

Report of: Bristol Schools Forum

Title: DSG High Needs Block Deficit Management Update

Date of meeting:	Tuesday 28 March 2023
Time of meeting:	5pm
Venue:	City Hall
Officer Presenting Report	Reena Bhogal-Welsh

1. Purpose of report

The purpose of the report is to update Bristol Schools Forum on Bristol's participation in the Department for Education (DfE)'s Delivering Better Value in SEND programme; the High Needs Block Deficit Recovery Plan; and overarching governance of the Dedicated Schools Grant DSG HNB deficit management approaches.

2. Recommendation

The recommendation is that Schools Forum:

- Note the convergence of work and programmes concerned with mitigation of DSG High Needs Block deficit and these programmes co-exist and support the ongoing maintenance of DSG Management Plan¹.
- Note the feedback from the High Needs Block Recovery Plan indicative mitigation proposals engagement and survey conducted during October and November 2022
- Note the consultation approach for progressing new proposals contained within the High Needs Block Deficit Recovery Plan (being delivered through workstream 2 of the Delivering Better Value in SEND programme)
- Note that the outcome of the consultation will be presented to Schools Forum in September 2023 seeking endorsement prior to Cabinet decision

3. Background & Context

High needs budgets in English local authorities (LAs) have come under increasing pressure in recent years with a significant proportion of authorities finding it difficult to deliver their local need within the budgets allocated to them. Bristol's DSG High Needs Block has been overspending annually for several years, with a forecasted cumulative deficit of £41.904m by 31 March 2023.

The DfE acknowledges the pressures which local systems are experiencing delivering special educational needs and disability (SEND) services and officers have been working with Bristol Schools Forum on developing the **DSG Deficit Management Plan** since May 2021 (a DfE requirement for LAs in deficit) and produced a **High Needs Block Deficit Recovery Plan** which set out some initial proposals which subject to final approval would contribute to the delivery of the deficit mitigations contained in the DSG Management Plan.

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Indicative mitigation proposals in the **High Needs Block Deficit Recovery Plan** were presented to Bristol Schools Forum on [27 September 2022](#). Bristol Schools Forum approved the council's recommendation to proceed to a 6-week engagement period with wider stakeholders to help shape and inform the proposals ahead of any formal statutory consultation. A summary of the consultation approach is included in Section 7 of this report and the full report from the engagement exercise is included at Appendix A.

Alongside existing plans, the DfE recognises the challenge faced by LAs and is running intervention programmes, Safety Valve Agreements and **Delivering Better Value in SEND (DBV in SEND)**. Bristol was invited to participate in DBV in SEND. A paper outlining the preliminary findings of the DBV programme was presented to Schools Forum on [12 January 2023](#).

4. DBV in SEND Programme Update

Upon completion of a 6-month diagnostic period, a grant application based on diagnostic findings was submitted to the DfE. Bristol secured a £1.07m grant to pump-prime deficit mitigation interventions identified through the programme.

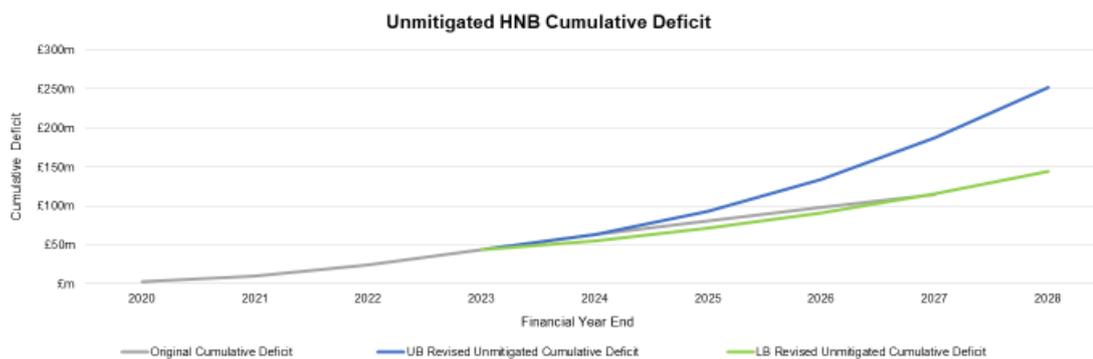
The diagnostic identified that, over the next 5 years, the unmitigated deficit position will increase to £116m (lower bound). This is primarily due to an increase in spend in the following provision areas:

