

TO: SCHOOLS FORUM
DATE: 21 NOVEMBER 2019

**2020-21 BUDGET PREPARATIONS FOR THE
HIGH NEEDS BLOCK
Executive Director of People**

1 PURPOSE OF REPORT

- 1.1 The purpose of this report is to update the Forum in respect of the current forecast for the 2020-21 High Needs Block (HNB) budget, including the outcomes from the recent consultation with schools to gather views on transferring up to 0.5% of the Schools Block (SB) income to the HNB budget.

2 EXECUTIVE SUMMARY

- 2.1 The publication of further information by the Department for Education (DfE) on the school and education spending review for 2020-23 has confirmed an 8% increase in funding for the BF HNB in 2020-21 which equates to around an extra £1.5m. Whilst this is a significant increase, in line with many other LAs, HNB costs in BF are increasing at a faster rate than income thereby resulting in significant financial challenges. Projecting current trends over the next 3 years, without interventions, indicates a forecast cumulative deficit of £10.9m.
- 2.2 The Forum is aware of the emerging financial difficulties which have now been quantified over the medium term and have also been clear that a wider range of quality services for pupils with Special Educational Needs and Disabilities (SEND) need to be made available. A HNB sub-group has been established to focus on this.
- 2.3 With the need to urgently complete a sustainable medium-term financial plan, and building on the work completed to date and the emerging themes of: managing demand; increasing placements in BF schools; placing less reliance on external providers; and extending the range of local specialist provisions, a range of proposed changes have been developed and costed. They have recently been presented to the HNB sub-group and are expected to reduce the cumulative deficit at 2023 to £3.1m.
- 2.4 Whilst further actions will need to be developed, none are expected to be in place for a significant impact in the next financial year and therefore the council is requesting that 0.5% of the SB budget at around £0.375m is transferred to the HNB. Responses from schools to the consultation on this proposal do not support it. However, a substantial number of comments received to explain why the proposal could not be supported cited affordability as the key issue. As school comments were made before the spending review announcement and the 6.9% increase in per pupil funding that is expected for next year, which after financing all of the new cost pressures will result in an average 5.9% increase for individual schools, the likelihood is that several schools would have responded differently, in particular those that gave their support in principle.
- 2.5 The Schools Forum is therefore requested to agree the funding transfer in order to help close the funding gap on the HNB and assist the financial recovery and development of more appropriate services for BF pupils.

3 RECOMMENDATIONS

That the Schools Forum AGREES:

- 3.1 The developments to future service delivery (paragraph 6.19 and Annex 5)**
- 3.2 That there is a 0.5% funding transfer from the 2020-21 Schools Budget to the High Needs Block budget, estimated at £0.375m**
- 3.3 That further work is undertaken to identify additional projects to work towards a balanced medium-term financial plan**

4 REASONS FOR RECOMMENDATIONS

- 4.1 To allow for necessary budget planning to continue in advance of final decisions.

5 ALTERNATIVE OPTIONS CONSIDERED

- 5.1 A range of options are set out in the supporting information.

6 SUPPORTING INFORMATION

Background

- 6.1 The previous Forum meeting received an update on the provisional work undertaken on forecasting the anticipated HNB spend requirement for 2020-21. The approach taken was to project the current trend forward, assuming no intervention, with demand for places continuing the current upwards trend, and no increase in funding from the DfE. This suggested a further 54 placements (+13%) and a year-end over spending of around £3.2m.
- 6.2 The government's high-level announcement on the spending review confirmed an extra £700m for 2020-21 to support pupils with high needs. However, there was no clarity on the likely financial impact in BF with the Education and Skills Funding Agency (ESFA) indicating that the new funding will be allocated to LAs through increases of between 8% and 17%, which for BF would result in additional funding of between £1.3m and £2.8m. A middle range figure of £2m whilst a substantial increase would still be insufficient to fund the forecast cost increase of £3.2m and the 2019-20 year-end deficit on the Schools Budget Unallocated Reserve of £0.4m.
- 6.3 The budget difficulty has mainly arisen due to significant increases in the numbers of pupils requiring support, increases in complexity of need which costs more, and annual increases in the cost of provision above the level of inflation, mainly in relation to pupils placed in Private, Voluntary and Independent (PVI) settings.
- 6.4 This is a national issue, and not just limited to BF with the latest statistical release from the DfE recording that the number of pupils in England with a statement or Education Health Care Plan (EHCP)¹ having increased in the last 2 years to January 2019 by 11.9%. Changes in the number of children receiving additional support

¹ An EHCP is a legal document that describes a child or young person's special educational, health and social care needs. It explains the extra help that will be given to meet those needs and how that help will support the child or young person.

through high needs budgets in BF shows a steeper increase than the national figures, with the number expected to increase by 17.7% from April 2018 to March 2020.

- 6.5 Taking account of the increasing use of more expensive placements outside BF schools, typically with a PVI provider, costs are expected to increase by 27.3% over the same 2-year period during which grant from the DfE has increased by 4.8%.
- 6.6 Considering this information, the Forum made comments that were incorporated into the final consultation document with schools which set out further details of the key issues affecting the financial difficulty and the likelihood that the council would be seeking agreement to a 0.5% transfer – circa £0.375m - of funds from the SB to the HNB. The potential impact on each school's budget from such a transfer was also included, and the final consultation document can be viewed at:

<https://schools.bracknell-forest.gov.uk/finance/school-funding-consultation-2020-21-financial-year/>

Recent Developments

Update on government spending review

- 6.7 In October, the ESFA issued *Operational Guidance* to the HNB which described how the high needs funding system will work next year. This confirmed that no significant changes would be made to current arrangements and that funding increases above the 8% minimum announced in the spending review would be targeted to Local Authorities (LAs) that are currently funded below the level determined through the national funding formula.
- 6.8 The guidance also confirmed that funding increases would not be applied to the basic entitlement factor for the number of pupils and students admitted to a specialist provider, nor the net import / export adjustment that compensates LAs for students attending their schools that are ordinarily resident in other areas. These will continue to be funded at £4,000 and £6,000 respectively and equate to Elements 1 and 2 respectively in the DfE HN funding matrix.
- 6.9 The Forum will recall that the HNB national funding formula is being introduced on a phased basis. This is to ensure that those areas losing money have sufficient time to adjust their spending patterns against a cost base that is largely committed over the medium term on current education placement costs that will likely continue at similar amounts until current students leave education.
- 6.10 This approach has significantly benefitted BF as the council receives additional transitional funding protection in 2019-20 of £2.6m. This amounts to 16% of total income compared to the LA average of 4% from this factor. Taking account of the ESFAs approach to distribution of the additional funds, there will be an 8% increase in per head funding on relevant factors for BF next year (9.5% cash increase after applying data updates in the national funding formula). This amounts to £1.5m and compares to a provisional (revised) cost increase of £3.4m and therefore results in a £1.9m in-year over spending.

