

**2021-22 PROPOSALS FOR THE HIGH NEEDS BLOCK BUDGET**  
**Executive Director of People**

**1 PURPOSE OF REPORT**

- 1.1 The purpose of this report is to seek comments on the detailed budget proposals for the High Needs Block (HNB) element of the Schools Budget that are being presented now by the Council. There are also a small number of decisions for the Forum to take in line with the statutory funding framework.
- 1.2 Comments are being sought so that they can be considered before the Executive Member makes the formal decision on these matters.

**2 EXECUTIVE SUMMARY**

- 2.1 The HNB funds support for children and young people with the most challenging educational requirements. It is the most complex part of school funding framework, with budgets needing to be set before a number of funding allocations are confirmed by the Department for Education (DfE).
- 2.2 Whilst the total cash increase for the 2021-22 Bracknell Forest (BF) HNB will be 8% per pupil, with the total income retained by BF estimated at £18.998m (+9.7% cash with other data changes in the national formula), this is insufficient to meet the demands forecast.
- 2.3 Taking account of the update on progress against the actions contained within the SEND Commissioning Plan, the revised medium-term financial forecast indicates a forecast annual deficit of circa £5.7m (was £4.9m) which is around 30% of the annual grant allocation. The deficit at 31 March 2023 is now forecast at £17.216m (was £14.952m) which is approaching 80% of annual income.
- 2.4 Part of this change, as previously reported, is accounted for from the rephased and re-worked improvement and savings programme which reflects the coronavirus pandemic and current opportunities.
- 2.5 The financial challenges being experienced are not unique to BF with many LAs having to set deficit budgets. This is further illustrated from the publication of a recent national survey by the f40 Group.
- 2.6 Work will continue in partnership with the HNB sub-group of the Schools Forum to develop further service improvements and cost reductions to remove the reduce the underlying funding gap and tackle the accumulated deficit. This is a significant challenge to what are sensitive budgets with the HNB budget heading towards an unsustainable position.
- 2.7 The DfE has also very recently launched a consultation to review aspects of the HNB NFF that is used to allocate funds to LAs and this seeks views on a small number of changes for 2022-23 and sets out the intention to consider further changes in the context of a wider review of the SEND and Alternative Provision (AP) system from 2023-24.

- 2.8 The outline changes being considered for 2022-23 indicate a potential £0.738m funding reduction for BF through the HNB NFF, although the current Funding Floor protection mechanism would mean no overall change. If implemented, this would further increase the significance of the Funding Floor factor to BF which would allocate 18% of total funds received, compared to the all England average of 2%.
- 2.9 For BF, retaining a positive annual increase to the Funding Floor factor is the most significant element of the consultation, although this is not specifically covered.

### **3 RECOMMENDATIONS**

**That the Forum AGREES:**

**3.1 That the Executive Member:**

1. sets the total initial Dedicated Schools Grant funded HNB budget at £18.998m,
2. releases £0.143m of funds from the SEND Units Reserve to finance estimated start-up costs at the proposed Special Resource Provisions in BF schools
3. confirms the changes set out in the supporting information (Table 1 and Annex 5) and relevant budgets are therefore updated to those summarised in Annex 6.

**3.2 That there are appropriate arrangements in place for:**

1. The education of pupils with SEN (paragraph 6.22), and
2. The use of pupil referral units and the education of children otherwise than at school (paragraph 6.22).

**That the FORUM notes:**

**3.3 The further deterioration in the forecast financial position of the HNB Budget at Table 1, with a:**

1. £5.698m deficit forecast for financial year 2021-22
2. £11.217m cumulative deficit forecast for 31 March 2022, and
3. £17.216m cumulative deficit forecast for 31 March 2023.

**3.4 The key aspects of the DfE consultation on the review of the 2022-23 HNB NFF including:**

1. the importance of the Funding Floor factor to protect against a potential £0.738m funding reduction.
2. the potential for significant changes in funding allocations to LAs from 2023-24 for which the financial implications cannot be estimated at this stage

## **4 REASONS FOR RECOMMENDATIONS**

- 4.1 To ensure that the 2021-22 HNB Budget is set in accordance with the overarching funding framework, the expected needs of pupils and that the views of the Schools Forum are considered.

## **5 ALTERNATIVE OPTIONS CONSIDERED**

- 5.1 A range of options will be considered with the HNB sub-group as the recovery plan is further developed.

## **6 SUPPORTING INFORMATION**

### Funding Framework

- 6.1 The HNB element of the Dedicated Schools Grant <sup>1</sup> (DSG) is allocated to Local Authorities (LAs) by the DfE through a national funding formula (NFF) to support pupils with Special Educational Needs and Disability (SEND) and is intended to fund a continuum of provision for relevant pupils and students from 0-24. It is a ring-fenced grant that defines the areas of permitted spend against which LAs in general commission services from providers. In-house arrangements are made for a relatively small number of provisions.

More information on the scope of the HNB DSG and the determination of each LAs funding is set out in Annex 1.

### Financial context - national

- 6.2 As reported to the Forum in October, in response to the continuing growth in deficits on HNB budgets, in January 2020, the DfE updated the status of the DSG ring-fence to make clear that any deficit must be carried forward to the Schools Budget in the next financial year or future financial years. This is intended to confirm that no liability for a deficit will fall onto an LAs General Fund. In addition, LAs are no longer permitted to use their General Fund income to fund the Schools Budget without express permission of the Secretary of State.
- 6.3 Whilst the legal framework requires accumulated HNB deficits to remain within the Schools Budget and outside the funding responsibility of LAs, day to day operational decisions continue to rest with LAs and as with all decisions around spending of public money, these are taken in accordance with the normal rules and professional financial management standards required by the Council in the Financial Regulations and other Financial Procedure documents.
- 6.4 To add some current context to national HNB budget information, 77 LAs (52% response rate), including BFC, completed a financial survey in autumn 2020 to provide key statistics around their SEND budgets to illustrate how well councils were managing their funding in 2020-21 in comparison to demand, and identify trends.

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<sup>1</sup> DSG is the ringfenced grant used by the DfE to fund LAs for prescribed education related services.

6.5 A summary of general findings is as follows:

- Of the 77 that responded, 69 expected SEND budgets to be in deficit for 2020-21, with only eight expecting to have a balance or to finish even.
- Most LAs say deficit budgets are rising each year, some doubling.
- Three expect their cumulative deficits to be more than the income they received for 2020-21.
- In 2018-19, 43 requested to move money from Schools Block (SB) to High Needs Block (HNB). 41 were permitted to do so.
- 2019-20, 52 requested to move money from SB to HNB. 43 were permitted to do so.
- 2020-21, 45 requested to move money from SB to HNB. 31 were permitted to do so.

6.6 A summary of BF specific findings is as follows:

- BF is around the mid-point of the survey results in terms of cash size of deficit forecast for 31 March 2021.
- BF is in the top 10 LAs for the amount of cash deficit to be incurred in 2020-21.
- BF has the 14<sup>th</sup> highest overspend per pupil
- At just under 40%, BF has the 15<sup>th</sup> highest 2020-21 deficit as a proportion of HNB funding.
- BF request to schools to move money in 2019-20 was rejected by the Schools Forum with no appeal made by the council to the secretary of state to overrule

#### Financial context - local

6.7 The Forum is aware of the significant financial challenges most LAs are facing in managing their HNB budgets. Locally, the BF HNB budget first moved into an overspend in 2019-20 at £3.220m and 2020-21 is currently forecast to overspend by £5.378m (up £0.494m from the amount reported in January). After taking account of the historic cumulative unallocated DSG Reserves, the expectation is for a year end net deficit £5.519m which equates to around 30% of annual income.

6.8 As previously reported, the key factors affecting the financial pressure are:

- Significant cost pressures are being experienced, which is a national issue, and not just limited to BF, with the number of pupils with a statement or Education Health Care Plan (EHCP)<sup>2</sup> having increased in the 2 years

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<sup>2</sup> 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.

between 2018 and 2020 by 16.2%<sup>3</sup>. The change in BF showed a steeper increase of 17.7%<sup>4</sup>.

- Taking account of the increasing use of private, voluntary, and independent (PVI) sector providers, costs over the same 2-year period to 31 March 2020 increased by 27.3% during which time grant from the DfE has increased by 4.8%.
- The 2019 Education Spending Review confirmed an 8% increase in per head funding on most factors in the HNB NFF in both 2020-21 and 2021-22 for BF next year. This amounts to an annual increase of around £1.7m.
- The previously reported 3-year medium term financial forecast with no interventions predicted a cumulative £17.247m overspend at 31 March 2023. After planned interventions, this reduced to £14.952m.
- The HNB national funding formula is being introduced on a phased basis. This is designed to ensure that those areas losing money have time to adjust their spending patterns and there is a funding “floor” to prevent losses in income. This approach has significantly benefitted BF as the council will receive additional transitional funding protection in 2021-22 of £2.857m which amounts to 14% of total income compared to the LA average of 2%. As set out below from paragraph 6.23, the DfE is reviewing the HNB funding formula and there is a risk that over time the funding “floor” money will be eroded or lost.

