

**TO: EXECUTIVE MEMBER FOR CHILDREN, YOUNG PEOPLE & LEARNING**  
**DATE: 20 MARCH 2018**

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**LOCAL AUTHORITY PROPOSALS FOR THE 2018-19 EARLY YEARS  
AND HIGH NEEDS BLOCK ELEMENTS OF THE SCHOOLS BUDGET**  
**Director of Children, Young People and Learning**

**1 PURPOSE OF REPORT**

- 1.1 The purpose of this report is to seek agreement from the Executive Member to set the 2018-19 Early Years and High Needs Block elements of the Schools Budget on the basis of recommendations made by the Schools Forum.
- 1.2 The Executive Member has observer status on the Schools Forum, receiving all reports and entitled to attend meetings, and is therefore actively involved in the operation and deliberations of the Schools Forum.

**2 RECOMMENDATION**

- 2.3 **That the Executive Member AGREES the recommendations proposed by the Schools Forum as set out in paragraph 3.1 of the attached Appendix A and paragraph 3.1 the attached Appendix B.**

**3 REASONS FOR RECOMMENDATION**

- 3.1 To ensure that the 2018-19 Schools Budget is set in accordance with the views of schools, the Schools Forum, the funding framework and the anticipated level of resources.

**4 ALTERNATIVE OPTIONS CONSIDERED**

- 4.1 These have been considered during the budget consultation stage and previous reports to the Schools Forum.

**5 SUPPORTING INFORMATION**

- 5.1 Whilst spending on the Schools Budget is funded by the ring fenced Dedicated Schools Grant (DSG), and therefore outside of the Council's funding responsibilities, Local Authorities (LA) retain a statutory duty to set the overall level of the Schools Budget before the start of each financial year. In deciding the relevant amount, LAs must plan to spend at least to the level of estimated DSG and can also take account of any accumulated under or overspending on the Schools Budget from previous years.
- 5.2 At its meeting of 19 December, the Executive agreed that the 2018-19 Schools Budget should be set at the eventual level of DSG income plus any accumulated balances, with the Executive Member for Children, Young People and Learning authorised to make amendments and agree budgets for schools and services centrally managed by the Council.

- 5.3 Appendix A presents the proposals expected to be agreed by the Schools Forum at its meeting of 15 March in respect of the Early Years elements of the DSG and Appendix B setting out proposals for the High Needs Block element of the DSG. These Appendices also set out the details behind the budget build process which the Executive Member is now recommended to endorse. Budget decisions taken by the Executive Member have always been in accordance with the wishes of the Schools Forum, and the recommendations on this paper maintain that position. Decisions around the Schools Block element of the Schools Budget were taken on 20 January.
- 5.4 Should the Forum make any changes to the recommendations set out in the Appendices, a verbal update will be provided to the Executive Member to agree final decisions.

## **6 ADVICE RECEIVED FROM STATUTORY AND OTHER OFFICERS**

### Borough Solicitor

- 6.1 The relevant legal provisions are contained within the main body of the attached Appendix A and Appendix B.

### Borough Treasurer

- 6.2 The financial implications arising from this report are set out within the supporting information of Appendix A and Appendix B and present a budget that can be funded from the overall level of anticipated resources.

### Equalities Impact Assessment

- 6.3 There are no specific impacts arising from this report.

### Strategic Risk Management Issues

- 6.4 These are set out in Appendix A and Appendix B.

## **7 CONSULTATION**

### Principal Groups Consulted

- 7.1 Schools Forum.

### Method of Consultation

- 7.2 Written consultation documents.

### Representations Received

- 7.3 Set out in reports to the Schools Forum.

### Background Papers

None.

Contact for further information

Paul Clark, Finance Business Partner - CYPL

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Approved by Cllr Dr Gareth Barnard  
Executive Member, Children, Young People  
& Learning

Approved by Nikki Edwards  
Director, Children, Young People  
& Learning

Signature.....

Signature.....

Date: 20 March 2018

Date: 20 March 2018

TO: SCHOOLS FORUM  
DATE: 15 MARCH 2018

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**BFC PROPOSALS FOR EARLY YEARS  
FUNDING ARRANGEMENTS FROM APRIL 2018  
Director of Children, Young People and Learning**

**1 PURPOSE OF DECISION**

- 1.1 The purpose of this report is to seek agreement from the Schools Forum on proposals for 2018-19 Early Years budgets, including the values to be attributed to the Bracknell Forest Council Early Years Funding Formula (EYFF). There is also a decision for the Forum to consider in line with the statutory funding framework.
- 1.2 Comments are being sought so that these can be presented to the Executive Member on 20 March when a formal decision on these matters is planned to be taken.

**2 EXECUTIVE SUMMARY**

- 2.1 Final proposals for next year's funding arrangements for Early Years budgets are now being made. They are substantially the same as those reported to the Forum in January and propose:
1. Setting funding rates paid to providers for 3 and 4 year olds to increase on average by 5.7% to £4.64 per hour
  2. Retaining funding rates paid to providers for 2 year olds at the current £5.46 per hour
  3. Setting aside 1.4% of funds into a Special Educational Needs Inclusion fund to support access to the free entitlement
  4. Setting aside 1.5% of funds into a provider contingency to meet unforeseen costs, including changes in hour funding rates of number of hours delivered
  5. Retaining 3% of funds to fund services to providers to be directly provided by the council.

**3 RECOMMENDATIONS**

**That the Forum AGREES:**

**3.1 That the Executive Member**

1. **sets the total initial Dedicated Schools and other grant funded budgets at £7.013m, it incorporates the changes set out in the supporting information, and relevant budgets are therefore updated to those summarised in Annex A**
2. **sets the hourly funding rates paid to providers:**
  - a) **for 3 and 4 year olds, at the amounts set out in Table 2 at paragraph 6.9;**

- b) for 2 year olds, unchanged from the £5.46 rate currently being paid, which reflects the affordable position as a result of the Department for Education freezing rates paid to LAs at 2017-18 amounts.

3.2 In its role of statutory decision maker, that there are appropriate arrangements in place for Early Years provision.

#### 4 REASONS FOR RECOMMENDATIONS

4.1 The proposals made are considered to be the best available, taking account of the national and local priorities, provider responses from the recent consultation and the estimated level of available resources.

#### 5 ALTERNATIVE OPTIONS CONSIDERED

5.1 These have been considered in earlier reports to the Schools Forum.

#### 6 SUPPORTING INFORMATION

##### Background

6.1 This report presents proposals on the Early Years Block (EYB) element of Dedicated Schools Grant (DSG) that the Department for Education (DfE) allocates to Local Authorities (LAs) to fund provisions and support for children up to 5, including:

1. funding for three and four year olds entitlement to free education and childcare
2. participation funding for disadvantaged two year olds
3. the early years pupil premium
4. the disability living allowance
5. specialist and general support services.

##### DfE Reforms

6.2 The Forum has previously received an update on DfE funding proposals in respect of EY services with 2018-19 being the second and final year of transition to the new arrangements. In order to deliver the new national policy objective of enabling more families to work by extending the free entitlement to childcare from 15 to 30 hours per week for parents that want to work, there would be £1 billion additional funding by 2019-20 to increase provider funding rates to encourage the development of the additional places that will be required from increased take-up. The key issues and changes are:

1. the extension to 30 hours per week for eligible children would commence from September 2017
2. to encourage providers to increase capacity to ensure sufficient places are available, funding rates should increase

3. to ensure funds are allocated to Local authorities (LAs) on a consistent and objective basis rather than continue with historic spending levels, an Early Years National Funding Formula (EYNFF) would be introduced
4. changes would be made to the way LAs could implement their local EY funding arrangements including:
  - a. changing the factors that can be taken into account in the determination of a provider's hourly funding rate
  - b. requiring at least 95% of an LAs EY funding to be passed on to providers, with at least 90% of the amount paid to providers having to be allocated through a uniform base rate that must be set at the same amount for all providers, irrespective of the setting type or characteristics
  - c. clarifying the expectation of arrangements to be put in place to ensure children with special educational needs or disabilities (SEND) can properly access the free entitlement.

