£0.000	-£1.000
Building Schools for the Future (PFI) - Special Schools	£0.858	£0.917	£0.059
Speech & Language Therapy Services	£0.322	£0.328	£0.006
Mainstream EHCPs (Post16) element 2 cost support	£0.311	£0.150	-£0.161
Special Schools Inclusion Outreach	£0.000	£0.240	£0.240
Specialist Equipment	£0.120	£0.100	-£0.020
Copyright Licences	£0.074	£0.073	-£0.001
Additional Grant to Special / PRUs following the £4.76m funding	£0.000	£1.393	£1.393

7. Whilst we have an additional £7.775m in funding in the January 2023 forecast, compared with the January 2022 forecast, which is the result of both the 2023/24 settlement and the additional Supplementary Funding that was allocated by the DfE in 2022/23, we have £9.395m more expenditure in 2023/24 than previously forecast. Whilst there are updates to a number of expenditure headings (some of which are the result of the movement of budget between headings e.g. for cross-over between the provision for new SEND places and spending by type of place-plus provision), the comparison evidences the growth in spending in 3 headings in particular (highlighted in bold in the table above). Together, these 3 headings account for £9.617m of additional expenditure within the January 2023 forecast:
- a. Independent and Out of Authority Placements.
 - b. Mainstream EHCPs, including the SEND Funding Floor and EHCPs in early years PVI settings.
 - c. EHCPs for Post 16 students in Further Education Institutions (including SPIs).
8. In the context of expected, more limited, High Needs Block funding settlements from the DfE, it is the further estimated growth in spending in these 3 areas, over the next four-year period, which mostly explains the substantial downturn in our High Needs Block financial position.
9. **Our forecast identifies at this time that mitigating action will need to be taken in order to prevent the accrual of a cumulative deficit balance within our High Needs Block. This will be a piece of work for the Authority to discuss within the Schools Forum during 2023.**
10. **We have presented to the Schools Forum that we currently forecast to hold £25.830m of surplus balance within the High Needs Block at the end of the 2022/23 financial year.** The Authority presented reports in May (Document OM) and July (Document OR) 2022, following discussions regarding the use and retention of the High Needs Block surplus balance that was carried forward from the 2021/22 financial year. The July 2022 report set out a plan for £920,000 of annual investment, in 3 areas, in support of inclusion. This initial investment will run

to the end of the 2022/23 academic year, where it has been agreed that a review of impact will inform whether the High Needs Block surplus balance continues its investment in these areas.

We currently estimate that we need to earmark an additional £3.280m of the balance to establish a planned budget for the High Needs Block for 2023/24 that balances back to zero. In total, with the addition of the £0.920m, we currently estimate that £4.200m (16% of the forecasted surplus balance) may be deployed during 2023/24. To highlight here: £0.920m of this estimated overspend is the result of deliberate additional inclusion plan spending, which is to be reviewed, and c. £4.23m is budget for new specialist places, which we do not expect to see full spending of in 2023/24 but which needs to be structurally built into the budget. Also to clarify, this estimate assumes that our proposals for high needs funding in 2023/24, including top-up uplift and the control of the growth in the cost of the SEND Funding Floor, are actioned. On this basis, £21.630m of surplus balance would remain at March 2024. Our forecast then indicates that, without mitigating action, this surplus could be exhausted before the end of the 2025/26 financial year.

In this context, the Authority at this time does not plan any other significant use of the High Needs Block surplus. As Forum members are aware, the planned budget is constructed on a series of estimates and we try to take a prudent approach to these estimates. However, a first call on the £25.830m will be meeting in year the cost of change, as well as supporting any unexpected costs that may arise across 2022 and 2023 after the planned budget for 2023/24 has been agreed. The second, perhaps more important, call on the £25.830m balance will be supporting the avoidance of cumulative deficit in the High Needs Block over the medium term.

Bradford's DSG Management Principles

11. 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 seek to establish annually in January a planned DSG budget for the next financial year that closely balances 'in year'. One off monies (brought forward surplus balances) have then previously been used only to a limited extent and mainly for specific time-limited commitments, or for the purposes of investing in activities or in provision (and changes in provision) that will have benefit in future years, or in preparing for changes to come. We have always sought to avoid setting a planned budget for the next financial year that is dependent on significant savings being made, which are still to be identified. This approach is especially important in circumstances where there isn't a sufficient value of brought forward surplus balance available to provide adequate cover, in the event that such savings are not realised.

