

DSG Management Plan (Updated January 2024)

Introduction & Summary

1. The main purposes of this Plan are to:
 - Present the principles that have previously been agreed and which have so far laid the foundations of our Dedicated Schools Grant (DSG) management.
 - Summarise the approaches that have been used so far in the management of the Schools Block, Early Years Block and Central Schools Services Block.
 - Explain in more detail the approaches that have been used so far in our 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 currently identified mitigations. In this context, risk is defined as the accrual of a significant value of deficit in our DSG account as a result of overspending in the High Needs Block.
 - **Explain that the majority of the £22.7m surplus balance that is forecasted to be held in the High Needs Block at the end of the 2023/24 financial year on current estimates is anticipated to be deployed to the 2024/25 High Needs Block budget. This is pending further work and is based on a forecast that growth in spending will continue.**
 - **Explain that, pending further work, where growth in spending continues at current rates, the size of deficit that is forecasted to accrue within our High Needs Block from the end of the 2024/25 financial year significantly exceeds the value of mitigating actions that are in place and new mitigating actions that have been identified so far but that require further discussion. Prior to further work and new mitigation, and where growth in spending does not slow, we forecast that our High Needs Block may overspend by £22m in 2024/25, with the value of in-year overspend increasing by a further c. £10m a year over the next 3 years.**
2. Our DSG Management Plan is reviewed and presented to the Schools Forum annually. It was last presented to the Forum on 11 January 2023. The forecasted position of the High Needs Block has been more regularly discussed. We have established a small working group of interested Forum members, for the purpose of discussing the High Needs Block and mitigations. This group will continue to meet.
3. In previous versions of our Management Plan, we have solely focused on the High Needs Block. Whilst this update also concentrates on this Block, **we must continue to highlight a significant issue for our DSG Management relating to the Early Years Block.** Whether this remains a significant issue for us will now depend on DfE announcements that are expected early in the new year.

As we have previously presented to the Schools Forum, the DfE has indicated that, for the introduction of the Under 2s Working Parents entitlement at September 2024, local authorities will be funded for 22 weeks of delivery for the period September 2024 to March 2025. This will also be the case for the further extension of the entitlements to 30 hours at September 2025 (for the period September 2025 to March 2026). We have now very clearly expressed to the DfE our concerns about this approach and its implications for our DSG. We met with the DfE on 6 December. Our issue is that we fund our entitlements on a termly basis, using a 12 (summer) / 14 (autumn) / 12 (spring) weeks profile. We are aware that, other than for slight variation in the number of weeks,

many local authorities do the same. This means that we fund 12 weeks in summer, compared with the DfE's Early Years Block DSG-level funding profile of 5/12ths (16 weeks), but we fund 26 weeks in autumn and spring, compared with the DfE's Early Years Block DSG-level funding profile of 7/12ths (22 weeks). Our profile quite closely matches the timing of the school holidays. When the new under 2s old entitlement for working parents begins at September 2024, for the period September 2024 to March 2025, we will fund providers for 26 weeks of delivery, but will only receive Early Years Block funding for 22 weeks. We have modelled that this will cost us in the region of £1.2m in 2024/25. When the under 2s entitlement is extended to 30 hours at September 2025, and the 2-year-old entitlement is also extended to 30 hours for working parents at September 2025, we also will fund 26 weeks but receive funding for 22 weeks for these for the period September 2025 to March 2026. We have modelled that this will cost us in the region of a further £2.2m. So, in total, across 2024/25 and 2025/26, we estimate that we will have an additional £3.4m of unfunded cost. We have explained to the Forum that whether or not the DfE responds to our concerns on this matter will significantly influence our DSG Early Years Block position and our use of brought forward surplus balances. The planned budget, presented to today's meeting, assumes at this time that this will remain an unfunded position in 2024/25. This will put additional pressure on our DSG reserves at a time when we seek to preserve these reserves in support of our High Needs Block management. We anticipate being able to provide an update to the Forum on this matter in March.

