

TO: EXECUTIVE MEMBER FOR CHILDREN, YOUNG PEOPLE & LEARNING
DATE: 26 MARCH 2020

**LOCAL AUTHORITY PROPOSALS FOR THE
2020-21 HIGH NEEDS BLOCK ELEMENT OF THE SCHOOLS BUDGET**
Executive Director: People

1 PURPOSE OF REPORT

- 1.1 The purpose of this report is to seek agreement from the Executive Member to set the 2019-20 Early Years and High Needs Block (HNB) elements of the Schools Budget on the basis of recommendations made by the Schools Forum.
- 1.2 The Executive Member has observer status on the Schools Forum, receiving all reports and entitled to attend meetings, and is therefore actively involved in the operation and deliberations of the Schools Forum.

2 RECOMMENDATION

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

3 REASONS FOR RECOMMENDATION

- 3.1 To ensure that the 2020-21 Schools Budget is set in accordance with the views of the Executive, schools, the Schools Forum and the statutory funding framework.

4 ALTERNATIVE OPTIONS CONSIDERED

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

5 SUPPORTING INFORMATION

- 5.1 Whilst spending on the Schools Budget is funded by the ring fenced Dedicated Schools Grant (DSG), and therefore outside of the Council's funding responsibilities, Local Authorities (LA) retain a statutory duty to set the overall level of the Schools Budget before the start of each financial year. In deciding the relevant amount, LAs must plan to spend at least to the level of estimated DSG and can also take account of any accumulated under or overspending on the Schools Budget from previous years.
- 5.2 Appendix A presents the proposals agreed by the Schools Forum at its meeting of 16 January in respect of the High Needs Block element of the DSG. Budget decisions taken by the Executive Member have always been in accordance with the wishes of the Schools Forum, and the recommendations on this paper maintain that position. Decisions around the Schools Block and Early Years Block elements of the Schools Budget have already been taken.

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

Borough Solicitor

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

Director of Finance

- 6.2 The financial implications arising from this report are set out within the supporting information of Appendix A and present a budget that at this stage cannot be funded from the overall level of anticipated resources. Along with many other LAs, HNB costs in BF are exceeding the level of government grant.
- 6.3 Despite an ambitious improvement and savings programme, there remains £1.777m budget gap at 31 March 2021 which is forecast to increase to £4.761m by 31 March 2023. This is a Schools Budget funding pressure and will need to be financed from DSG income and managed through a further change programme with the HNB sub-group.

Equalities Impact Assessment

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

Strategic Risk Management Issues

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

7 **CONSULTATION**

Principal Groups Consulted

- 7.1 People DMT, Schools Forum.

Method of Consultation

- 7.2 Written reports.

Representations Received

- 7.3 Where relevant, included in the reports.

Background Papers

None.

Contact for further information

Paul Clark, Finance Business Partner – People Directorate

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

Signature.....

Date: 26 March 2020

Approved by Nikki Edwards
Executive Director: People

Signature.....

Date: 26 March 2020

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TO: SCHOOLS FORUM
DATE: 16 JANUARY 2020

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

1 PURPOSE OF REPORT

- 1.3 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.
- 1.4 Comments are being sought so that they can to 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 Bracknell Forest (BF) HNB will be 8%, as previously reported, this is insufficient to meet current and forecast future needs and despite an ambitious improvement and savings programme, a £3.063m deficit was forecast at 31 March 2023.
- 2.3 More work has been undertaken on the medium-term budget, which reflects a further deterioration in the 2019-20 financial performance which will continue into future years together with other revisions resulting in the forecast deficit for March 2023 increasing by £1.698m to £4.761m. The deficit for 31 March 2021 is projected at £1.777m.
- 2.4 The financial challenges being experience are not unique to BF with many LAs having to set deficit budgets. The council plans to continue working in partnership with the HNB sub group to develop further service improvements and savings to remove the £1.5m underlying funding gap.

3 RECOMMENDATIONS

That the Forum considers the HNB budget proposals from the council and AGREES:

3.1 That the Executive Member:

1. **sets the total initial Dedicated Schools Grant funded budget at £17.008m, it incorporates the changes set out in the supporting**

information and relevant budgets are therefore updated to those summarised in Annex 4.