- 6.9 It has been previously agreed that the Forum’s HNB Sub Group would work with the council on a plan to reduce costs and be in a position in the medium-term where it will be possible to start to pay back the deficit. The SEND Commissioning Plan details the current approach and actions.

#### SEND Commissioning Plan

##### *Update to December 2020*

- 6.10 In terms of recent progress, the January Forum meeting received a detailed update on progress against actions in the Commissioning Plan, and this is repeated for reference at Annex 2. The key points presented were:
1. In general, progress against the actions intended to reduce spending had been slower than expected, mainly due to the impact of the coronavirus pandemic which had diverted council resources, removed the ability to collaborate with key partners and insufficient capacity in the People Directorate.
  2. The development of Special Resource Provisions (SRP) was progressing with primary schools with new SRPs for secondary schools to be worked on during 2021.
  3. Work was underway with Kennel Lane School to maximise use of the specialist places to pupils with the most complex levels of need.
  4. Developing new provisions for post-16 students

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<sup>3</sup> DfE SEN statistic at relevant January from: [Create your own tables online, Table Tool – Explore education statistics – GOV.UK \(explore-education-statistics.service.gov.uk\)](https://explore-education-statistics.service.gov.uk)

<sup>4</sup> Average FTE placements for the financial year that BFC is financially responsible for, reconciled to payments to providers

5. Analysis of the feasibility of a Social, Emotional and Mental Health (SEMH) Hub is underway.
6. Better governance of SEND processes and procedures
7. Better strategic commissioning

*Update January to March 2021*

- 6.11 Good progress has been made on SRP's. Two SLAs have been completed and signed with a further eight almost completed. Work is at the early stages or has yet to start on the remaining five. Three of the schools are currently undertaking their statutory consultation ahead of setting up their new provision (Birch Hill, Sandy Lane and Rainbow at Meadow Vale). The first SRP Network Forum is due to meet on 11 March and will include 3 'breakout' sessions for Headteachers, School Business Managers and SENCOs.
- 6.12 The SEND "top up" Funding Matrix Task and finish group have been formed and include Headteachers from Kennel Lane, College Hall, Garth Hill and Uplands as well as a School Governor (from Meadow Vale). The group is supported by Emma Ferrey representing SEN and Angela Fright from Finance. The first meeting was on Thursday 25 February where the group looked at narrowing four banding matrix options down to one or two in order to analyse more detailed costings.
- 6.13 HNB project has developed a data dashboard which shows expenditure on the HNB and areas of pressure. This work supports the development of the feasibility study for the SEMH Hub as well as for the business cases for establishing SRPs. Both of these two projects are moving forward at pace and are expected to be finalised for a decision by Easter.
- 6.14 Roll out of the SEND Intervention Panel. The Panel meets weekly to review and approve Children's Support Service and SIF referrals. Panel members include representatives from Safeguarding our Schools, Autism Support, SEN, Education Psychology Service and Support for Learning. SIF referrals can include requests for Short term Alternative Provision placements, specialist intervention & resources and targeted therapeutic support.
- 6.15 A more robust and collaborative approach to Preparing for Adulthood has been identified as a long-term objective. A task and finish group has now been set up which will be facilitated by a lead trainer from National Development Team for Inclusion and scheduled to commence from February.

#### Budget Proposals

- 6.16 Taking account of the latest information and progress, further work has been completed on the forecasts. This reflects the latest outturn forecast for 2020-21 with an additional £0.494m spend now expected which will create an in-year over spending of £5.378m (the December reporting cycle is now available to replace the previously reported October cycle) together with revised assumptions around the key expenditure and savings plan items. With the general expectation that the majority of expenditure now being incurred will be fixed for the short to medium-term, this has a significant effect on the medium-term forecast deficit.
- 6.17 For 2021-22 and 2022-23, updated forecasts have been determined from government spending announcements, current on-going commitments, key assumptions relating to new requirements and the revised expectations relating to the delivery of the

savings included in the SEND Commissioning Plan. These are summarised below in Table 1, with more commentary below, split between 2021-22 impact and 2022-23:

1. -£1.679m increase in income for 2020-21 from the DfE of an 8% uplift on relevant factors of the HNB NFF. This reflects the provisional confirmed increase but is subject to change when final census data for SEND placements are confirmed in June, including the import / export adjustment between LAs for out of borough placements.

Whilst detailed spending plans for 2022-23 are not known, the overall increase in total funds confirmed in the Education Spending Review is similar to the first 2 years, suggesting a potential further 8% increase in 2022-23 at -£1.618m.

2. £1.522m for annual increases in paid places for EHCP pupils which are forecast to increase by 10% (84 extra places). The recent 3-year average increase has been 12.7% but is expected to be lower due to impacts from the SEND Commissioning Plan. To reflect the graduated approach to learning, there is an expectation that a higher proportion of pupils will remain in mainstream settings and therefore the new places are assumed to average 85% of the current cost amount.

The same approach to the calculation of demand for places for EHCP pupils has been included for 2022-23 i.e. 10% demand increase (93 places) at 85% current average cost of placement. This equates to a pressure of £1.712m.

3. £5.378m additional spend to bring the 2020-21 forecast overspend into the on-going base budget and therefore reflect the medium-term nature that most of the newly made commitments represent on most budgets.
4. £0.526m for the following specific new 2021-22 budget pressures:
  - a. A re-banding of all students at Kennel Lane Special school to ensure a minimum top-up payment of £12,745 (£0.208m)
  - b. A review of the underlying costs at College Hall Pupil Referral Unit (CH) indicates an on-going funding shortfall (£0.024m)
  - c. Bracknell and Wokingham College (B&WC) has indicated that the coronavirus pandemic, around 5 students with high needs will need to retake the current year of tuition in September 2021 (£0.032m)
  - d. Additional funding to replace the teachers' pay and pension grants. This affects KLS, CH, SEND Specialist Units and top up funding in mainstream schools. There is a funding shortfall estimated at £0.028m from the £0.207m added to the HNB DSG allocation. (£0.235m)
  - e. To maintain the current level of additional specialist staffing resources to deliver the actions from the Commissioning Plan (£0.050m).
  - f. The full year effect cost of the 2020-21 forecast outturn (-£0.023m).

With the exception of student retakes at B&WC (item c. above), where a further pressure of £0.023m is expected in 2022-23, these pressures are not expected to require further funding increases. Additionally, a pressure of £0.020m has been included for the new SRPs for 2022-23 which reflect the additional start-up costs exceeding the initial anticipated savings.

5. £0.401m for annual inflationary increases of:
  - a. 2.1% for provisions in LA schools, to reflect the estimated impact from the anticipated public sector pay awards which limits increases to staff on less than £24,000 per annum and increases in employer

contributions to the LG pension fund deficit. This is the inflationary increase to be applied universally to all Element 3 top ups in the BF funding matrix. Actual cost changes will vary by school. This calculation reflects the average expected across all school types

- b. 2.0% for provisions in PVI and other external setting, reflecting the expected increases to the minimum wage (+2.2%) and other pressures
- c. 0.7% for general costs (January 2020 CPI actual).

The same approach to the calculation of estimated inflation has been included for 2022-23 and amounts to £0.435m.

- 6. -£0.449m aggregate cost reductions from the savings plan. This includes further savings of -£0.034m from the SEND support stage, -£0.047m from reducing demand for EHCP, -£0.121m from the review of Planned Admission Numbers (PAN) at specialist providers, -£0.163m from improved Commissioning and -£0.084m from reviews of central services. Annex 3 sets out more details on the expectations.

In respect of the plan to create additional SRPs in BF schools, the funding model has been revised to reflect developing the provisions from the normal year of admission to the school, so from the youngest children rather than admitting to all ages. This has an affect on the speed in which compensating savings will be made, which with the impact of start-up costs for the first 2 years after opening results in a net forecast cost increase of £0.143m in 2021-22 and £0.336m in 2022-23.

To help manage this anticipated scenario, the Forum has previously agreed an SRP Development Reserve and £0.459m of balances remain available. Applying all these funds in the next 2 years would fully fund anticipated costs in 2021-22 will a small net cost of £0.020m remaining in 2022-23 which has been included in the associated forecast cost amount.

Business cases are being developed for each SRP to demonstrate the expected savings to confirm medium to long-term financial benefits. These will need to be agreed with relevant schools before agreements are concluded. No budget assumptions have been included at this stage for SRPs outside the existing group being worked with.

Other work in progress, as outlined above in paragraphs 6.11 to 6.15 such as the SEND “top up” Funding Matrix Task will need to be built into the budget forecasts as the work concludes and decisions are taken.

Annex 4 presents highlight data used for the budget assumptions and was also presented to the Forum in January. Additionally, it also illustrates spend by SEND category and placement type over the past 4 years.

#### Updated HNB Budget Medium term financial forecast

- 6.18 Table 1 below sets out a summary of the revised medium-term budget plan, reflecting the changes set out above. The forecast deficit at 31 March 2023 with no interventions is now £18.222m (up £0.975m from £17.247m), the anticipated savings measures are at £1.006m (down £1.289m from £2.295m) with the net deficit for 31 March 2023 predicted at £17.216m (up £2.264m from £14.952m).