#### Provisional estimate of Early Years Block DSG income

- 6.3 The Early Years National Funding Formula (EYNFF) that is used to distribute DSG grant to LAs for provisions for 3 and 4 year olds comprises the following component parts:
1. A universal base rate for each 3 and 4 year old to be paid at £3.53 per hour for each eligible child;
  2. Deprivation addition, based on eligibility to Free School Meals of pupils in Key Stages 1 and 2, to be paid at £2.13 per hour for each eligible child;
  3. English as an additional language (EAL) addition, based on Key Stages 1 and 2 numbers, to be paid at £0.29 per hour for each eligible child;
  4. Disability Living Allowance (DLA) addition, based on Department for Works and Pensions data of eligible children under 5, to be paid at £0.79 per hour for each eligible child.
- An Area Cost Adjustment (ACA) is then applied, based on addition labour costs and a Nursery rateable value cost adjustment. The uplift for BF is a factor of 31%.
- 6.4 Taking account of the estimated number of eligible children in each element of the EYNFF and the ACA uplift, the DfE has calculated the hourly funding rate for BF at £4.93. This is an increase of £0.27 per hour (+5.8%) from the £4.66 paid to BFC in 2017-18.
- 6.5 The basis of resourcing LAs for the most disadvantaged 2 year olds was not changed through these latest reforms as it is a relatively new funding allocation from the DfE, although rates were increased by 7.1% from April 2017. For the new financial year, there will be no change to the current £5.88 per hour funding rate received by BFC.
- 6.6 In addition to the funding set out above that will be delivered through the EYNFF, LAs will also receive additional, specific resourcing for the EY Pupil Premium at £0.53 per hour per eligible child, and a Disabled Access Fund (DAF) to be paid to providers at £615 per eligible child. DfE estimate funding of £22,970 and £20,910 respectively for these items which are ring-fenced and must be allocated by LAs to providers in accordance with DfE requirements.

6.7 The calculation of estimated EY DSG income for the universal 15 hours free entitlement for 3 and 4 year olds is based on actual take up in the 2017-18 financial year, as is the funding anticipated for eligible 2 year olds. For the additional 15 hours free entitlement for working families, as this was introduced for the first time in September 2017, there is only 2 terms of available data from what is a new initiative with an expectation that take up will tend to increase. However, in the absence of any data from the spring term which includes the highest intake to providers, the initial budget assumption is that each provider offering the extended hours will admit the same proportion of children for additional hours as in the first 2 terms of the new initiative. Total estimated funding from the EY DSG Block in 2018-19 is therefore £7,013,470, as summarised below in Table 1. Annex A provides a more detailed break down of the calculation.

Table 1: Estimated EY Block DSG income for 2018-19

Item	Estimated amount
Funding for 3 & 4 year olds: existing 15 hours	£4,725,000
Funding for 3 & 4 year olds: additional hours	£1,637,340
<b>Sub total: 3 &amp; 4 year olds</b>	<b>£6,362,340</b>
Funding for 2 year olds	£607,250
Funding for Early Years Pupil Premium	£22,970
Funding for Disability Access Fund	£20,910
<b>Total</b>	<b>£7,013,470</b>

EY DSG income is recalculated in-year to reflect actual participation at each January census and therefore all amounts in Table 1 are estimates and subject to change once relevant data becomes available.

Funding decisions already taken by the Forum

6.8 The January meeting of the Forum reviewed the outcomes from the provider consultation on proposed changes for 3 and 4 year olds for April 2018, which reflected on the first year of operation of the new arrangements and in particular, sought views on whether the factors in the BF EYFF should be changed and how to allocate the additional 5.8% in per pupil funding that would be received from the DfE in the final year of transition to the new funding arrangements. The key decisions agreed were:

1. That the EYFF should be amended to increase funding allocated through the uniform base rate paid to all providers through the application of the 5.8% increase in funds, together with reduced funding allocations for quality and the removal of the flexibility of provision incentive.
2. Maintain the current proportion of funds distributed by the deprivation supplement, but change the weighting so that a greater proportion of funds distribution is by reference to the EY Pupil Premium and less through the IDACI<sup>1</sup> score.

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<sup>1</sup> Income Deprivation Affecting Children Index (IDACI), a geographical measure at post code level of deprivation calculated by the government from data on families on low income.

3. Increase the proportion of funds available to support children with Special Educational Needs (SEN) through the SEN Inclusion Fund from 1% to 1.4%.
4. Reduce the proportion of funds held in the contingency for changes in take up of the free entitlement and unforeseen events from 1.9% to 1.5%.
5. Update the criteria used to access money from the SEN Inclusion Fund.

Indicative funding rates for each factor in the EYFF were also reported.

#### New decisions to agree

- 6.9 The previous Forum meeting received information on indicative funding rates from the proposals being made at that time. These have now been reviewed in light of the most up to date information, with a change proposed to the universal base rate which should be set at £4.31 per hour rather than £4.30. All other proposed rates remain unchanged. For completeness, Table 2 below sets out all of the proposed funding rates, which the Forum in recommended to endorse.

Table 2: Summary of the proposed BF Early Years Funding Formula

<b>EYFF Element</b>	<b>Weighting</b>	<b>Proposed hourly funding rate</b>	<b>% total EY funding</b>	
<b>Deprivation Supplement</b>	3% of EYFF via IDACI scores where more than 1 in 5 children are from low income families. Top up funding increase where 1 in 4 and again where 1 in 3 children are from low income families.	£0.13, £0.26 or £0.39		
	2% of EYFF via child eligibility to EYPP	£1.54		
<b>Quality Supplement</b>	2% of EYFF via setting leadership qualification Level 5 and above	£0.14		
<b>Uniform base rate</b>	93% of EYFF	£4.31		
	Indicative EYFF average provider rate	£4.64		94.1%
	Average SEN funding	£0.07		1.4%
	Average contingency funding	£0.08		1.5%
	<b>Sub total to Providers</b>	<b>£4.79</b>	<b>97.0%</b>	
	Average BFC funding (max 5%)	£0.14	3.0%	
	Indicative funding from DfE to BFC (+5.8%)	£4.93	100.0%	

- 6.10 In respect of hourly funding rates to be paid to providers delivering the free entitlement to eligible 2 year olds, the DfE has confirmed that there will be no change

to the hourly funding rate paid to LAs next year as this is a relatively new funding allocation to LAs and does not therefore need updating. On this basis, the Forum is recommended to agree that the rate paid to providers also remains unchanged at £5.46. This will result in 92.9% of anticipated funding received by the council being directly paid to providers, another 4.1% set aside for allocations expected to be made to providers in-year through the SEN Inclusion Fund and contingency, with 3% retained by the LA to fund an Outreach post intended to support the delivery of sufficient places so that all eligible children can access the free entitlement. Annex A sets out the calculations in more detail.

- 6.11 In making these budget proposals, there is £0.007m unallocated funding as a result of roundings which is recommended to be added to the provider contingency.

#### Next Steps

- 6.12 The Forum is recommended to agree this approach to setting the Early Years Block related budgets to the Executive Member and also confirm that as a consequence, appropriate arrangements are in place for Early Years provisions, which the LA is required to consult with the Forum on each year. This will allow for the new Funding Formula to be implemented at April 2018 and hourly funding rates to be confirmed to providers.

## **7 ADVICE RECEIVED FROM STATUTORY AND OTHER OFFICERS**

#### Borough Solicitor

- 7.1 The relevant legal issues are addressed within the main body of the report.

#### Borough Finance Officer

- 7.2 The financial implications arising from this report are set out in the supporting information and can be managed from within the overall level of resources anticipated for Early Years provisions and support services.

#### Impact Assessment

- 7.3 There are no specific impact assessments arising from this report as the admissions policy is not being changed.

#### Strategic Risk Management Issues

- 7.4 The most significant issue anticipated from the proposals is failure to deliver the number of additional free hours required by parents. This is being mitigated by provider funding rates increasing by an average of 5.8% next year and over 20% over the last 2 years.
- 7.5 There is also the possibility that with a new funding formula, funds allocated to providers will exceed the budget. This could be as a result of additional hours needing to be paid, or providers becoming eligible to higher rate top up payments than those currently anticipated. There could also be additional cost pressures to support children with SEN. These will be managed through the £0.114m contingency and High Need Block budgets.

- 7.6 The council is working closely with all providers offering business and practice advice, support and guidance and encouraging collaborative working between providers. This will also mitigate some of the above risks.

## **8 CONSULTATION**

### Principal Groups Consulted

- 8.1 All providers in Bracknell Forest; trades unions and other interested parties.

### Method of Consultation

- 8.2 Responses to a written consultation document.

### Representations Received

- 8.3 The representations received were previously reported to the Forum and have been used to develop the changes now being proposed.