We wish to highlight for the Schools Forum that we are taking a different position in respect of the High Needs Block in 2023/24, as our planned budget currently indicates that £4.20m of brought forward balance may be required to be deployed and only £0.920m of this relates to specific targeted additional spending. This means that £3.28m effectively covers on-going expenditure, albeit that the £4.23m additional places budget is not expected to be fully spent in 2023/24 and that the planned budget is constructed prudently on a series of estimates. In order to bring the 2023/24 High Needs Block into balance, without using balances, we would need to implement significant reductions, including in delegated formula funding. It is not realistic (nor justifiable) to propose these at a time of financial pressure on providers and given the size of the surplus balance that we currently hold. However, this approach does mean that the in-year spending pressure that is present in 2023/24 has not been corrected and carries forward into 2024/25.

- b. 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, but subject to affordability, we typically adjust our High Needs Block funding models (our EHCP Banded Model and our Alternative Provision Day Rate Model) with reference to the funding settlement being received by mainstream schools and academies through formula funding within the Schools Block.

- c. We seek to set a realistic but prudent planned budget. A good 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. Where we are successful in our bid for a new Special School Free School, we will need to assess the continuing affordability of the specialist places that we have created in recent years, partially as a result of not being previously successful in achieving a Free School.
- d. 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 to recover in the following financial year.
- e. 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.
- f. We expect the Central Schools Services Block (CSSB) commitments to closely match the CSSB allocation each year and for the planned budget to be established on this basis. We do forecast to hold a small surplus balance within the CSSB at the end of the 2022/23 financial year, which we propose to retain within the CSSB to be available to be used to support the services that are funded by the CSSB.
- 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 their respective purposes.
- i. In previous years, we have agreed that CSSB surplus balances are transferred for use within the Schools Block but that, 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. We do not propose to continue this policy, meaning that the surplus balance that is forecasted to be held within the CSSB will stay with the CSSB

going forward. This change of approach will better support us to meet the pressures that we anticipate will be present within the CSSB as a result of the transition to the cessation of historic commitments funding.

High Needs Block – Planned Budget 2023/24 Construction

12. The table below shows the proposed 2023/24 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 PL.

Budget Heading	2023/24 (£m)	%
Place Plus - Maintained Special Schools and Special School Academies	£38.182	31.5%
Independent & OLA Placements & Education OLAs	£21.750	18.0%
Mainstream EHCPs (Pre 16) including SEN Funding Floor and PVI EHCPs	£18.604	15.4%
Place Plus - EHCPs Post 16 in Further Education institutions	£9.008	7.4%
Place Plus - School-Led Resourced Provisions Primary & Secondary	£6.097	5.0%
Teaching Support Services	£5.715	4.7%
Place Plus - PRUs & Alternative Providers	£4.067	3.4%
Place Plus - Other LA Resourced Provisions	£3.522	2.9%
Place Plus - New SEND Places not yet allocated	£3.409	2.8%
Place Plus - LA-Led Resourced Provisions - Sensory	£2.752	2.3%
Place Plus - Early Years Enhanced Provisions	£1.650	1.4%
Medical Home Tuition, EinH & Tracks Central Service	£1.583	1.3%
TPG & TPENG special schools, resourced provisions and AP providers	£1.540	1.3%
Grant to Special Schools / Academies & PRUs / AP re. the 3.4%	£1.393	1.2%
BSF (PFI) - Special Schools	£0.917	0.8%
Speech & Language Therapy Services	£0.328	0.3%
Special Schools Inclusion Outreach	£0.240	0.2%
Mainstream EHCPs (Post 16 element 2 cost)	£0.150	0.1%
Specialist Equipment	£0.100	0.1%
Copyright Licences	£0.078	0.1%

- The top three budget headings (special schools and special school academies; mainstream EHCPs; OLA, independent and non-maintained placements) account for nearly two thirds of the High Needs Block planned budget (65%).
- The top five headings (adding school-led resourced provisions and post-16 EHCPs in Further Education institutions) account for more than three quarters of the High Needs Block planned budget (77%).
- 93% of the High Needs Block planned budget in total is allocated to the cost of places provision. Correspondingly, 7% is allocated to other centrally managed expenditure, of which the most significant spend heading is Teaching Support Services (5%).

13. The table below summarises the number of SEND and Alternative Provision places by type of provision on which the 2023/24 planned budget is proposed to be established. Appendix 1 gives a detailed by-setting list of these places.