4. Alongside the presentation on 6 December of the spending forecast report for the 2023/24 financial year, we explained to the Forum that one of the new mitigating actions that we can now take in our management of our DSG account is to assert that **non-ringfenced reserves that are held within the DSG at the end of the 2023/24 financial year are 'pooled' to offset / to support the management of the currently forecasted High Needs Block deficit**. The DSG Regulations permit balances to be used across all the blocks. What we have established up to now is a local informal block ring-fencing policy, where we separate our total DSG reserve into the 4 different blocks. The Authority's general position also leans towards the retention of balances, meaning that we would not seek to allocate balances for the purposes of increasing levels of spending in 2024/25 above what they would 'naturally' be. The 2024/25 planned budget that is presented to today's meeting follows this approach.
5. **In this Plan we focus on the High Needs Block** for the following three reasons:
 - Overspends in the High Needs Block are a common reason why local authorities currently are recording cumulative and increasing 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. High Needs Block overspending is a national issue that is impacting on many local authorities. The DfE has in place two types of intervention and support strategies – the Safety Value Programme and the Delivering Better Value (DBV) Programme. Bradford has not yet received advice or support via these programmes. However, one of the mitigating actions that we can now take is to contact the DfE to ask for a discussion about our projected financial position and to request further advice and support in the management of this position, as is appropriate.
 - 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 central retention restriction 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, which potentially would take a number of years to have material impact.

- The size of deficit that is currently forecasted may accrue within our High Needs Block from the end of the 2024/25 financial year significantly exceeds the value of mitigating actions that are in place and new mitigating actions that have been identified so far and that require further discussion. Prior to further work and new mitigation, we forecast that our High Needs Block may overspend by £22m in 2024/25, with the value of in-year overspend increasing by a further c. £10m a year over the next 3 years.
6. **Attached with this plan is an updated three-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. It incorporates mitigating actions that are already established but does not at this stage incorporate any new mitigating actions. It also does not specifically estimate the impact of the DfE's national SEND and AP reforms, where we may expect to achieve savings but where additional costs may also be incurred (including in the establishment of a 3 tier Alternative Provision system). We are conscious of three uncertainties, in particular, which will have direct financial implications for our High Needs Block going forward:
- a) The outcomes of the national reviews on SEND, EHCP and Alternative Provision systems and funding. It is likely that changes will alter the cost base that our High Needs Block will need to manage. Bradford is part of the piloting of these reforms and therefore, we may expect to feel the impact of these reforms sooner.
 - b) 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? Our SEND Sufficiency Plan, presented to the Forum on 6 December 2023, forecasts that the EHCP assessment growth rate in Bradford will not significantly slow in the short term and that the Authority will continue to need to expand specialist placement capacity and make financial provision for an increasing number of EHCPs.
 - c) The annual increases in High Needs Block funding allocated by the DfE. The DSG settlements after 2024/25 are not known.
7. **Bradford's DSG account is not forecasted to be cumulatively in deficit at either 31 March 2024 or 31 March 2025.** As such, our management plan at this time is not needed for recovery from an already established cumulative deficit or from the fall into deficit by the end of the financial year for which the planned budget is currently being discussed. However, due to the anticipated continued growth in the number of EHCPs, and other pressures, we forecast that the £22.7m High Needs Block surplus balance that is projected to be held at the end of the 2023/24 financial year may largely be spent by the end of the 2024/25 financial year and that our High Needs Block and then DSG account may post a cumulative deficit at the close of the 2025/26 financial year, with the size of the deficit continuing to grow in the absence of our new significant mitigating response, additional income from the DfE or a significant slowing in EHCP growth rates. Although this forecast is based on a series of estimates, which may change, the scale of deficit that is forecasted clearly indicates a structural budget issue.
8. This projected overspend is the result of our estimates that our growth in spending will significantly exceed the increases in High Needs Block funding that we receive over the next 3 years. In 2024/25: we estimate that we will overspend our High Needs Block allocation by £22m. We have received only an additional £5m in High Needs Block income but we estimate that our spending will increase by £23m on our forecasted 2023/24 outturn, noting that our 2023/24 outturn already includes an overspend on 2023/24 High Needs Block income of £4m. In

2025/26 and 2026/27, we estimate that we will continue to receive in the region of £4m a year of additional income but we estimate that our spending will continue to grow to the extent that our £22m in-year overspending will increase by c. £10m a year over this period.