### Background Papers

None

### Contact for further information

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### Doc. Ref

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## Provisional 2018-19 EY Budgets

<b><u>2018-19 EY Budget</u></b>	<b>3 and 4 year olds</b>						<b>2 year olds</b>			
	Hourly / fixed funding rate	Funded hours per week	Funded weeks per year	Total funded hours	Total Funding	%	Hourly / fixed funding rate	Funded hours per week	Total Funding	%
<b><u>Forecast DSG funding from the DfE:</u></b>										
15 hours free entitlement funding forecast	£4.93	15	38	958,418	£4,725,000		£5.88	103,274	£607,250	
30 hours free entitlement funding forecast	£4.93	15	38	332,118	£1,637,340		-	-	-	
<b>Total BFC estimate of EY DSG funding</b>	<b>£4.93</b>			<b>1,290,536</b>	<b>£6,362,340</b>		<b>£5.88</b>	<b>103,274</b>	<b>£607,250</b>	
2017-18 rate	£4.66						£5.88			
Change	£0.27	5.79%					£0.00	0.00%		
<b><u>For allocation through the EY Funding Formula:</u></b>										
Basic rate	£4.31	93.00%	of total available funds		£5,567,870		£5.46	103,274	£563,880	
Deprivation supplement (average)	£0.23	5.00%	of total available funds		£299,350		-	-	-	
Quality (average)	£0.09	2.00%	of total available funds		£119,740		-	-	-	
<b>Total BFC estimate of EY Funding Formula allocation</b>	<b>£4.64</b>	(average)			<b>£5,986,960</b>	<b>94.10%</b>	<b>£5.46</b>	<b>103,274</b>	<b>£563,880</b>	<b>92.86%</b>
2017-18 rate	£4.39						£5.46			
Change	£0.25	5.67%					£0.00	0.00%		

<b><u>2018-19 EY Budget</u></b>	<b>3 and 4 year olds</b>						<b>2 year olds</b>			
	Hourly / fixed funding rate	Funded hours per week	Funded weeks per year	Total funded hours	Total Funding	%	Hourly / fixed funding rate	Funded hours per week	Total Funding	%
<b><u>Funding to be managed by the Council</u></b>										
<i>Outside the 5% cap of EY Funding Formula:</i>										
SEN Inclusion Fund	1.4%	of total available funds			£89,070				£8,500	
Provider Contingency	1.5%	of total available funds			£95,440				£9,110	
Unallocated balance to be added to Contingency					£0				£7,540	
					£184,510	<b>2.90%</b>			£25,150	<b>4.14%</b>
Total within the 95% allocation to providers					<b>£6,171,470</b>	<b>97.00%</b>			<b>£589,030</b>	<b>97.00%</b>
<i>Inside the 5% cap of EY Funding Formula:</i>										
BFC Services	3.0%	of total available funds								
Outreach: To support delivery of sufficient places					£1,910				£18,220	
Support to providers: Development Officers / Advisory Teacher					£100,000				£0	
Management of the EY Funding Formula etc					£47,750				£0	
EAL Specialist Support					£30,000				£0	
Free milk					£11,210				£0	
<b>Total BFC estimate of funding to be managed by the Council</b>					<b>£190,870</b>	<b>3.00%</b>			<b>£18,220</b>	<b>3.00%</b>
<b>Total BFC estimate of EY funding</b>					<b>£6,362,340</b>	<b>100.00%</b>			<b>£607,250</b>	<b>100.00%</b>
<b>Transfer between 3 and 4 year olds and 2 year olds</b>					<b>£0</b>				<b>£0</b>	
<b><u>Other Income</u></b>										
Early Years Pupil Premium					£22,970					
Ring fenced Disability Access Fund		£615 per child	34		£20,910					
<b>Total anticipated income - DSG and other</b>					<b>£7,013,470</b>					

**TO: SCHOOLS FORUM**  
**DATE: 15 MARCH 2018**

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**BFC PROPOSALS FOR THE 2018-19  
HIGH NEEDS BLOCK ELEMENTS OF THE SCHOOLS BUDGET  
Director of Children, Young People and Learning**

**1 PURPOSE OF REPORT**

- 1.3 The purpose of this report is to seek comments from the Schools Forum on proposals from the Council for the 2018-19 High Needs Block element of the Schools Budget. There are also a small number of decisions for the Forum to consider in line with the statutory funding framework.
- 1.4 Comments are being sought so that these can to be presented to the Executive Member on 20 March when a formal decision on these matters is planned to be taken.

**2 EXECUTIVE SUMMARY**

- 2.2 Proposals for next year's funding arrangements for High Needs budgets are now being made. This is the most complex part of school funding and has been subject to change through the national funding reforms being introduced by the Department for Education (DfE).
- 2.3 In order to maintain a degree of funding stability for Local Authorities (LAs), the DfE has introduced a funding "floor" to LAs that will deliver at least a 0.5% increase in 2 – 18 year old population in each of the next 2 years, which is through to the end of the current spending review period that fixes budgets for central government Departments. The relevant increase for Bracknell Forest (BF) is expected to be 1.8% in 2018-19 and 0.5% in 2019-20.
- 2.4 The underlying allocation of funds to BF through the new funding arrangements provides £2.46m less than current funding. Should the current funding "floor" protection be removed, or reduced, then there could be up to a 15% reduction in funding.
- 2.5 In terms of proposing a budget for 2018-19, the same approach has been taken as in previous years with all budgets being reviewed and changes proposed where trend data or current information suggests an update. More significant budget changes are expected to be proposed in the near future as part of the Council's Transformation Programme.

**3 RECOMMENDATIONS**

**That the Forum AGREES:**

**3.1 That the Executive Member:**

1. **sets the total initial Dedicated Schools Grant funded budget at £14.613m, it incorporates the changes set out in the supporting**

information and Annex 2, and relevant budgets are therefore updated to those summarised in Annex 3.

2. that the post 16 SEN grant income budget be set at £0.578m (paragraph 6.22).
3. approves the revised 2017-18 and provisional 2018-19 budgets for the Autistic Spectrum Disorder Special Educational Needs Unit at the Rise@GHC (Annex 1).
4. approves a Minimum Funding Guarantee for special schools at plus 0.5%, the same amount as for mainstream schools (paragraph 6.27).

3.2 In its role of statutory decision maker, that there are appropriate arrangements in place for:

1. The education of pupils with SEN (paragraph 6.39), and
2. The use of pupil referral units and the education of children otherwise than at school (paragraph 6.39).

That the Forum NOTES:

3.3 That provided the overall Schools Budget achieves a net under spending in 2017-18, any aggregate surplus on de-delegated budgets (currently estimated at £0.065m) will be repaid to maintained mainstream schools (paragraph 6.25).

## 4 REASONS FOR RECOMMENDATIONS

4.1 To ensure that the 2018-19 High Needs Budget is set in accordance with the funding framework, the views of the Schools Forum and the anticipated level of resources.

## 5 ALTERNATIVE OPTIONS CONSIDERED

5.1 A range of options have been presented for consideration as part of the budget setting process.

## 6 SUPPORTING INFORMATION

### Background

6.1 This report presents proposals on the High Needs Block (HNB) element of the Dedicated Schools Grant (DSG) that supports pupils with special educational needs and disabilities (SEND) and is intended to fund a continuum of provision for relevant pupils and students from 0-24. Local Authorities (LAs) receive funding for these provisions from the Department for Education (DfE) and in general commission services from providers. In-house arrangements are made in a relatively small number of areas.

6.2 The DfE has determined that where the cost of provision is above £10,000 it will be classified as high needs. In such circumstances, a “place-plus” approach to funding will generally be used which can be applied consistently across all providers that support high needs pupils and students as follows:

- a. **Element 1 or “core education funding”**: equivalent to the age-weighted pupil unit (AWPU) in mainstream schools, which the DfE has stated the national average is around £4,000.
- b. **Element 2, or “additional support funding”**: a budget for providers to deliver additional support for high needs pupils or students with additional needs of up to £6,000.  
Specialist and Alternative Providers (AP), such as special schools and Pupil Referral Units (PRUs) only cater for high needs pupils and therefore receive a minimum £10,000 (Element 1 funding plus Element 2) per agreed place.
- c. **Element 3, or “top-up funding”**: funding above elements 1 and 2 to meet the total cost of the education provision required by an individual high needs pupil or student, as based on the pupil’s or student’s assessed needs. This element is paid to all provider types, for pupils with assessed needs above the £10,000 threshold.

6.3 Additionally, HNB DSG is also intended to be used where high needs provisions are not arranged in the form of places e.g. specialist support for pupils with sensory impairments, or tuition for pupils not able to attend schools etc.

6.4 The statutory regulatory framework also requires the Council to consult with the Schools Forum each year relating to the arrangements proposed to be put in place to meet various Schools Budget functions and where relevant, this is also included within the report.

Annex 3 sets out a summary of services currently being funded from the HNB DSG allocation.

