



BOURNEMOUTH, CHRIST CHURCH, and POOLE SCHOOLS FORUM

Subject	Quarter 1 Budget Monitoring and High Needs Update 2024-25
Meeting Date	23 September 2024
Report Author (s)	Sharon Muldoon, Interim Director for Education and Skills Steve Ellis, Management Accountant, Education Finance
Status	Public
Classification	For information
Executive Summary	<p>The BCP Local Area SEND system has significantly changed for the better over the last academic year. This follows the creation of a new SEND Improvement Plan developed to meet the Local Authority's DfE Statutory Direction Notice to Improve. The improvement work which has taken place over the last 10 months has now addressed all historic backlogs and improved the servicing of new assessments and Education Care and Health Plans into the system.</p> <p>BCP's timeliness in servicing new assessments at 20 weeks is 97% which is near the statutory expectation of 100%. This is a much-needed improvement from the previous year's activity which stood at 0% in August 23 and August 2022 at just 5.6%.</p> <p>Reported to Cabinet in September, an unexpected further increase in new EHCP requests since January 2024 has led to a £15.9 million further increase in the annual funding gap budgeted of £28 million (£43.9 million annual funding gap in total)</p> <p>The cumulative deficit at 31 March 2025 is projected to be £107.4 million.</p>
Recommendations	To note the contents of the report.
Reasons for Recommendations	Budget monitoring is an important element of current year financial management and budget planning for future years.

Background

1. The DSG budget for this year was set with a funding gap of £28.0 million, specifically relating to the high needs block. This budget was set after work in November 2023 to produce a 15-year plan to balance the high needs block position in year by the end of that timeframe. This was considered to be challenging but achievable given the trends at the time. However, demand in the system has increased significantly since the plan was developed and has resulted in the overspend forecast for 2024-25 at £15.9million on top of the budgeted funding gap of £28m (total high needs funding gap of £43.9m). Therefore, it is anticipated that the accumulated deficit at March 2025 will reach £107.4m.
2. The new government is being urged to find a solution to the national DSG deficits as a priority and conversations are on-going with representatives of the DfE and Ministry of Housing Communities and Local Government (MHCLG) in seeking an immediate solution to the drain on the council's cash flow and cash balances in funding the DSG shortfall. A solution to avoid the need to borrow for revenue purposes, which is not permitted for councils, must be in place by February 2025 to enable the council to set a balanced general fund budget for 2025-26. A longer-term solution must be in place before the statutory override (which keeps the accumulated DSG deficit out of the general fund) falls away on 1 April 2026.

High Needs Forecast 2024-25

3. The council's DSG deficit management plan is in the process of being updated to reflect the most recent position.

High Need Forecast

Expenditure Area	2023-24 (under) / overspend		
	FTE	Cost £	Average Top-Up £
Total Independent & Non-Maintained (INMSS)	40.4	£7,681,469	£13,103
Total Post 16	(153.6)	(£2,285,498)	£3,259
Special Schools	(68.1)	£14,261	£1,151
Total Mainstream and Special Units	(101.5)	(£1,435,813)	(£365)
Other (AP / therapies & bespoke packages / Pre-school)	429.8	£9,516,886	£10,828
Teachers Pay & Pensions Grant & SSG*		(£23,985)	
Costs relating to previous year		£493,456	
Total EHCPs	147.1	£13,960,777	£4,388
Centrally commissioned SEN services (including places)		£176,398	
Total SEN Expenditure		£14,137,175	
AP Expenditure		£1,715,950	
TOTAL High Needs Block Spend Variances		£15,853,125	
Funding reduction in-year (import/export adjustment)		(£141)	
NET VARIANCES		£15,852,984	

Reasons for Spend Changes

4. In July 2023, the Local Area Partnership's progress against its SEND Written Statement of 2021 was reviewed by the Department for Education (DfE). This identified that insufficient progress had been made with regards to the service provision and associated outcomes for children and young people accessing this service. [Written Statement of Action Dec 21](#) [BCP Statutory Direction Apr 22](#)