2. notes the £1.777 budget gap that will need to be managed through a further change programme with the HNB sub-group.
3. approves a Minimum Funding Guarantee for Kennel Lane Special school of plus 1.84%, the same amount as for mainstream schools (paragraph 6.10).

3.2 That there are appropriate arrangements in place for:

1. The education of pupils with SEN (paragraph 6.12), and
2. The use of pupil referral units and the education of children otherwise than at school (paragraph 6.12).

4 REASONS FOR RECOMMENDATIONS

- 4.1 To ensure that the 2020-21 HNB Budget is set in accordance with the overarching funding framework, the expected needs of pupils and the views of the Schools Forum.

5 ALTERNATIVE OPTIONS CONSIDERED

- 5.1 A range of options have previously been presented and discussed.

6 SUPPORTING INFORMATION

Background

- 6.1 Members of the Forum will be aware that the HNB element of the Dedicated Schools Grant (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 Department for Education (DfE) and in general commission services from providers. In-house arrangements are made in a relatively small number of areas.

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

Progress to date

- 6.2 The 21 November meeting of the Forum received initial budget information and agreed some preliminary actions as follows that have been developed in partnership the Forum's HNB sub-group:
- 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)¹ having increased in the last 2 years by 11.9%. The change in BF shows a steeper increase of 17.7%.

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.

- Taking account of the increasing use of private, voluntary and independent (PVI) sector providers, costs are expected to increase by 27.3% during which time grant from the DfE has increased by 4.8%.
- The government spending review confirmed 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 a £1.472m increase and total retained HNB DSG income of £17.008m.
- Uncertainties remained around two key elements of the HNB funding formula: the basic entitlement factor of pupils in SEN institutions; and the import/export adjustment that ensures appropriate funding is moved between LAs to reflect cross-border movements of students, both of which would need to be estimated and subject to change in-year.
- 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 2020-21 of £2.5m which amounts to 13% of total income compared to the LA average of 2%. There is a risk that over time the funding “floor” money will be lost.
- The newly developed 3-year medium term financial forecast with no interventions predicted a cumulative £10.924m over spend at 31 March 2023. This incorporates the predicted 2019-20 forecast over spending of £2.408m. With £1.631m of unallocated balances held in reserve, there would be a £0.777m deficit on the Schools Budget Unallocated Reserve that would need to be funded from future DSG income.
- To reduce forecast costs and widen choice and improve services, a range of developments were supported that focussed on maintaining pupils in mainstream schools, including making financial contributions as necessary in order to avoid the significant cost implications when pupils move to specialist providers and improving commissioning. These developments identified the potential to effect cost reductions of £7.861m resulting in a revised cumulative deficit at 31 March 2023 of £3.063m.
- An inflation provision of 1% should be included in the medium-term plan for Element 3 top-up payments.
- The proposals were acknowledged as being in accordance with the priorities agreed by the HNB sub-group and were a good starting point but would be subject to change as the implementation commenced, and further cost reduction measures still needed to be identified.
- In order to maximise the implementation and benefits from this significant programme, a dedicated project management resource would be required.

Recent Developments

6.3 Further work has been underway to progress the agreed key areas for change most notably:

1. The Intervention Hub - a multi-agency hub that provides prompt, short-term and specified additional resource/support/guidance to children and young people without an EHCP through the High Needs Block – has met twice and reviewed 18 cases.