9. Our High Needs Block has already absorbed significant spending growth in 2023/24. **The 6 key areas of further projected spending growth in 2024/25, which are the most significant contributors in cash terms to the projected £22m overspend are as follows.** These areas make up over 80% of our planned 2024/25 spending.

| Spending Area | 24/25 Forecast | 23/24 Forecasted Outturn | Diff (increase) |
|--|----------------|--------------------------|-----------------|
| Mainstream EHCPs including SEND Floor and PVI EHCPs | £27.210m | £19.874m | £7.336m |
| Independent & Out of Authority Placements (including OLA) | £28.800m | £23.600m | £5.200m |
| Additional SEND Places | £3.870m | £0.000m | £3.870m |
| Place Plus - PRUs & Alternative Providers | £7.280m | £5.167m | £2.113m |
| Place Plus - Maintained Special Schools and Special School Academies | £39.321m | £37.946m | £1.375m |
| Place Plus - EHCPs Post16 in Further Education institutions | £9.466m | £8.312m | £1.154m |

- Spend on mainstream EHCPs, incorporating PVI providers and Personal Budgets, is forecasted to increase by £36% (£5.2m) in 2023/24 and we currently estimate that we will continue to see growth in 2024/25 at similar levels. Growth in this area alone exceeds our growth in High Needs Block income from the DfE.
- Spend on Independent, Non-Maintained and Out of Authority placements is forecasted to increase by 26% in 2023/24 and we estimate that we will continue to see a similar level of growth in 2024/25. Growth in this area alone exceeds our growth in High Needs Block income from the DfE.
- The 2024/25 planned budget includes provision for an additional 200 local specialist places (100 full year; 100-part year from September). This was presented to the Forum on 6 December (SEND Sufficiency Plan).
- The District has seen a significant increase in the number of pupils permanently excluded. Additional places have been commissioned during 2023/24 and the 2024/25 planned budget estimates funding of 300 places in total on a full year basis (increased from the 160 that were funded within the 2023/24 planned budget).
- Spend on special schools and special school academies increases principally as a result of the uplift of the EHCP Banded Model and the expectation that new placements will be placed at higher Bands.
- Spend on EHCPs in post-16 is forecasted to continue to increase as the secondary-aged population bulge continues to move through.
- In addition, not listed in the table above, further spend is incurred through the uplift to the EHCP Banded Model in other specialist settings and through uplifting the cost of the individual centrally managed support services for the impact of pay award as well as for the increase in the cost of the employer’s contribution to teacher pensions at April 2024, which is expected to be unfunded. It is also important for the Forum to note that our High Needs Block continues to meet the cost of the contribution to PFI (BSF) in relation to the phase 2 special schools. This is £1m in 2024/25 and is not a cost that all local authorities have.

Bradford’s General DSG Management Principles

10. We have agreed previously with the Schools Forum the following general management principles, which may need to / are likely to adjust as we manage our projected DSG deficit account:

- 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 2024/25, as our planned budget currently indicates that £22m of brought forward balance may be required to be deployed and only £0.980m (the Local Authority's Inclusion Investment Plan) of this relating to specific targeted additional spending. This means that £21m effectively covers on-going expenditure, albeit that the £3.87m additional places budget is not expected to be fully spent in 2024/25. In order to bring the 2024/25 High Needs Block into balance, without using balances, we would need to implement very significant immediate reductions, including in delegated formula funding, at a scale which is not achievable. It is also not realistic (nor justifiable) to propose these reductions at a time of financial pressure on providers and given the size of the surplus balance that we currently hold. It is also the case that we have held the surplus in anticipation that 2024/25 will be a very challenging year. However, this approach does mean that the in-year spending pressure that is projected to be present in 2024/25 has not been corrected at the time the planned budget has been set and this pressure would carry forward into 2025/26. One of Authority's areas of work during 2024/25 will be to seek to make savings and efficiencies in-year in order to reduce the size of the pressure that will be carried forward. To provide assurances, however, this work will not include any in-year adjustment to the delegated funding models that will be applied (once agreed, the Authority will not reduce EHCP and other delegated funding models during the year).