- 6.19 The underlying budget gap is around £5.7m per annum and further plans need to be developed to eliminate this and any accumulated deficit. As LA funds are not permitted to be used to finance a shortfall on HNB costs, expenditure will need to be reduced to the level of DSG income.
- 6.20 Due to the volatile and unpredictable nature of pupil needs it is not always certain where the most suitable support arrangements are and where the education support will ultimately be delivered. The detailed budget changes are set out in Annex 5 and present an initial assessment which may be subject to change.

Table 1: HNB Budget: Medium term financial forecast after interventions

Item	2019-20 £m	2020-21 £m	2021-22 £m	2022-23 £m
<b><u>Forecast income:</u></b>				
HNB DSG income - gross	16.892	18.549	20.228	21.846
<i>Annual change</i>		1.658 9.8%	1.679 9.1%	1.618 8.0%
<b><u>Adjustments</u></b>				
Net impact of places in other LAs / NMSS	-1.101	-1.158	-1.158	-1.158
BF academy places deduction	-0.253	-0.072	-0.072	-0.072
Net retained funding	15.538	17.319	18.998	20.616
<i>Annual change</i>		1.781 11.5%	1.679 9.7%	1.618 8.5%
<b><u>Forecast spend - no interventions:</u></b>				
Forecast spend - no interventions	18.758	22.983	25.431	27.621
<i>Annual change</i>		4.225 22.5%	2.448 10.7%	2.190 8.6%
<b><u>Planned interventions:</u></b>				
SEND support stage		-0.054	-0.034	0.000
Reducing demand for EHCP		-0.082	-0.047	0.000
Review PAN at specialist providers		-0.150	-0.121	0.000
Reducing reliance on external providers		0.000	0.000	-0.043
Improved commissioning		0.000	-0.163	-0.163
Central Services:		0.000	-0.084	-0.065
Forecast impact of interventions		-0.286	-0.449	-0.271
Cumulative		-0.286	-0.735	-1.006
<b>Net spend after planned interventions</b>		<b>22.697</b>	<b>24.696</b>	<b>26.615</b>
Start-up costs at new SRPs			0.143	0.316
Draw down from SRP reserve			-0.143	-0.316
<b><u>Forecast funding gap after interventions:</u></b>				
Annual	3.220	5.378	5.698	5.999
Unallocated DSG reserve opening balance	-3.079	0.141	5.519	11.217
Unallocated DSG reserve closing balance	0.141	5.519	11.217	17.216
Deficit as a % of gross annual income		30%	55%	79%

### Responsibilities of the Schools Forum

- 6.21 The Forum is requested to agree that the Executive Member sets the 2021-22 budget on these proposals, as summarised in Table 1. Annex 5 sets out the detailed budget changes with Annex 6 showing the summary HNB budget outturn currently being forecast for 2020-21 and that proposed for 2021-22. Whilst the duty to set the HNB budget rests with LAs, the views of the Forum are an important part of the process and have always been considered by the Executive Member.
- 6.22 There are 2 specific areas on HNB budgets where the Forum has a statutory role to play in setting the HNB, and this involves “giving a view” on:
- arrangements for pupils with special educational needs, in particular the places to be commissioned by the local authority and schools and the arrangements for paying top-up funding
  - arrangements for use of pupil referral units and the education of children otherwise than at school, in particular the places to be commissioned by the local authority and schools and the arrangements for paying top-up funding

### DfE consultation on a review of the HNB NFF to LAs

#### *Overview*

- 6.23 On 10 February, the DfE launched a consultation on a review of the HNB NFF to LAs which seeks views on a small number of changes for 2022-23 and sets out the intention to consider further changes in the context of a wider review of the SEND and AP system. The aim “of the SEND review, 6 years on from the reforms inaugurated by the Children and Families Act 2014, is to make sure the system is consistent, high quality, sustainable, and integrated across education, health and care”.
- 6.24 This first stage of consultation is to consider specific questions about improvements to the formula funding distribution that could be implemented for 2022-23, but which would not pre-empt wider and longer-term changes resulting from the current SEND review or AP reforms. There are also some more general questions on longer-term changes to the funding arrangements. Overall, 5 questions are included.
- 6.25 The consultation is asking for views specifically about the way that high needs funding is allocated through the national funding formula, and not about the overall level of funding.

The consultation document can be viewed at:

[High needs consultation document \(education.gov.uk\)](https://www.gov.uk/consult/consultation/high-needs-national-funding-formula-proposed-changes)

The response document can be viewed at:

[High needs national funding formula – proposed changes - Department for Education - Citizen Space](https://www.gov.uk/consult/consultation/high-needs-national-funding-formula-proposed-changes)

*Areas relating to possible changes from 2022-23*

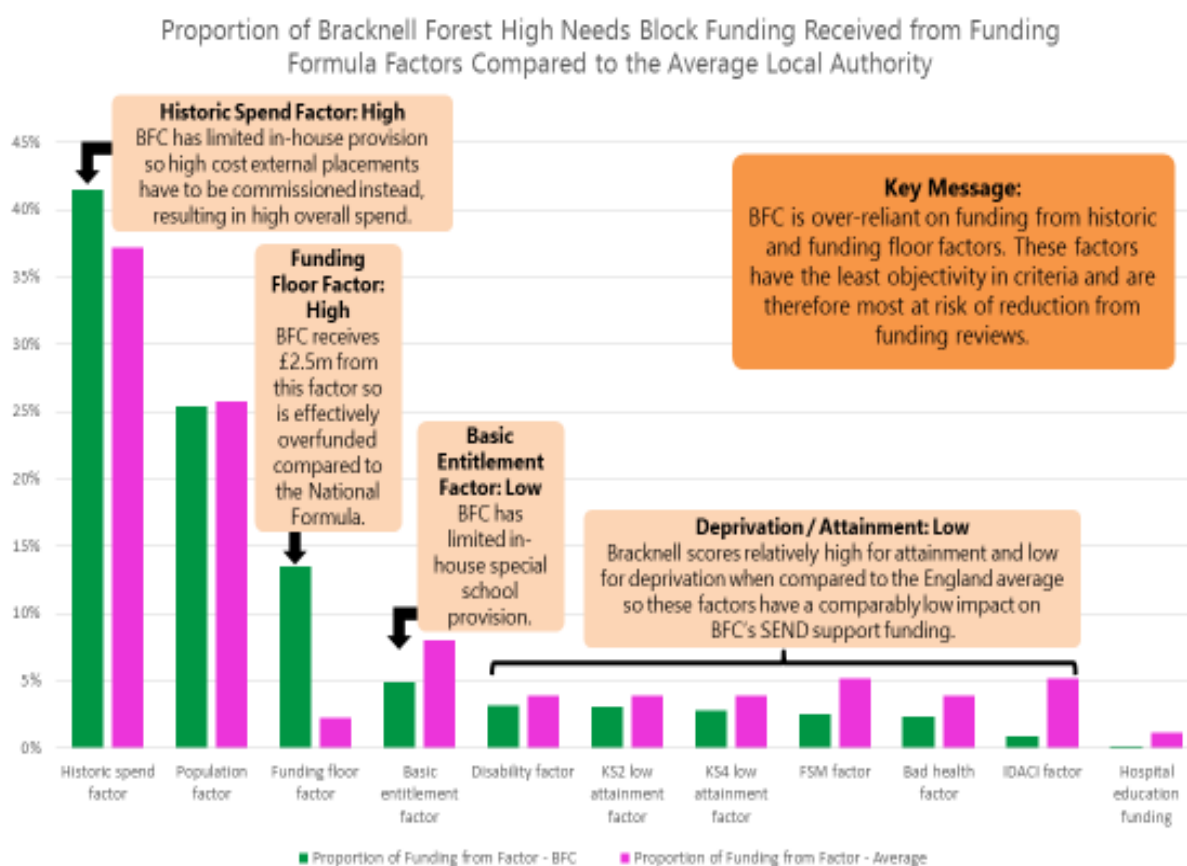
- 6.26 There are 2 areas where views are being sought for possible changes from 2022-23, both of which relate to the historic spend factor which is the most financially significant factor in the NFF, distributing 34% of funds in 2021-22 (but down from 44% in 2018-19, the first year of the HNB NFF).
1. The core data used for this factor is proposed to be changed from 2017-18 budget data to 2017-18 actual outturn. At the time of setting the original HNB NFF, this was the most up to date financial information. **(Question 1)**
  2. The significance of this factor, which is the main proxy used for local circumstances that can significantly affect LAs levels of spending on high needs, and that take time to change, has reduced over time. This formula lump sum is calculated using 50% of each LAs planned expenditure on high needs in 2017-18 and views are being sought on whether this should now be increased. **(Question 2)**
- 6.27 In terms of the potential impact on BF from any changes that could be made for 2022-23, the DfE has provided an outline illustration of the change had it been in place for 2021-22. It should be noted that whilst a useful data set, the impact would not be exactly the same in 2022-23, because of the other data that will be updated in the formula, and because the overall level of increase will not be the same. It also assumes the Historic Spend factor allocates 40% of funds, a reduction of 4% from the original 44%, but an increase of 6% compared to the current 34% value.
- 6.28 The DfE illustration of financial impact at LA level indicates a £0.738m reduction in funding to BF as the HNB was underspending budget at that time and the new data proposed to be used is therefore a lower amount than that currently used in the calculation. However, on the possible future model, based on current funding policy, this would be negated by the Funding Floor factor to result in no financial impact. Within the first 2 years of the current 3-year Education Spending review period (ends 31 March 2023), the DfE uses the Funding Floor factor to set a minimum per head increase of 8% and a maximum per head increase of 12%. This overrides lower increases that would be delivered through the normal HNB NFF and operates in a similar way to the Minimum Per Pupil Funding level required in the main BF Funding Formula for Schools. As BF has been receiving the minimum 8% per head increase, any reduction in funding from this change would have no financial effect.
- 6.29 Importantly, if implemented, this changed would further increase the significance of the Funding Floor factor to BF as it would allocate around 18% of total funds received, compared to the all England average of around 2%.
- 6.30 The historic spend factor is the most financially significant for BF accounting for 38% of income against the national average of 34%. Other factors are less financially beneficial. Therefore, in general, any increase in funds through this factor should be supported, although the re-setting of the base data for its calculation has a detrimental impact. Overall, the most important consideration for BF on the historic cost factor question is the continuation of the Funding Floor factor at a minimum per head increase of 8%. The financial illustrations assume this, but no direct mention is made of the future operation of Funding Floor factor as this is outside the scope.
- 6.31 Indeed, the DfE have calculated that the different historic spend amounts, if used in the 2021-22 national funding formula calculations, would have meant that 47% of authorities would have experienced a change in their allocations, with 35 receiving a