Annex 1 sets out the provisional HNB DSG funding allocation to be received in 2020-21. This is subject to change once new data sets become available, most significantly numbers of pupils in special schools and the import / export adjustment that is made to adjust LA funding for the net cost impact of cross border student movements.

Medium term financial forecast – no interventions

- 6.11 One of the objectives of the council, which has also been supported by the Forum, is to develop a medium-term financial forecast to enable more effective planning through greater certainty of likely future costs as services are reviewed. The completion of the SEND Sufficiency Analysis², as reported to the last Forum meeting has enabled the construction of a robust medium-term financial forecast. Naturally, this includes several assumptions around key elements, including future changes in HNB DSG income and also forecast expenses on what are volatile and high cost areas and will therefore be subject to regular review and update.
- 6.12 The £1.887m over spend forecast for 2019-20, as reported to the September Forum meeting has now been revised to £2.408m as further cost increases have been experienced. With the majority of the over spending being demand led, it will most likely remain in place next year. Taking account of this and using existing trend data as a proxy for future growth, the current projection without intervention is for a £10.9m cumulative over spending at 31 March 2023. This is illustrated below in Table 1, with Annex 2 providing more detail on the main assumptions used.

Table 1: HNB Budget: Medium term financial forecast – no interventions

Item	2019-20 £m	2020-21 £m	2021-22 £m	2022-23 £m
HNB DSG income to BFC	15.538	17.009	17.690	18.397
Anticipated change		1.472	0.680	0.708
Change (cash)		9.5%	4.0%	4.0%
Forecast spend - no interventions	17.946	19.485	21.067	22.691
Change		1.539	1.582	1.625
		8.6%	8.1%	7.7%
<u>Anticipated funding gap:</u>				
Annual	2.408	2.476	3.377	4.294
Forecast DSG reserve 31/3/20	-1.631			
Cumulative	0.777	3.252	6.630	10.924

- 6.13 Clearly, the 3-year plan presents a significant financial challenge to overcome. The no intervention assumption broadly predicts that the £2.4m over spend forecast for 2019-20 will continue into future years (£7.2m extra cost over 3 years), with £1.6m per annum cost increases from new pressures. After the 8% HNB DSG funding increase for 2020-21 which roughly matches the cost pressure, increases in income of 4% are assumed, which equates to around £0.7m per annum resulting in a net £0.9m annual cost increase from 2021-22 (£2.7m through cumulative effect over 2 years).
- 6.14 This broadly explains the cumulative £10.9m over spend effect at the end of the 3-year forecast period which comprises the 2019-20 over spend, the net annual cost

² <http://search3.openobjects.com/kb5/bracknell/directory/localoffer.page?familychannel=6>

of new pressures and the deficit balance forecast for this year after fully applying available balances i.e. £7.2m + £2.7m + £0.8m = £10.7m.

DfE consultation on treatment of deficits on the Schools Budget

- 6.15 The DfE has recently undertaken a consultation to clarify the funding treatment of deficit balances on the Schools Budget which is intended to confirm that they cannot be financed from general LA funds. This reflects the increasing number of LAs with over spent HNB budgets and therefore the expectation is that a medium-term financial plan will only be able to rely on DSG income as a source of funding HNB costs including any over spendings.
- 6.16 The consultation closed on 15 November and final decisions have yet to be confirmed. The following is an extract from the consultation which can be viewed at:

<https://consult.education.gov.uk/funding-policy-unit/revised-arrangements-for-the-dsg/consultation/intro/>

“The DSG is a specific grant, and the conditions of grant make clear that it can only be spent on the Schools Budget, and not on other aspects of local government expenditure. But where there is an overspend on the DSG, local authorities may currently decide to fund that from general resources. This has led some local authority Chief Finance Officers (often referred to as section 151 officers, with reference to section 151 of the Local Government Finance Act 1972) to conclude that if their DSG account is in deficit, they need to be able to cover the deficit from the authority’s general reserves. We know that a similar view is held by organisations that audit local authority accounts. Given the size of some authorities’ DSG deficits, and the other pressures on authorities’ reserves, there is a risk that covering DSG deficits from general funds may lead authorities to make spending reductions in other services that they would not otherwise make.

The Government’s intention is that DSG deficits should not be covered from general funds but that over time they should be recovered from DSG income. No timescale has been set for the length of this process.”

Developing a balanced medium-term financial plan

- 6.17 In terms of the updated £2.4m forecast over spending in the current year, the previous Forum meeting received a budget monitoring update to set out the key issues. The explanations to the variances are included again at Annex 3 for reference, together with other key data from the HNB funding consultation which shows the significant increase in demand for SEND, coupled with an over reliance on high cost external providers as a result of limited in-house provisions.
- 6.18 The availability of a range of appropriate quality services to support the needs of pupils and the shortage of funding to finance it has regularly been discussed with the Forum, in particular through the HNB Sub-Group. This work, which incorporates the findings from the SEND Needs Analysis and the review of local arrangements for Alternative Provision (AP) has suggested that the most likely strategies to be adopted for reducing the forecast over spend and underlying deficit are:
- 6.18.1 Development of a consistent and informed approach of identifying needs at the SEN Support stage.
 - 6.18.2 Reducing the demand of EHCPs

- 6.18.3 Reviewing the Published Admissions Number (PAN) for relevant local provision (i.e. College Hall, Kennel Lane Special School).
- 6.18.4 Increasing placements within BF schools
- 6.18.5 Reducing reliance on Specialist Independent settings and placements in other LA schools
- 6.18.6 Extend the range of resource provision available locally, specifically for Autistic Spectrum Disorder (ASD) and Social, Emotional and Mental Health (SEMH).
- 6.18.7 Developing an outcomes focused commissioning model which incorporates a more proactive role in price control.