We also wish to highlight here again that one of the new mitigating actions that we can now take in our management of our DSG account is to assert that general reserves that are held within the DSG at the end of the 2023/24 financial year are 'pooled' to offset / to support the management of the High Needs Block deficit. The Authority's general position also leans towards the retention of balances, meaning that we would not seek to allocate balances for the purposes of increasing levels of spending in 2024/25 above what they would 'naturally' be. The 2024/25 planned budget that is presented to today's meeting follows this approach.

- We adjust our funding formulae, which are used to calculate 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.
- 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 that we develop, can be sustained. As part of our deficit mitigation, however, we will need to assess the continuing affordability of specialist places creation.
- The retention of a 'safety net' reserve (held within surplus brought forward balances) has been an important part of our DSG management. This is certainly true so far 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. This is very important in the context of the still to be resolved matter that is presented in paragraph 3.

- 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. We highlight in this Management Plan that the Authority, with the Forum, must now give serious consideration to enacting a Schools Block to High Needs Block transfer of funding from April 2025.
- 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 2023/24 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.
- If we overspend the planned budget in any block, meaning that there is a cumulative 'in year' overspend, which is not offset by savings elsewhere within the block and / or is not met by that block's reserve, this overspend is retained within the respective block and is managed from next year's planned budget for that block. Obviously, the scale of the forecasted overspending in the High Needs Block will now challenge this approach, and we have set out already in this Plan our view regarding the pooling of reserves going forward as a new mitigation activity.
- If we underspend the planned budget in any block, meaning that there is a cumulative 'in year' surplus, which is not offset by overspends elsewhere within the block, this underspend has been retained within the respective block and has been 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. Again, we have set out already in this Plan our view regarding the pooling of reserves going forward as a new mitigation activity.

High Needs Block – Planned Budget 2024/25 Construction

11. The table below shows the proposed 2024/25 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 three-year forecast. They also match the figures presented in Document QX.

| Budget Heading | 2024/25 (£m) | % |
|--|---------------------|----------|
| Place Plus - Maintained Special Schools and Special School Academies | £39.321 | 27.3% |
| Independent & OLA Placements & Education OLAs | £28.800 | 20.0% |
| Mainstream EHCPs including SEN Funding Floor and PVI EHCPs | £27.210 | 18.8% |
| Place Plus - EHCPs Post 16 in Further Education institutions | £9.466 | 6.6% |
| Place Plus - PRUs & Alternative Providers | £7.280 | 5.1% |
| Place Plus - School-Led Resourced Provisions Primary & Secondary | £6.591 | 4.6% |
| Teaching Support Services | £6.547 | 4.5% |
| Place Plus - New SEND Places not yet allocated | £3.870 | 2.7% |
| Place Plus - Other LA Resourced Provisions | £3.540 | 2.5% |
| Place Plus - LA-Led Resourced Provisions - Sensory | £2.918 | 2.0% |
| Place Plus - Early Years Enhanced Provisions | £1.900 | 1.3% |
| Medical Home Tuition, EinH & Tracks Central Service | £1.710 | 1.2% |
| TPG & TPENG special schools, resourced provisions and AP providers | £1.557 | 1.1% |

| | | |
|---|--------|------|
| Grant to Special Schools / Academies & PRUs / AP re. the 3.4% | £1.404 | 1.0% |
| BSF (PFI) - Special Schools | £1.013 | 0.7% |
| Speech & Language Therapy Services | £0.315 | 0.2% |
| Special Schools Inclusion Outreach | £0.300 | 0.2% |
| Copyright Licences | £0.143 | 0.1% |
| Specialist Equipment | £0.080 | 0.1% |

- The top three budget headings (special schools and special school academies; mainstream EHCPs; OLA, independent and non-maintained placements) account for two thirds of the High Needs Block planned budget (66%).
- The top six headings (adding school-led resourced provisions, post-16 EHCPs in Further Education institutions and PRUs and Alternative Providers) account for more than three quarters of the High Needs Block planned budget (78%).
- 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%).