5. A Statutory Direction was issued to the Local Authority that directed the organisation to improve the quality and timeliness of its services to meet statutory expectations. A new SEND Commissioner was appointed, alongside the development of a new SEND Improvement Plan; this was signed off by the DfE in February 2024. A key thrust of this plan was to ensure that no children in Academic Year 23/24 would experience a delay and that all historic assessments or plans requiring actions would be met. [SEND Statutory Direction Feb 24 SEND Improvement Plan](#). Positively, this requirement has now been met.
6. ECHP assessments - in July 2023 there was a back log of 192 assessments waiting more than 30 weeks for assessment, with a service average time of assessment completion at 44.5 weeks. It should be noted that the statutory expectation is that all assessments are completed within 20 weeks. In July 2023, 0% of assessments were being managed within the statutory timescales. By July 2024, through the SEND improvement programme the Local Authority has achieved 97%, with a much-improved average process time now standing at 21.4 weeks. The service has now completed all historic backlog ECHP assessments. This progress has been positively received by all stakeholders.
7. Annual Reviews - every child or young person with an EHCP is by law entitled to and expected to have an Annual Review whereby their needs are reviewed and where accordingly their plans are amended. In July 2023, there was an Annual Review backlog of 2,453 (representing 68% of the EHCP cohort) which had not been completed or amended in time. As at July 2024, all the historic delayed Annual Reviews (2,453) have been processed, furthermore in year timeliness for academic year has significantly improved. There are currently 769 outstanding Annual Reviews for academic year 23/24 (representing 18% of total EHCP cohort). It is hoped by end of spring term all Annual Reviews will be met within the statutory requirements.
8. A new SEND Service restructure is currently being progressed as part of the SEND Improvement Plan. This restructure fundamentally changes the service profile to ensure continued timeliness against statutory time limits; positively, this has been designed within the existing current staff budget. A key focus of this new service design will be to provide greater focus on the quality of plans and to ensure that the use of independent mainstream specialist provision is reduced where possible. The table below shows the current unit cost profile for the different types of provision.

Annual cost of current EHCPs	£ 000's
Independent Schools	83.4
NMSS	57.7
Colleges	3.7
Specialist Colleges (SPI)	61.8
Independent Colleges	54.8
Special Schools	20.2
Mainstream	9.5
Independent mainstream	23.7
Mainstream Bases	16.0
Medical / Therapies	5.0
Bespoke	35.3
Pre-School	18.0
Average	21.5

9. The historic backlog of a total of 2,645 assessments and/or plans resulted in delayed costs being factored into the SEND forecast system i.e. plans not being serviced in statutory timeliness impacts or hides the real financial profile and the associated costs being

unclear/uncertain in its predicted forecasts. This has now been addressed through a revised and improved operational processes.

10. In October 2023, the Local Authority, working with the DfE in its Safety Valve programme submitted a revised budget for the SEND System. This plan was developed with DfE Advisors. It was established by looking at the previous 3 years of activity within the SEND system and making assumptions around the profile of new activity in the system to reduce the key financial pressure. A key focus of this was to reduce the use of costly independent specialist provision; to promote earlier support through earlier intervention and to ensure that more children with EHCPs access their education in local mainstream provision.
11. These assumptions included the previous 'yes to assess' levels i.e. the number of assessments that were over the last 3 years found to meet statutory thresholds (for an assessment) and the onward run rate of EHCPs. These assumptions have now been proven to have materially changed, resulting in a significant variance to budget as outlined below.

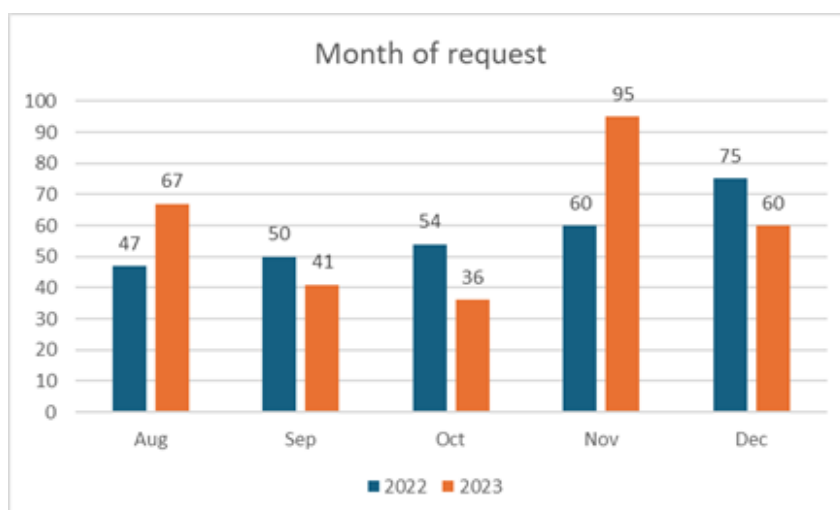
Calendar Years-'yes to assess' figures:

BCP	2020	2021	2022	2023
yes to assess	322	494	619	628
%	66.9	83.4	74.0	69.5

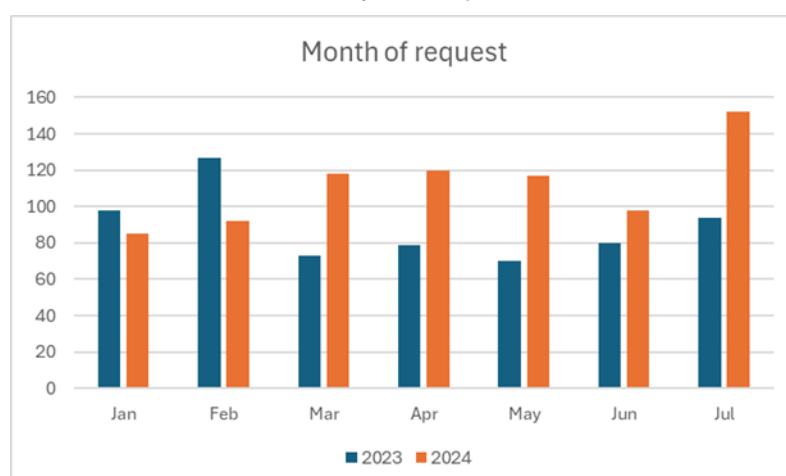
12. All improvement work has been overseen by the Department for Education's nominated Peer Support provider, Bedford Council. Each month audits are carried out by Bedford Council ensuring oversight of the Local Authority's decision processes. For the year ending March 24 BCP's yes to assess stood at 71%. Work continues to monitor decisions each month.

BCP	National	South West	Statistical Neighbours
69.5% (2023)	67% (2023)	64% (2023)	64% (2023)

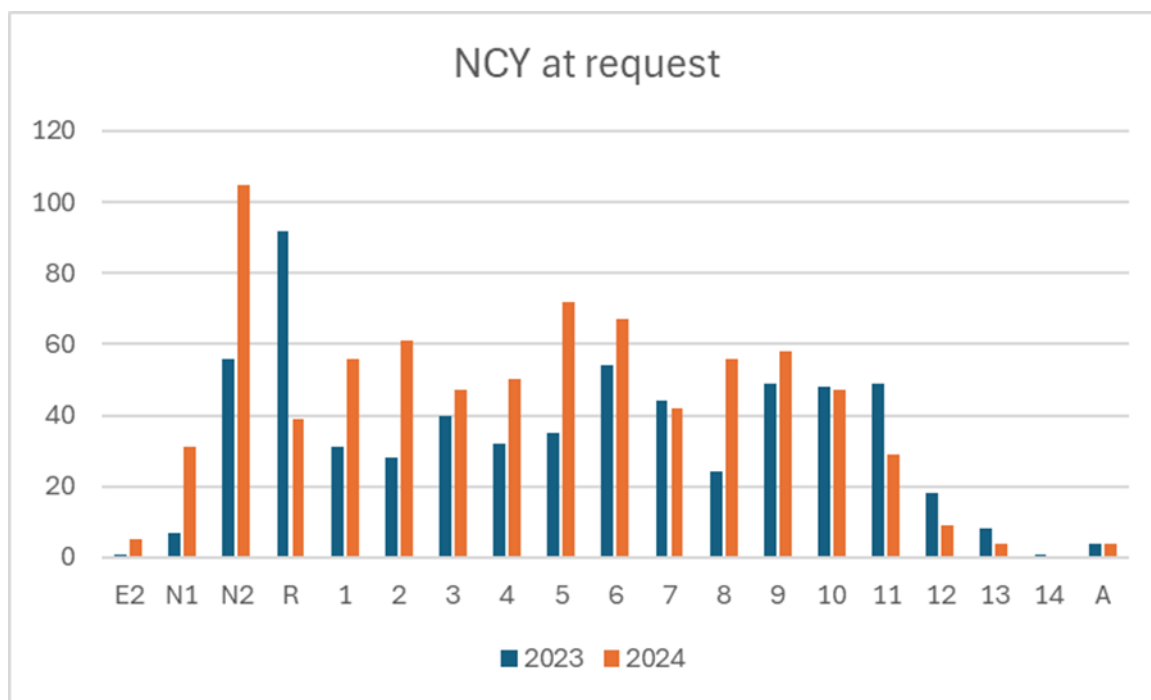
13. This year's budget was built as part of the safety valve discussions and the resulting 15-year DSG management plan was set with a series of ambitious aims to reduce the number of new assessments into the system to 30 per month. This assumption was made based on data available in November 2023 (up to the end of October 2023) and is shown in the table below. Requests in October were 36 with only 24 being taken forward for assessment and likely to lead to a plan. It was always recognised that this was ambitious to maintain, but achievable through the wider SEND Improvement Plan, needs would be supported at SEN Support level and not result in escalations to EHCPs. This was also the opinion of supporting officers from CIPFA and the DfE.