larger increase and 36 receiving a smaller increase. For 79 authorities, including BF, the effect of the 8% funding floor and the 12% limit on gains would have been to override the impact of the change in the historic spend factor value.

- 6.32 As well as potential changes to the Historic Spend factor, the DfE is also considering how best to reflect low prior attainment in the HNB NFF.
- 6.33 As with the NFF for schools, the disruption caused by the coronavirus pandemic has prevented the availability of data that would normally be used for funding purposes i.e. 2020 key stage 2 test data and or GCSE exam results. Using the same data from 2015 to 2019 as used in the 2021-22 formula is one option but has been discounted by the DfE as the series would continue to include older data from before the changes to the tests and exams in 2016. The DfE therefore propose to update the series using 5 years' data from 2016, and to substitute the most recent 2019 data in place of the missing 2020 attainment data. **Question 4** seeks views on this approach and any alternative suggestions for implementation from 2022-23.

The following diagram sets out the allocation of funds to BF through the HNB NFF compared to the England average in 2020-21.

## High Needs Block Funding Allocation to BFC vs. Other LAs



*Areas relating to possible changes beyond 2022-23*

- 6.34 The DfE considers that using a past level of spend as a factor in the funding formula is not the perfect long-term solution to reflect local issues in the funding arrangements. While historic spending reflects local circumstances that should be acknowledged in the funding distribution, it can also reflect aspects of the local system - such as where there is poor value for money - that should not be reinforced through funding allocations. Past levels of spending also reflect the situation in a local area as it was, and, over time, will cease to reflect current patterns of need or demand. Ideally, therefore, the DfE are seeking to replace the historic spend factor with an alternative factor or factors, that better reflect these local issues, and are able to be kept up to date.
- 6.35 Research previously commissioned on this by the DfE by the Isos Partnership reported that in any single area the factors which shaped spending on children and young people with SEND were both complex and multiple. At a higher level, however, they identified three main drivers, in addition to the local demographic context that determined underlying needs.
1. Parental preference was considered a critical driver of the nature and quantity of different types of provision available in a local area
  2. The capacity and ability of all types of provider in a local area to provide high-quality education for children and young people with SEND, and the readiness of those providers to work together in support of a common endeavour to improve outcomes for all children and young people with SEND
  3. The strategic decisions that local authorities make about how they will meet the needs of children and young people with SEND, the pattern of provision that they have, or will, put in place
- 6.36 The DfE are considering how far to reflect local variation in provision and the consequent funding distribution, and the factors to use (**Question 3**). There is a need to avoid perverse incentives: for example, to create more placements in special schools in order to gain more funding, when some of those pupils would make better progress if they were well supported in a mainstream school. Any factor would also need to be "fit for purpose" for use in a funding context: for example, that the data used are collected uniformly across the country, with robust assurance processes in place; and that the data set is relatively stable from year-to-year, so as not to subject local authorities to significant changes in their funding.
- 6.37 The final question in the DfE consultation relates to making sure that the funding system supports the outcome from the SEND review, and any changes to AP arrangements, which could include whether system changes are needed to provide more consistency in EHC needs assessment and planning process, and to improve other aspects of the SEND arrangements. This is expected to feature again in a second DfE consultation planned for later in 2021 and may consider the appropriateness of the existing proxy factors of population, disability living allowances, children in bad health, low prior attainment at KS2 and KS4, free school meals and income deprivation affecting children index. **Question 5** seeks ideas on factors that could be added to the current formula, or that could replace the current proxies
- 6.38 Annex 7 sets out the DfE questions and the supporting information provided by the DfE in the response document. The consultation has a deadline of 24 March, and a reply is in the process of being completed for BFC.

### Next Steps

- 6.39 The views of the Schools Forum regarding the final 2021-22 budget proposals from the council will be considered, and where agreed, included in the final budget proposals that will be presented for approval by the Executive Member on 23 March. Based on the expectation that changes will be made to service provisions during the year through the partnership work with schools and other providers, the Forum is 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.
- 6.40 Considerable further work is required to eliminate the circa £5.7m underlying budget gap which in the first instance will be progressed through the HNB sub-group.

## **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 are expected to contribute over the medium-term to widening choice and cost reduction. However, a significant funding gap remains, and further work is required to move to a sustainable budget position.

### Equalities Impact Assessment

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

### Strategic Risk Management Issues

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

## **8 CONSULTATION**

### Principal Groups Consulted

- 8.1 The Schools Forum, including the HNB sub-group 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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(01344 353318)

### Doc. Ref

Doc. Ref [https://bfcouncil.sharepoint.com/sites/fina/bpm/FIBPSCB-FIN9.6/Schools\\_Forum/\(103\)\\_110321/2021-22\\_HNB\\_Budget\\_Preparations\\_-\\_March\\_2021.docx](https://bfcouncil.sharepoint.com/sites/fina/bpm/FIBPSCB-FIN9.6/Schools_Forum/(103)_110321/2021-22_HNB_Budget_Preparations_-_March_2021.docx)

## Overview of the HNB Budget

1. The HNB element of the DSG 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. LAs receive funding for these provisions from the DfE and in general commission services from providers. In-house arrangements are made in a relatively small number of areas.
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.
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.
4. The statutory regulatory framework requires the council to decide on the arrangements to be put in place for the HNB and associated resources and for the Forum to comment on their appropriateness. The current approach in BF is to develop the services during the year in partnership with schools and has therefore created a sub-committee of the Forum to gather views and help shape arrangements. Final budget decisions are taken in March each year by the Executive Member for Children, Young People and Learning.

### DfE Reforms

5. A new National Funding Formula (HNB NFF) was introduced in April 2018 to replace a system that largely allocated funding based on historic spending decisions. The core elements of funds distribution to LAs now comprises:
  1. **Basic entitlement** (initially £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 the relevant mid-year as a proportion of all 2-18 year olds)



4. **Free school meals** (Share of national budget allocation based on 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 in the 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 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 tests plus those that did not attain a scaled score in 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 as a proportion of all relevant children).
10. **Hospital education** (LA specific funding based on budgeted spend)

The BF allocation through the HNB NFF are illustrated in the diagram below.

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. An funding floor adjustment to add the cash amount difference where the normal operation of the HNB formula does not deliver at least a minimum increase in per head (2-18 year old population) funding compared to the baseline amount of expenditure (8% for 2021-22). The protection is not calculated on elements of the formula that are subject to later updates and are in proportion to estimated population changes (so a projected decrease in population will result in a lower overall cash percentage increase, subject to a cash protection).

There is a net £174m cost to the Funding Floor in 2021-22, which amounts to 2.2% 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 is a second funding floor adjustment to ensure total cash funding does not fall below the baseline amount. 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 previous funding system where LAs did not generally contribute to Element 1 and 2 costs for their students in institutions in other LAs.

7. An area cost adjustment will be applied where relevant (7.4% uplift for BFC) to all factors other than historic spend as this will already reflect local cost variations. This recognises additional costs in some areas, most notably enhanced salary payments in and around London, and follows the same approach adopted by the DfE in the funding reforms 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 area cost adjustment is 5.6%).
8. The new HNB NFF will deliver significantly less funding to BF than the current arrangements. The draft 2021-22 HNB DSG update from the DfE indicates £2.857m funding protection for BFC, which is around 14% of total funding which clearly illustrates the importance of the funding floor adjustment from a BF perspective. On average, LAs receive 2.1% of their HNB funding through this factor.

**2020-21 progress on planned Service Developments – as at December 2020 and previously reported to January 2021 Schools Forum**

1. The January Forum meeting received an update on service developments and performance against the budget expectations. More work has now been undertaken which is summarised below.