12. The table below summarises the number of SEND and Alternative Provision places by type of provision on which the 2024/25 budget is proposed to be established. Appendix 1 gives a detailed by-setting list of these places.

| Setting | 23/24 AY Planned Budget Places (FTE) | 24/25 AY Planned Budget Places (FTE) | Diff 24/25 AY vs. 23/24 AY |
|--|---|---|--|
| Total SEND Places, made up of: | 2,918.8 | 2,887.8 | - 31 |
| 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 | 361 | 369 | + 8 |
| Local Authority-Led Resourced Provisions (Other) | 172 | 166 | - 6 |
| Further Education Colleges (Post 16) | 488 | 435 | - 53 |
| Additional SEND Places not yet allocated | 180 | 200 | + 20 |
| Total Alternative Provision Places, made up of: | 209 | 349 | + 140 |
| PRU, Alternative Provision Academy, AP Provider | 160 | 300 | + 140 |
| Education in Hospital, Tracks | 49 | 49 | 0 |

13. It is helpful to summarise the recent changes and actions that have influenced the shape of our 2024/25 planned budget. We also explain here the key assumptions on which the three-year forecast is calculated.

- 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 6 December 2023 in the sufficiency statement (Document QT). The total number of Education, Health and Care Plans (EHCPs) for 0–25-year-olds across the District was recorded as 6,259 in November 2023. This has increased from 5,309 in September 2022, 4,842 recorded in October 2021 and 3,673 recorded in January 2019. This is the total number

of EHCPs for which the Local Authority is responsible for, educated in provisions within and outside Bradford. Statistics, showing EHCP and SEND population growth, are available in the Annex at the back of this report.

- Our data evidences that the number of children and young people with an EHCP in the District continues to rise:
 - The number of children and young people with an EHCP aged between 0 to 25 years has increased by 17.9% between September 2022 and November 2023. A significant increase on last year's increase of 9% between October 2021 and September 2022.
 - The number of children and young people with an EHCP aged between 5 to 15 years (statutory school age) has increased by 15.2% between September 2022 and November 2023. This is a notable increase on last year's increase of 9% between October 2021 and September 2022.
 - Requests for assessment have risen from 813 between October 2019 and October 2020, 958 between October 2020 and October 2021, 1,322 between September 2021 and September 2022 to 1,970 between September 2022 and September 2023.
 - 7.8% 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 around 7% for the last three 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 26% in 2023/24. 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.
- Despite these increases, which are substantial, our overall proportion of children and young people with EHCPs (3.9%), recorded at January 2023, remains lower than the national average (4.3%), with a gap of 0.4%. This gap was also 0.4% at January 2022. This comparison is suggestive that there may still be more growth in our EHCPs to come, and with the potential for our future annual growth rate to be higher than national averages. This 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 main pressure areas: more specialist places, EHCPs in mainstream settings, EHCPs in Further Education Post 16 settings, and spending on independent and out of authority placements.
- The comparison figures in the Annex at the back of this report, for January 2023, 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.
- 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. The 2024/25 planned

budget, and the three-year forecast, incorporate the cost of the delivery of all now established places on an on-going basis. The budget and forecast also include provision for an additional 100 places to be created during the 2023/24 academic year and for a further 100 places to be created during the 2024/25 academic year. Our current projection is that we will require an additional 100 to 120 specialist places within the 2023/24 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 2024/25 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 2023, 1.44% of Bradford's school population was recorded in state funded special schools and special school academies. This compares with 1.44% recorded at January 2022. The national average was 1.66% at January 2023 and 1.59% at January 2022. The Yorkshire & Humberside average was 1.44% at January 2023 and 1.39% at January 2022. If Bradford's special school and special school academy population was at the national average of 1.66% at January 2023, we would have recorded a further 228 FTE pupils in our special schools and special school academies at January 2023 (with a total of 1,695 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. Unfortunately, we are not able to identify within the statistics the extent to which our use of resourced provision (and possibly greater use of resourced provision than found in other authorities) bridges the difference here. Our monitoring does show 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 and provision strategy.

- The 2024/25 planned budget, and the three-year forecast, include the assumption that the uplift to rates of top-up funding per capita that providers with EHCPs receive at the very least will need to be 'controlled' across the medium term. One of the new mitigating actions, however, that we can take 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 may include reducing top-up funding rates. In this work, benchmarking comparisons will be important. We will need to ensure that we comply with the requirements of the special schools minimum funding guarantee, which is set by the DfE. 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. It is quite clear, however, that the overriding 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, rather than increasing per capita funding.
- The 2024/25 planned budget, and the three-year forecast, estimate that spend on pupils with EHCPs in mainstream settings will continue to grow broadly at current cash rates (c. £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 a fourth year

in 2024/25. The continuation of the SEND Funding Floor (whether it continues, at what level and how it works) from April 2025 will be subject to our mitigation review but also with reference to the outcomes of the national SEND Review, which may direct changes.