2. The number of funded places at Kennel Lane Special (KLS) School and College Hall Pupil Referral Unit (PRU) have been increased by 10 and 5 respectively.
3. For the new in-school SEND provisions:
 - a. The Harmanswater Primary Intervention Unit provision is now open (up to 10 places for pupils at Harmanswater).
 - b. Work has commenced on building adaptations for the Brakenhale Secondary on their SEND Transition Classroom and Support project (up to 20 places) and the Jennett's Park Primary Sensory and Dance Studio (up to 30 places). Both are expected to be completed by April 2020.
 - c. The Pines Primary SEN Unit (up to 15 places) is in development and is also expected to be completed by April 2020.
 - d. Adaptations to Fox Hill Primary for the Nurture Group (up to 10 places) will commence once the pre-school has been relocated from the school site and suitable accommodation is then made available. This will be facilitated through the council's capital programme, with the new facility planned to be completed for September 2020.
4. Discussions are underway with Garth Hill College in respect of the Autistic Spectrum Disorder (ASD) SEN provision for secondary aged pupils. In partnership with the LA, the Autism Progression Framework will be implemented at The Rise. The standards will provide teachers and leaders to have a better oversight of the extent to which the needs of pupils at The Rise are being met and what professional development opportunities need to be created to build capacity and expertise.
5. For a new SEMH Special Free School, the council has included funding in 2020-21 budget proposals for a feasibility study to be completed. A draft outline project plan is being developed.
6. A specification has been produced for the engagement of a dedicated project management resource to ensure the programme promptly delivers the required benefits.
7. The SEND Commissioning Strategy will be a key addition to the successful implementation this programme and is currently in the consultation stage with comments being sought from schools and other partners.

6.4 In terms of the financial impact from the on-going review of the programme, the significant changes (+ / - £0.025m) which are currently focusing on 2020-21 are set out below. No significant work has been undertaken on future year schemes although some changes made to the proposed 2020-21 budget will have a consequential future year effect.

Revised expenditure items:

1. The over spend forecast for the 2019-20 HNB Budget has further deteriorated with the over spending increased by a further £0.191m to £2.599m. The cost increase reflects additional places that have been required, in particular at KLS (£0.083m), other LA schools (£0.049m) and non-maintained special schools (£0.050m). Most of these costs are expected to continue into 2020-21 and have therefore been added to the on-going base funding requirement.
2. Updated advice on the liabilities likely to fall on the funding held on the School Rates Reserve, which has been established to meet the anticipated impact

from the recent school building programme, indicates that the 2017 national revaluation presents the cut off point for back-dating increases. This indicates around £0.700m can be released and applied to part finance the forecast over spend on the HNB.

3. The SEN Post-16 grant was phased out in September 2019 with equivalent funding now remaining the LA retained DAG rather than being deducted by the DfE and paid direct to providers. This expired funding has been removed creating a £0.172m cost pressure.
4. A cost estimate of £0.075m has been added for dedicated project management support to help deliver the ambitious change programme to the expected timeline.

Revised savings items:

5. The potential savings from the 85 places expected from new in-school SEN provisions have been recalculated and have been lowered from a net saving of £0.855m to £0.689m. The calculation retains the 20% scaling for overall savings risk should any unexpected issues arise.
6. Reflecting the comments received from KLS on the proposals to over time reduce other LA placements at the school as well as replace relatively low-cost pupils with those with more significant needs to reduce the number of more expensive out of borough placements, these proposals have been deferred to 2021-22 to allow for further assessment of the proposal.

Taking account of these proposed changes, a circa £1.5m underlying annual funding gap remains that needs to be removed.

Updated HNB Budget Medium term financial forecast

- 6.5 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 £11.590m (up £0.666m), the anticipated savings measures are at £6.829m (down £1.032m) with the net deficit predicted after 3 years is at £4.761m (up £1.698m).

Annex 2 sets out more detail on the anticipated expenditure and Annex 3 for income. Changes from the figures and narrative presented to the Forum in November have been shaded yellow.

- 6.6 The forecast year end deficit at 31 March 2020 has been calculated at £1.777m which is a £0.025m improvement on the amount anticipated in November and generally reflects the additional balances expected to be available on a one-off basis to support the 2019-20 over spending. The underlying budget gap is around £1.5m per annum and further plans need to be developed to eliminate this and any accumulated deficit.
- 6.7 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.