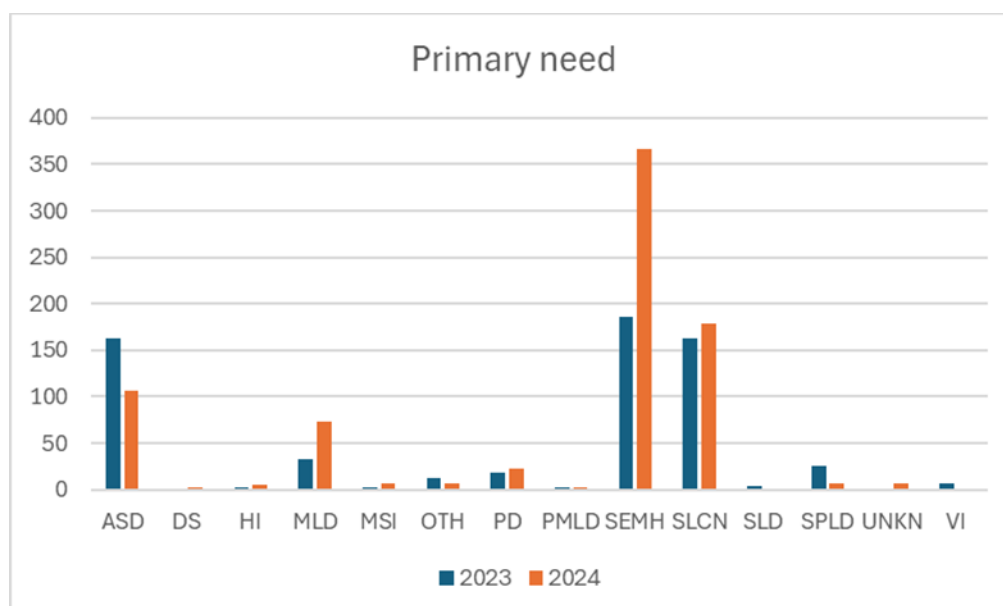
14. Since the management plan was submitted to the DfE, there has been a significant increase in demand. Data from January onwards demonstrates a continuing and substantial increase in requests superseding our expectation of an average of 30 requests per month by at least double every month. This follows a number of high profile events held with schools following Safety Valve discussions and local activity in the press and social media.



15. In addition to the volume of requests, the local area is witnessing a change in the profile in new requests. It is seeing an increase in requests for children and young people in their Early Years Foundation Stage (EYFS to Key Stage 1). This is significant for the budget as it results in a longer period of support required within an educational setting and in some cases a substantial increase in funding in relation to specialist provision where appropriate. The table below provides an overview of new assessment requests by National Curriculum Year (NCY) comparing Jan-Jul 23 with Jan-Jul 24.