#### DfE Reforms

6.5 The Forum has previously received an update on changed funding arrangements for 2018-19 in respect of HNB services which reported that a new National Funding Formula (HNB NFF) will be introduced to replace the current system that largely allocates funding based on historic spending decisions. The core elements of funds distribution to LAs will in future be:

1. **Basic entitlement** (£4,000 per pupil / student that the LA is responsible for educating that is attending an SEN institution)
2. **Historic spend** (50% of 2017-18 baseline amount agreed with each LA)
3. **Population** (Share of national budget allocation based on projected 2-18 year olds at mid-2018 as a proportion of all 2-18 year olds)
4. **Free school meals** (Share of national budget allocation based on January 2017 resident pupils eligible to FSM as a proportion of all pupils eligible to FSM)
5. **Income Deprivation Affecting Children Index** (Share of national budget allocation based on number of 2-18 year olds in IDACI bands A-F as a proportion of all pupils in IDACI bands A-F)
6. **Bad health** (Share of national budget allocation based on number of resident children aged 0-16 in bad or very bad health as reported by parents in 20101 general population census as a proportion of all projected children in bad or very bad health)

7. **Disability** (Share of national budget allocation based on number of resident children aged 0-16 for whom parents are eligible to disability living allowance (DLA) as at November 2016 as a proportion of all eligible DLA families)
8. **Key Stage 2 low attainment** (Share of national budget allocation based on number of resident pupils who did not attain level 3 in reading in 2012 to 2015 tests plus those that did not attain a scaled score in 2016 reading test or were not entered as a proportion of all relevant children)
9. **Key stage 4 low attainment** (Share of national budget allocation based on number of resident pupils who did not attain 5 GCSEs at grades A\* to G for the 5 years 2012 to 2016 as a proportion of all relevant children).
10. Hospital education (LA specific funding based on budgeted spend)

6.6 One of the key outcomes for the DfE from these reforms is to ensure that any change in the amount of funding allocated to individual LAs must be introduced slowly to allow those areas facing reductions time to adjust to the new amounts. This is because expenditure is mainly incurred on educational fees and these generally remain unchanged throughout the course of each pupil's time in the relevant institution which often presents commitments for over 10 years. Therefore, in addition to the core factors set out above, there will be further adjustments to each LAs HNB funding as follows:

1. A funding floor adjustment to add the cash amount difference where the normal operation of the HNB formula does not deliver at least a 0.5% increase in per head (2-18 year old population) funding compared to the 2017-18 baseline amount. For 2019-20 a further minimum increase of 0.5% will be applied, making a minimum 1% increase in per head funding over the next 2 years. In order to make the funding protection affordable, gains will be limited to 3% in 2018-19 and a further 3% in 2019-20. There is a net £85m cost to the Funding Floor in 2018-19, which amounts to 1.5% of total funding and illustrates the importance of moving to the new formula in a measured way.

For LAs experiencing a reduction in population, there will be a second funding floor adjustment to ensure total cash funding does not fall below the 2017-18 baseline amount. Note, the funding floor adjustment is not applied to the basic entitlement factor i.e. current numbers of high needs pupils and students or the import / export adjustment (see note 2. directly below) as the DfE want to ensure that year on year changes in these factors are reflected in a LAs funding.

2. An import / export adjustment so those LAs sending out more pupils to other LAs lose £6,000 per pupil funding to reflect the requirement of the resident LA to finance all place funding in the SEN institutions in their area, irrespective of which LA places the student. This amount is added to the £4,000 per pupil / student funding included in the main formula to achieve the £10,000 place funding cost. This is a lagged adjustment. LA funding allocations are adjusted from January census data, but actual places purchased will generally be based on actual student numbers taking up places during the year.

This removes some of the unfairness in the current funding system where LAs do not generally make a contribution to Element 1 and 2 costs for their students in institutions in other LAs.

6.7 An area cost adjustment will be applied where relevant (7.44% uplift for BFC) to all factors other than historic spend as this will already reflect local cost variations. This recognises additional costs in some area, most notably enhanced salary payments in

and around London, and follows the same approach adopted by the DfE in the funding reforms being introduced for mainstream schools. The HNB area cost adjustment comprises 2 elements: one for non-teaching staff; and another for teaching staff. As the ratio of teaching to non-teaching staff in special schools is different from that in mainstream schools, this calculation is different to that used in the School NFF (where the BFC ACA is 5.61%).

- 6.8 The Forum has previously been advised that the new HNB NFF will deliver significantly less funding to BF than the current arrangements. A December update from the DfE that uses October 2017 rather than the earlier October 2016 pupils and students in SEN institutions (formula factor 1. Basic entitlement factor) indicates a £2.460m funding reduction for BFC, circa 15% (was £2.327m on original DfE data), compared to an LA average of just 4%. However, the funding floor adjustment set out above in paragraph 6.6 1. ensures no reduction in cash funding and is therefore the essential element of the new Formula from a BF perspective.

#### Provisional estimate of 2018-19 HNB DSG income

- 6.9 The allocation of HNB DSG income remains the most complex part of the education funding framework although the introduction of the new NHB NFF results in a more transparent and consistent allocation of funds to LAs. The average allocation of funds through the HNB NFF and the confirmed amount of funding to be received by BFC next year is set out below in Table 1 and amounts to £16.319m.

Table 1: Proposed weightings for the HNB National funding Formula

Formula Factor	National Weighting %	BFC	
		Weighting %	Amount £k
1. Basic entitlement factor: pupils and students in SEN institutions at £4,000 each	9%	5%	£898
2. Historic spend	45%	47%	£7,586
3. Population	23%	21%	£3,435
4. Deprivation: FSM	5%	2%	£357
5. Deprivation: IDACI	5%	1%	£112
6. Children in bad health	3%	2%	£316
7. Disability Living Allowance	3%	3%	£422
8. Low attainment: KS2	3%	2%	£364
9. Low attainment: KS4	3%	2%	£349
10. Hospital education funding	1%	0%	£20
11. Funding Floor Factor	4%	15%	£2,460
<b>Confirmed allocation through HNB NFF</b>	<b>100%</b>	<b>100%</b>	<b>£16,319</b>
12. Provisional import / export adjustment (net -91 students “exported” at January 2017)			-£546
<b>Provisional gross funding</b>			<b>£15,773</b>

- 6.10 The import / export adjustment in Table 1 of -£0.546m is a provisional figure based on January 2017 data. It reflects the net 91 of pupils and students resident in BF that receive their education outside of the area which needs to be paid to the importing LA to finance the relevant cost of Element 2 education they are funding for all LAs. This adjustment also deducts funding from LAs for Non-Maintained Special Schools (NMSS) and special post-16 institutions (SPIs) which are then directly funded by the DfE. Note: this adjustment does not relate to Independent Special Schools and LAs need to directly pay relevant institutions the full cost of education.
- 6.11 The final numbers and import / export funding adjustment will be based on January 2018 national census data returns completed by individual providers that specify the number of high needs student by resident LA. The current estimate from provisional BFC data of January 2018 placements is for a deduction of £0.504m from 84 pupils. Within this figure, there are 80 other LA high needs pupils in BF institutions, and 164 BF resident students in institutions in other LAs. Due to data uncertainty, a margin of error of 15 students (£0.090m) is proposed to be included in the budget proposals, resulting in an estimated import / export deduction of £0.594m. Clearly this figure is subject to change, which could be significant.
- 6.12 As previously reported with the budget proposals for the Schools Block, for 2018-19, the DfE are making a change to the funding arrangements for SEN Resource Units attached to mainstream schools to ensure that relevant SEN pupils are funded on the same basis for Element 1 “core education costs” as all other pupils on roll i.e. based on actual pupil characteristics rather than a fixed £4,000 per pupil. For BF, there is a consequential £0.175m funding transfer from the HNB to the Schools Block which has been removed from the calculation of the historic spend factor.
- 6.13 In terms of the overall change in funding from 2017-18, the equivalent to the £15.773m provisional gross funding for 2018-19 in Table 1 is the actual 2017-18 HNB DSG receipt (as confirmed by DfE in October 2017 after places deductions) of £15.673m less the £0.175m removed by the DfE as part of the 2018-19 funding reforms to allow SEN Resource Units in mainstream schools to be funded for Element 1 pupil costs on the same basis as all other pupils on roll. Therefore, the like for like change is an increase of £0.275m from £15.498m to £15.773m, equivalent to a 1.8% increase in 2 – 18 year old population (1.2% cash increase). The LA average increase in 12-18 year old population is 2.1%.
- 6.14 As in previous years, there will be further adjustments to the amounts of DSG that LAs actually receive to take account of the funding for places paid directly by the DfE in respect of academies, colleges and maintained school sixth forms, including sixth forms in maintained special schools. As a starting point, the DfE will directly fund and therefore deduct from each LAs HNB DSG the same number of places as in 2017-18, with LAs able to request changes at the relevant institutions in exceptional circumstances following bids. The relevant amount of funding deduction is then set irrespective of whether the places are actually taken up.
- 6.15 In respect of maintained sixth forms, the exact amount of deduction is then repaid back to each LA through a ring-fenced post-16 SEN grant for the LA to determine how to allocate to maintained schools. Therefore, there is no direct impact on then funding available to LAs from this element of the funding framework.
- 6.16 Where LAs purchase an increased number of SEN places from external providers, then their retained HNB DSG is reduced accordingly. Similarly, if less places are purchased, there is an increase in the retained HNB DSG. There is no additional

money from this process, rather an adjustment to the amount of DSG retained by LAs to fund local commissioning decisions.