- Increase in number of EHCPs issues
- Non-statutory top up funding (mainstream provision)
- Bristol-based specialist provision (cost of placement and increased numbers of pupils entering special schools)
- Post-16 provision

The diagnostic further identified the drivers for the increase in spend as the following areas:

- Demand for EHCPs (15% annual growth) resulting in a 51% increase in total HNB spend between 2019 and 2022.
- Limited inclusive practice in mainstream settings resulting in lower number of children with an EHCP in mainstream settings (32%) compared to England average (38%) and majority of statistical neighbours.
- Higher rate of funded support compared to statistical neighbours but with a similar cost per head due to increased demand in non-statutory top up funding between 2018 and 2022
- Missed opportunities for schools to utilise existing services resulting in escalation to EHCP – 116% increase in EHCP and Non-statutory funded plans in mainstream settings
- Lack of parental confidence in mainstream settings with parents and carers of CYP in special schools
- Increased spend in Bristol's special schools (maintained and academies) resulting in 41% (£33.8m) of the total HNB unmitigated spend

● Forecasting the Unmitigated Cumulative Deficit in the High Needs Block



Scenario	Unmitigated Cumulative Deficit 26/27	Commentary Explaining Key Differentiators
DBV Upper Bound	£187m	Continues linear trend seen in both unit cost and number of EHCPs, as opposed to introducing any assumptions which fix variables. Includes updated P8 forecast for 2022/23 and changes to funding from 2024.
DBV Lower Bound	£116m	Includes appropriate assumptions that unit cost can be held fixed in key provisions. Includes updated P8 forecast for 2022/23 and changes to funding from 2024.
DSG Mgmt. Plan	£114m	Total spend remains fairly consistent leading to the divergence from DBV UB projection in later years. Original model does not have the increase to DSG funding from 2024 included.

DSG management plan goes up to 2026/27 hence variables have been compared for that year

There is confidence that Bristol's deficit forecast is within Newton lower bound figure as this is broadly in line with the DSG Mitigation plan 5 year forecast of £128m published in September 2022 Schools Forum papers and is reflected in in-year deficit figure.

Consistent with what was included in the [January report](#), the focus of Bristol's grant application to the DfE focused on 2 key themes:

Workstream 1:

Strengthening relationships between the school, families and children (*improving the experiences of children with SEND in mainstream settings*)

We will work in partnership with a cross phase group of education partners, families and children to develop and implement a pilot programme to improve the experience of children with SEND in mainstream education. The pilot will focus on enhancing school-based inclusion practice and improving school-to-family communication with the aim of rebuilding parental confidence in current SEND arrangements and reducing the demand for specialist placements, in situations when a child's needs can be effectively met within mainstream. The aim of the trial is to create an eco-system of inclusive Bristol schools to act as inclusion champions, provide peer-to-peer support, disseminate learning and model best practice to support further role out across the Bristol education system.

Workstream 2:

Strengthening relationships between the school and the wider system (*Creating fair, transparent, consistent and financially sustainable processes underpinned by robust monitoring and accountability frameworks*)

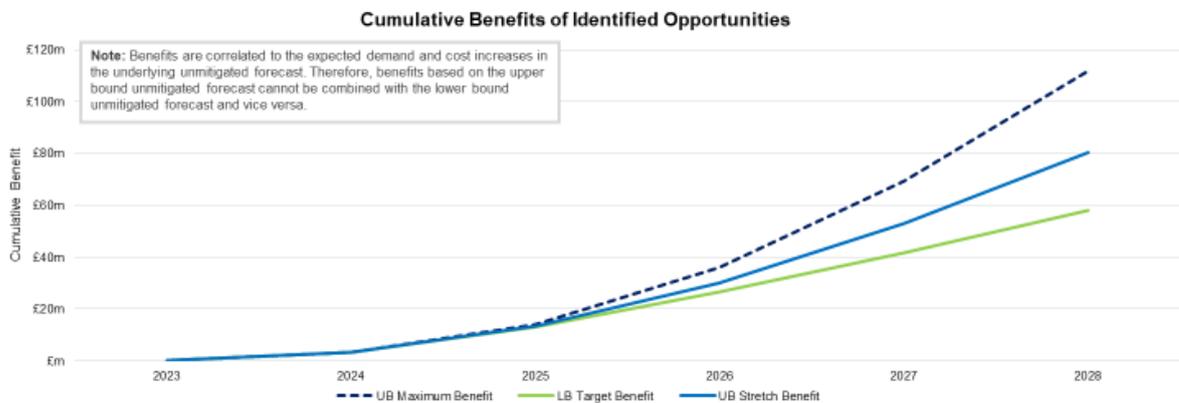
We will undertake a further analysis and review of Bristol's existing SEND funding model to identify, define and measure problems relating to efficiency, effectiveness and value for money. A detailed options appraisal will be developed for full public consultation in the areas of:

- a) Effective and sustainable use of non-statutory top up funding
- b) Standardisation of statutory top-up funding and the model for funding Bristol's special schools (maintained and academies)
- c) Realignment of Post-16 funding to ensure adherence to current DfE/ESFA guidelines – including review of use of non-statutory top up funding.

Our intention is to create a fair, transparent, consistent and financially sustainable model, that achieves good outcomes for CYP with SEND through robust monitoring and accountability frameworks. We will use co-production with parents/carers, children and education partners to ensure the change process is collaborative, clearly communicated, understood and fit for purpose. Robust analysis of the key impact measures, relating to ensuring more CYP's needs are effectively met earlier and within mainstream education will be key, along with the changes as a mechanism to increase parental confidence in Bristol's mainstream provision. The use of external benchmarking and adherence to current and future legislation will underpin all transformation.

The following two tables demonstrate the benefits identified through the DBV opportunities and wider HNB recovery mitigations. Bristol will be focused on the stretch benefit target, which will replace previous mitigated forecasts, as outlined in the DSG Management Plan.

● Forecasting Benefits of Identified Opportunities (Diagnostic & Existing)



In-year Benefit of Identified Opportunities

Scenario	Financial year ending					
	2023	2024	2025	2026	2027	2028
Maximum benefit (highest targets, 100% confidence), upper bound unmitigated forecast	£0	£3.18m	£10.9m	£22.0m	£33.2m	£42.4m
Target confidence benefits, lower bound unmitigated forecast	£0	£3.18m	£9.9m	£13.5m	£15.0m	£16.4m
Stretch confidence benefits, upper bound unmitigated forecast	£0	£3.18m	£10.0m	£16.7m	£23.1m	£27.4m

Note: Variables associated with resourced units opportunity are still subject to iterating with BCC colleagues

Summary of Expected Benefits of Identified Opportunities (Diagnostic & Existing)

Initiative	Opportunity	Annualised Benefit (If Changes Were At Full Impact Today)			5-year Cumulative Benefit FY 23/24 – 27/28					
		Potential	Target Confidence Weighted	Stretch Confidence Weighted	Maximum (Highest Targets, 100% Confidence)		Target Confidence Weighted		Stretch Confidence Weighted	
					UB	LB	UB	LB	UB	LB
C4-C6	More students supported in SEN Support (The right number of EHCPs and CYPs supported through non-statutory top up support)	£4.0m	£1.6m (40%)	£2.2m (54%)	£25.5m	£18.7m	£5.1m	£3.7m	£6.9m	£5.1m
	More students supported in mainstream schools (fewer specialist placements)	£6.0m	£1.5m (25%)	£2.7m (45%)	£12.8m	£13.3m	£2.5m	£2.6m	£4.5m	£4.7m
	More students supported in resourced provisions and SEN units (fewer specialist placements) <i>Note: Still to agree variables</i>	£0.67m	£0.17m (25%)	£0.30m (45%)	£5.8m	£5.3m	£0.6m	£0.6m	£1.1m	£1.0m
A1,A2, A3	More students supported in LA MSS (fewer independent placements)	£15.6m	£9.3m (60%)	£15.6m (100%)	£57.0m		£40.2m		£57.0m	
F1	Review of 18-25 EHCP Top-Up Funding	£1.26m			£4.49m					
E1	Statutory top-up standardisation	£1.28m			£4.31m					
Other initiatives with smaller individual financial impact than the lines above		£0.41m			£2.06m					
Total		£38.7m	£18.9m	£28.6m	£112m	£105m	£59m	£58m	£80m	£79m