6.19 Taking account of these findings, the following developments are proposed for the medium-term. These have recently been presented to the HNB sub-group and are expected to result in a wider range of quality provisions which at the same time help to significantly reduce costs:

1. Sustaining the newly introduced SEN Hub - a multi-agency hub that provides prompt, short-term and specified additional resource/support to children and young people without an EHCP through the High Needs Block – as a permanent element of the HNB budget. The SEN Hub has proved to be successful at supporting schools to retain pupils on roll without the need to progress to an EHCP or AP placement. Sufficient funds are available in the specific earmarked reserve to finance this work over the short to medium term. (Links to strategies 6.18.1, 6.18.2).
2. Increasing available capacity at Kennel Lane Special School (KLS) and College Hall Secondary Pupil Referral Unit (PRU) each by 10 places. These changes will allow for increased placements in high quality in-borough provisions at a reduced cost to out of borough placements that also reduces student travelling. (6.18.3, 6.18.4, 6.18.5).
3. Changes in the pattern of admissions to KLS would also aid cost reduction whilst reducing student travelling. There are 2 elements to this:
 - Reduce the number of out of area placements that have averaged around 35 in recent years, with the objective of replacing around 4-5 out of area placements each year with a BF student who would ordinarily be placed elsewhere at an additional cost. (6.18.4, 6.18.5).
 - Proactively manage the 11 remaining students with relatively low additional support needs to be replaced by students with higher level requirements and who would otherwise expect to be placed out of the borough at higher cost. The current age profile suggests a movement of 2-3 each year. (6.18.4, 6.18.5).
4. A number of new in-school SEND provisions, including specialist SEND resource provisions are planned to be developed, taking advantage of the funding available through the DfE Special Provisions Capital Fund (SPCF) to complete the associated building remodelling, adaptations and fit out required to place the students in local schools. Following the unsuccessful bid to the DfE for the development of a Special Free School supporting students with Social, Emotional and Mental Health (SEMH), more SPCF money is available for this purpose than originally expected. There are 2 strands to this:

- Development of new, in-school classroom support areas, each with a different specialism, to support pupils from across the borough as necessary. Plans are in place for 5 schools to open these facilities (4 primary and 1 secondary) that will provide 85 places. A second phase of seeking interest from schools for more in-house provisions is planned for openings from September 2021. (6.18.2, 6.18.4, 6.18.5, 6.18.6).
 - Development of SEND resource provisions at facilities that have been purpose built by the council. This includes placing further secondary aged ASD pupils at the Rise provision as the Unit continues to expand to its full capacity, thereby reducing the need for external placements as well as making placements at the new provision that will be opening for primary aged pupils in the near future at KGA Binfield all-through school, where the specialism has yet to be determined. (6.18.2, 6.18.4, 6.18.5, 6.18.6).
5. Whilst it was extremely disappointing not to receive DfE funding for a new SEMH Special free School, the council is continuing with plans for a new in-house provision. A feasibility study is expected to be approved as part of the council's budget setting process for 2020-21 which at this stage is considering utilising spare capacity in an existing school to provide an assessment and provision base for pupils with SMEH. The previous bid to the DfE provides a sound basis for further consideration and will be subject to the normal decision-making process and consultations. A provisional target opening date has been set for September 2021, with expansion on a phased basis thereafter. (6.19.4, 6.19.5, 6.19.6).
 6. The council has invested significantly to improve the Commissioning and Brokerage of places for vulnerable young people and those with SEND to maximise quality and value for money (6.18.7). Whilst there will be a focus on outcomes, savings are expected to be generated through:
 - Price control on inflationary uplifts, requiring more robust justification of annual increases
 - Development of block contracts to secure quality provision at a reduced price
 - Negotiate a greater discount with the providers where most places are commissioned
 - Proactively manage contracts to ensure support packages can be reduced when appropriate.
 7. A number of the existing SEND support services will be reviewed to validate quality, impact and value for money.

In order to maximise the implementation and benefits from this programme, a dedicated project management resource will be required.

- 6.20 The council has completed an Equalities Impact Screening to consider the impact expected on affected groups. This can be viewed at Annex 4.
- 6.21 It can be seen from the proposed developments that the most effective way to improve provisions for SEND pupils and reduce costs is to maintain pupils in mainstream schools, including making financial contributions as necessary, as this avoids the significant cost implications when pupils move to specialist providers. As well as costs in out of borough placements increasing by 38% (£2.664m) over the last

3 years, there has been a larger 156% (£0.635m) increase in placement costs in education other than at school. Maintaining a higher proportion of these children in mainstream schools with appropriate financial support will have a significant impact on expenditure.

Table 2: Change in cost of alternative provision 2017-18 to 2019-20

Service	2017-18 £m	2019-20 (forecast) £m	Change	
			£m	%
Home tuition	0.253	0.443	+0.190	+75
Externally commissioned AP	0.087	0.228	+0.141	+162
Medical support	0.066	0.370	+0.304	+460
Total	0.406	1.041	0.000	+156

- 6.22 Should all the above proposed changes be incorporated into the medium-term budget plan then the £10.9m forecast deficit for 31 March 2023 would reduce to £3.1m. Table 3 below provides a summary of the changes, with Annex 5 setting out more detail on the main assumptions, including allowances for slippage in the proposals.