- The 2024/25 planned budget, and the three-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 into post-16.
- The 2024/25 planned budget, and the three-year forecast, continues to fund PRU / Alternative Provisions to deliver Local Authority commissioned provision for pupils that are permanent excluded. 300 places are funded on an annual basis, uplifted from 160 places planned in 2023/24. 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 and as pilot work develops.
- The 2024/25 planned budget, and the three-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. £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 and as a result of the increased number of children that are placed in care (for which the High Needs Block contributes a third of the cost). 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 over the longer term. 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.
- 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. The initial investment period has been extended and will run to the end of the 2023/24 academic year. The outreach support budget element has also been extended to the PRU / AP Academy, at an additional cost of £60,000. Currently, for budget planning purposes, it is assumed that £0.980m will continue for a full financial year in 2024/25 and within the three-year forecast.
- The national High Needs Block funding settlement from April 2025 is an element of significant uncertainty, which may not be clarified for some time. Within our three-year forecast, we have estimated that we will receive a 4.5% annual increase in per pupil funding from April 2025 on the 2024/25 base.

- 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 2024/25 and our three-year forecast also does not include any such transfer. We highlight in this Management Plan, however, that the Authority, with the Forum, must now give serious consideration to enacting a Schools Block to High Needs Block transfer of funding from April 2025.
- Finally, in quick summary, **in recent years we have delivered structural changes and mitigations in the following areas, which roll forward within our updated three-year forecast. We can identify that a number of the actions that we have already taken feature in the DfE's recommendations to local authorities that are within the Safety Value and Delivering Better Value intervention and support programmes:**
 - We use a Banded Model for the funding of EHCPs and a Day Rate Model for the funding of the PRUs. We have restricted the increases in values of top-up funding allocated via our Banded Model and PRU Day Rate Model in 2023/24 (and proposed for 2024/25) to 1%.
 - In the face of the significant increase in the number of mainstream EHCPs, we have increased the eligibility thresholds of our SEND Funding Floor to seek to limit the further increase in cost. This being said, a key point is that we are using a Floor mechanism to support the inclusion of pupils with EHCPs in mainstream provision. The vast majority of other local authorities do not appear to have such mechanisms in place.
 - We have continued to create local specialist places, both in special schools and in resourced provisions. We have created additional School-Led Resourced Provision places, both in new schools / academies and by expanding existing provisions. We have created and further developed Early Years Enhanced Specialist Provision (school-led resourced provisions), now attached to six of our maintained nursery schools. Alongside this, we have established a LA-Led Resourced Provision model, where resourced provision is hosted on school-sites but where staffing is centrally managed.
 - The Authority regularly reviews sufficiency.
 - We have restructured our PRU / Alternative Provisions to deliver Local Authority commissioned provision for pupils permanent excluded, removing the High Needs Block's contribution to school-led AP. We are aware, however, that it is likely that some of this spend may need to be put back as the national AP reforms (the 3 tiers) are introduced.
 - Our planned budget continues to assume that the Early Years Block fully funds the cost of the Early Years Inclusion Fund (EYIF) and contributes to the cost of SEND services that are delivered in respect of early years entitlement children, including Portage. This helps to relieve some pressure on the High Needs Block.
 - We have sought to 'invest in inclusion'. We have allocated an additional £0.980m: £0.491m to retain the Authority's mainstream SEMH / behaviour teaching support service as free at the point of access; £0.300m allocated to special schools to permit the schools to release specialist staff to provide expert outreach support to mainstream schools (this has been extended at September to the x2 PRUs); £0.189m to recruit 3 additional specialist teachers to our mainstream specialist teaching support service (with the additional capacity especially focused on supporting early years).
 - We've continued to invest in and review / adjust our mainstream teaching support services. The capacity of support services is likely to need to be reviewed again 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.
 - We have reviewed our definition of Notional SEND for mainstream primary and secondary schools and academies. We propose to make incremental changes to this in 2024/25.
 - We have a policy in place to support the High Needs Block only making a reasonable and proportionate contribution to the cost of joint panel placements, where the DSG picks up one third of the cost of these placement, split with the Council and Health.