Key: UB = Figures based on upper bound unmitigated scenario, LB = figures based on lower bound unmitigated scenario

5. Governance

There are four separate areas of work **explicitly** or **implicitly** charged with mitigating the deficit present in the DSG High Needs Block budget:

1. **DSG Management Plan (DfE reporting tool)**
2. **Delivering Better Value in SEND Programme**
3. **High Needs Block Deficit Recovery Plan**
4. **Belonging with SEND Programme**

The activity and programmes that have a contributing role to managing the DSG HNB deficit are being brought together into a single cohesive programme of work under a single governance structure to achieve the objectives:

Theme	Scheme	NEW or EXISTING	Delivery Approach
Expanding Specialist Provision	Specialist Provision	EXISTING	HNB Recovery Plan
Expanding Specialist Provision	Capital Investment in Existing Specialist Settings	EXISTING	HNB Recovery Plan/BAU
Expanding Specialist Provision	Expansion of Supported Living (Project Rainbow)	EXISTING	BAU
Non-Statutory Top and Early Intervention	Review of HNB Element 3 Non-Statutory 'top-up' funding	NEW	DBV in SEND Workstream 2
Non-Statutory Top and Early Intervention	Needs Matrix for Non-Statutory 'top-up' Funding Application	NEW	HNB Recovery Plan
Inclusion Practice in Schools and Settings	Belonging with SEND Programme	EXISTING	Belonging with SEND Programme
Inclusion Practice in Schools and Settings	Workforce Development Plan and Delivery	EXISTING	BAU (with additional funding)
Inclusion Practice in Schools and Settings	School Improvement Offer for SEND	EXISTING	BAU
Commissioning Frameworks	Therapies Framework	EXISTING	BAU
Commissioning Frameworks	ALP Commissioning Framework	EXISTING	BAU
Specialist Place Funding	Specialist Place Funding	NEW	DBV in SEND Workstream 2
Post-16 Funding	Review of 18 to 25 EHCP top-up Funding	NEW	DBV in SEND Workstream 2
Post-16 Funding	Review of Post-16 Out of Authority	NEW	DBV in SEND Workstream 2
Alternative Learning Provision	Alternative Learning Provision	NEW	

- Strengthening relationships between the school, families and children to improve experiences for children with SEND in mainstream settings
- Fair, transparent and consistent and financially sustainable processes underpinned by robust monitoring and accountability frameworks through strengthening relationships between school and the wider system
- Set the course for a financial sustainability within the High Needs Block over the medium to longer term

The outcomes being sought include:

- increase in the number of children's needs being met through SEN support
- increase in the number of children remaining in mainstream settings
- increase in the number of parents who agree their child's needs are being met
- number of in-year moves reduces
- Post-16 offer operates within DfE/ESFA funding framework
- Sustainable non-statutory top-up funding model
- Statutory top-up in banding in line with national averages
- Robust monitoring and financial accountancy

Monitoring and oversight will be through:

- Regular updates to Bristol Schools Forum
- Our Families Transformation Board
- DfE Delivering Better Value in SEND

A high-level visual plan is included at the end of this document.

6. Funding

Funding for the original Education Transformation Programme spanned the period 2019 to 2022 and took in funding from local authority reserves as well as DSG High Needs Block funding ring-fenced for transformation. A summary of the funding is outlined below:

	Funding Secured	Actual Total Spend	Carry Forward
Delivery 2020/21			
BCC Reserves ²	£0.813		
DSG HNB	£1.369	£869,663	£812,337
Delivery 2021/22			
BCC Reserves	£0.500		
DSG HNB	£1.400	£1,472,139	£740,198
Delivery 2022/23			
BCC Reserves	£0.500		
DSG HNB	£1.530	1,451,157	£820,000

The Education Transformation Programme transitioned into the Belonging with SEND programme in September 2022, with the £820k carry forward committed to being delivered through school-based inclusion projects.