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

Item	2019-20 £m	2020-21 £m	2021-22 £m	2022-23 £m
HNB DSG income to BFC	15.537	17.008	17.689	18.396
Anticipated change		1.472	0.680	0.708
Change (cash)		9.5%	4.0%	4.0%
Forecast spend - no interventions	18.136	19.925	21.513	23.145
Change		1.789	1.588	1.631
		9.9%	8.0%	7.6%
<u>Anticipated funding gap:</u>				
Annual	2.599	2.917	3.825	4.748
Forecast DSG reserve 31/3/20	-2.499			
Cumulative	0.100	3.017	6.841	11.590
<u>Planned interventions:</u>				
Prior years on-going savings			-1.240	-2.423
SEND support stage		-0.054	-0.068	-0.068
Reducing demand for EHCP		-0.771	-0.699	-0.356
Review PAN at specialist providers		-0.150	-0.050	0.000
Reducing reliance on external providers		0.000	-0.041	-0.064
Improved commissioning		-0.181	-0.189	-0.195
Central Services:		-0.084	-0.136	-0.060
Forecast impact of interventions		-1.240	-2.423	-3.166
Cumulative		-1.240	-3.663	-6.829
<u>Funding gap after interventions</u>				
Annual		1.777	1.402	1.582
Cumulative		1.777	3.178	4.761

- 6.8 The Forum is requested to agree that the Executive Member sets the 2020-21 budget on these proposals, as summarised in Table 1. Annex 4 sets out the detailed budget changes with Annex 5 showing the summary HNB budget for 2019-20 and that proposed for 2020-21.

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 changes set out in Annex 4 therefore present an initial assessment which will be subject to change. The overall proposed budget for 2020-21 is not subject to change.

Other matters

- 6.9 As in previous years, the budget setting process also needs to consider a local rate of the Minimum Funding Guarantee (MFG) – the mechanism used by the DfE to ensure each school receives the minimum increase or maximum decrease in funding each year – for Kennel Lane Special (KLS) School.
- 6.10 Reflecting on the additional funding in the School Spending Review and in order to afford mainstream schools the maximum amount of funding protection during the introduction of the School National Funding Formula, the Forum agreed the maximum plus 1.84% increase for mainstream schools and the same plus 1.84% is proposed for KLS, although different rates are permitted. The DfE has set the permitted range of MFG from between plus 0.5% and plus 1.84%.
- 6.11 The calculation involves comparing the like for like change in total budget between years – BF and other LA funded costs –and the relevant calculation shows a 3.89% increase in funding (from £4.581m to £4.760m) which exceeds the minimum permitted protected level of funding of 1.84%. Annex 6 sets out more information on the MFG and budget pressure calculations specific to KLS.

Next Steps

- 6.12 The views of the Schools Forum regarding the final 2020-21 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.
- 6.13 Considerable further work is required to eliminate the circa £1.5m underlying budget gap which 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 make a significant contribution to widening choice and cost reduction. However, a funding gap remains, and further work is required to move to a balanced medium term budget.

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 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, 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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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 council wishes 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** (£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)

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

1. A funding floor adjustment to add the cash amount difference where the normal operation of the HNB formula does not deliver at least a 0.5% increase in per head (2-18 year old population) funding compared to the 2017-18 baseline amount of expenditure. For 2019-20 a further minimum increase of 0.5% was applied, making a minimum 1% increase in per head funding over the 2 years. In order to make the funding protection affordable, gains were limited to 3% in 2018-19 and a further 3% in 2019-20 (compounded to 6.09% over the 2 years). These increases are 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 £155m cost to the Funding Floor in 2019-20, which amounts to 2.5% of total funding and illustrates the importance of moving to the new formula in a measured way.

For LAs experiencing a reduction in population, there will be a second funding floor adjustment to ensure total cash funding does not fall below the 2017-18 baseline amount. Note, the funding floor adjustment is not applied

to the basic entitlement factor i.e. current numbers of high needs pupils and students or the import / export adjustment (see note 2. directly below) as the DfE want to ensure that year on year changes in these factors are reflected in a LAs funding.

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

This removes some of the unfairness in the 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 (7.44% uplift for BFC) to all factors other than historic spend as this will already reflect local cost variations. This recognises additional costs in some 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 5.61%).
8. The Forum has previously been advised that the new HNB NFF will deliver significantly less funding to BF than the current arrangements. The draft 2020-21 HNB DSG update from the DfE indicates £2.468m funding protection for BFC, which is around 13% of total funding which clearly illustrates the importance of the funding floor adjustment from a BF perspective. On average, LAs receive 2% of their HNB funding through this factor.