Setting	22/23 AY Planned Budget Places (FTE)	23/24 AY Planned Budget Places (FTE)	Diff 23/24 AY vs. 22/23 AY
Total SEND Places, made up of:	2,742.8	2,918.8	+ 176
Early Years Resourced Provision	78	78	0
Local Authority-Led Resourced Provisions - Sensory	100	100	0
Special Schools and Special School Academies	1,539.8	1,539.8	0
School-Led Resourced Provisions	365	361	- 4
Local Authority-Led Resourced Provisions (Other)	136	172	+ 36
Further Education Colleges (Post 16)	404	488	+ 84
Additional SEND Places not yet allocated	120	180	+ 60
Total Alternative Provision Places, made up of:	214	209	- 5
PRU, Alternative Provision Academy, AP Provider	165	160	- 5
Education in Hospital, Tracks	49	49	0

14. It is helpful to summarise the recent changes and actions that have influenced the shape of our 2023/24 planned budget. We also explain here the key assumptions on which the four-year forecast is calculated.

- a. Bradford District has experienced a significant increase in demand for Special Educational Needs and Disabilities (SEND) provision. We presented our updated analysis of this to the Schools Forum on 7 December 2022 in the annual sufficiency statement (Document PH). The total number of Education, Health and Care Plans (EHCPs) for 0-25 year olds across the Bradford District was recorded as 5,452 on 24 November 2022. This has increased from 4,915 on 26 November 2021, 4,619 recorded in November 2020 and 3,786 recorded in October 2019. This is the total number of EHCPs for which Bradford Local Authority is responsible for, educated in provisions within and outside Bradford. Further statistics, showing EHCP and SEND population growth, are available in the Annex at the back of this report.
- b. Our data evidences clearly that the number of children and young people with an EHCP in the Bradford District continues to rise:
 - The number of children and young people with an EHCP aged between 0 to 25 years has increased by 9.3% between November 2022 and November 2021. The comparable increase between November 2021 and November 2020 was 6.4%.
 - The number of children and young people with an EHCP aged between 5 to 15 years (statutory school age) has increased by 9% between October 2021 and September 2022. This is a notable acceleration on last year's increase of 3.98% between October 2020 and October 2021.
 - Requests for assessment have risen from 813 between October 2019 and October 2020, 958 between October 2020 and October 2021 to 1322 between September 2021 and September 2022.
 - 7.4% of children and young people within the Bradford District with an EHCP are currently accessing 'out of authority' provision. In proportionate terms, this figure has remained relatively unchanged; being recorded at 7% for the last two years. In order to meet the needs of children and young people with SEND residing within the Bradford District, it is sometimes necessary to place them in specialist provisions outside our Local Authority area, as well as in independent provisions. Whilst this is sometimes required, it is not our

preferred option, as the impact on placing children and young people away from their local communities is immeasurable. Furthermore, securing specialist places outside of the Local Authority area leads to significant additional costs. We currently estimate that our spending on all out of authority placements, including placements in independent and non-maintained provisions, will increase by 31% in 2022/23. This is one of the major causes of financial pressure within the High Needs Block, which we must seek to control. This is a pressure that all local authorities are currently facing.

- c. Despite these increases, which are substantial, our overall proportion of children and young people with EHCPs (3.6%), recorded at January 2022, remains lower than the national average (4.0%), with a gap of 0.4%. This gap was 0.3% between January 2019 and January 2021. **This comparison is suggestive that there is still more growth in our EHCPs to come, and with the potential for our future annual growth rate to be higher than national averages.** This potentially is a cause for concern financially, as the DfE is likely to set future High Needs Block settlements based on the national picture, which may not be in keeping with our local position. Within our forecast, presented in Appendix 2, whilst we have assumed a slight slowing down of growth, we have generally assumed the continuation of substantial growth in the numbers of children and young with EHCPs. This is most obviously expressed in the forecasts of spending in our 3 main pressure areas: EHCPs in mainstream settings, EHCPs in Further Education Post 16 settings, and spending on independent and out of authority placements.
- d. The comparison figures in the Annex at the back of this report, for January 2022, indicate that a greater proportion of the EHCP population in Bradford is placed in mainstream settings (nursery, primary and secondary) than national and regional averages. This may indicate that we are closer than the average authority to the DfE's SEND Green Paper priority, which is to more effectively support and increase the inclusion of children and young people with SEND in mainstream provisions. This also indicates our greater use of resourced provision as a model for delivering specialist places. Wider High Needs Block benchmarking does indicate that we have a larger number of resourced provision places attached to mainstream schools and academies.
- e. The Local Authority has created more than 700 additional specialist places across the District in response to the recent growth in the numbers of children and young people requiring specialist provision. During the academic years 2020 to 2021 and 2021 to 2022, the Local Authority created 189 specialist places. The 2023/24 planned budget, and the four-year forecast, incorporate the cost of the delivery of these established places on an on-going basis. The budget and forecast also include provision for an additional 120 places to be created during the 2022/23 academic year and for a further 100 places to be created during the 2023/24 academic year. Our four-year forecast then, at this time, does not build in any further revenue budget for more specialist places after this.