- 6.17 This approach to place funding, whilst providing a degree of funding stability for providers can result in poor value for money for LAs if the actual number of places required in each relevant institution is lower than the number being funded by the DfE. It is also for individual providers to allocate directly funded places to LAs, they do not need to match the number purchased by the DfE for individual LAs. In order to retain maximum amount of funds for flexibility on commissioning, the council does not seek to increase the number of funded places from one year to the next but will purchase additional places where these are actually required, through negotiation with providers.
- 6.18 Individual institutions are free to appeal the number of places to be directly funded by the DfE and Bracknell and Wokingham College (B&WC) have taken this approach. There were 43 Element 2 places funded at the college in 2017-18 with 83 actually in attendance of which 59 are BF resident (college figures). BFC directly purchased the additional 16 places occupied by BF resident students through the retained DSG funds. An application for 83 funded places in 2018-19 has been made by the college and the DfE has yet to make a final decision on this request. For budgeting purposes, the prudent approach is proposed to be adopted which assumes that 83 places will be deducted from BF HNB DSG for direct funding by the DfE.
- 6.19 The management of pre-16 place funding for PRUs and other AP providers, maintained schools with SEN Resource Units and maintained special schools are for the resident LA to determine. There is no decision making or other involvement of the DfE in the allocation of place funding to these institutions. LAs are free to change the numbers as required without reference or notification to the DfE.
- 6.20 DfE will provide further updates to HNB DSG in March and June to reflect import and export adjustments to the high needs funding formula, the outcome of the 2018 to 2019 place change notification process - which will confirm the outcome of the B&WC appeal - and the direct places deduction. Therefore the 2018-19 BF HNB budget will need to be set against estimated income. Should there be a significant difference between the original estimated amount of funding and the final confirmed amount, a decision will need to be taken in-year as to whether the original budget should be revised and whether any consequential management actions are required.
- 6.21 Based on current information, Table 2 below sets out £14.613m as the estimated amount of HNB DSG to be received next year, which is £0.056m below the 2017-18 base budget of £14.669m.

Table 2: 2018-19 estimated HNB DSG to be retained by BFC

Item	Amount £k
Gross allocation through the HNB NFF (from Table 1)	£16,319
Estimated import / export adjustment (net provisional export of 99 pupils as at January 2018)	-£594
Estimated places deduction for institutions resident in BF for direct funding by ESFA (academies (-6) , sixth forms (-63) and FE colleges (-83))	-1,112
<b>Estimated DSG retained by BFC</b>	<b>£14,613</b>

- 6.22 To the £14.613m estimated HNB DSG can be added the post-16 places grant paid by the DfE for HN students in maintained sixth forms, including Kennel Lane Special School (KLS). This amounts to £0.578m and as set out above in paragraph 6.15 is equivalent to the amount removed through the places deduction, meaning this part of the funding calculation has no overall impact on the amount of funds received. The total HNB gross budget after DfE places deduction is therefore £15.191m.

#### Indicative HNB DSG income for 2019-20

- 6.23 In order to give LAs a clearer view of how the formula will work on an on-going basis, illustrative allocations for 2019-20 have also been published. These use the data set out in Table 1 unchanged, other than for updating the Funding Floor Factor which for BF results in the minimum 0.5% increase in per population funding from 2017-18. This presents a provisional allocation that will be subject to change once relevant data becomes available, such as October 2018 number of pupils and students in SEN institutions. The provisional DSG increases by £0.077m from £15.773m (as per Table 1) to £15.850m.

#### Update on current year budget performance

- 6.24 Budget monitoring information as at the end of December indicates good progress continues to be made in managing down expenditure on high needs budgets, with a forecast saving of £0.572m. Other centrally managed budgets in the Schools Budget are anticipated to over spend by £0.120m, making an aggregate forecast under spending of £0.452m. Taking account of the brought forward surplus on the Schools Budget Unallocated Reserve, the 2017-18 in-year transfers to other specific reserves previously agreed by the Forum, and the in-year surplus currently being forecast, this indicates a net surplus at the end of 2017-18 of £1.112m, which is £0.452m above the minimum prudential level required by the Borough Treasurer to manage unforeseen circumstances.
- 6.25 A new development proposed in the current year is that provided the overall Schools Budget achieves a net under spending, any aggregate surplus on de-delegated budgets is repaid to maintained mainstream schools. This recognises that these budgets are initially returned from schools and if they had under spent through their own management, would have retained the surplus. The current forecast is for an aggregate £0.065m under spending and this will be returned to maintained mainstream schools in proportion to the original deduction made. The £0.452m forecast saving reported above is after assuming the £0.065m saving on de-delegated budgets is returned to schools.

#### Impact of funding reforms on budget calculations

- 6.26 The changes in funding arrangements will have an impact on the way the budget requirement needs to be constructed next year. In particular, the new import / export funding adjustment presents a change to the funding streams, and the resultant presentation of budget data, with some costs needing to be removed accordingly as they will in future be met through the import / export deduction. With Element 2 funding for relevant institutions being deducted from LAs at source, rather than making direct payments to providers for additional places means LAs will in general start with less retained HNB DSG but also having to pay lower bills to providers. Therefore, a number of budgets will need to be reduced in line with new, lower payments.

- 6.27 There is also an impact from the new provision that permits LAs in consultation with their Schools Forum to set a local rate of the Minimum Funding Guarantee (MFG) – the mechanism used by the DfE to ensure each school receives a minimum change in per pupil amount of funding each year. For 2018-19 this can be within the range of minus 1.5% to plus 0.5% whereas in previous years the DfE have set a national rate of minus 1.5% rate. In order to afford schools the maximum amount of funding protection during the introduction of the School National Funding Formula, the Forum agreed the maximum plus 0.5% increase for mainstream schools. For special schools the MFG is calculated against the Element 3 top up amounts, and the same plus 0.5% is proposed for KLS. This is estimated to cost £0.015m.

*Update on budget requirement for Autistic Spectrum Disorder Unit: Rise@GHC*

- 6.28 The Forum has previously supported funding for the development of a 56 place Autistic Spectrum Disorder (ASD) pupil facility by converting the vacant building on Eastern Road through use of DfE capital grants with phased opening taking place from September 2015. The facility – Rise@GHC – is being managed by Garth Hill College with the initial funding model anticipating annual savings when fully open of around £0.468m on placement fees from 36 BF resident students (column J, line 36 of Annex 1), with additional placements being made, and paid for, by other LAs.
- 6.29 The LA has been in close contact with Garth Hill College in respect of the changing financial model with the latest projections shown at Annex 1. Taking account of these discussions, and a revised pattern of placements, the proposed revised budget plan now indicates when fully open an increased level of saving of £0.476m can be achieved (column I, line 36 of Annex 1). The Forum is requested to agree the revised long term funding model at Annex 1, and in particular to note the initial budget allocation for 2018-19 (column F of Annex 1), which indicates a net saving of £0.066m (column F, line 35 of Annex 3). The current 2017-18 budget has also been reviewed and a small number of changes are proposed that amount to a net reduction in funding of £0.008m (final line of column F of Annex 1).
- 6.30 The change in national funding arrangements so that all Element 1 funding for SEN Resource Units attached to mainstream schools is initially paid to the main school through the Schools Block DSG, and the new import / export Element 2 funding adjustment made through the HNB DSG at LA level impacts on how SEN Resource Units are funded and the consequential presentation of the budget. The resident LA now directly receives all Element 1 and 2 funding for all students through the DSG allocation, including those placed by other LAs, meaning to avoid double funding, income from other LAs will reduce by around £10,000 per student. The increased income being received by the resident LA through the DSG income needs to be applied to fund the SEN Resource Unit. The impact of these changes on the funding for the Rise@GHC is shown in lines 26, 27 and 28 of Annex 1.

*Proposed use of HNB DSG funding*

- 6.31 The Forum is aware that the independent review of HNB budgets has reported outcomes and recommendations for change. An update report was presented to the Forum in October that confirmed collaborative work with schools, parents and young people had been undertaken and that a partnership approach had been developed with the establishment of a multi-agency partnership improvement board that includes representation from schools, health, social care, parents/ carers and young people
- 6.32 This process will continue in tandem with the wider Children's Services Transformation that is being implemented to ensure the right services are provided within the changing

environment. As well as a review of all services, the Transformation Programme will also include an early review of the full management structure in the Children, Young People and Learning Department to ensure an efficient and affordable structure is in place and that the right services to schools and others are grouped together.

6.33 The council recognises the need for faster changes and so has invested in the leadership needed to speed it up. This includes the re-establishment of a Chief Officer for Education, the creation of a new Head of Service for SEN, rather than being combined with Education Psychology, and securing a consultant to work on education related transformation. It is also recognised that there are many interconnected synergies and the services in the HNB are high cost, volatile and unpredictable budgets. The lack of quality data, analysis of this, governance and strategic planning means the work is starting from a low base and needs to move carefully forward to minimise the effect of unintended consequences. Achieving the required culture change within the LA and across settings is beginning to take effect with positive changes in working relationships.

6.34 These changes provide a strong basis to progress work, and in advance of this, recent progress on HNB budgets includes:

- SEN strategy group established and meeting regularly with representation from each phase of education.
- Rainbow resource relocation has been completed.
- Closure of the under utilised SEN Resource Unit at Ranelagh.
- SEND strategy co-produced with partners, parents and young people
- Partnership Self Evaluation Form completed with respect to implementation of the Code of Practice and inspection preparation.
- Greater Head teacher engagement in the SEN panel for Education, Health Care plan decisions.
- Consultation with schools on revised arrangements for high needs funding support with a revised and simplified funding 'Matrix' and associated procedures.
- Commencing the re-procurement process of the Speech and Language Therapy (SALT) services.