HNB Budget – medium term cost summary (changes from November shaded in yellow)

Item	2019-20 £m	2020-21 £m	2021-22 £m	2022-23 £m	Comment
<u>Income:</u>					
Current HNB DSG	15.790	15.537	17.008	17.689	Excludes academy places deduction (from 2020-21)
BFC academy places deduction	0.253				
Anticipated change		1.472	0.680	0.708	Increases from 2021 assumed at 4% in line with 2019-20 increase in school NFF
Total DSG income to BFC	15.537	17.008	17.689	18.396	
Change (cash)		9.5%	4.0%	4.0%	
<u>Expenditure:</u>					
Base budget / cost forecast	15.537	18.136	19.925	21.513	Builds in 2019-20 over spend as an ongoing pressure.
Forecast over spend (November)	2.599				£0.199m increase on amount previously reported. Now based on November forecast
Provision for inflation		0.272	0.299	0.323	Assumed at 1.5% per annum
Other pressures		1.517	1.289	1.309	Current growth trend on placements plus specialist project management expertise and loss of post-16 SEN grant
- <i>estimated growth in demand</i>		54	54	54	
Forecast spend - no interventions	18.136	19.925	21.513	23.145	
Change		1.789	1.588	1.631	
		9.9%	8.0%	7.6%	
<u>Net funding gap:</u>					
Annual	2.599	2.917	3.825	4.748	
Forecast DSG reserve 31/3/20	-2.499				
Cumulative	0.100	3.017	6.841	11.590	

HNB Budget – medium term savings summary (changes shaded in yellow)

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	2.599	2.917	3.825	4.748		
Forecast DSG reserve 31/3/20	-2.499					
Cumulative	0.100	3.017	6.841	11.590		
<u>Planned changes:</u>						
Prior years on-going savings			-1.240	-2.423		Note: some proposals can be categorised differently or across multiple areas All assumptions subject to change and therefore need to be viewed as a guide.
<u>SEND support stage</u>						
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>						
New SEN units - Phase 1		-0.689	-0.417	-0.028	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.

Item	2019-20 £m	2020-21 £m	2021-22 £m	2022-23 £m	Scaling for risk	Comments
<u>Reducing demand for EHCP</u>						
New SEN units - Phase 2			-0.097	-0.167	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.
Savings from BLV primary unit		0.000	-0.016	-0.028	25%	Assumes new SEN Unit opens in September 2021 to 3 pupils (opening delayed 1 year), with similar number of admissions thereafter. Specialism for admission yet to be agreed.
Spare places at Meadow Vale Unit		-0.029			10%	The SEN Provision at Meadow Vale has 3 vacant places. The funding has been withdrawn.
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.
Savings from Rise ASD Secondary Resource provision		-0.053	-0.054		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>						
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
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.

Item	2019-20 £m	2020-21 £m	2021-22 £m	2022-23 £m	Scaling for risk	Comments
<u>Reducing reliance on external providers</u>						
Increase BF placements at KLS		0.000	-0.017	-0.026	45%	Ensure 4-5 BF students replace OLA students at KLS each year to ensure better value high quality placements. Deferred 1 year.
Replace no top up pupils at KLS with higher needs pupils		0.000	-0.024	-0.038	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. Deferred 1 year
<u>Improved commissioning</u>						
Inflation management		-0.077	-0.085	-0.091	15%	Assumes save 0.5% per annum on care inflation assumption Economies from prices as providers received guaranteed income. Undertake individual negotiation with providers admitting 4 or more students to secure price discounts.
Block contracts		-0.056	-0.056	-0.056	20%	
Price negotiation with providers		-0.048	-0.048	-0.048	20%	
<u>Central Services:</u>						
- 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.
Forecast impact of interventions		-1.240	-2.423	-3.166		
<u>Funding gap after interventions</u>						
Annual		1.777	1.402	1.582		
Cumulative	0.100	1.777	3.178	4.761		

2020-21 Proposed HNB Budget detailed changes

Line Ref	Description	2019-20 Forecast Variance (December)	Proposed Budget Change				Proposed 2020-21 Budget	Summary Comment on significant changes.
			Reset to 2019-20 outturn	Growth Pressures	Savings Plan items	Inflation		
A	B	C	D	E	F	G	H	I
		£	£	£	£	£	£	