Our current projection is that we will require an additional 100 to 120 specialist places within the 2022/23 academic year, with these places being delivered across both the special school sector and in resourced provisions. Our projections further indicate that we will need to increase specialist places again by 100 to 120 for the 2023/24 academic year. This is the minimum number of specialist places that we project will be required to be developed in order to meet demand and to control (not increase reliance) on more expensive 'out of authority and independent' placements. The Local Authority's data continues to evidence that a number of key pressure points exist across the District. In order to address these pressure points, we have identified that the following additional provision is required:

- Additional resourced provision places for secondary aged children and young people with a primary need of Communication and Interaction including Autistic Spectrum Disorders (ASD) and Social, Emotional and Mental Health (SEMH).
- Additional special school places for primary and secondary aged children and young people with a primary need of Communication and Interaction including Autistic Spectrum Disorders (ASD), Severe Learning Difficulties (SLD) and secondary aged children with Social, Emotional and Mental Health (SEMH).

At January 2022, 1.44% of Bradford's school population was recorded in state funded special schools and special school academies. This compares with 1.43% recorded at January 2021. The national average was 1.59% at January 2022 and 1.52% at January 2021. The Yorkshire & Humberside average was 1.39% at January 2022 and 1.32% at January 2021. If Bradford's special school and special school academy population was at the national average of 1.59% at January 2022, we would have recorded a further 155 FTE pupils in our special schools and special school academies at January 2022 (with a total of 1,624 FTE pupils on roll). We are currently funding 1,540 places across maintained special schools and special school academies, with plans to develop more places. Our monitoring shows that we do not have spare capacity remaining in our special schools and special school academies and so the continued development of additional special school places is an important part of our High Needs Block spending strategy.

As reported to the Schools Forum on 7 December, the Local Authority has submitted to the DfE an application for a new Special School Free School. We anticipate that we will know the outcome of this application early in the new year. **Given the potential lead in time for a new school (possibly during 2026/27), if successful, the estimated £4.68m full occupancy full year revenue cost of a new school is not yet brought into our four-year forecast.** Given that the inclusion of this will substantially increase our High Needs Block spending, where we are successful, we will need to assess holistically the continuing affordability of all our specialist places, including those that we have created in recent years, in part, as a result of not being previously successful in achieving a Free School.

- f. The 2023/24 planned budget, and the four-year forecast, include the assumption that the uplift to rates of top-up funding per capita that providers with EHCPs receive will need to be controlled across the medium term.

One of the mitigating actions that we can take to control High Needs Block spending is to reduce the annual increases in rates of funding allocated by our EHCP Banded and Day Rate funding models. We could also re-shape our funding models, which might include reducing top-up funding rates. In this work, benchmarking comparisons will be important. Depending on pay award and inflation on-costs, this approach would potentially pass some of the financial pressure from the High Needs Block onto schools, academies and other providers. So this position will need to be carefully considered. We will also need to ensure that we comply with the requirements of the special schools minimum funding guarantee, which is set by the DfE. It is quite clear however, that the priority for our High Needs Block will be responding to the increased cost (of places and provision) that will come from the estimated continued substantial growth in the numbers of children and young people with EHCPs. **On this basis, in the four-year forecast at this time, we have used a figure of 1.5% 'annual creep', meaning that we estimate that the cost of existing places will grow by only 1.5% a year.** This growth will need to incorporate both any uplift in top-up funding per-capita and any increased cost as a result of EHCPs being assessed within higher bands and / or receiving 'stacked' funding. Whilst 1.5% is an estimate, and will be reviewed annually in line with the High Needs Block affordability position, it does realistically indicate that, at the very least, the rate of uplift of provider funding will need to be restricted in order for the High Needs Block to be sustainable at projected income levels i.e. this forecast evidences the lack of flexibility that we will have, where the DfE reduces the annual increases in High Needs Block funding but where our number of EHCPs continues to significantly grow. This lack of flexibility may require us to re-shape our funding models, which might include reducing top-up funding rates. We are also aware that the DfE's SEND Review has proposed that a national EHCP banded funding system be developed. As such, this banded system could substantially change the cost to our High Needs Block, as well as affect the levels of EHCP top-up funding received by schools and other providers. This is currently unknown however, and no assumptions about this are brought into our forecast at this time.