The re-procurement of SALT services is underway. A contract extension is in place with the current provider at the current price. The present contract provides comprehensive cover across early years, resource units and mainstream preventative and statutory requirements for those learners requiring an Education Health Care Plan.

There has previously been a lack of clarity regarding what the NHS Clinical Commissioning Group (CCG) currently commission, what school funding will look like going forward and an outcome based specification rather focusing on activity. All have been researched and will be factored into the new contract arrangements. Much of what is currently paid for within the contract should be met by school budgets but to introduce that at a time without knowing the full impact of national funding reforms and other changes that will occur through Transformation work is likely to be detrimental to learners that need SALT support.

After consultation and following procurement advice, a 'soft' agreement has been entered into with the Royal Borough of Windsor and Maidenhead and

Slough to explore economies of scale and value for money. A draft specification has been jointly drafted and is currently being consulted upon with service leads. This will be followed by stakeholder consultation and a market test event followed by open tender. The intention is to secure a new contract for the new academic year.

- 6.35 Therefore, at this stage, progress is not sufficiently advanced to include any proposals for change in the initial 2018-19 budget. However, should potential changes be possible this year, they will be presented to the Forum for a view before relevant budgets are updated.
- 6.36 The general approach adopted in setting the budget in recent years has again been followed for 2018-19, with the SEN Team, supported by Finance, reviewing all HNB budgets. As expected from services that are volatile and high cost in nature, together with some of the impacts arising from the national funding reforms, a number of changes are proposed to ensure budgets are set at the level of future forecast expenditure needs, thereby aiding effective monitoring. Annex 2 sets out the proposed budget changes for 2018-19 that the Forum is recommended to endorse.
- 6.37 Annex 2 only shows services where budgets are proposed to be changed where the council is financially responsible, and for context and background, the budgets that are forecasting variances in the current year. It does not include any provision for places to be funded in BF resident institutions that are directly funded by the DfE as these are managed through the new import / export adjustment and the on-going places deduction process.
- 6.38 The key proposed changes and assumptions where the financial impact is at least + / £0.025m are:
1. Purchase of Places in BF maintained schools: These will remain unchanged at 185 for Kennel Lane Special School and 26 for Meadowvale SEN Resource Unit which now incorporates the former Rainbow Unit from Great Hollands. Due to the DfE transferring funding for the £0.004m Element 1 per place funding from the HNB to the Schools Block, there is a saving of £0.116m.
  2. Kennel Lane Special School: Based on current pupil profile, a £0.191m pressure is expected from 10 more pupils receiving Element 3 top up payments compared to last year (from 124 to 134). This reflects the policy of only placing pupils with SEND above the minimum £0.010m core place amount. Therefore, as pupils with lower need leave, they are replaced with those with higher needs. As more children mover to higher support needs, the cost of in-year budget changes have been reducing and now average £0.044m in each of the last 2 years. The budget is proposed to be reduced by £0.028m to £0.060m. There will be a further £0.015m cost pressure from setting a plus 0.5% rate of MFG.
  3. Maintained schools and academies: the recent trend on these budgets is for increased cost pressures with a £0.042m forecast over spending in 2017-18 in BF schools and £0.16m in other LA schools. After taking account of £0.12m of cost reductions on payments due for pupils in other LA schools from the impact of the import / export adjustment to the HNB DSG rather than paying for Element 1 and 2 costs direct, there is a net overall forecast pressure of £0.084m in 2018-19.

As set out above in paragraphs 6.28 to 6.30 there are further changes required to the budget plan for Rise@GHC. Removal of 2017-18 one off funding of £0.093m from the SEN Resource Unit Reserve needs to be replaced with on-going DSG funding creating a resultant pressure. There will also be £0.054m of relevant income from other LA pupils that will now be received through the import / export adjustment rather than through direct invoicing. This amount also needs to be applied to the RISE budget. The remaining funding gap of £0.091m will be met from savings of £0.157m in NMSS through normal turnover of ASD leavers with new starters now attending the RISE, resulting in a net £0.066m saving.

The SEN contingency fund of £0.1m which is used to support mainstream schools with both a significant number of EHCP children and amount of Element 3 top up has consistently underspent. A provisional allocation for 2018-19 has been calculated at £0.035m and a budget reduction of £0.050m is therefore proposed.

Early Opportunities proposal. The Children's Development Centre at Great Hollands undertakes SEN assessments and provides support to under 5s with SEND. Each year there are around 20 children where it is not clear whether an EHCP is required and would benefit from a prolonged assessment in a specialist support environment to help determine the long term needs of the children. A proposal is being developed with 2 schools to provide up to 2 terms of support to complete the assessment, to start from September 2018. Provisional costings anticipate up to £0.008m per child for a full year and funding of £0.088m is proposed to be included for September to March. Further details of this proposal will be presented to the Forum at the June meeting of the Forum. This can be partially funded from the £0.060m saving proposed on the CDC where costs have reduced following the exit from the external third party provider contract with a replacement in-house service. See note 5 below.

4. Non-Maintained Special Schools and Colleges: this is the most significant budget being managed in the HNB, amounting to around £5m spend in 2017-18. The budget requirement calculation has been undertaken on the same overall basis as in previous years, using trend and average cost data, together with projected changes anticipated by the SEN Team. The most significant changes in next year's proposed budget arise from:
  - a. Rolling forward current placement costs to August 2018 (for the final term of academic year 2017-18) and assuming the same pupil and student numbers through to the end of March 2019, using the average placement cost over the last 2 years, by different provider type. This shows a saving of £0.623m.
  - b. Removing costs for 4 students that will leave ASD provision with new starters attending the Rise@GHC, saving £0.157m.
  - c. To reflect the new LA import / export adjustment being introduced to the HNB DSG calculation, there will be no budgetary provision for the purchase of Element 2 place costs. This saves £0.294m on direct payments to providers.
  - d. Pressure is now being experienced in placements for pre-16 year old pupils. There was a net increase of 4.8 placements during 2017-18 and the SEN Team anticipate a similar increase in 2018-19. Therefore, provision for an additional 4.8 placements has been made at a cost of £0.241m.

- e. For 16 and 17 year olds, numbers have remained stable at around 40 fte for the last 4 years, so no specific changes have been made to this age group.
  - f. For 18 year olds and older, in general, this is where the largest increase in numbers has been experienced as more young people seek to extend their education up to the age of 25 with an average increase of 12 students in each of the last 3 years. Therefore, provision for an additional 12 placements has been made at a cost of £0.180m.
5. Other SEN Support Services: The overall budget is forecast to under spend by £0.131m in 2017-18. The most significant under spending relates to the CDC which is outlined above in paragraph 6.38 (3) where costs have reduced following the exit from the external third party provider contract with a replacement in-house service. On-going savings of £0.060m are proposed for 2018-19. There is also a £0.033m pressure proposed to be funded in respect of Educational Psychology support to the SEND tribunal processes where expert support to the LA case is highly regarded and helps defend LA proposals which are generally at a lower cost than being sought.
6. Provision for inflation: to recognise the inflationary pressures facing providers, most notably through the increased Living Wage rates, a general 2.0% inflation provision is proposed to be added to the budget for Element 3 costs and 1.0% for other cost pressures. This is estimated to cost £0.184m. Uplifts will automatically be made to Element 3 Needs Weighted pupil Unit (NWPU) top up payments paid to BF mainstream, SEN Unit Resources, Special Schools and the Pupil Referral Unit.
- 6.39 The Forum is therefore recommended to agree this approach to setting the High Needs Block related budgets, moving forward on the basis of recent trends and current experiences, with the expectation that changes will arise during the year through the partnership work with providers that is currently underway, coupled with the Council's Transformation Programme. As a consequence of this, the Forum is also recommended to agree that appropriate arrangements are in place for the education of pupils with SEN and use of pupil referral units and the education of children otherwise than at school. Annex 3 identifies the resultant breakdown of the High Needs Block budget if the proposals in this report are agreed.

#### Next steps

- 6.40 The views of, and decisions taken by the Schools Forum at this meeting are expected to be adopted by the Executive Member in making final decisions for the 2018-19 Schools Budget on 20 March 2018.

## **7 ADVICE RECEIVED FROM STATUTORY AND OTHER OFFICERS**

### Borough Solicitor

- 7.1 The relevant legal issues are addressed within the main body of the report.

### Borough Treasurer

- 7.2 The financial implications arising from this report are set out in the supporting information with proposals affordable within the anticipated level of funds. However,

with the amount of High Needs Block DSG yet to be confirmed, and wide scale change to the financial arrangements made by the DfE, there remains the potential for receiving less funds than anticipated or other aspects of the arrangements not working as anticipated. If a funding shortfall does materialise, it will need to be dealt with in-year through the introduction of a programme of in-year savings or short term use of accumulated balances.