*Original developments*

2. In setting the original budget, a significant amount of change in service delivery was agreed with the Schools Forum and approved by the Executive Member. However, a number of factors have impacted the ability to make the changes as originally intended including:
  1. The coronavirus pandemic. This has diverted priorities within the council and schools away from the HNB developmental projects
  2. Capacity to take forward the range of immediate developments needed.
  3. Lack of opportunities to collaborate with key partners.
  4. The Annual Reviews and Placement Monitoring officer took up post at the start of August. Although a recent appointment, developments are needed to develop a more robust approach to annual reviews particularly for the post 16 cohort. Initial forecasts suggest that at least 10% of plans could cease as a result of this approach potentially saving £0.150k per annum. Equally important would be the precedent that would be set by establishing this approach to manage processes and expectations for future years.
  5. The SEN finance officer formally started at the start of August. An operating model needs to be developed linked to placement decisions as set out in the Code of Practice.

*Update on new initiatives*

3. The need to build and grow capacity across the borough is becoming ever-more pressing. The number of EHCPs continues to grow significantly each year with a 38% increase in resultant purchased places expected in the 4 years to January 2021.
4. The original developments to HNB services and budgets were the first step towards significant change. The following section sets out progress made over the autumn term against these priorities. More detailed work, to establish business cases for each development, is underway.

**a) Ensuring appropriate resources across the continuum of support & reducing cost pressures**

- i) The Expressions of Interest (EOI) for primary age specially resourced provision for children with autism has been completed. Two schools submitted expressions of interest and both have had agreement in principle to go ahead. Further work will be done to agree their revenue funding levels. These two provisions will provide a further 20 places in borough for children with autism who struggle to cope full-time in mainstream school.
- ii) SLAs are being agreed for the Special Resource Provisions (SRPs) developed as part of the Special Provision Capital Fund (SPCF). Across the new developments,

up to 90 new places will be created (this figure could be higher, but we are still awaiting some schools to confirm their capacity), in both secondary and primary phases.

- iii) An Expression of Interest process is being planned for 2021, this time focussing on specially resourced provision for secondary school aged pupils with autism.
- iv) Working with Kennel Lane School supporting their work ensuring appropriate placements are made and that these specialist places are there for those pupils with significantly more complex levels of need.

#### **b) Working with commissioning to improve provision & cost efficiencies**

- i) Review residential placements for complex needs including those for children and young people under Child Protection or who are looked after by September 2021.
- ii) Work has also started to take control of post-16 expenditure, taking a commissioning approach to work with existing post-16 providers as well as looking at procuring new provision. In particular, we are keen to work with Adults' Services to develop new provision which will support young people with SEND into a meaningful adult life.

#### **c) Identifying & progressing next steps for Social Emotional and Mental Health (SEMH) provision**

- i) Analysis of the feasibility of an SEMH Hub is underway. To support this, officers from a number of services have come together to look at how and where we gather data. This will provide a process for ongoing analysis, as well as reliable data projections which is needed to make a case for the new school.

#### **d) Improved control of number of EHCPs**

In addition to new developments which will add places across the borough, we are looking at how we ensure we are maximising existing capacity. To this end, we have completed our consultation with all schools across the continuum of need. This includes:

- i) An improved overview of a consistent application of the Graduated Approach.
- ii) offering the right interventions to schools at the right time via the SEND Intervention Fund/referral to Children's Support Services (as appropriate). This will be in place from January 2021 and details of how to make referrals will be shared as well as published on the local offer.
- iii) We are also reviewing and developing our approach to Annual Reviews specifically for phased transfers.

#### **e) Better governance of SEND processes and procedures**

Current governance and decision-making around the current SEND panel processes, intervention hub and high needs funding allocation have been completed:

- i) Formal consultation with stakeholders regarding proposed changes to were carried out and the new ways of working have been implemented or will be from January 2021.

- ii) Planning is underway to continue the work with schools on updating the funding matrix. This is expected to continue apace in the new year. A Task and Finish group, from the Schools' Forum Sub-Group is meeting on 20 January and 25 February, by which point an interim funding matrix should be finalised and agreed. Further work may need to continue to refine the matrix over the first half of the year.

#### **f) Strategic Commissioning**

The main areas of progress over the Autumn term for the Commissioning Team have included:

- Update: SEND needs and sufficiency analysis completed
- Development and sign off of SEND Commissioning plan and priorities
- A new Commissioning Team structure was set up in June 2019 incorporating a Children's Commissioning team covering SEND, CLA, Care Leavers, Children with disabilities and Early Help.
- Supporting the local area COVID 19 response and provider engagement across Children's, Adults, and Integration.

#### **g) Children and Young People's Integrated Therapy – East Berkshire Service Overview**

The Directors across the three East Berkshire LA's (RBWM, Slough and BFC) and the Clinical Commissioning Group (CCG) have agreed to work together for developing a **joint approach** to the commissioning and delivery of Integrated Therapies.

##### **Approach to date:**

Integrated Therapies for children and young people across East Berkshire are currently commissioned through a variety of arrangements by the three local authorities and the CCG. In order to develop this approach, it is important to gain an understanding of the need, demand, future demand, and cost of the services across East Berkshire.

##### **Progress:**

- The CCG supported by the LA's has been focused on working collaboratively with BHFT on improvements to the OT services and reducing the current waiting times.
- Collaboration between BFC and BHFT has resulted in strengthened monitoring around SALT.
- East Berkshire CYPIT needs analysis completed.
- Best practice sessions with other LA's including Ealing.
- This work has allowed us to develop an initial understanding of service need and challenges but is based on limited engagement due to COVID and a lack of robust data.

##### **Next steps**

- Develop a detailed project plan and timeline
- Discovery phase to understand the as is picture across East Berkshire – the current model, pathway and the challenges and barriers around delivering CYPIT from BHFT's perspective.

- The experience, outcomes, and impact of CYPIT for children and young people.
- Co-production and engagement with schools, BHFT, CYP and families to develop a service model and pathways.
- Funding of therapies across the three LA's – SEND funding and High Needs Block.
- Agree commissioning and contracting model with a view to having new arrangements in place for April 2022.

## **h) Partnership working and Monitoring of SaLT in Bracknell Forest**

### **Local developments**

An established quarterly contract monitoring for SaLT is now place. This includes:

- BHFT service leads, BFC Commissioning and Operational leads from SEND and Early years
- Focused on early years, school age and 16 – 25 provision
- Activity data including referrals, contacts and waits
- Developing qualitative feedback too
- BHFT and BFC maintained good contact and all monitoring meetings continued utilising remote technology.
- No concerns at this time around waiting lists, however work around tribunals can be time and resource intensive for BHFT therefore joint work to map out the work/process to identify where learning and improvements can be made will take place in 2021.

### **Summary**

- Recovery and restoration planning is ongoing and face to face contacts in schools continue to increase.
- A blended model of service delivery continues to be in place consisting of face to face contacts, telephone, and online consultations to best meet the clinical needs of the CYP.
- BHFT training packages are being developed that can be delivered virtually in order to support new working practices and ensure sustainability within the service.
- The CYPIT online resource has provided a level of ongoing support and advice, easily accessed by families.
- Feedback is now automatically requested in the form of an online questionnaire at the end of every 'One Consultation' session. Once online training commences, feedback will be requested at the end of every session which will be analysed, shared with BFC and used to inform service delivery and development.