Table 3: HNB Budget: Medium term financial forecast after interventions

Item	2019-20 £m	2020-21 £m	2021-22 £m	2022-23 £m
<u>Funding gap from Table 1:</u>				
Annual	2.408	2.476	3.377	4.294
Unallocated DSG reserve 1/4/19	-1.631			
Cumulative	0.777	3.252	6.630	10.924
<u>Planned interventions:</u>				
Prior years on-going savings			-1.450	-2.793
SEND support stage		-0.054	-0.068	-0.068
Reducing demand for EHCP		-0.941	-0.838	-0.401
Review PAN at specialist providers		-0.150	-0.050	0.000
Reducing reliance on external providers		-0.041	-0.064	-0.102
Improved commissioning		-0.180	-0.187	-0.194
Central Services		-0.084	-0.136	-0.060
Forecast impact of interventions		-1.450	-2.793	-3.618
<u>Funding gap after interventions</u>				
Annual		1.802	0.584	0.676
Cumulative	0.777	1.802	2.387	3.063

- 6.23 Whilst Annex 5 sets out a range of actions to reduce costs which are considered appropriate to implement, they are not significant enough to result in a balanced medium-term budget plan. More work will need to be undertaken, and initiatives presented in the first instance to the HNB Sub-Group.
- 6.24 With a £3.1m funding gap remaining, the council will need to seek agreement to a transfer of 0.5% of funds from the SB. This is the first such request from the Council and is likely to be repeated for each year of the 3-year plan, if permitted by the funding framework. However, the intention is to continue to work with schools to develop additional measures that will reduce the funding gap further. Taking account of the provisional data from the school and education spending review, this is now expected to generate around £0.375m per annum, and £1.1m over the 3-year period of the plan. If this is included, then the cumulative deficit reduces to £2.0m.

Outcome from the consultation with schools to transfer 0.5% to HNB budgets: circa £0.375m

- 6.25 In September, the Forum commented on the draft consultation with schools to gather views on transferring up to 0.5% of SB funding to the HNB. This reflected the emerging financial challenges of funding the increased costs of pupils with HN, including the forecasts at that time of a £1.9m over spend for 2019-20 which without intervention was expected to increase to a £3.2m over spend in 2020-21. The request was being made in order to minimise any short term over spending while work continued with the HNB sub-group on service delivery and budget management. The intention of the council is to only make a deduction if the final budget information indicates a funding shortfall without it.
- 6.26 Replies were received from 23 out of 38 mainstream schools (61% response rate). A reply was received from 18 primary schools (58%) and 5 secondary schools (83%). A response was not received from the all through school. Note this consultation was not directly relevant to KLS or College Hall as they are not funded from the SB.
- 6.27 6 Schools supported the proposed transfer (26%) with 17 (74%) opposed. 33% of primary schools were in favour with all secondary schools against.
- 6.28 15 specific comments were also received; 12 from primary schools and 3 from secondaries. The comments can be broadly summarised into:
1. Agree the proposal (2 / 13%)
 2. Agree the proposal in principle but it's not affordable (4 / 27%)
 3. The proposal is not affordable (7 / 47%).
 4. Could not agree the proposal as it would be an in-year, unbudgeted cut for academy schools where budgets run on an academic year basis (2 / 13%)

Confidential Annex 6 sets out the actual responses received which have been grouped together into the themes listed directly above.

- 6.29 LAs are only permitted to request funding transfers for 1 year at a time and the council is seeking agreement to a 0.5% transfer in 2020-21 which amounts to around £0.375m. If the Schools Forum agrees the request it will take place. In making a decision, the DfE requires the Forum to take into account the views of the schools responding.

- 6.30 Whilst only 26% of respondents have supported the transfer, the Schools Forum is advised to consider the longer-term strategic need of having to balance the HNB budget where a significant funding gap is forecast. An important factor in the responses from schools related to affordability and the financial pressures schools are facing, with 13 schools (86% of those making a specific comment to the proposal) citing this as the key issue in making their decision. None of these schools support the funding transfer. With the consultation ending on 18 October, school responses were made in advance of the details of the school and education spending review.
- 6.31 As set out on the complimentary agenda item on initial proposals for the 2020-21 Schools Block budget, after meeting all of the local cost pressures, including the proposed transfer to the HNB budget, there will be an average 5.9% increase in per pupil funding for BF schools next year. If this information had been available for inclusion in the consultation document, it's to be expected that a number of these schools may not have expressed concerns around affordability, and supported the proposal, in particular the 4 that agreed in principle.
- 6.32 A movement of 6 six schools from not supporting to supporting the proposal would have resulted in a majority being in agreement.
- 6.33 If the funding transfer is agreed, it will clearly have an impact on the factor values that can be afforded in the BF Funding Formula and this issue was highlighted as an area that needed attention in the June 2019 Financial Consultation on whether schools on the Minimum Per Pupil Funding (MPPF)³ levels should make a contribution to financial pressures in the SB as the increased values proposed for 2020-21 may result in a relatively small number of schools above these values having to finance a disproportion amount of the pressure.
- 6.34 Provisional calculations from the initial budget proposals for the SB are presented on a separate agenda item. This indicates that with the extra funds from the spending review, a number of schools previously very close the MPPF level will now exceed it through the normal operation of the BF Funding Formula and the cost of the MPPF values is affordable.

Next Steps

- 6.35 The next steps will be influenced by the views expressed, and decisions taken by the Forum on this paper and also the complimentary agenda item on initial proposals for the 2020-21 Schools Block budget. Where a Schools Forum does not agree a request to transfer funds from the SB to the HNB budget, an appeal can be made to the Secretary of State. The Executive Member will consider this matter on 26 November, taking account of the outcomes from this meeting.

³ The School National Funding Formula includes MPPF levels that are applied equally to all primary and secondary schools (£3,500 and £4,800 respectively in 2019-20). LAs had discretion to apply these values in their local funding formula but from 2020-21 they will become mandatory at local level, unless agreed by the DfE that they are unaffordable when local budget circumstances are taken into account, most notably in respect of pressures on the Growth Fund from new school and High Needs pupils.

7 ADVICE RECEIVED FROM STATUTORY AND OTHER OFFICERS

Borough Solicitor

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

Director of Finance

7.2 The financial implications anticipated at this stage confirm the expected significant financial difficulties that will arise on HNB budgets. A number of developments are planned that make a significant contribution to widening choice and cost reduction. However, a funding gap remains and a contribution from schools at a time of general funding increases will help to reduce this further.

Equalities Impact Assessment

7.3 See Annex 4.

Strategic Risk Management Issues

7.4 There are strategic risks around ensuring all schools remain financially stable as well as pupils with SEND receive timely and appropriate support for their education. A failure to develop a plan for a sustainable HNB budget will place at risk the need to make more drastic changes at a later date.

8 CONSULTATION

Principal Groups Consulted

8.1 Schools and the People Directorate Management Team.

Method of Consultation

8.2 Formal consultation and written reports.

Representations Received

8.3 Incorporated into this report.

Background Papers

None.