- The 2024/25 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.
- 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.

High Needs Block – Risks, Monitoring and Mitigating Action

14. Whilst Bradford’s DSG account is not forecasted to be cumulatively in deficit at either 31 March 2024 or 31 March 2025, due to the anticipated continued growth in the number of EHCPs, and other pressures, we forecast that the £22.7m High Needs Block surplus balance that is projected to be held at the end of the 2023/24 financial year may largely be spent by the end of the 2024/25 financial year and that our High Needs Block and then DSG account may post a cumulative deficit at the close of the 2025/26 financial year, with the size of the deficit continuing to grow in the absence of new significant mitigating response, additional income from the DfE or a significant slowing in EHCP growth rates. Although this forecast is based on a series of estimates, which may change, the scale of deficit that is forecasted clearly indicates a structural budget issue.
15. Strategic work now needs to continue to put forward options for new actions that will contribute to the resolution of the forecasted High Needs Block deficit. We are seeking to develop actions that will help to reduce the size of the overspending in 2024/25 and then to reduce the on-going overspending from April 2025. Actions from April 2025 include consideration of amendments to our formula funding models, as well as a Schools Block to High Needs Block transfer. These will ultimately be picked up within our 2025/26 DSG planned budget setting and consultation on formula funding arrangements but will need to be considered as early as possible for further discussion. Continuous review of EHCP growth rates is also important.
16. The Local Authority proposes and intends to communicate with the DfE to signal our forecast and to ask for advice and support, as is appropriate.

Attachments

- 2024/25 planned budget high needs places breakdown (Appendix 1).
- Three-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 that are located in the Bradford District. The totals will include EHCPs that are on roll in Bradford's schools and academies but where responsibility for the EHCP rests with another local authority.

| | January 2019 | January 2020 | January 2021 | January 2022 | January 2023 |
|--------------------------|--------------|--------------|--------------|--------------|--------------|
| Bradford | 2.8% | 3.0% | 3.4% | 3.6% | 3.9% |
| National | 3.1% | 3.3% | 3.7% | 4.0% | 4.3% |
| Yorkshire and the Humber | 2.8% | 3.0% | 3.3% | 3.5% | 3.8% |

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 that are located in the Bradford District. The totals will include EHCPs that are on roll in Bradford's schools and academies but where responsibility for the EHCP rests with another local authority.

| | Bradford Number | Bradford % Growth | National Number | National % Growth | Y&H Number | Y&H % Growth |
|--------------|--------------------|----------------------|--------------------|----------------------|---------------|-----------------|
| January 2023 | 4,093 | 8.2% | 389,171 | 9.5% | 33,863 | 8.9% |
| 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 wider view, the table below shows the total number of EHCPs that Bradford Local Authority is responsible for, including EHCPs that are placed in other providers located within the Bradford District, rather than in schools and academies e.g. Further Education Colleges, and EHCPs that are placed in schools, academies and other institutions that are located in other local authorities.

| | Bradford Number | Bradford % Growth | National Number | National % Growth | Y&H Number | Y&H % Growth |
|----------------------|--------------------|----------------------|--------------------|----------------------|---------------|-----------------|
| January 2023 | 5,539 | 13.2% | 517,026 | 9.2% | 45,929 | 9.2% |
| 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 |
| % growth 2019 > 2023 | | 50.8% | | 46.1% | | 44.5% |

If we compare the previous 2 tables, we can roughly identify the number and % of EHCPs that Bradford Local Authority is responsible for that are not recorded in state funded nursery, primary, secondary and special schools, non-maintained special schools, PRUs and independent schools that are located within the Bradford District. This will include EHCPs that are placed in other institutions that are located within the Bradford District, rather than in schools and academies e.g. Further Education Colleges, and EHCPs that are placed in schools, academies and other institutions that are located in other local authorities. Please note that this is rough – the 4,093 EHCPs in our schools and academies will include EHCPs that other local authorities are responsible for (so these would need to be removed in order to come to an accurate figure; noting that removing these would actually increase the % of our 5,539 EHCPs that are placed elsewhere).