- g. The 2023/24 planned budget, and the four-year forecast, estimate that spend on pupils with EHCPs in mainstream settings will continue to grow broadly at current cash rates (c. £3.5m a year). Our planned budget and forecast continue to include the cost of our SEND Funding Floor, which is proposed to be used for third year in 2023/24, but amended to uplift the qualification threshold from 1% to 3%. The continuation of the SEND Funding Floor (whether it continues, at what level and how it works) from April 2024 will be subject to review, including with reference to the outcomes of the national SEND Review, which may direct changes.
- h. The 2023/24 planned budget, and the four-year forecast, estimate that spend on students with EHCPs at post-16, including in Further Education settings, will grow substantially over the next couple of years as the school population bulge continues to move into post-16.
- i. The 2023/24 planned budget, and the four year forecast, continues to fund PRU / Alternative Provisions to deliver Local Authority commissioned provision for pupils that are permanent excluded. 160 permanent exclusion places are funded on an annual basis. The planned budget at this time going forward continues not to fund school-commissioned alternative provision. **The DfE's SEND Green Paper proposes some substantial changes to the way Alternative Provision is funded, and the role of the PRUs / AP Academies. The possible financial implications of these changes are not yet built into our forecasts. This is an area we will need to review closely as further announcements are made.**
- j. The 2023/24 planned budget, and the four-year forecast, estimate that spend on pupils with EHCPs placed in out of authority, independent and non-maintained provisions will continue to grow broadly at current cash rates (c. £3.5m a year). However, this is a volatile budget and the cost of placements will be affected by a number of factors. Whilst our overall proportion of children and young people placed in independent provisions has not significantly changed in recent years, the cost of placements has substantially increased, including as independent providers adjust their charging for cost increases e.g. energy, pay awards and pensions. The DfE's SEND Green Paper suggested that independent schools could be brought into a national banded funding system. However, the details (and do-ability) of this change are not known and therefore, nothing has been brought into the forecast in response.

It is clear that control and reduction of spending in this area will be critical to the sustainability of our High Needs Block. Whilst 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 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 overly 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 Authority has previously 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.

- k. Forum members are reminded that the Authority presented reports in May (Document OM) and July (Document OR) 2022, following discussions regarding the use and retention of the High Needs Block surplus balance that was carried forward from the 2021/22 financial year. The July 2022 report set out a plan for £920,000 of investment, in 3 areas, in support of inclusion. This initial investment will run to the end of the 2022/23

academic year, where it has been agreed that a review of impact will inform whether the High Needs Block surplus balance continues its investment in these areas. Currently, for budget planning purposes, it is assumed that the £0.920m will continue for a full financial year in 2023/24 and within the four-year forecast.

- I. The national High Needs Block funding settlement is a significant uncertainty. Within our four-year forecast, we have estimated that we will receive a 4.5% annual increase in per pupil funding from April 2024 on the 2023/24 base. Whilst the DfE has previously advised local authorities to use a figure of 3% for 2024/25, the DfE advised a figure of 5% for 2023/24 (and we received 6.8%, prior to the additional December monies), meaning that we take the view that we are likely to receive a settlement that is higher than the minimum 3% that the DfE may set. We are estimating this at 4.5%, but this is purely our estimate. 1% is worth about £1.5m. In our January 2022 forecast, presented to the Schools Forum this time last year, we estimated that we would continue to receive a 9% increase in High Needs Block funding per pupil (and on this basis we estimated the 'annual creep' at 4%). The reduction in forecasted income growth is one of the key drivers of the change in our updated forecast.

We calculate, from the Autumn 2022 Statement, that the weight of the national schools' budget settlement is already allocated in 2022/23, with a more modest uplift in funding in 2023/24 and more modest again expected in 2024/25. It is also the case that our High Needs Block funding will be lower going forward as a result of a reduction in the school's population, due to demographic trends.

We have not transferred funding from the Schools Block into the High Needs Block since 2019/20. We do not propose to transfer funding from the Schools Block to the High Needs Block in 2023/24 and our four-year forecast also does not include any such transfer.