Contact for further information

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2020-21 Provisional HNB income

<u>Funding Factor:</u>	Note	BFC 2020-21 Provisional HNB Funding
<u>(A) Basic entitlement factor (5%)</u>	1	£899,145
<u>(B) Historic spend factor (41%)</u>		£7,597,056
<u>(C) Population factor (25%)</u>		£4,651,122
<u>(D) FSM factor (3%)</u>		£458,342
<u>(E) IDACI factor (1%)</u>		£151,545
<u>(F) Bad health factor (2%)</u>		£432,444
<u>(G) Disability factor (3%)</u>		£574,979
<u>(H) KS2 low attainment factor (3%)</u>		£568,318
<u>(I) KS4 low attainment factor (3%)</u>		£503,851
<u>(J) Funding floor factor (13%)</u>		£2,468,387
<u>(K) Hospital education funding (0%)</u>	2	£21,816
<u>NFF allocation before provisional import/export adjustment (100%)</u>		£18,327,005
<u>(L) Import/export adjustment (provisional) (-5.8%)</u>	3	(£1,065,000)
<u>2020-21 high needs NFF provisional allocation before limit on gains</u>	4	£17,262,005

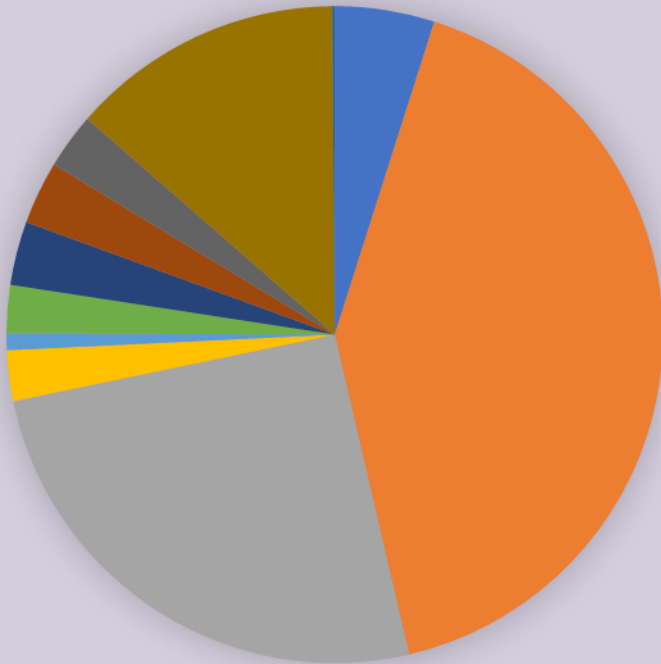
- 1 This funding will be recalculated later based on the January 2019 alternative provision census and October 2019 school census.
- 2 This funding is subject to any changes notified to ESFA in autumn 2019, and agreed as part of the 2020-21 final allocations, and to any further changes introduced following consultation
- 3 This funding will be recalculated based on the January 2020 census and R06 ILR for 2019/20
- 4 Total provisional funding differs by £0.253m from £17.009m in Table 1 which represents the academy school HN place deductions automatically taken from the BFC HNB DSG. These are deducted in Table 1 to present only the funding the council is expected to receive.

DfE has not inflated funding rates for the following factors:

- (A) Basic entitlement factor
- (L) Import / Export adjustment.

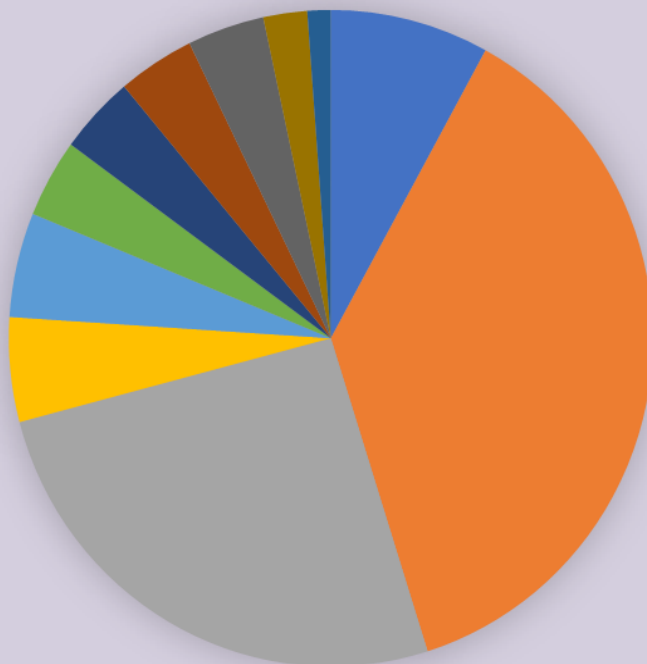
2020-21 Provisional HNB income

Formula split for Bracknell Forest



- (A) Basic entitlement factor (5%)
- (B) Historic spend factor (41%)
- (C) Population factor (25%)
- (D) FSM factor (3%)
- (E) IDACI factor (1%)
- (F) Bad health factor (2%)
- (G) Disability factor (3%)
- (H) KS2 low attainment factor (3%)
- (I) KS4 low attainment factor (3%)
- (J) Funding floor factor (13%)
- (K) Hospital education funding (0%)

Average LA formula split



- (A) Basic entitlement factor (8%)
- (B) Historic spend factor (37%)
- (C) Population factor (26%)
- (D) FSM factor (5%)
- (E) IDACI factor (5%)
- (F) Bad health factor (4%)
- (G) Disability factor (4%)
- (H) KS2 low attainment factor (4%)
- (I) KS4 low attainment factor (4%)
- (J) Funding floor factor (2%)
- (K) Hospital education Funding (1%)

Summary medium term financial plan for the HNB – no interventions

Item	2019-20 £m	2020-21 £m	2021-22 £m	2022-23 £m	Comment
<u>Income:</u>					
Current HNB DSG	15.791	15.538	17.009	17.690	Excludes import / export deduction To remove funds deducted at source from BFC by the ESFA Increases from 2021 assumed at 4%, just below the average 5% increase in school funding announced for the next 3 years
BFC academy places deduction	0.253				
Anticipated change		1.472	0.680	0.708	
Total DSG income to BFC	15.538	17.009	17.690	18.397	
Change (cash)		9.5%	4.0%	4.0%	
<u>Expenditure:</u>					
Base budget / cost forecast	15.538	17.946	19.485	21.067	£0.521m increase on amount reported to Forum in September, now based on September forecast rather than July. Assumed at 1.5% per annum Based on current growth trend continuing unchanged
Forecast over spend (September)	2.408				
Provision for inflation		0.269	0.292	0.316	
Provision for additional places - <i>estimated growth in demand</i>		1.270 54	1.289 54	1.309 54	
Forecast spend - no interventions	17.946	19.485	21.067	22.691	
Change		1.539 8.6%	1.582 8.1%	1.625 7.7%	
<u>Net funding gap:</u>					
Annual	2.408	2.476	3.377	4.294	
Forecast DSG reserve 31/3/20	-1.631				
Cumulative	0.777	3.252	6.630	10.924	

Summary explanation to 2019-20 HNB forecast over spending (As reported to 19 September 2019 Forum)

High Needs Block - £1.887m over spend:

Members of the Forum will be aware that budget items 1 to 5) below represent the most unpredictable and volatile education budgets that the council is responsible for. Therefore, a considerable amount of time is taken in their management. However, they remain subject to significant change at short notice which can result in large movements in cost forecasts. To help manage this volatility, a contingency for future cost increases of £0.200m is included in the forecasts until such time as greater certainty is available relating to placement details and their costs. The contingency amount is reviewed each month and adjusted accordingly. Forecasts reported at this time for external pupil placements and top up funding for mainstream schools include confirmed costs for the summer term, with provisional amounts included for autumn and spring which are subject to change until all required placements and their costs are known. The forecasts will continue to change through to the end of the financial year.

- 1) **Delegated Special Schools – £0.034m over spend.** Top up payments to Kennel Lane Special Schools have been recalculated to reflect in-year starters and leavers. The current forecast indicates a net increase in funding allocations of £0.034m.
- 2) **Maintained schools and academies – £0.818m over spend.** Top up payments to BF maintained schools and academies are forecast to over spend by £0.239m. In respect of BF pupil placements in other LA schools and academies, a £0.504m over spend is forecast. Placements have increased by 10% with average costs of support remaining stable.

Note: this budget line includes a contingency for future cost increases of £0.075m for which at this time no spend has been incurred.

- 3) **Non-maintained special schools and colleges – £0.712m over spend.** The latest schedule of actual top up payments agreed by the SEN Team, together with a forecast for future payments based on expected changes and previous trends indicates a £0.605m over spend. Whilst the overall number of places has increased by 4 (2%) from the number assumed in the budget, the average cost of support shows an increase of £2,008 (7.4%) per place.

Note: this budget line includes a contingency for future cost increases of £0.125m for which at this time no spend has been incurred.

- 4) **Education out of school - £0.278m over spend.** The main variances relate to a £0.130m forecast over spending on the cost of home tuition services and £0.060m on externally commissioned alternative provisions as more students are receiving support than allowed for in the budget. There are a number of other relatively small variances across a wide number of budgets.
- 5) **Other SEN provisions and support services - £0.054m over spend.** The main variances relate to a £0.101m forecast over spending on medical support needs for pupils where need exceeds budget provision and a £0.020m under spending on the Autism Support Service as a result of staff vacancies. There are a number of other relatively small variances across a wide number of budgets.

**Summary data of BF pupils with an EHCP receiving high needs funding
(As included in the consultation with schools)**

	2017-18			
	Grand total			Average cost
	Amount	FTE	%	
BF schools and academies	£6,107,367	372.61	60.98%	£16,391
OLA schools and academies	£1,592,963	75.34	12.33%	£21,145
PVI/College/other post 16	£5,389,375	163.10	26.69%	£33,043
Totals	£13,089,705	611.05	100.00%	£21,422

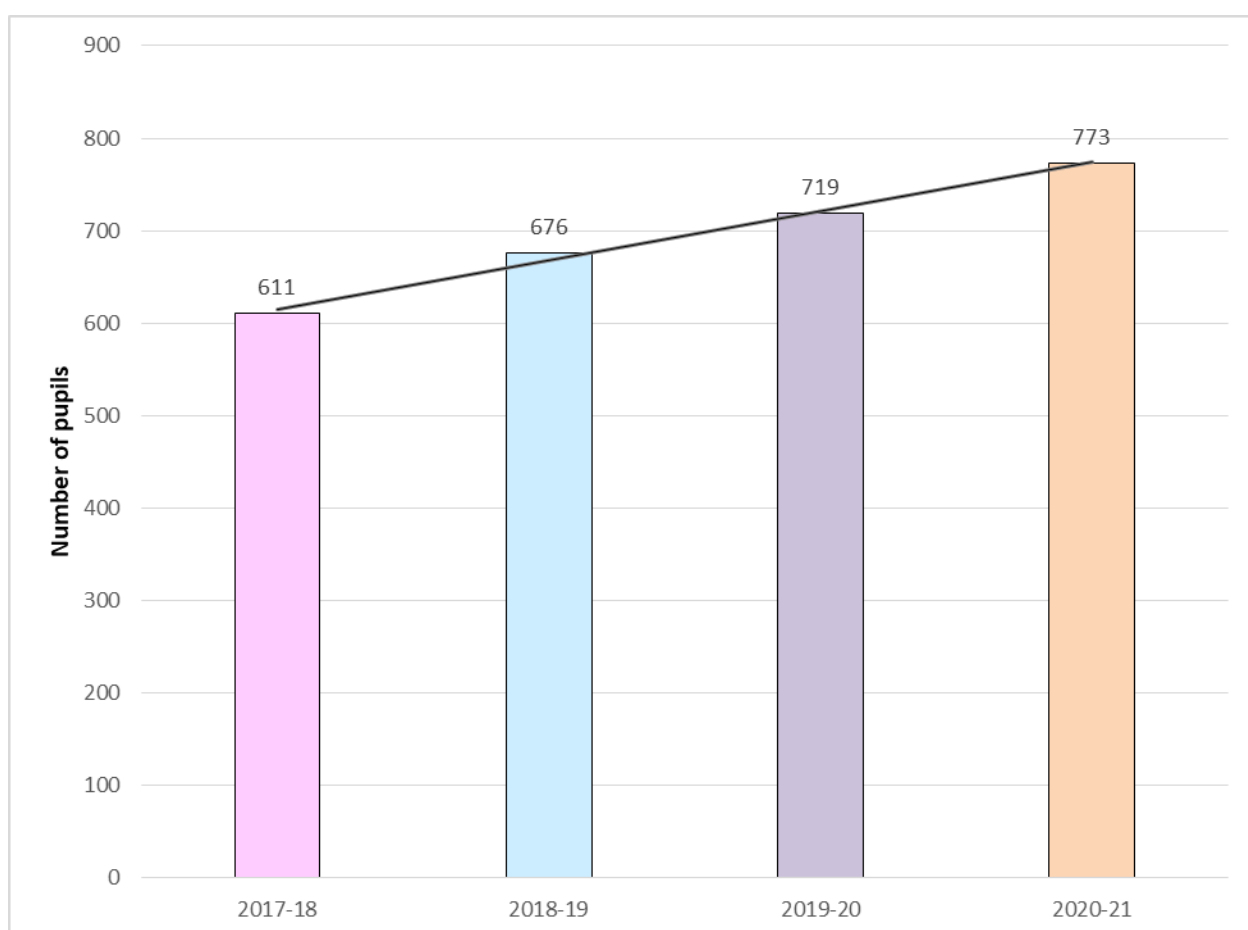
	2018-19			
	Grand total			Average cost
	Amount	FTE	%	
BF schools and academies	£6,954,202	391.96	57.98%	£17,742
OLA schools and academies	£2,198,456	99.70	14.75%	£22,051
PVI/College/other post 16	£5,831,415	184.36	27.27%	£31,631
Totals	£14,984,073	676.01	100.00%	£22,165
Year on year change	14.47%	10.63%		