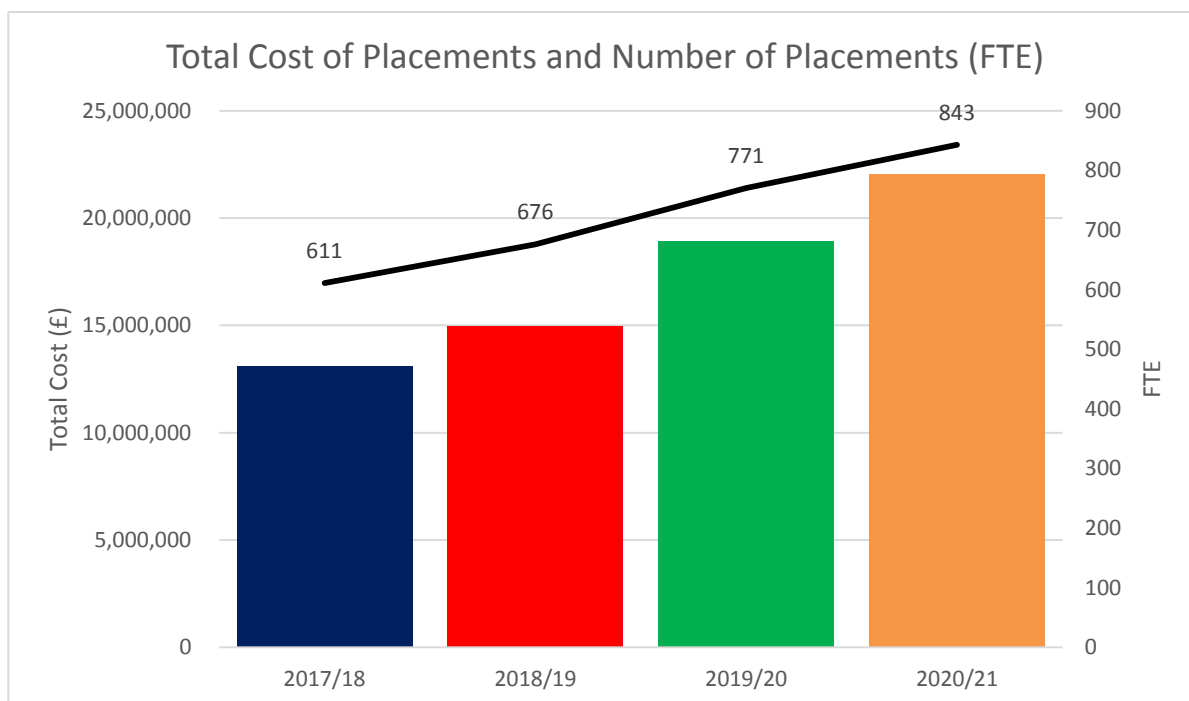
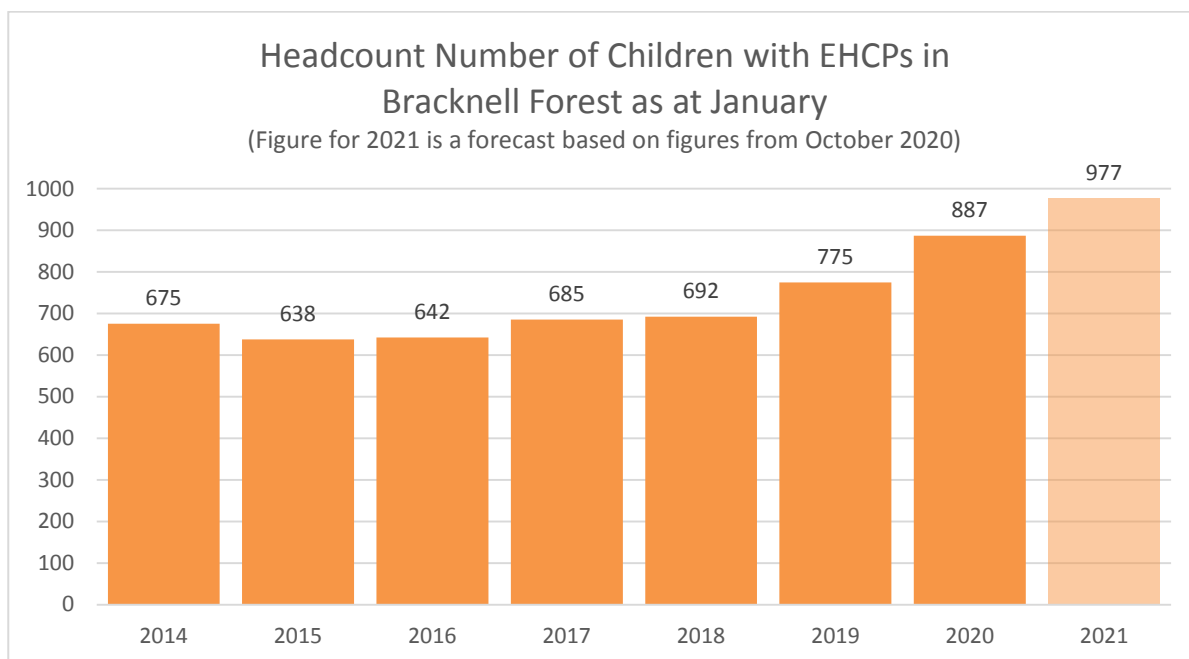
## HNB Budget – medium term savings summary

Item	2020-21 £m	2021-22 £m	2022-23 £m	Scaling for risk	Comments
<b><u>Planned changes:</u></b>					Note: some proposals can be categorised differently or across multiple areas
Prior years on-going savings		-0.286	-0.449		All assumptions subject to change and therefore need to be viewed as a guide.
<b><u>SEND support stage</u></b>					
SEN Intervention Hub	-0.054	-0.034	0.000	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.
<b><u>Reducing demand for EHCP</u></b>					
New Special Resource Provisions		0.000	0.000	N/A	<p>Following bids from interested schools, capital funding has been allocated for the development of 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. Around 80 new places are expected to become available at September 2021, with admissions generally taking place in the youngest year groups as the Units develop. The funding model expects around 20 pupils to be admitted to the new SRPs at September 2021 which is expected to reduce alternative high cost placements by 6. Maintained schools and the HNB will contribute to the operating costs which will result in greater numbers of pupils being retained in BF schools.</p> <p>Net costs are estimated at £0.143m in 2021-22 and a further £0.336m in 2022-23. The £0.479m total will be funded £0.459m from the SRP Development Reserve and £0.020m from HNB DSG.</p>
Spare places at Meadow Vale Unit	-0.029	0.000	0.000	10%	The SEN Provision at Meadow Vale had 3 vacant places. The funding has been withdrawn. 6 further vacant places are being funded in 2021-22.
SEMH assessment and direct provision facility	0.000	0.000	0.000	N/A	Feasibility study commenced to create an outline 30 place SEMH assessment and 40 place provision on an existing school site with spare capacity. Potential for phased opening from September 2023 with planned return to the borough for suitable students currently placed in similar, external provision. No financial impact in the current financial plan timescale.

Item	2020-21 £m	2021-22 £m	2022-23 £m	Scaling for risk	Comments
<b><u>Reducing demand for EHCP</u></b> Savings from Rise ASD Secondary Resource provision	-0.053	-0.047	0.000	10%	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.
<b><u>Review PAN at specialist providers</u></b> Extra 5 in-house AP places at College Hall PRU	-0.050	-0.062	0.000	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
Extra 10 places at KLS	-0.100	-0.059	0.000	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.
<b><u>Reducing reliance on external providers</u></b> Increase BF placements at KLS	0.000	0.000	-0.043	30%	Ensure 4-5 BF students replace some of the circa 35 OLA students at KLS each year to ensure better value, high quality, local placements.
<b><u>Improved commissioning</u></b> Inflation management	0.000	-0.059	-0.059	15%	Assumes save 0.5% per annum on core inflation assumption on external providers
Block contracts	0.000	-0.056	-0.056	20%	Economies from prices as providers received guaranteed income.
Price negotiation with providers	0.000	-0.048	-0.048	20%	Undertake individual negotiation with providers admitting 4 or more students to secure price discounts.
<b><u>Central Services:</u></b>  - Reviews to be completed	0.000	-0.084	-0.065	20%	A range of services will be reviewed for quality, impact, and value for money.
<b>Forecast impact of interventions</b>	<b>-0.286</b>	<b>-0.449</b>	<b>-0.271</b>		
<b><u>Funding gap after interventions</u></b>					
<b>Annual</b>	<b>5.378</b>	<b>5.698</b>	<b>5.999</b>		
<b>Cumulative</b>	<b>5.519</b>	<b>11.217</b>	<b>17.216</b>		