- m. Finally, in quick summary, in recent years we have delivered structural changes in the following areas, which roll forward within our updated four-year forecast:

We have established and developed SEMH and ASD Local Authority-led resourced provisions, where resourced provision is hosted on school-sites but where staffing is centrally managed.

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

We have restructured our PRU / Alternative Provisions to deliver Local Authority commissioned provision for pupils permanent excluded. The planned budget going forward continues not to fund school-commissioned alternative provision.

The 2023/24 planned budget continues to incorporate the financial efficiencies that have 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. The DfE has not yet developed a national formula-based approach to the funding of these provisions, and continues to fund local authorities, through the High Needs Block, on historic information. As such, we receive £2.196m of funding in 2023/24, which is greater than our £1.583m estimated planned budget spending. This currently therefore, is an area of 'gain' for us within the High Needs Block, with this gain supporting other High Needs Block expenditure. However, if and when the DfE alters the national funding methodology, this gain may no longer be present and the loss of this will increase the financial pressure on the High Needs Block. This is not currently accounted for within the forecast that is presented in Appendix 2.

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 for pay / inflationary

increases on current capacity, but also include aspects of the £0.920m inclusion investment plan. The capacity of support services is likely to need to be reviewed in future years, where the numbers of EHCPs in mainstream settings continues to grow, but also in the light of the outcomes of the DfE's SEND Green Paper.

Provision for Speech and Language Therapy support in resourced provisions is continued on the re-commissioned basis, as discussed with the Schools Forum in July 2021.

As well as introducing new funding models for delegated provision – the Banded Model, the Day Rate Model and the amended SEND Floor Model – we adjusted at April 2020 our approach to supporting schools, academies and other providers for the costs of specialist equipment. This approach continues.

Prior to April 2021, the cost of the Area SENCOs (who support Private, Voluntary and Independent providers), and a contribution to early years SEND support services (including portage), were charged to the Early Years Block. In seeking to protect the Early Years Block, during the COVID-19 pandemic, we transferred these costs to be met by the High Needs Block, with the intention to transfer the costs back at an appropriate time. Within the 2022/23 budget, we transferred back the cost of the Areas SENCOs, but the contribution to early SEND support services continued to be met by the High Needs Block. In now managing the financial pressure that is increasing within the High Needs Block, in the context of the current more secure position of the Early Years Block, we have proposed to return this contribution to the Early Years Block in 2023/24 and the four-year forecast assumes this.

High Needs Block – Risks, Monitoring and Mitigating Action

15. **Bradford's DSG account is not forecasted to be cumulatively in deficit at either 31 March 2023 or 31 March 2024. Our forecast does currently identify however, that there is clear risk of a cumulative deficit building within our High Needs Block by the end of the 2025/26 financial year, as a result of recurrent structural in-year over spending. The risk of cumulative deficit by the end of the 2026/27 financial year is then high.** This position is different from what we presented this time last year. Our January 2022 forecast did previously indicate the potential for in-year overspending, but to a much lower extent over the medium term.
16. **Whilst the value of surplus balance we hold within the High Needs Block provides some buffer, and some time, we now must begin to more closely consider mitigating actions, beginning from the 2024/25 financial year. We recognise that our forecast is constructed on a series of estimates and that the future position may change – to improve or worsen. Therefore, whilst seeking to identify more permanent structural spending strategies for the benefit of our High Needs Block for the longer term e.g. inclusion and early support and intervention, we must identify mitigating actions, in priority order, which would be introduced should the forecast not substantially improve. This will be a piece of work for the Authority to discuss with the Schools Forum during 2023.**
17. Factors that may improve our forecast over the next four years are:
 - a. A substantial improvement in High Needs Block funding from April 2024. We currently estimate a 4.5% per capita increase. 1% is worth about £1.5m to us. Looking at the settlement that was announced within the 17 November Autumn Statement, and the additional £400m that has been allocated subsequently in 2023/24, it is difficult however, to see how the High Needs Block settlement will substantially improve above current forecasted levels, and certainly to the extent that this would remove on its own the over-spending that we forecast. There doesn't appear to be the flexibility within the current national schools' budget in 2024/25 to afford a large enough injection of additional money.
 - b. A substantial slowing down of growth rates in the numbers of children and young people with EHCPs and in requests for new assessments. As we indicated earlier in this report, our overall proportion of children and young people with EHCPs remains lower than the national average. This is suggestive therefore, that there is still

more growth in our EHCPs to come, and with the potential for our future annual growth rate to be higher than in other authorities. However, there are factors that may change this outlook, including the reduction in school population as a result of wider demographic changes (which may result in fewer children and young people being assessed for EHCPs in the future), the flattening out of pupil numbers growth in the secondary and post 16-phases (which again may result in fewer new EHCPs), and the impact of the DfE's SEND Review, which clearly is aimed at promoting early intervention (and the de-escalation of needs) and providing clearer (and tighter) guidance on the circumstances in which EHCPs are appropriate. The DfE's expectation certainly is that the growth in EHCPs will slow down.