	2019-20			
	Grand total			Average cost
	Amount	FTE	%	
BFC pupils in BFC mainstream/academy	£2,274,934	201.51	28.02%	£11,289
BFC pupils in BFC special school	£3,774,689	154.48	21.48%	£24,436
BFC pupils in BFC resource provision	£971,929	43.75	6.08%	£22,216
BFC pupils in OLA mainstream/academy	£308,246	28.59	3.97%	£10,782
BFC pupils in OLA special school	£2,399,398	80.25	11.16%	£29,899
BFC pupils in OLA resource provision	£73,804	4.76	0.66%	£15,521
PVI/College/other post 16	£6,865,255	205.91	28.63%	£33,341
Totals	£16,668,255	719.24	100.00%	£23,175
Year on year change	11.24%	6.39%		
Cumulative 2-year change	27.34%	17.71%		

	3 year average 2017-18 to 2019-20	
	FTE	%
BF schools and academies	388.10	58.03%
OLA schools and academies	96.21	14.39%
PVI/College/other post 16	184.46	27.58%
Totals	668.77	100.00%

	2019-20			
	Amount	FTE	Amount	FTE
BF schools and academies	£7,021,553	42.13%	399.74	55.58%
Non BF placements	£9,646,702	57.87%	319.50	44.42%
Totals	£16,668,255	100.00%	719.24	100.00%


**Actual and forecast number of high needs pupil placements
(As included in the consultation with schools)**





Steady state assumptions (June 2019 data):

	2019-20 Estimated Actual	2020-21 Initial Estimate
Number of high cost placements	719	773
Forecast increase in placements		54
Average cost of placement		£23,175
Forecast cost increase		£1,251,000
Forecast overspend in 2019-20		£1,996,000
Forecast overspend for 2020-21		£3,247,000

Initial Equalities Screening Record Form

Date of Screening:	Directorate: People		Section: Education and Learning
1. Activity to be assessed	This relates to a proposal to retain 0.5% of schools block funding (£0.375m) in 2020/21 and move this to the high needs budget.		
2. What is the activity?	<input checked="" type="checkbox"/> Policy/strategy <input type="checkbox"/> Function/procedure <input type="checkbox"/> Project <input type="checkbox"/> Review <input type="checkbox"/> Service <input type="checkbox"/> Organisational change		
3. Is it a new or existing activity?	<input checked="" type="checkbox"/> New <input type="checkbox"/> Existing		
4. Officer responsible for the screening	Kashif Nawaz		
5. Who are the members of the screening team?	Kashif Nawaz, Sharon Jones, Rachel Morgan		
6. What is the purpose of the activity?	Bracknell Forest Council is currently looking at ways of reducing the pressure and overspend in the High Needs Block.		
7. Who is the activity designed to benefit/target?	The Schools Block provides the funding for the mainstream primary and secondary formula, so a transfer will reduce the amount distributed through the formula.		
Protected Characteristics	Please tick yes or no	Is there an impact? What kind of equality impact may there be? Is the impact positive or adverse or is there a potential for both? If the impact is neutral please give a reason.	What evidence do you have to support this? E.g equality monitoring data, consultation results, customer satisfaction information etc Please add a narrative to justify your claims around impacts and describe the analysis and interpretation of evidence to support your conclusion as this will inform members decision making, include consultation results/satisfaction information/equality monitoring data
8. Disability Equality – this can include physical, mental health, learning or sensory disabilities and includes conditions such as dementia as well as hearing or sight impairment.	Y	If the proposal is not agreed, then potentially negative impact on pupils with disabilities if their school's high needs funding has to be reduced through other proposals linked to the high needs block of the DSG.	 Sufficiency Analysis v2.pdf
9. Racial equality		N	
10. Gender equality		N	