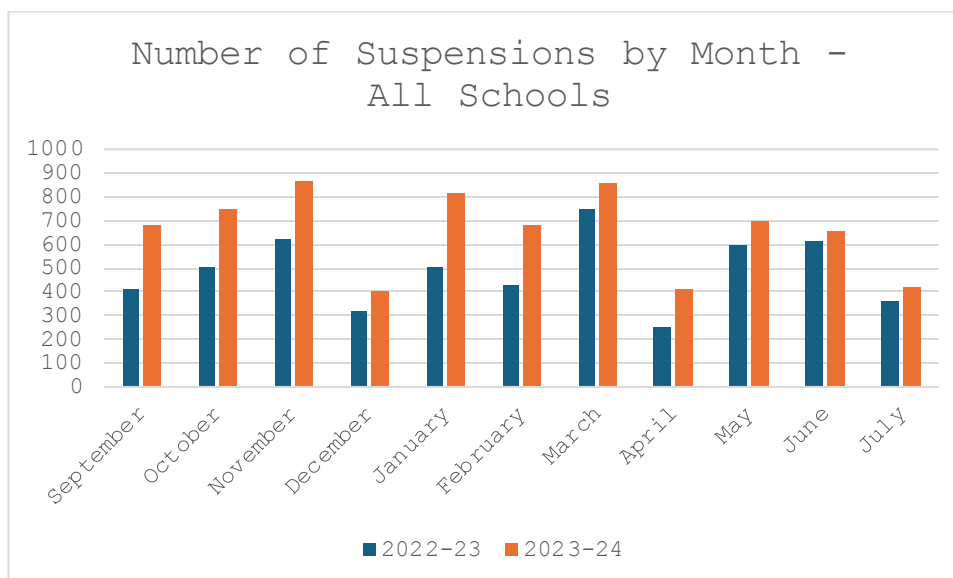
16. Further analysis of the change in the SEND system evidences there has also been a change in primary need in relation to requests received. In particular, the shift from children and young people with an Autistic Spectrum Condition diagnosis to Social, Emotional and Mental Health needs, requiring more specialist and sometimes bespoke packages to support their education journey. Listed below is the profile of primary need for the Jan-Jul 23 period compared with Jan-Jul 24. This will need to be analysed and understood and will be the subject of further work.



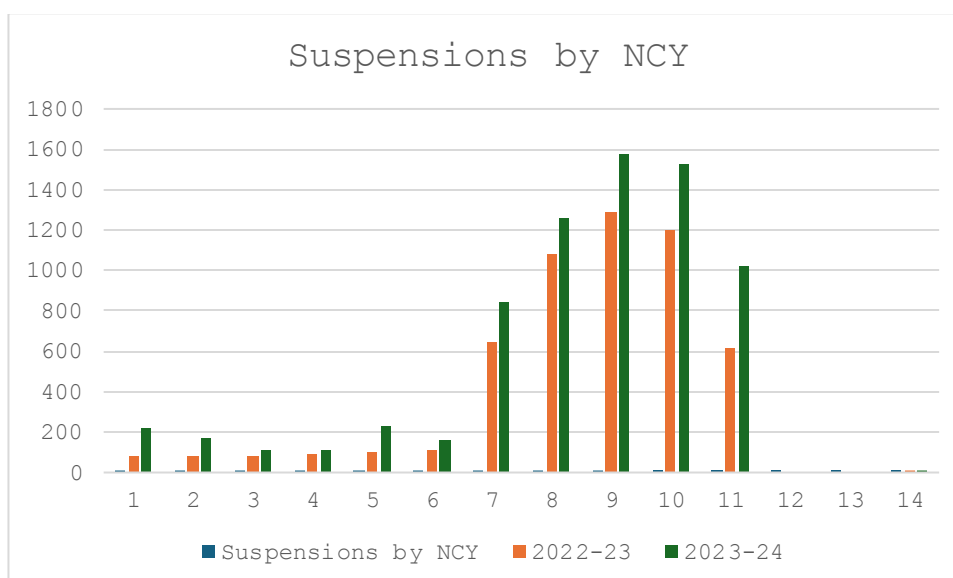
17. BCP's percentage of children with an EHCP as at Jan 2024 stands at 4.4% of the total school population, which is broadly in line with the national average of 4.7%, South West average of 4.8% and Statistical Neighbour level being 4.8%. As at July 2024 there are 4,321 EHCPs in the BCP system. If we were at national comparator level, there would be expected to be **4,713 EHCP's in place**, which is an additional 392 EHCPs.
18. Alongside changes in SEND provision an area of further and particular concern with some direct links to the EHCP trends seen above, is the changing profile across a number of

school inclusion measures. The information detailed below set out these changes with a summary of their impact at the end of the charts.