Funds Delegated to Special School

1	Kennel Lane Special School - original budget (BFC responsibility only)	0	0	118,000	210,640	43,650	4,048,100	Current estimate is for initial budget requirement of 195 purchased places (+10) and 151 FTE BFC resident Element 3 top-up payments (+11.3 FTE). The total January 2020 NOR (including other LA students) is 192 (+9.6).
2	Kennel Lane Special School - in-year budget changes (BFC responsibility only)	143,000	39,000	0	-500	1,430	127,930	The increasing average cost of Element 3 payments limits further increases indicating a lower on-going requirement than the 2019-20 forecast outturn.
		143,000	39,000	118,000	210,140	45,080	4,176,030	

Post 16 SEN grant

3	Post 16 SEN grant	0	0	172,000	-190	550	0	The grant was phased out at September 2019 and funding is now passed to LAs through the DSG.
		0	0	172,000	-190	550	0	

Line Ref	Description	2019-20 Forecast Variance (December)	Proposed Budget Change				Proposed 2020-21 Budget	Summary Comment on significant changes.
			Reset to 2019-20 outturn	Growth Pressures	Savings Plan items	Inflation		
A	B	C	D	E	F	G	H	I
		£	£	£	£	£	£	

Maintained Schools & Academies

4	New SEN in-school Provision	0	0	0	103,000	0	103,000	Reflects the anticipated additional cost of the new provisions. Significant savings are included elsewhere on external placements that predicts a net £0.689m saving from these developments.
5	BF Secondary School SEN Resource Unit	14,000	14,000	0	51,790	2,880	823,960	Provision for a cost increase relating to admitting 5 further BF resident pupils at September 2020 as a result of additional staff and teacher pension costs which are not adequately funded through the DfE specific. The provision is expected to prevent 5 more expensive placements in external provisions where relevant savings are included in the plan.
6	BF Primary SEN Resource Unit	-7,000	0	0	-29,470	1,330	188,650	Funding for the 3 empty places has been removed and will be used to finance actual provisions in other settings.
7	BF mainstream schools - Element 3 top up payments	330,000	330,000	0	-6,730	19,150	1,289,020	Reflects current spend.
8	BF mainstream schools - Element 3 short term interventions	-10,000	0	0	-50	150	10,100	
9	BF Early Years - Element 3 top up payments	20,000	20,000	0	-190	530	35,340	
10	BF resident students attending other LA schools	761,000	761,000	118,000	-124,880	8,180	2,001,480	Reflects current spend, plus future expectations around increased provision in BF schools.
11	BF mainstream schools – top up to schools with disproportionate number of HN pupils	-9,000	0	0	-210	600	40,390	
12	SEN Hub	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.
		1,099,000	1,125,000	118,000	-6,740	32,820	4,491,940	

Line Ref	Description	2019-20 Forecast Variance (December)	Proposed Budget Change				Proposed 2020-21 Budget	Summary Comment on significant changes.
			Reset to 2019-20 outturn	Growth Pressures	Savings Plan items	Inflation		
A	B	C	D	E	F	G	H	I
		£	£	£	£	£	£	

NMSS & Colleges

13	Non-Maintained Special Schools and FE Colleges	742,000	742,000	916,000	-1,204,280	150,020	6,132,560	Reflects the assumptions in the budget plan of the 2019-20 outturn spend representing the on-going cost base, with further growth anticipated based on the trend line, with savings arising from the additional capacity being developed within the borough at KLS, College Hall and provisions in mainstream schools.
		742,000	742,000	916,000	-1,204,280	150,020	6,132,560	