## Summary Data SEN trend data

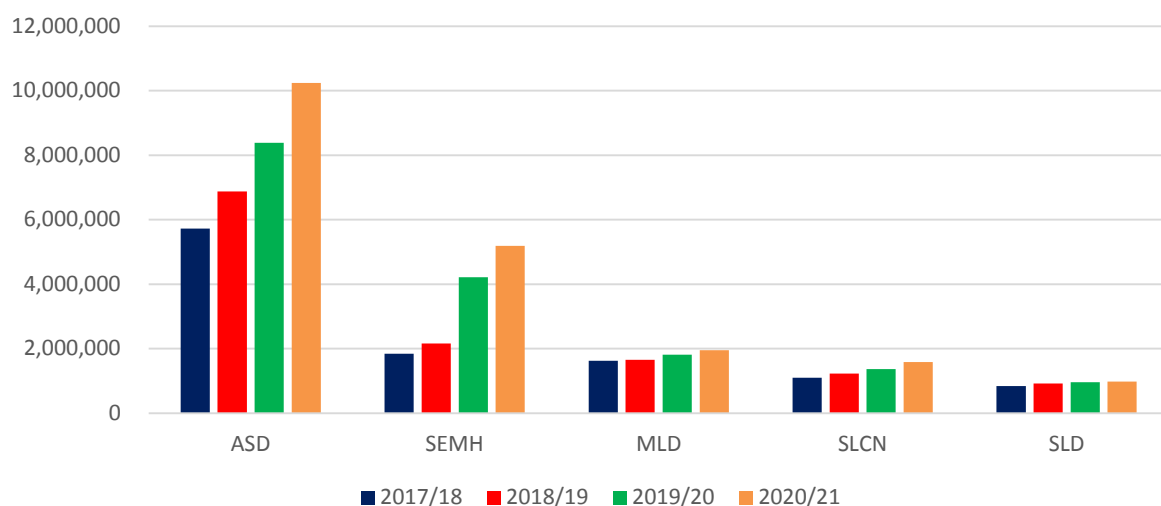


69% increase in total spend

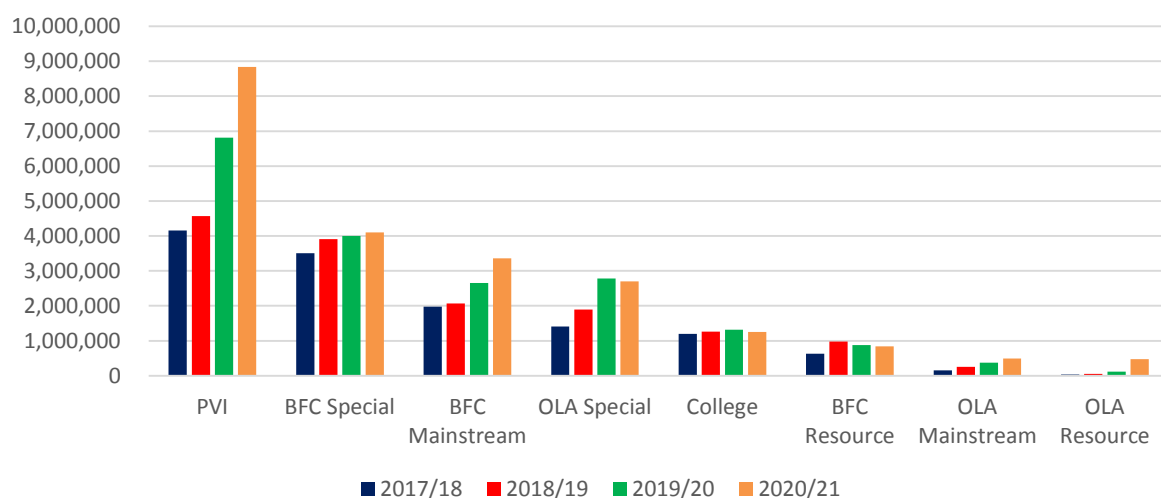
38% increase in FTE

22% increase in average placement  
cost

### Total Cost Per Need for Five SEND Categories Forecast to Result in Highest Costs in 2020/21



### Total Cost of SEND Placements Per Provision Type



	PVI	BFC Special	BFC Mainstream	OLA Special	College	BFC Resource	OLA Mainstream	OLA Resource
Proportion of total costs in 17/18	32%	27%	15%	11%	9%	5%	1%	0%
No of FTE 17/18	80	152	196	57	82	24	14	4
Proportion of total costs in 20/21	40%	19%	15%	12%	6%	4%	2%	2%
No of cases 20/21	130	155	278	87	92	45	35	21

## 2021-22 Proposed HNB Budget detailed changes

Line Ref	Description	2020-21 Current Budget	Proposed Budget Change					Proposed 2021-22 Budget	Summary Comment on significant "Proposed Budget change"
			Reset to 2021-22 full year	Growth Pressures	Savings Plan items	Mainstreamed Teachers' grants	Inflation		
A	B	C £	D £	E £	F £	G £	H £	I £	I

**Funds Delegated to Special School**

1	Kennel Lane Special School - original budget (BFC responsibility only)	4,390,090	0	208,000	0	139,000	56,890	4,793,980	Current estimate is for initial budget requirement of 198 purchased places (+3) and 162 FTE BFC resident Element 3 top-up payments (+11 FTE).  The total January 2021 NOR (including other LA students) is 196 (+4). Extra 1 BF student, 3 extra from other LAs.  Growth pressure reflects re-banding exercise to ensure all BF pupils receive at least £12,745 "top up"
2	Kennel Lane Special School - in-year budget changes (BFC responsibility only)	95,930	-21,000	0	0	0	0	74,930	The increasing average cost of Element 3 payments for students limits further increases indicating a lower on-going requirement than the 2020-21 forecast outturn.

4,486,020	-21,000	208,000	0	139,000	56,890	4,868,910
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Line Ref	Description	2020-21 Current Budget	Proposed Budget Change					Proposed 2021-22 Budget	Summary Comment on significant "Proposed Budget change"
			Reset to 2021-22 full year	Growth Pressures	Savings Plan items	Mainstreamed Teachers' grants	Inflation		
A	B	C £	D £	E £	F £	G £	H £	I £	I

#### Maintained Schools & Academies

3	BF Secondary School SEN Resource Unit	790,860	0	19,810	0	12,530	11,290	834,490	Provision for a cost increase relating to admitting pupils with support needs above the average.
4	BF Primary School SEN Resource Unit	160,650	0	0	0	3,340	1,780	164,770	1 Empty place funded at Speech and Language Unit, 5 empty places at Rainbow early years provision. Total cost £0.060m.
5	New SEN in-school Provision	103,000	-103,000	0	0	0	0	0	No impact on DSG funding. Finance from Reserve as per row 13 below. Expect around 20 places occupied by BF pupils at September 2021.
6	BF mainstream schools - Element 3 top up payments	1,289,020	612,000	214,490	0	2,850	40,840	2,159,200	Growth pressure reflects the expected impact from increased placements.
7	BF resident students attending other LA schools	2,001,480	459,000	308,310	-47,000	3,690	49,210	2,774,690	Growth pressure reflects the expected impact from increased placements.
8	BF mainstream schools - Element 3 short term interventions	10,100	0	0	0	0	0	10,100	
9	BF mainstream schools – top up to schools with disproportionate number of HN pupils	40,390	0	0	0	0	870	41,260	
10	Element 3 Early Years	35,340	11,000	0	0	0	1,000	47,340	
11	Post-16 SEND pupils in maintained school sixth forms	28,000	0	0	0	0	0	28,000	
12	SEN Hub	0	0	0	0	0	0	0	As agreed by the Forum, operational costs are funded from SEN Strategic Reserve, so no contribution required from DSG funding.

<b>4,458,840</b>	<b>979,000</b>	<b>542,610</b>	<b>-47,000</b>	<b>21,410</b>	<b>104,990</b>	<b>6,059,850</b>
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13: Memo	SRP costs funded from Reserve	0	0	143,000	0	0	0	0	Planned spend fully funded by Reserve.
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Line Ref	Description	2020-21 Current Budget	Proposed Budget Change					Proposed 2021-22 Budget	Summary Comment on significant "Proposed Budget change"
			Reset to 2021-22 full year	Growth Pressures	Savings Plan items	Mainstreamed Teachers' grants	Inflation		
A	B	C £	D £	E £	F £	G £	H £	I £	I

#### NMSS & Colleges

14	Pre-16 provisions	4,846,170	1,947,000	735,290	-325,000	30,000	135,860	7,369,320	Growth pressure reflects the expected impact from increased placements.  Savings plan items are impact from actions at Annex 3.
15	Post-16 provisions	1,597,710	-42,000	201,080	-15,000	0	31,110	1,772,900	Growth pressure reflects the expected impact from increased placements.  Savings plan items are impact from actions at Annex 3.

<b>6,443,880</b>	<b>1,905,000</b>	<b>936,370</b>	<b>-340,000</b>	<b>30,000</b>	<b>166,970</b>	<b>9,142,240</b>
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#### Education out of School

16	College Hall PRU	870,960	75,260	24,210	89,000	31,000	10,720	1,101,150	Reflects the impact of permanent funding for 56 places (+5) and 48 Element 3 top-up placements (+12) to reflect the cost base of the provision. Savings Plan reflects costs funded from reduced external places.
17	Home Tuition	431,310	197,000	0	-34,000	0	12,570	606,880	Savings Plan reflects savings from extra places at BF provisions
18	Outreach	107,030	1,000	0	0	0	1,570	109,600	
19	Alternative Provision for Primary Aged pupils without a statement	60,690	138,000	0	-2,000	0	7,940	204,630	
20	Alternative Provision for Secondary Aged pupils without a statement	96,720	99,000	0	-29,000	0	7,820	174,540	Savings Plan reflects savings from extra places at BF provisions
21	Other externally purchased Alternative Provision	35,640	71,000	75,000	-28,000	0	4,260	157,900	Growth pressure reflects the expected impact from increased placements. Savings Plan reflects savings from extra places at BF provisions
22	Excluded pupil provision	19,240	0	0	0	0	1,130	20,370	
23	Share of Head of Service	23,930	0	0	0	0	0	23,930	

<b>1,645,520</b>	<b>581,260</b>	<b>99,210</b>	<b>-4,000</b>	<b>31,000</b>	<b>46,010</b>	<b>2,399,000</b>
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Line	Description	2020-21	Proposed Budget Change					Proposed	Summary Comment on significant "Proposed Budget
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Ref		Current Budget	Reset to 2021-22 full year	Growth Pressures	Savings Plan items	Mainstreamed Teachers' grants	Inflation	2021-22 Budget	change"
A	B	C £	D £	E £	F £	G £	H £	I £	I

### Other SEN Services

24	Autism Support Unit	85,660	0	0	0	2,570	0	88,230	
25	Sensory Consortium Service	244,620	0	0	0	5,870	2,050	252,540	
26	Speech and Language Services	217,620	0	0	0	0	6,180	223,800	
27	Occupational Therapy	38,040	0	0	0	0	1,080	39,120	
28	Integrated Therapies	21,520	0	0	0	0	430	21,950	
29	Medical support to pupils pre 16	388,090	0	0	-4,000	0	7,760	395,850	
30	Equipment for SEN Pupils	22,510	0	0	0	0	450	22,960	
31	SEN Tribunals	50,270	0	0	0	0	340	50,610	
32	Support for Learning	123,120	0	0	0	3,340	0	126,460	
33	TASS Learning Support	59,540	0	0	0	570	0	60,110	
34	Traveller Education	76,640	0	0	0	0	1,240	77,880	
35	EY Management Staff	146,330	0	0	0	0	2,330	148,660	
36	Child Development Centre	239,870	0	0	0	0	4,610	244,480	
37	Share of Head of Service	35,550	0	0	0	0	0	35,550	
38	Savings Plan Management	105,000	0	50,000	0	0	0	155,000	Specialist support required to further develop and deliver the medium-term savings plan. Ensures on-going additional resource for SEN Specialist, annual review process and data analysis that was initially agreed on a temporary basis in 2020-21.
39	Savings to be identified	-84,000	84,000	0	-84,000	0	0	0	Savings plan items are impact from actions at Annex 3.
40	Standards and Effectiveness Team, Finance, HR, Business Intelligence, and other support services	191,520	0	0	0	0	0	191,520	