- c. The impact of new SEND places (and a possible new Special School Free School) on the de-escalation of cost of placements in independent and non-maintained provisions. Within this, the DfE's SEND Review may also have positive impact. The Review indicates that work may take place to seek to bring independent schools into the national place-plus framework, so that cost of placements is governed by a national banding model, to be developed. This would help to control the annual escalation of charges for individual high cost placements.

However, competing with this potential positive impact, we have not built into our forecast the estimated £4.68m revenue cost of a new Free School. We have also not included the cost of any other new SEND specialist places, after the places that are to be created during the 2023/24 financial year. The continued development of places will be governed, first and foremost, by the Authority's places sufficiency forecasting. Certainly, where we are successful in our Free School bid, we will need to assess the overall continuing affordability of all our specialist places, including those that we have created in recent years, in part, as a result of not being previously successful in achieving a Free School. Our forecast indicates that we are unlikely to be able to afford to continue to increase the number of specialist places we fund, without adjusting spending within the High Needs Block. Any adjustments would need to be actioned incrementally and therefore, would not have immediate single-year impact. We certainly would be looking to achieve a cost per place efficiency, by reducing the number of placements in independent provisions in favour of placements in 'local' settings. However, again, we are aware that this would be a saving that would likely only be achieved incrementally over time. It would also depend, quite obviously, on whether we are successful in our Free School bid.

- d. The impact of the DfE's SEND Green Paper (the national SEND and Alternative Provision Review), which has clear strands that are intended to reduce cost pressure on local authority High Needs Blocks. Some of these strands, whilst producing savings for the High Needs Block, may have significant implications for the funding of individual schools and providers. In recent messaging however, the DfE has emphasised that the Green Paper represents a 'longer term' programme of change. Therefore, the extent to which changes may impact on our current four-year forecast is unclear, but possibly limited. We expect that the DfE's publication of an 'improvement plan' in the new year will give us a more confirmed timeline.

It is also the case however, that there are aspects of the SEND Green Paper proposals that may increase our High Needs Block spending base, to the extent that the net impact of the Review may be increased costs in the short-term, before savings are realised in the longer-term. This possibly is true for additional activity and emphasis on the allocation of funding towards early intervention. This is also possibly true for the proposed changes in the funding of Alternative Provision, with the movement towards fixed budgets and the greater emphasis on the allocation of funding for prevention, and outreach support, to reduce the escalation of needs.

Attachments

- 2023/24 planned budget high needs places breakdown (Appendix 1).
- Four-year High Needs Block forecast (Appendix 2).

Annex - Key HNB Statistics and HNB Benchmarking Data

1. EHCPs as a % of Bradford's school population & recent growth rates

The table below shows the number of EHCPs recorded in Bradford's schools and academies as a % of Bradford's total school population. The totals include state funded nursery, primary, secondary and special schools, non-maintained special schools, PRUs and independent schools.

	January 2019	January 2020	January 2021	January 2022
Bradford	2.8%	3.0%	3.4%	3.6%
National	3.1%	3.3%	3.7%	4.0%
Yorkshire and the Humber	2.8%	3.0%	3.3%	3.5%

The table below shows the number of EHCPs recorded in Bradford's schools and academies over the same time period. The totals include state funded nursery, primary, secondary and special schools, non-maintained special schools, PRUs and independent schools.

	Bradford	Bradford	National	National	Y&H	Y&H
	Number	% Growth	Number	% Growth	Number	% Growth
January 2022	3,784	6.4%	355,566	9.2%	31,104	9.1%
January 2021	3,558	14.7%	325,618	10.5%	28,501	10.0%
January 2020	3,102	6.0%	294,758	8.7%	25,904	8.3%
January 2019	2,927	n/a	271,165	n/a	23,919	n/a

For slightly wider context, the table below shows the total number of EHCPs that Bradford Local Authority is responsible for, including those placed in other providers rather than in schools and academies e.g. Further Education Colleges, and in other local authorities, over the same time period.