Education out of School

13	College Hall PRU	0	0	0	80,070	5,490	870,960	Reflects the impact of permanent funding for 51 places (+5) and 35 Element 3 top-up placements (+3) to reflect the cost base of the provision.
14	Home Tuition	193,000	193,000	0	-18,340	6,650	431,310	Reflect the assumptions in the budget plan of the 2019-20 outturn spend representing the on-going cost base
15	Outreach	6,000	6,000	0	-560	1,590	107,030	
16	EOTAS - Share of Head of Service	1,000	1,000	0	-130	360	23,930	
17	Alternative Provision for Primary Aged pupils without a statement	20,000	20,000	47,000	-57,870	1,060	60,690	
18	Alternative Provision for Secondary Aged pupils without a statement	95,000	95,000	71,000	-91,210	1,730	96,720	
19	Other externally purchased Alternative Provision	67,000	67,000	0	-57,990	1,380	35,640	Reflects the assumptions in the budget plan of the 2019-20 outturn spend representing the on-going cost base, with further growth anticipated based on the trend line, with savings arising from the additional capacity being developed within the borough at KLS, College Hall and provisions in mainstream schools.
19	Excluded pupil provision	1,000	1,000	0	-110	310	19,240	
		383,000	383,000	118,000	-146,140	18,570	1,645,520	

Line Ref	Description	2019-20 Forecast Variance (December)	Proposed Budget Change				Proposed 2020-21 Budget	Summary Comment on significant changes.
			Reset to 2019-20 outturn	Growth Pressures	Savings Plan items	Inflation		
A	B	C	D	E	F	G	H	I
		£	£	£	£	£	£	

Other SEN Services

20	Autism Support Unit	-21,000	0	0	-450	1,270	85,660	
21	SEN Tribunals	0	0	0	-90	260	16,940	
22	Equipment for SEN Pupils	0	0	0	-120	340	22,510	
23	Medical support to pupils pre 16	309,000	309,000	0	-2,030	5,760	388,090	Reflect the assumptions in the budget plan of the 2019-20 outturn spend representing the on-going cost base
24	Sensory Consortium Service	-8,000	0	0	-1,280	3,630	244,620	
25	Speech and Language Services	-3,000	0	0	-1,140	3,230	217,620	
26	Occupational Therapy	-1,000	0	0	-200	570	38,040	
27	SEN - share of Head of Service	1,000	1,000	0	-190	530	35,550	
28	Integrated Therapies	-8,000	0	0	-110	320	21,520	
29	Traveller Education	1,000	0	0	-400	1,150	76,640	
30	EY Management Staff	-7,000	0	0	-760	2,170	146,330	
31	Child Development Centre	1,000	0	0	-1,340	3,800	239,870	
32	Support for Learning	-15,000	0	0	-580	1,650	123,120	
33	TASS Learning Support	-17,000	0	0	-100	280	28,530	
34	Specialist project management	0	0	75,000	0	0	75,000	Specialist support required to promptly deliver the savings
35	Savings to be identified	0	0	0	-84,000	0	-84,000	Support services to be reviewed for improvements and savings.

232,000	310,000	75,000	-92,790	24,960	1,676,040
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Total - Relevant budgets only	2,599,000	2,599,000	1,517,000	-1,240,000	272,000	
TOTAL CHANGE						3,148,000
2019-20 base budget funding						15,536,840
2019-20 unfunded year end deficit						100,000
Estimated DSG income						17,008,000
Funding Shortfall						-1,776,840

Calculation of Minimum Funding Guarantee for KLS

Kennel Lane Special School (KLS)	2019-20	2020-21	Change
<u>Calculation of Minimum Funding Guarantee</u>			
Places funded	£1,850,000	£1,850,000	£0
Top ups	£2,731,803	£2,910,012	£178,209
Total	£4,581,803	£4,760,012	£178,209 3.89%
Number on roll actual January 2019 and estimated January 2020	182.4	192.0	9.6
MFG for special schools is calculated on whole budget including other LA (OLA) students.			
<u>2020-21 Budget Pressure Reconciliation</u>			
<u>BF resident pupils</u>			
2019-20 KLS originally agreed budget	£4,017,319		
2020-21 KLS Indicative	£4,261,021		£243,702
<u>Top up funding paid by other OLAs for their pupils</u>			
2019-20 OLA originally agreed top-ups	£564,484		
2020-21 OLA indicative agreed top ups	£498,991		£65,493
Net pressure for BFC to fund at Annex 3			£178,209

In accordance with DfE guidance for the calculation to be performed on a like-for-like basis, the additional £100,000 for 10 extra places is excluded from the calculation.