### Equalities Impact Assessment

- 7.3 The budget proposals ensure funding is targeted towards vulnerable groups and an EIA is not required.

### Strategic Risk Management Issues

- 7.4 The funding reforms, tight financial settlement and the demographic growth and legislative pressures present a number of strategic risks, most significantly:
1. The practical implementation of the changes arising from the funding reforms may be different from that anticipated from the DfE guidance notes
  2. Insufficient funding to cover increases that may occur in-year in the required number of high needs places.
  3. Price increases by providers.
  4. The ability of the market to absorb an increasing number of high needs pupils.
- 7.5 Based on current information, the budget proposals are considered appropriate, however, if cost increases are experienced, savings will be sought in year across the whole Schools Budget. There remains £0.660m of unallocated balances in the Schools Budget to support any significant, unexpected costs should they arise.

## **8 CONSULTATION**

### Principal Groups Consulted

- 8.1 Heads of Service within CYPL Department and the CYPL Departmental Management Team.

### Background Papers

None.

### Contact for further information

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### Doc. Ref

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## Funding Model for Rise@GHC as at March 2018

Ref	Costed at 2018-19 outturn prices	January to	Sept 2015 to	2016-17	2017-18	2017-18	2018-19	2019-20	2020-21	2021-22	2021-22
		August 2015	March 2016							(Full year)	(Full year)
		A	B	D	E (a)	E (b)	F	G	H	I	J
		Final	Final	Final	Original	Final	Estimate	Estimate	Estimate	Estimate	Original (2015-16 prices)
<b>Forecast places and staffing - academic year data:</b>											
1	<b>Projected Maximum No. of Learners</b>	0	8	16	24	24	32	40	48	56	56
2	BFC resident	0	6	11	12	11	18	23	28	33	36
3	Other LA resident	0	2	5	9	9	11	13	14	15	11
4	Vacancy	0	0	0	3	4	3	4	6	8	9
5	Number occupied places in costing model	0	8	16	21	20	29	36	42	48	47
6	Occupancy rate	0%	100%	100%	88%	83%	91%	90%	88%	86%	84%
7	Total No. of Teaching Staff (fte) (headcount)	1.00	3.00	4.80	6.80	6.80	7.80	9.80	9.80	9.80	10.00
8	Total No. of Learning Support Staff (fte) (headcount)	0.00	3.00	3.82	5.55	5.55	7.27	8.13	8.13	8.13	9.00
9	Total No. of Ancillary Support Staff (headcount)	0.00	3.00	2.73	3.19	3.19	3.19	3.19	3.19	3.19	5.00
10	Total all staff (fte) (headcount)	1.00	9.00	11.35	15.54	15.54	18.26	21.13	21.13	21.13	24.00
<b>Forecast costs and income - financial year data:</b>											
11	Staffing	£36,400	£190,700	£389,400	£557,400	£557,400	£690,200	£803,100	£854,900	£854,500	£841,460
12	Premises	£0	£83,800	£147,000	£145,500	£145,500	£142,500	£142,500	£142,500	£142,500	£138,500
13	Supplies & Services	£10,900	£36,200	£75,400	£85,600	£84,800	£100,900	£124,340	£138,700	£148,860	£147,660
14	Transport	£250	£7,100	£12,250	£12,250	£12,250	£12,250	£12,250	£12,250	£12,250	£12,250
15	Contingency at underlying 2.5%	£1,500	£22,500	£0	£41,600	£41,700	£23,600	£27,100	£28,700	£29,000	£28,500
16	Total Income	£0	£700	£1,900	£2,800	£2,800	£3,700	£5,050	£5,900	£6,800	£6,650
17	<b>NET EXPENDITURE BEFORE INCOME FROM OTHER LAs</b>	<b>£49,050</b>	<b>£339,600</b>	<b>£622,150</b>	<b>£839,550</b>	<b>£838,850</b>	<b>£965,750</b>	<b>£1,104,240</b>	<b>£1,171,150</b>	<b>£1,180,310</b>	<b>£1,161,720</b>
18	Income from other LA pupils	£0	-£35,000	-£97,200	-£196,100	-£198,100	-£176,700	-£211,500	-£236,200	-£253,500	-£283,000
19	<b>NET EXPENDITURE AT SCHOOL</b>	<b>£49,050</b>	<b>£304,600</b>	<b>£524,950</b>	<b>£643,450</b>	<b>£640,750</b>	<b>£789,050</b>	<b>£892,740</b>	<b>£934,950</b>	<b>£926,810</b>	<b>£878,720</b>
20	<b>CENTRALLY FUNDED SPECIALIST THERAPIES (BF STUDENTS ONLY)</b>		<b>£20,100</b>	<b>£22,100</b>	<b>£23,900</b>	<b>£22,600</b>	<b>£31,000</b>	<b>£43,200</b>	<b>£53,500</b>	<b>£63,900</b>	<b>£70,000</b>
21	Fee premium from Other LAs of £3,000 per place for 6 years		£0	-£10,800	-£22,100	-£22,100	-£30,600	-£36,600	-£40,800	£0	-£12,500
22	<b>NET TOTAL COST TO BFC</b>	<b>£49,050</b>	<b>£324,700</b>	<b>£536,250</b>	<b>£645,250</b>	<b>£641,250</b>	<b>£789,450</b>	<b>£899,340</b>	<b>£947,650</b>	<b>£990,710</b>	<b>£936,220</b>
23	<b>GROSS COST OF PROVISION (FINANCIAL YEAR) (lines 17 and 20)</b>		<b>£408,750</b>	<b>£644,250</b>	<b>£863,450</b>	<b>£861,450</b>	<b>£996,750</b>	<b>£1,147,440</b>	<b>£1,224,650</b>	<b>£1,244,210</b>	<b>£1,231,720</b>
24	Net cost per place for LAs to fund (place plus therapies)		£88,000	£51,000	£46,000	£47,000	£40,000	£35,000	£32,000	£28,000	£28,000

Ref	Costed at 2018-19 outturn prices	January to	Sept 2015 to	2016-17	2017-18	2017-18	2018-19	2019-20	2020-21	2021-22	2021-22
		August 2015	March 2016		E (a)	E (b)	F	G	H	(Full year)	(Full year)
		A	B	D	Original	Final	Estimate	Estimate	Estimate	Estimate	J
		Final	Final	Final							Original (2015-16 prices)

### Funding

25	Saving from 4 BFC students leaving non-LA schools @ £40,000	-£144,900	-£369,200	-£552,000	-£552,000	-£708,700	-£868,700	-£1,028,700	-£1,188,700	-£1,404,200
26	Schools Block DSG per pupil funding at £4,618 each	£0	£0	£0	£0	-£92,400	-£133,900	-£166,300	-£194,000	£0
27	High Needs Import adjustment at £6,000 each	£0	£0	£0	£0	-£54,000	-£66,000	-£78,000	-£84,000	£0
28	Estimated income from OLAs: (lines 18 and 21)	-£35,000	-£108,000	-£218,200	-£220,200	-£207,300	-£248,100	-£277,000	-£253,500	-£295,500
29	Estimated saving / income from OLA (lines 25 to 28)	-£179,900	-£477,200	-£770,200	-£772,200	-£1,062,400	-£1,316,700	-£1,550,000	-£1,720,200	-£1,699,700
30	Net additional cost(+) / saving(-) (lines 23 and 29)	£228,850	£167,050	£93,250	£89,250	-£65,650	-£169,260	-£325,350	-£475,990	-£467,980
31	Cummulative change	£228,850	£387,700	£471,250	£467,950	£536,100	£551,740	£453,990	£237,800	-£323,955
32	Estimated draw down from SEN Unit Reserve (line 30)	£228,850	£167,050	£93,250	£89,250	£0	£0	£0	£485,150	£555,510
33	Total in SEN Resource Unit Reserve for RISE	-£489,784	-£55,000	-£55,000	-£55,000				-£654,784	-£599,784
34	Estimated remaining balance in SEN Resource Unit Reserve								-£169,634	-£44,274
35	Estimated on-going saving - annual change					-£66,000	-£103,000	-£156,000	-£151,000	
36	Estimated on-going saving - cumulative					-£66,000	-£169,000	-£325,000	-£476,000	-£468,000

### Note:

37	Income due from other LAs for specialist therapies	£0	-£4,500	-£9,200	-£9,200	-£12,700	-£15,200	-£17,000	-£18,200	-£13,200
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### Changes required from initial 2017-18 budget proposals:

	17-18 original	17-18 now	17-18 change
Funding for the RISE (line 19)	£643,450	£640,750	-£2,700
Specialist therapies for Bfstudents (line 20)	£23,900	£22,600	-£1,300
Funding from SEN Resevre (line 32)	£93,250	£89,250	-£4,000
Fee premium from other LAs (line 21)	-£22,100	-£22,100	£0
	<u>£738,500</u>	<u>£730,500</u>	<u>-£8,000</u>

## Detailed changes proposed to the 2017-18 High Needs Budgets

Line Ref	Description	2017-18 Forecast Variance	Proposed Budget Change			Proposed 2018-19 Budget	Summary Comment
			Placements	Element 3	Other budgets		
A	B	D	E	F	G	H	I
		£	£	£	£	£	

**Funds Delegated to Special School**

1	Kennel Lane Special School - original budget (BFC responsibility only)	0	0	206,410	0	3,882,220	Current estimate is for initial budget requirement of £3.860m. Includes 185 purchased places and funding for anticipated BFC resident pupil top up payments where more high cost pupils are attending. Also includes £0.015m to meet cost from anticipated +0.5% MFG.
2	Kennel Lane Special School - in-year budget changes (BFC responsibility only)udget adjustments	-18,000	0	-28,000	0	60,000	To better reflect average spend in last 2 years of £0.044m, together with the increasing average cost of Element 3 payments limiting further increases.

<b>-18,000</b>	<b>0</b>	<b>178,410</b>	<b>0</b>	<b>3,942,220</b>
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Line Ref	Description	2017-18 Forecast Variance	Proposed Budget Change			Proposed 2018-19 Budget	Summary Comment
			Placements	Element 3	Other budgets		
A	B	D	E	F	G	H	I
		£	£	£	£	£	

### Maintained Schools & Academies

3	BF Secondary School SEN Resource Unit	0	238,550	0	0	789,050	Reflects anticipated £0.789m cost of the Unit, as set out in Annex 1 (column F, line 19, less current budget of £0.550m). The changes add the £0.093m contribution from SEN Resource Unit Reserve included in the 2017-18 budget on a one-off basis, £0.054m from import income from other LAs placing students in the unit and the remaining shortfall of £0.094m from resultant savings on NMSS.
4	BF Secondary School SEN Resource Unit - Premium fee rate	0	0	-8,500	0	-30,600	Additional income from other LAs as a contribution to diseconomy costs at the Rise@GHC. See column F, line 21 of Annex 1.
5	BF Primary SEN Resource Unit	10,000	-116,000	3,000	0	231,050	In accordance with revised DfE funding arrangements, 26 Element 1 places previously paid to Meadowvale SEN Resource Unit through the HNB are now funded through the Schools Block. 4 will be funded at £0.006m, 6 places empty at census date but expected to be required will be funded at £0.010m.
6	BF mainstream schools - Element 3 top up payments	42,000	0	42,000	0	830,000	Reflects current spend, plus allowance for additional payments, based on recent trend.
7	BF mainstream schools - Element 3 short term interventions	-15,000	0	0	0	25,000	Reflects current spend, plus future expectations.
8	BF Early Years - Element 3 top up payments	25,000	0	20,000	0	35,000	Reflects current spend, plus future expectations.
9	BF mainstream schools – top up to schools with disproportionate number of HN pupils	160,000	0	42,000	0	1,009,000	Reflects current spend, plus future expectations.
10	BF mainstream schools – top up to schools with disproportionate number of HN pupils	-47,000	0	-50,000	0	50,000	Reflects current spend, plus future expectations.
11	Schools in Financial Difficulty - HN Block	-14,000	0	0	0	14,470	

<b>161,000</b>	<b>122,550</b>	<b>48,500</b>	<b>0</b>	<b>2,952,970</b>
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Line Ref	Description	2017-18 Forecast Variance D £	Proposed Budget Change			Proposed 2018-19 Budget H £	Summary Comment
			Placements E £	Element 3 F £	Other budgets G £		
A	B						I

### NMSS & Colleges

12	Non-Maintained Special Schools and FE Colleges	-605,000	-680,700	0	0	4,987,170	Forecast cost is £4.986m. Rolls forward current commitments, plus allowance for 5 net new pre-6 starters and net 12 new post 186 placements reflecting recent experience and current expectations. £0.157m saving removed to reflect ASD leavers with starters attending Rise@GHC and further £.294m removed to reflect saving on Element 2 payments to providers which will in future be accounted for through the import / export adjustment.
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<b>-605,000</b>	<b>-680,700</b>	<b>0</b>	<b>0</b>	<b>4,987,170</b>
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### Education out of School

12	Alternative Provision - in-year income from permanent pupil exclusions	-1,000	0	0	0	-10,000	
13	Home Tuition	18,000	0	0	0	225,460	
14	Outreach	-1,000	0	0	0	94,130	
15	EOTAS - Share of Head of Targeted Services	-1,000	0	0	0	24,090	
16	Alternative Provision for Primary Aged pupils without a statement	-10,000	0	0	0	50,000	
17	Alternative Provision for Secondary Aged pupils without a statement	3,000	0	0	0	20,000	
18	Other externally purchased Alternative Provision	12,000	0	0	5,000	25,000	Reflects current spend, plus future expectations.
18	Excluded pupil provision	1,000	0	0	0	17,860	

<b>21,000</b>	<b>0</b>	<b>0</b>	<b>5,000</b>	<b>446,540</b>
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Line Ref	Description	2017-18 Forecast Variance	Proposed Budget Change			Proposed 2018-19 Budget	Summary Comment
			Placements	Element 3	Other budgets		
A	B	D	E	F	G	H	I
		£	£	£	£	£	

### Other SEN Services

19	Autism Support Unit	-8,000	0	0	0	84,000	
20	SEN Tribunals	-10,000	0	0	0	16,650	
21	Equipment for SEN Pupils	-6,000	0	0	0	22,070	
22	Medical support to pupils pre 16	5,000	0	0	0	64,660	
23	Sensory Consortium Service	-31,000	0	0	0	249,970	
24	Speech and Language Services	-1,000	0	0	0	213,400	
25	SEN - share of Head Targeted Services	1,000	0	0	0	34,410	
26	Integrated Therapies at the RISE	-2,000	0	0	9,100	31,000	Part of the budget arrangements proposed to support the Rise@GHC. See annex 1, column F, line 20.
27	Traveller Education	-16,000	0	0	0	74,950	
28	EY Management Staff	12,000	0	0	15,000	145,650	Additional supervision costs associated with the more detailed day-to-day management of the Child Development Centre.
29	Child Development Centre (was MWF)	-63,000	0	0	-60,000	232,890	Reflects level of savings being achieved following replacement of external contract provision with in-house BFC service.
30	Early Opportunities	0	88,000			88,000	Part funding from September 2018 for 20 children
31	Staff Vacancy Factor E425B	0	0	0	0	0	
32	Support for Learning	-16,000	0	0	0	120,640	
33	TASS Learning Support	4,000	0	0	0	28,070	
34	Rechareg of Ed Psychs	0	0	0	33,000	33,000	LA budget proposal to support the tribunal process with quality assessments and reports. Expected to result in less decisions supporting more expensive placements than considered appropriate.

<b>-131,000</b>	<b>88,000</b>	<b>0</b>	<b>-2,900</b>	<b>1,439,360</b>
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35	General provision for inflation	0	0	162,280	22,000	184,280	Provision of 2% for Element 3 top up payments and 1% for all other costs, excluding Elements 1 and 2.
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<b>0</b>	<b>0</b>	<b>162,280</b>	<b>22,000</b>	<b>184,280</b>
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<b>Grand Total - Relevant budgets only</b>	<b>-572,000</b>	<b>-470,150</b>	<b>389,190</b>	<b>24,100</b>
<b>TOTAL CHANGE</b>		<b>-56,860</b>		

## Summary HNB Budgets: 2017-18 current and 2018-19 proposed

CHILDREN, YOUNG PEOPLE AND LEARNING DEPARTMENT								
	2017-18				Changes proposed for 2018-19			
	Original Cash Budget	Virements & Budget C/Fwds	Current Approved Budget	Variance Over/(Under) Spend	Placements	Element 3 top up payments	Other budgets	Initial Budget
	£000	£000	£000	£000	£000	£000	£000	£000
<b><u>Schools Budget - 100% grant funded</u></b>								
<b>High Needs Block</b>								
Delegated Special Schools Budgets	3,752	5	3,757	-18	0	178	0	3,930
Post 16 SEN and other grants	-500	-5	-505	0	0	0	0	-500
Maintained schools and academies	2,904	93	2,997	136	123	49	0	3,076
Non Maintained Special Schools and Colleges	5,667	71	5,738	-605	-680	0	0	4,987
Education out of school	1,247	0	1,247	21	0	0	5	1,252
Other SEN provisions and support services	1,599	0	1,599	-106	88	0	-3	1,684
Provision for inflation	0	0	0	0	0	162	22	184
	<b>14,669</b>	<b>164</b>	<b>14,833</b>	<b>-572</b>	<b>-469</b>	<b>389</b>	<b>24</b>	<b>14,613</b>

On-going 2017-18 budget is the £14.669m original cash budget. There are one-off changes during the year to create the higher £14.833m current approved budget.