The notification that Bristol was successful in securing funding through the Delivering Better Value in SEND grant application means that additional funding is now available to support

² Discharged directly to statutory SEND service area – not administered by Education Transformation Programme

both the existing and new proposals contained within the High Needs Block Deficit Recovery Plan. An overview of funding sources and primary delivery vehicles is as follows:

Funding Source	Approx. Funding	Description
DSG HNB (ETP Ringfenced) 2022-23	£820k	Legacy funding from Education Transformation Programme now being delivered through the Belonging with SEND Programme
DSG HNB (ETP Ringfenced) 2023-24	£1.6m	£300k to part fund core DSG Deficit programme team. £200k to fund HNB Deficit Recovery Plan projects not taken into DBV in SEND Programme. £100k contingency. Proposals for further mitigations are in the development stage to access the remaining £1m.
DBV in SEND Grant	£1m	DfE grant to pump prime DBV in SEND programme interventions. Will part fund core DSG Deficit programme team, Workstream 1 pilot project and Workstream 2 through to implementation stage.

7. Consultation Approach

Deficit mitigation schemes and proposals will need to consider the requirement to undertake the statutory consultation period. Formal consultation is estimated to commence in the summer term 2023, with options being tested with stakeholders and recommendations ready to present to Cabinet in the Autumn term. Schools Forum will be asked to endorse these recommendations at September's Schools Forum and provide their feedback to include in the Cabinet report following that meeting.

Some existing schemes within the High Needs Block Deficit Recovery Plan – such as those within the Commissioning Frameworks theme or relating to [Education Capital](#) – are the subject of their own decision-pathway and consultation processes and have been duly undertaken.

Indicative mitigation proposals were presented to Bristol Schools Forum on [27 September 2022](#). Bristol Schools Forum approved the council's recommendation to proceed to a 6-week engagement period with wider stakeholders to help shape and inform the proposals ahead of any formal statutory consultation.

The period of engagement sought views on the themes that underpinned the indicative proposals and asked whether stakeholders thought these were the right themes, and whether there any additional themes that could be included. The Dedicated Schools Grant engagement survey was available on the council's Consultation and Engagement Hub (www.ask.bristol.gov.uk/dedicated-schools-grant-engagement) between 20 October and 22 November 2022.

The survey was complemented by a programme of virtual briefings presented by the Interim Director of Education & Skills and included headteachers, school governors, SENDCos and parent carers. 32 surveys were returned and outputs from in-person briefings have also been collated. Respondents largely agreed with the identified themes. There was a more mixed response to Theme B, Non-Statutory Top Up and Intervention, but the majority were

agreement that this area should be considered as part of the mitigations. A full report from the engagement period has been drafted and is included as Appendix A.

Whilst the statutory consultation check will be reviewed afresh for all proposals, we know it will be required to progress the mitigations that form Workstream 2 of the Delivering Better Value in SEND programme. Our application to the DfE stated that:

“a detailed options appraisal will be developed for full public consultation in the areas of: a) effective and sustainable use of non-statutory top-up funding; b) standardisation of statutory top-up funding and the model for funding Bristol’s special schools (maintained and academies); c) realignment of post-16 funding to ensure adherence to current DfE/ESFA guidelines ...”

8. Public Sector Equality Duties

The key groups affected by the proposals are children and young people with special educational needs and disability (SEND) aged 0-25 in Bristol. The Council is committed to inclusive education for all children and young people with SEND in our mainstream schools, enhanced resource schools and special schools.

The DSG Deficit Management Plan has been developed in order to improve outcomes for children and young people and achieve financial sustainability. The proposals support the needs of children and young people with SEND to be met earlier through evidence-based interventions and aim to reduce our reliance on high-cost placements in the non-maintained and independent sector, by ensuring that children with SEND receive a good education at a school close to their home.

These proposals are subject to EQIAs. Those that are already in progress (Specialist Provision, Commissioning Frameworks, Belonging with SEND Programme) have full EQIAs that are updated regularly. Those that are proposed have draft EQIAs in progress that will be shaped as the work progresses. All EQIAs will be available as part of the engagement and consultation process and will evolve based on feedback from stakeholders.

The new schemes being proposed will require full EQIAs to be drafted as part of the options appraisal and statutory consultation work. A cumulative EQIA will need to be produced to understand the totality of positive and negative equalities impact across all proposals.