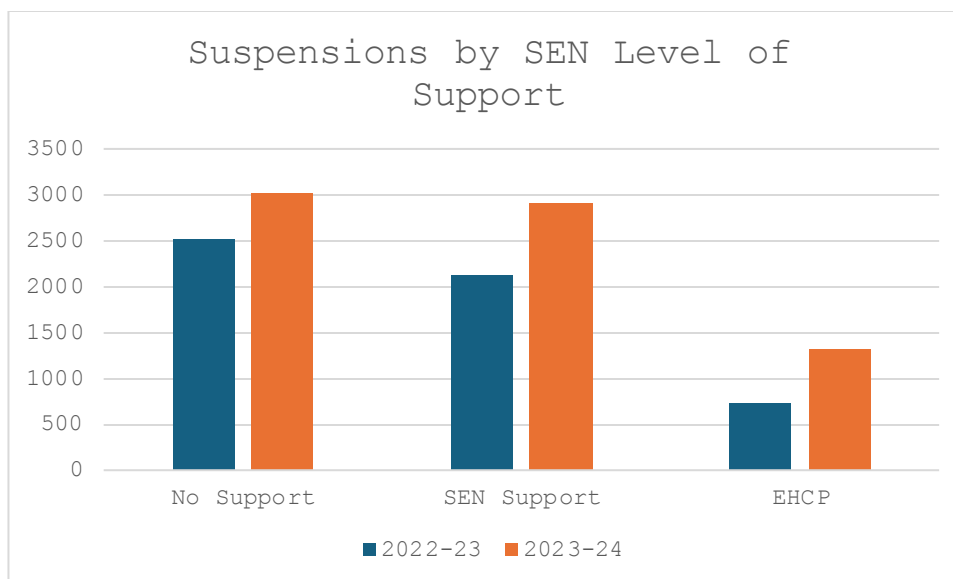
19. The use of school suspensions across the system is accelerating at an alarming rate. 2023-24 figures in the tables below will not be completed until the School Census figures are received in December 2024, but already far exceed the 2022-23 figures, increasing from 5374 separate suspensions to a current total of 7240 – an increase of 34.7% in one year.



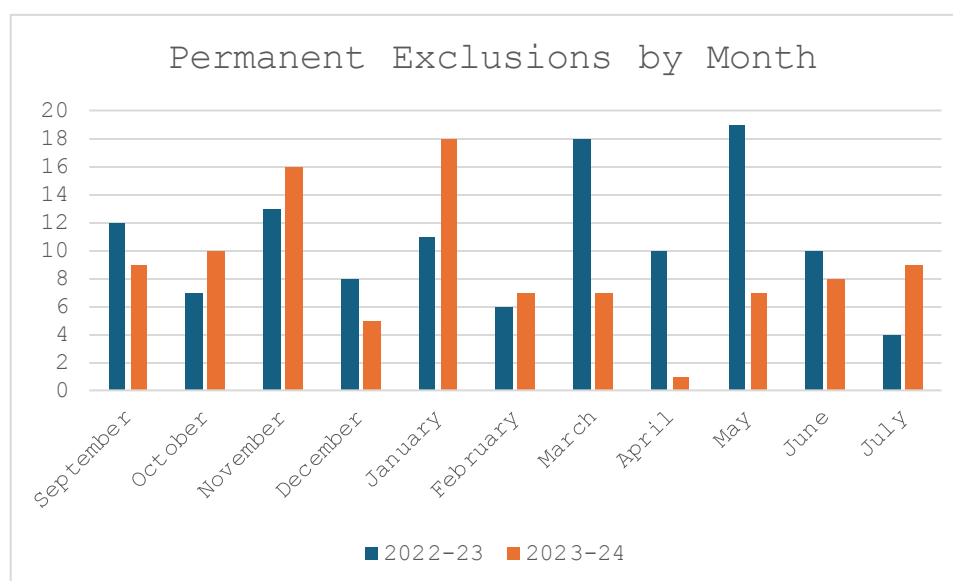
20. A breakdown of suspensions by National Curriculum Year (NCY) shows an increase across every NCY group from Year 1 to Year 11. While actual numbers have been, and remain, significantly lower in Primary compared to Secondary, the increase in Primary suspensions is 87% compared to 29% in Secondary.

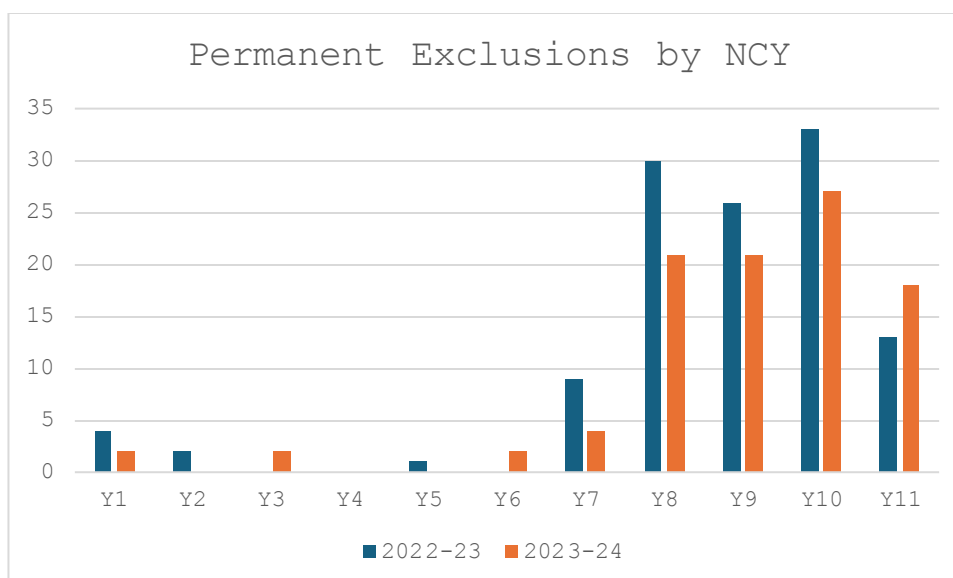


21. Of particular concern, linked to SEND and EHCPs are the increases in suspensions for those on Special Education Needs (SEN) support and with EHCPs compared to those pupils without SEN. Percentage increases across the three areas between 2022-23 and 2023-24 are as follows: (again with complete figures for 23-24 not expected until Dec 2024).
22. The BCP area has seen an increase of 19% for those children currently without SEN Support, for those with SEN Support and increase of 38% and alarmingly, for those with an EHCP an increase of 80%.



23. In relation to permanent exclusions, overall permanent exclusions have reduced year on year from 118 in 2022-23 to 97 in 2023-24, a drop of 18%. The behaviours in the system demonstrate a shift in reduction of exclusions but an alarming increase in the number of suspensions occurring across the system.





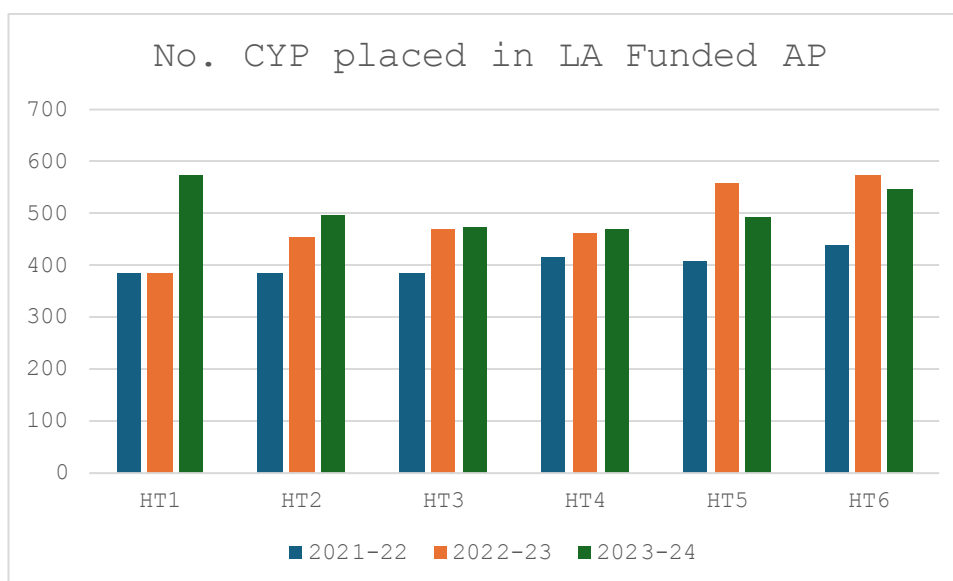
24. However, linking again to SEND and EHCPs the proportion of permanent exclusions for children with SEN and EHCPs has increased in comparison to those without Special Education Needs. This activity will then potentially drive an increase in Alternative Provision for these children and young people, driving further cost into the system.

Permanent Exclusions by SEN Status

By SEN Status	2022-23	Percent of total	2023-24	Percent of total
EHCP	6	5.10%	6	6.20%
SEN Support	49	41.50%	45	46.40%
No SEN Support	63	53.40%	46	47.40%
Total	118		97	

25. The two indicators of suspensions and exclusions, whilst not exhaustive, provide clear evidence of a significantly distressed mainstream system, particularly with regard to meeting the needs of children and young people with SEND. Exclusions are reducing more slowly and suspensions rising significantly more quickly for this cohort of children compared to those without SEND.
26. This evidence runs consistently with the qualitative feedback received by BCP Council officers in Headteacher Forums and SENCO meetings, that mainstream schools are struggling to meet pupils' needs and manage behaviours.
27. As a result, requests for Education, Health and Care Needs Assessments (EHCNAs) are continuing to rise as evidenced in earlier sections of this report. In addition, schools are continually seeking to have pupils placed in Alternative Provision (AP) placements instead of attending their mainstream setting. This will have contributed to the avoidance of some permanent exclusions where a pupil has instead been moved to an AP setting, however this places further cost strain on the High Needs Budget with an increase in the use of Alternative Provision packages for children with SEN Support or EHCPs.
28. The two tables below share the current profile of use of AP versus the last 2 academic years. Associated financial outlay is set out in the subsequent section.
29. The first table presents snapshots of the number of CYP attending AP at the end of each half term. Due to reporting restrictions, it does not demonstrate how many CYP have been in AP across the period in total, only how many are there on the day the snapshot is taken.

30. While 2022-23 and 23-24 therefore present as similar levels, it should be caveated that the numbers do not represent the total number of placements across the entire year. The snapshots do demonstrate a particular rise however from the snapshots in 2021-22, i.e. HT 6 snapshot rises from 439 in 2021-22 to 573 in 2022-23 and 546 in 2023-24



31. The next snapshot table below represents a cohort that are a sub-group of the first table, namely CYP with EHCPs who are in AP due to an EHCP and are also not on roll at a registered school. In HT6 of 2023-24, this figure is 151 compared to 56 in 2021-22
32. This rise is a direct impact from the increased number of EHCPs and the improvements made in the system. We are now seeing the real-time impact of EHCP demand on the placement system as a whole.
33. 70 of the 151 are only in AP while they wait for a specialist school placement to become available for them. Without this 70, the figures would be much closer to the 2021-22 levels.

The Councils Financial position

34. It should be noted that whilst the local authority deficit continues to grow, in contrast, schools' reserves are increasing overall from £13.9million, after the end of the first year of BCP, to £37.6million at the most recent published data (end March 24 for maintained schools and end August 2023 for academies)
35. The appendix shows how school and academy balances have increased over the past 5 years, almost 3 times what they were in 2019-20. The current year funding for each school has been set out and a surplus balance calculated at school level against 8% or 5% (depending on phase). Below the school by school figures a summary by trust has been given. This does not allow for trust balances or other schools within the trust outside of the BCP area.
36. This is referenced by way of highlighting that whilst it is the behaviour across the whole SEND system in the local area driving the pressure, this is only reflected overall within the financial position of the local authority.
37. Given this position, the local authority is planning to continue to request a transfer of funding from the schools funding allocations (1% according to the current DSG management plan to support the innovation fund). This will be subject to consultation with schools as normal and require the approval of the Secretary of State.

Summary of financial implications

38. The forecast does have an immediate implication in the cost to the Local Authority in servicing this deficit. It is forecast that the cost of servicing the DSG deficit this year will be circa £5.4million a £1.4million increase from the £4million included in the budget.
39. The impact on the accumulated deficit is summarised below.

Dedicated Schools Grant	£m
Accumulated deficit 1 April 2024	63.5
Budgeted high needs funding shortfall 2024/25	28.0
High needs overspend 2024/25	15.9
Projected accumulated deficit 31 March 2025	107.4

40. The forecast for future years based on the updated trends and data is underway.