11. Sexual orientation equality		N		
12. Gender re-assignment		N		
13. Age equality	Y		If the proposal to transfer funding from the schools block there will be less funding available for school budgets for those in reception year through to year 11. However, schools will on average receive a 5.9% increase in per pupil funding after allowing for the £0.375m transfer associated with this proposal.	 Sufficiency Analysis v2.pdf
14. Religion and belief equality		N		
15. Pregnancy and maternity equality		N		
16. Marriage and civil partnership equality		N		
17. Please give details of any other potential impacts on any other group (e.g. those on lower incomes/carers/ex-offenders, armed forces communities) and on promoting good community relations.	None			
18. If an adverse/negative impact has been identified can it be justified on grounds of promoting equality of opportunity for one group or for any other reason?	No			
19. If there is any difference in the impact of the activity when considered for each of the equality groups listed in 8 – 14 above; how significant is the difference in terms of its nature and the number of people likely to be affected?	None			
20. Could the impact constitute unlawful discrimination in relation to any of the Equality Duties?		N	Please explain for each equality group	
21. What further information or data is required to better understand the impact? Where and how can that	A full scale analysis has been completed to demonstrate the range of resource and provision needed. This is available at:			

information be obtained?	 Sufficiency Analysis v2.pdf		
22. On the basis of sections 7 – 17 above is a full impact assessment required?		N	The proposal is intended to protect the interests of children with disabilities. No adverse impacts are expected on other groups.
23. If a full impact assessment is not required; what actions will you take to reduce or remove any potential differential/adverse impact, to further promote equality of opportunity through this activity or to obtain further information or data? Please complete the action plan in full, adding more rows as needed.			
Action	1 Timescale	2 Person Responsible	3 Milestone/Success Criteria
Continued liaison with the Schools Forum Sub Group.	Jul '19 – Jul '20	KN/PC	<ul style="list-style-type: none"> • Development of a proportionate High Needs spending plan. • Development of the SEND commissioning strategy together with action plan
24. Which service, business or work plan will these actions be included in?	The work of the Schools Forum High Needs Sub Group		
25. Please list the current actions undertaken to advance equality or examples of good practice identified as part of the screening?	- review of alternative provision - SEND Needs and Sufficiency analysis - collaboration with Schools Forum Sub Group to shape local provision and direction of High Needs Funding		
26. Chief Officers signature.	4 Signature:		Date:

Summary medium term financial plan for the HNB – Proposed Budget Changes

	Item	2019-20 £m	2020-21 £m	2021-22 £m	2022-23 £m	Scaling for risk	Comments
	<u>Funding gap from Table 1:</u>						
	Annual	2.408	2.476	3.377	4.294		
	Forecast DSG reserve 31/3/20	-1.631					
1	Cumulative	0.777	3.252	6.630	10.924		
	<u>Planned changes:</u>						Note: some proposals can be categorised differently or across multiple areas
2	Prior years on-going savings			-1.450	-2.793		All assumptions subject to change and therefore need to be viewed as a guide.
	<u>SEND support stage</u>						
3	SEN hub		-0.054	-0.068	-0.068	15%	Assumes 10 more students retained in mainstream schools with additional support in each of the next 3 years. Savings arise from lower cost top up funding in mainstream schools compared to permanent external placement / AP support.
	<u>Reducing demand for EHCP</u>						
4	New SEN units - Phase 1		-0.855	-0.516	-0.035	20%	Following bids from interested schools, capital funding has been allocated for the development of 5 in-school units to cater for pupils at risk of requiring an EHCP or with an EHCP that can be maintained in a mainstream school with additional specialist interventions. Up to 85 new places are expected to become available by September 2021. Maintained schools and the HNB will contribute to the operating costs which will result greater numbers of pupils being retained in BF schools.
5	New SEN units - Phase 2			-0.121	-0.206	50%	Further development of in-school units that will be rolled out to additional schools subject to suitable bids and capital funding. Potential extension yet to be determined, but assumed at around half existing known plans at 40 places, commencing on a phased basis from September 2021.

	Item	2019-20 £m	2020-21 £m	2021-22 £m	2022-23 £m	Scaling for risk	Comments
6	Savings from primary unit		-0.016	-0.028	-0.027	25%	Assumes new SEN Unit opens in September 2020 to 3 pupils, with similar number of admissions thereafter. Specialism for admission yet to be agreed.
7	Spare places at Meadow Vale Unit		-0.036			10%	The SEN Provision at Meadow Vale has 4 vacant places. The funding should be withdrawn or places filled, therefore reducing more expensive places elsewhere.
8	SMEH assessment and direct provision facility		0.000	-0.115	-0.133	50%	Feasibility study to commence to create a 30 place SEMH assessment and 40 place provision on an existing school site with spare capacity. Potential for phased opening from September 2021 with planned return to the borough for suitable students currently placed in similar, external provision.
9	Savings from Rise ASD Secondary Resource provision		-0.034	-0.058		15%	Assumes 5 BF students are admitted each September at reduced cost to savings arising from older students leaving education at alternative specialist provider until Unit reaches capacity at September 2021. Future option to consider scope for post-16 provisions / collaboration with B&W College.
	<u>Review PAN at specialist providers</u>						
10	Extra 5 in-house AP places at College Hall PRU		-0.050	-0.050		0%	Increase the number of funded places by 5 from April 2020 and again in April 2021. The extra £25k per place will be offset by savings of around £10k per place compared to other AP providers
11	Extra 10 places at KLS		-0.100			0%	Increase the number of funded places by 10 from April 2020. The extra £25k per place will be offset by savings of around £10k per place compared to other similar specialist providers.
	<u>Reducing reliance on external providers</u>						
12	Increase BF placements at KLS		-0.017	-0.026	-0.041	45%	Ensure 4-5 BF students replace OLA students at KLS each year to ensure better value high quality placements

	Item	2019-20 £m	2020-21 £m	2021-22 £m	2022-23 £m	Scaling for risk	Comments
13	Replace no top up pupils at KLS with higher needs pupils		-0.024	-0.038	-0.061	25%	Ensure that as the 11 relatively low-level need students without top up funding leave KLS that they are replaced with higher need students that currently need to travel out of area due to shortage of places. Assumes 2-3 movers, with new top up cost of circa £15k (no place funding to pay) with circa £20k per pupil net saving.
	<u>Improved commissioning</u>						
14	Inflation management		-0.076	-0.083	-0.090	15%	Assumes save 0.5% per annum on care inflation assumption
15	Block contracts		-0.056	-0.056	-0.056	20%	Economies from prices as providers received guaranteed income.
16	Price negotiation with providers		-0.048	-0.048	-0.048	20%	Undertake individual negotiation with providers admitting 4 or more students to secure price discounts.
	<u>Central Services:</u>						
17	- Reviews to be completed		-0.084	-0.136	-0.060	20%	A range of services will be reviewed for quality, impact and value for money.
18	Forecast impact of interventions	0.000	-1.450	-2.793	-3.618		
	<u>Funding gap after interventions</u>						
19	Annual		1.802	0.584	0.676		
20	Cumulative	0.777	1.802	2.387	3.063		