| | Bradford | Bradford | National | National | Y&H | Y&H |
|--------------|-----------------|-----------------|-----------------|-----------------|----------------|----------------|
| | Number | % | Number | % | Number | % |
| January 2023 | 1,446 | 26.1% | 127,855 | 24.7% | 12,066 | 26.3% |
| January 2022 | 1,107 | 22.6% | 117,689 | 24.9% | 10,968 | 26.1% |
| January 2021 | 1,101 | 23.6% | 105,079 | 24.4% | 10,005 | 26.0% |
| January 2020 | 926 | 23.0% | 95,351 | 24.4% | 9,260 | 26.3% |
| January 2019 | 746 | 20.3% | 82,830 | 23.4% | 7,783 | 24.8% |

The table below shows the % of pupils recorded with EHCPs in mainstream primary and secondary schools and academies that are located in the Bradford District. The totals will include EHCPs that are on roll in Bradford’s schools and academies but where responsibility for the EHCP rests with another local authority.

| | Bradford | Bradford | National | National | Y&H | Y&H |
|--------------|-----------------|------------------|-----------------|------------------|----------------|------------------|
| | Primary | Secondary | Primary | Secondary | Primary | Secondary |
| January 2023 | 2.5% | 2.5% | 2.5% | 2.4% | 2.2% | 2.3% |
| 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 that are 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 that are located in the Bradford District.

| | January 2019 | January 2020 | January 2021 | January 2022 | January 2023 |
|--------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Bradford | 13.8% | 13.2% | 12.7% | 13.0% | 13.5% |
| National | 11.9% | 12.1% | 12.2% | 12.6% | 13.0% |
| Yorkshire and the Humber | 12.2% | 12.4% | 12.4% | 12.9% | 13.5% |

3. Most Prevalent Primary Need

Nationally, at January 2023, 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 72.4% of all pupils with EHCPs and 62.8% of pupils recorded at SEND Support.

In Bradford, at January 2023, 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. Previously, the most common type of primary need for pupils in Bradford with SEND Support was be Moderate Learning Difficulties, closely followed by Speech, Language and Communication Need. However, Bradford’s position has amended at January 2023 to match the national picture, with be Speech, Communication and Language Needs now recorded as the most common type of primary need for pupils with SEND support. SEND is more prevalent in boys than girls, with boys representing 72.0% of all pupils with EHCPs and 63.2% of pupils recorded at SEND Support.

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

At January 2023, 1.44% of Bradford’s school population was recorded in state funded special schools and special school academies. This compares with 1.44% recorded at January 2022. The national average was 1.66% at January 2023 and 1.59% at January 2022. The Yorkshire & Humberside average was 1.44% at January 2023 and 1.39% at January 2022. If Bradford’s special school and special school academy population was at the national average of 1.66% at January 2023, we would have recorded a further 228 FTE pupils in our special schools and special school academies at January 2023 (with a total of 1,695 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. Unfortunately, we are not able to identify within the statistics the extent to which our use of resourced provision (and possibly greater use of resourced provision than found in other authorities) bridges the difference here. Our monitoring does show 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 and provision strategy.

5. EHCP School Population Distribution at January 2023

The table below shows the number and % of EHCPs that were recorded at January 2023 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 that are located in the Bradford District. * 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 to separate resourced provision from these totals.

| | Bradford | Bradford | National | National | Y&H | Y&H |
|-------------------------------|-----------------|-----------------|-----------------|-----------------|----------------|----------------|
| | Number | % | Number | % | Number | % |
| Total EHCPs | 4,093 | 3.9% | 389,171 | 4.3% | 33,863 | 3.8% |
| <i>Special</i> | 1,467 | 35.8% | 147,427 | 37.9% | 12,511 | 36.9% |
| <i>PRU</i> | 30 | 0.7% | 3,368 | 0.9% | 666 | 2.0% |
| <i>MNS *</i> | 61 | 1.5% | 673 | 0.2% | 99 | 0.3% |
| <i>Independent & NMSS</i> | 81 | 2.0% | 32,727 | 8.4% | 1,964 | 5.8% |
| <i>Mainstream P&S *</i> | 2,454 | 60.0% | 204,976 | 52.6% | 18,623 | 55.0% |