	Bradford	Bradford	National	National	Y&H	Y&H
	Number	% Growth	Number	% Growth	Number	% Growth
January 2022	4,891	5.0%	473,255	9.9%	42,072	9.3%
January 2021	4,659	15.7%	430,697	10.4%	38,506	9.5%
January 2020	4,028	9.7%	390,109	10.2%	35,164	10.6%
January 2019	3,673	n/a	353,995	n/a	31,792	n/a

The table below shows the % of pupils recorded with EHCPs in mainstream primary and secondary schools and academies in Bradford.

	Bradford	Bradford	National	National	Y&H	Y&H
	Primary	Secondary	Primary	Secondary	Primary	Secondary
January 2022	2.1%	2.3%	2.3%	2.2%	1.9%	2.0%
January 2021	1.9%	2.1%	2.1%	2.0%	1.8%	1.9%
January 2020	1.6%	1.8%	1.8%	1.8%	1.5%	1.7%
January 2019	1.5%	1.6%	1.6%	1.7%	1.4%	1.6%

2. Change in SEND Support as a % of Bradford’s school population

The table below shows the number of pupils in Bradford’s schools and academies recorded at SEND Support each January as a % of Bradford’s total school population. The totals include state funded nursery, primary, secondary and special schools, non-maintained special schools, PRUs and independent schools.

	January 2019	January 2020	January 2021	January 2022
Bradford	13.8%	13.2%	12.7%	13.0%
National	11.9%	12.1%	12.2%	12.6%
Yorkshire and the Humber	12.2%	12.4%	12.4%	12.9%

3. Most Prevalent Primary Need

Nationally, at January 2022, the most common type of primary need recorded for pupils with EHCPs continues to be Autism Spectrum Disorders and for pupils with SEND support to be Speech, Communication and Language Needs. SEND is more prevalent in boys than girls, with boys representing 72.8% of all pupils with EHCPs and 63.5% of pupils recorded at SEND Support.

In Bradford, at January 2022, the most common type of primary need for pupils with EHCPs also continues to be Autism Spectrum Disorders, which is the same as the national picture. However, the most common type of primary need for pupils with SEND Support continues to be Moderate Learning Difficulties, closely followed by Speech, Language and Communication Need. SEND is more prevalent in boys than girls, with boys representing 71.6% of all pupils with EHCPs and 64.0% of pupils recorded at SEND Support.

4. Special School / Special School Academy numbers as a % of Bradford’s total pupil population

At January 2022, 1.44% of Bradford’s school population was recorded in state funded special schools and special school academies. This compares with 1.43% recorded at January 2021. The national average was 1.59% at January 2022 and 1.52% at January 2021. The Yorkshire & Humber average was 1.39% at January 2022 and 1.32% at January 2021. If Bradford’s special school and special school academy population was at the national average of 1.59% at January 2022, we would have recorded a further 155 FTE pupils in our special schools and special school academies at January 2022 (with a total of 1,624 FTE pupils on roll). We are currently funding 1,540 places across maintained special schools and special school academies, with plans to develop more places. Our monitoring shows that we do not have spare capacity remaining in our special schools and special school academies and so the continued development of additional special school places is an important part of our High Needs Block spending strategy.

5. EHCP School Population Distribution at January 2022

The table below shows the number and % of EHCPs that were recorded at January 2022 in Bradford’s schools and academies, by type of provision. The totals include state funded nursery, primary, secondary and special schools, non-maintained special schools, PRUs and independent schools. * please note that resourced provisions are included under the mainstream school heading (and EYESP places are included under the MNS heading). It is not possible separate resourced provision from these totals.

	Bradford	Bradford	National	National	Y&H	Y&H
	Number	%	Number	%	Number	%
Total EHCPs	3,784	3.6%	355,566	4.0%	31,104	3.5%
<i>Special</i>	<i>1,469</i>	<i>38.8%</i>	<i>140,230</i>	<i>39.4%</i>	<i>11,976</i>	<i>38.5%</i>

<i>PRU</i>	31	0.8%	3,295	0.9%	720	2.3%
<i>MNS</i>	49	1.3%	535	0.2%	70	0.2%
<i>Independent & NMSS</i>	68	1.8%	28,912	8.1%	1,869	6.0%
<i>Mainstream P&S *</i>	2,167	57.3%	182,594	51.4%	16,469	53.0%