DSG HNB Deficit Management Programme

	Q1 2022/23	Q2 2022/23	Q3 2022/23	Q4 2022/23	Q1 2023/24	Q2 2023/24	Q3 2023/24	Q4 2023/24	2024/25 – 2027/28
DSG Management Plan	★ 2nd iteration published 29/03	★ 3rd iteration published 27/09 ★ DSG HNB Indicative Mitigations published	6-week engagement period for HNB mitigations	★ HNB Recovery Plan published	Maintenance of DSG Management Plan for Schools Forum moves to BAU mitigations delivered through HNB Recovery Plan and DBV in SEND Programme				
DFE DBV SEND Programme	★ Expression of Interest submitted	★ Accepted onto DVB Programme (Tranche 1)	★ DBV Diagnostic DFE Grant Application due	★ Grant awarded	External Delivery Partner procured	Delivery of Workstream 1 and Workstream 2 HNB Recovery Plan Delivery (see EXISTING and NEW schemes below)			

● EXISTING SCHEMES (delivery funded by Education Transformation 2022-23)

● Extension/development of these schemes will be funded by DSG HNB 2023-24:

A1 Expanding Specialist Provision	Phase 2 of Education Transformation Programme funded activity * detailed delivery plan held by Specialist Placement Manager			★ Application for Free Specialist School approved	★ Mayoral Pledge of 450 places delivered	Proposed to extend role with DSG HNB 2023-24 funding			
C4 Belonging with SEND Programme	★ Programme Manager appointed	★ Steering Group and Bid Panel appointed	★ Application Round 1	★ Application Round 2	★ Application Round 3	delivery of school-based inclusion projects			★ Learning & Dissemination Event
C5 Workforce Development Plan and Delivery	★ OAP Published July 2021	★ Workforce Development Steering Group	Cycle of events and training in place		★ Review & Evaluation published	Proposed to extend work with DSG HNB 2023-24 funding SEND Workforce Development 'on the road'			
C6 School Improvement Offer for SEND	★ OAP Published July 2021	★ Updated SENDCo SharePoint	SEND Peer Review training and roll out		★ Support Offer for SENDCo Clusters	delivery moves to and is funded as BAU			
D2 D3 Commissioning Frameworks	★ Therapies Framework out to Tender	★ Therapies Framework go live	★ ALP Framework go live	current round closes					

NEW Proposed Mitigations (delivery funded by DfE DBV in SEND grant allocation and contribution to core Programme team from DSG HNB 23-24*)

B1 Review of Non-Statutory Top Up Funding	<p>These are NEW proposals which will require options to be modelled and consulted on prior to making any changes. Some may need to go to Cabinet for approval. Funding to undertake this work has been achieved via DBV in SEND. Milestones are in development.</p> <p>Workstream 2 Strengthening relationships between the school and the wider system (<i>Creating fair, transparent, consistent and financially sustainable processes underpinned by robust monitoring and accountability frameworks</i>)</p> <p>Objective and Approach We will undertake a further analysis and review of Bristol's existing SEND funding model to identify, define and measure problems relating to efficiency, effectiveness and value for money. A detailed options appraisal will be developed for full public consultation in the areas of: a) Effective and sustainable use of non-statutory top up funding; b) Standardisation of statutory top up funding and the model for funding Bristol's special schools (maintained and academies); c) Realignment of Post-16 funding to ensure adherence to current DfE/ESFA guidelines – including review of use of non-statutory top up funding. Our intention is to create a fair, transparent, consistent and financially sustainable model, that achieves good outcomes for CYP with SEND through robust monitoring and accountability frameworks. We will use co-production with parents/carers, children and education partners to ensure the change process is collaborative, clearly communicated, understood and fit for purpose. Robust analysis of the key impact measures, relating to ensuring more CYP's needs are effectively met earlier and within mainstream education will be key, along with the changes as a mechanism to increase parental confidence in Bristol's mainstream provision. The use of external benchmarking and adherence to current and future legislation will underpin all transformation.</p>								
E1 Review funding for specialist placements									
F1 Review of 18-25 EHCP Top Up Funding									
F2 Review Post-16 Out of Authority									
G2 Review & Reform of ALP									