<b>1,961,900</b>	<b>84,000</b>	<b>50,000</b>	<b>-88,000</b>	<b>12,350</b>	<b>26,470</b>	<b>2,046,720</b>
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Line Ref	Description	2020-21 Current Budget	Proposed Budget Change					Proposed 2021-22 Budget	Summary Comment on significant "Proposed Budget change"
			Reset to 2021-22 full year	Growth Pressures	Savings Plan items	Mainstreamed Teachers' grants	Inflation		
A	B	C £	D £	E £	F £	G £	H £	I £	I

**Provision for cost increases: January - March 2021**

41	To reflect further placements after the December calculation for 2020-21 costs	0	150,000	0	0	0	0	150,000	Costs expected to increase from December current cost forecast, with similar impact in 2021-22 financial year.
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0	150,000	0	0	0	0	150,000
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<b>Grand Total</b>	<b>18,996,160</b>	<b>3,678,260</b>	<b>1,836,190</b>	<b>-449,000</b>	<b>233,760</b>	<b>401,330</b>	<b>24,696,700</b>
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<b>TOTAL CHANGE</b>	<b>5,620,250</b>					
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<b>Estimated DSG income</b>	<b>18,998,000</b>
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<b>Funding Shortfall</b>	<b>-5,698,700</b>
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## 2021-22 Summary Proposed HNB Budget

PEOPLE DIRECTORATE: HIGH NEEDS BLOCK ELEMENT OF THE SCHOOLS BUDGET										
	2020-21 Forecast Performance (Dec)					Proposed changes for 2021-22				
	Original Cash Budget	Virements & Budget C/Fwds	Current Approved Budget	Variance at December Over/(Under) Spend	Reset to 2021-22 full year	Growth Pressures	Savings Plan	Mainstreamed Teachers' grants	Inflation	Initial Budget
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
<b>High Needs Block</b>										
<b>Budget Allocations</b>										
Delegated Special School Budgets	4,486	0	4,486	59	-21	208	30	140	57	4,900
Post 16 SEN and other grants	0	0	0	0	0	0	0	0	0	0
Maintained schools and academies	4,459	0	4,459	1,124	1,129	543	-47	21	105	6,210
New SRP Units - Earmarked Reserve Funded	0	0	0	0	0	143	0	0	0	143
Non Maintained Special Schools and Colleges	6,133	311	6,444	1,905	1,905	936	-340	30	167	9,142
Education out of school	1,690	0	1,690	590	581	99	-4	31	46	2,443
Other SEN provisions and support services	1,917	0	1,917	23	84	50	-88	12	26	2,001
Provision for forecast in-year overspend	-1,677	0	-1,677	1,677	1,677	0	0	0	0	0
	17,008	311	17,319	5,378	5,355	1,979	-449	234	401	24,839
Anticipated HNB DSG Funding										18,998
Draw down from SRP Reserve										143
Forecast in-year overspend										-5,698
Forecast cumulative deficit 31 March 2021										-5,519
Forecast cumulative deficit 31 March 2022										-11,217



## Questions on DfE consultation on potential changes to the HNB NFF February 10 to 24 March 2021

### Historic spend factor - question 1

The historic spend factor in the high needs national funding formula is the main proxy we currently use for local circumstances that can significantly affect local authorities' levels of spending on high needs, and that take time to change. This formula lump sum is calculated using 50% of each local authority's planned expenditure on high needs in 2017-18, reported by local authorities.

We now have access to actual spending data from 2017-18. We therefore propose replacing the current lump sum included in the formula calculation with an amount calculated on the basis of actual expenditure in 2017-18, as reported by each local authority.

Before answering the question below, please read section 3 of the consultation document. Annex B to that document includes further information, and for each local authority the lump sum amount that we propose to use.

Do you agree that we should replace the current lump sum included in the formula calculation with an amount calculated on the basis of actual local authority expenditure, as reported by each local authority?

Agree  
Disagree  
Unsure

### Historic spend factor - question 2

The historic spend element of the high needs national funding formula has remained at a cash-flat level since the introduction of the national formula in 2018-19, moving from 44% of the overall formula funding in 2018-19 to 34% in the 2021-22 formula as that total funding has increased. Some local authorities may not have been able to change their spending patterns to keep pace with the percentage reduction in this factor, despite the protection afforded by the funding floor minimum increase of 8% this and next year. We are therefore considering whether to increase the proportion of funding allocated through this factor, alongside using actual expenditure amounts.

Using actual expenditure from a more recent year, and leaving the percentage at 50%, would increase the amount of the lump sum, but we are not proposing to do this as we are clear that local authorities' actual spending now or in future should not determine how much funding they receive. We could, however, increase the significance of this factor in the 2022-23 formula, by increasing the percentage of 2017-18 spending that is applied, allowing for a more gradual rate of change in the local pattern of spending.

Before answering the question below, please read section 3 of the consultation document.

Do you think that we should increase the percentage of actual expenditure in 2017-18 included in the funding formula calculation, or leave it at 50%? Use the comments box to propose a particular increase or reduction in the percentage.

Increase the percentage  
Keep the percentage at 50%  
Decrease the percentage  
Unsure or other

### Historic spend factor - question 3

We are aware that the continued use of historic spend is not the perfect long-term solution for reflecting the patterns of local demand and supply that affect spending on high needs, as those patterns will naturally change over time. As part of the funding formula review that we are carrying out, and for consideration as we develop that formula in the years after 2022-23, we are therefore seeking views on potential alternatives to the historic spend factor. Any new factors would need to be appropriate for a funding formula (e.g. the data used should be collected on a consistent basis) and would also need to avoid creating a perverse incentive (e.g. to spend more on a certain type of provision so as to gain more funding, rather than to improve the quality or appropriateness of provision).

Before answering the question below, please refer to section 3 of the consultation document.

To what extent do you agree that the funding formula should include factors that reflect historical local demand for and supply of SEND and AP provision? If you have any suggestions for such factors that could eventually replace the historic spend factor, please provide these in the comments box.

Strongly agree  
Agree  
Neither agree nor disagree  
Disagree  
Strongly disagree

### Low attainment factor - question 4

The high needs national funding formula uses low attainment at both key stage 2 and key stage 4 as a proxy indicator for SEND. This figure is calculated using an average of results over the most recent 5 years of tests and exams, which for the 2022-23 formula would have meant using test and exam results from 2016 to 2020. Due to the COVID-19 pandemic, the 2020 key stage 2 tests and GCSE exams were cancelled. This has resulted in no key stage 2 data, and GCSE data that would be inappropriate to use because of the inconsistencies with the results from previous years.

We have considered using the same data as used to calculate last year's attainment formula factors, but this would mean data from more than 5 years ago. Instead, we propose to calculate low attainment by using data from 2016 to 2019, but then to double the weighting of the most recent exam data from 2019. This method could be used for a further year, assuming the 2021 test and exam results are also not able to be used for this purpose.

Please refer to section 4 of the consultation document before answering the following question.

Do you agree with our proposal to update the low attainment factors using data from 2016, and to substitute the most recent 2019 data in place of the missing 2020 attainment data?

Agree  
Disagree – calculate in the same way as last year  
Disagree – other (please provide further details in the comments)  
Unsure

## SEND and AP proxies - question 5

The high needs national funding formula uses six indicators which together act as a proxy for the level of more complex SEND and need for alternative provision (AP) in an area. These indicators include: a measure of the local population of children and young people, the two low attainment measures (key stage 2 and key stage 4) referred to in question 4, two health and disability measures (the number of children in bad health and the number of families in receipt of disability living allowance), and two deprivation indicators (the number of children eligible for free school meals and a local area deprivation measure).

Numbers of EHC plans are not be used as a robust indicator of underlying need because the way they are used varies considerably across local areas, and the number of plans is therefore not necessarily directly associated with the local authority's need to spend. The ongoing SEND review is considering whether system changes are needed, to provide more consistency in EHC needs assessment and planning process, and to improve other aspects of the SEND arrangements.

Following the SEND review, we will consider whether consequent changes to these proxies that we use in the funding formula, as well as other funding changes, would be appropriate, as it is important that the proxies used support local authorities to deliver the outcomes of the review. At this stage we are keen to understand whether there are new factors either that could replace existing factors that have become out of date or otherwise unreliable, or that could be added to the formula to address types or prevalence of identified need, and we would welcome views.

Please refer to section 5 of the consultation document before giving your comments.

If you wish to offer ideas on factors that could be added to the current formula, or that could replace the current proxies, please provide further details in the comments box below.  
Please provide your answer in the box below: