

Bristol Schools Forum: High Needs Block Update

Date of meeting:	16 th January 2018
Time of meeting:	6:15pm
Venue:	City Hall

1. Purpose of the report

1.1 To update Schools Forum on progress with the key mitigating actions of the High Needs Deficit Recovery Plan as at Period 8 Forecast outturn.

1.2 To provide a 3 year impact projection in against period 8.

2. Recommendations

2.1 To note the budget forecast outturn for period 8 2017/2018 to comment on the 2018/19 forecast and 3 year projection.

2.2 To note progress and comment on the high needs block deficit recovery plan

3. Latest forecast position for 2017/2018 and 2018/2019

3.1 **Table 1** sets out the period 8 forecast for 2017/2018 and shows impact on 2018/2019 forecast.

Table 1: Forecast 2017/2018 (Period 8) and impact on 18/19 forecast

Component	Previous Forecast 17/18 Period 6	Latest Forecast 17/18 Period 8	Change (adverse= positive)
1. Places only	15,959	15,959	0
2. SEN Top-ups	24,044	23,092	-952
3. AP Top-ups	851	851	-
4. Other SEN provision	5,817	5,690	-127
5. Other AP provision	4,725	4,717	-7
6. Services	3,386	3,378	-8
Total Commitment	54,782	53,688	-1,094
Brought Forward	-3,180	-3,180	0
Transfer from Schools Block	0	0	0
DSG Funding (gross)	50,649	50,597	52
Total Funding	47,469	47,417	52
Overspend (cumulative)	7,313	6,127	-1,042

3.2 The period 8 forecast position has improved by **£1.042m** on the period 6 forecast presented to Forum in November 2017. The components of that improvement are explained below.

3.3 **SEN Top ups:** As a result of collaborative working across schools and the LA, actual allocation for mainstream schools was £0.445m under-projected spend, and actions taken in 2017/18 are beginning to show impact. GFE top-up reduced by £0.507m. The ESFA has now issued new guidance to LA's which removes funding for over-number element 2 places. The impact of this is seen in an improvement against the forecast and monthly panels are now fully embedded.

3.4 **Other SEN Provision:** A review of processes within the service resulted in a reduction in the contingency allocation by £0.127m for placements in independent non-maintained settings.

4. High Needs Deficient Recovery Action Plan and impact upon 3 year forecast

4.1 Officers have been working on mitigating actions to reduce the in-year and historic deficit in the High Needs budget. The decision of Schools Forum to transfer £2m of Schools Block funding for 2018/19 is helpful in providing some scope for slippage if that proves unavoidable or for addressing the historic deficit. The proposal to transfer a further £0.7m (to be considered at Cabinet on 23rd January 2018) would assist in the same way.

4.2 Schools Forum are aware of the plans to mitigate the financial position as they were explained at the meeting in November 2017 and they amounted to £4.950m. Further work has been done to develop these and to assess the appropriate profile for these savings across three financial years. In so doing, the total has increased to £7.2m.

4.3 Each of the savings proposals and the planned profile have been set out in Table 2 and the intent, impact and risks of each of the proposals is explained in **Appendix 1**.

Table 2: Revised and profiled savings measures for High Needs Block 2017/18 to 2019/20

Category	Proposal	Savings measures 2017/18 £'000	Savings measures 2018/19 £'000	Savings measures 2019/20 £'000	Total £'000
1. Places only	1.1 Revise agreed places, based on occupancy, including FE		-761	-95	-856
2. SEN Top-ups	2.1 Negotiate lower contributions to FE Element 2s and to standardised FE top-ups	-500	-466		-966
	2.2 Review the process for allocating top-ups, how we fund	-250	-1,151		-1,401

Category	Proposal	Savings measures 2017/18 £'000	Savings measures 2018/19 £'000	Savings measures 2019/20 £'000	Total £'000
	Bands 2 and 3 without EHC plans and levels of contingency built in.				
	2.3 Develop revised models for special schools		-1,166	-834	-2,000
3. AP Top-ups	3.1 Develop revised models for PRUs		-150		-150
4. Other SEN provision	4.1 Use Capital Strategy to re-provide local, less expensive provision		0		0
5. Other AP provision	5.1 Share funding for Early Intervention Bases with schools		-450		-450
	5.2 Target saving for Hospital Education Service		-200		-200
	5.3 Restrict external AP provision to budget		-350	-150	-500
6. Services	6.1 Target saving for services		-408	-242	-650
Total full-year impact		-750	-5,102	-1,321	-7,173

- 4.4 The areas where the savings targets have increased since the previous report are in top-ups. For Further Education, the work being done to control spend to get to reasonable rates has generated more savings than expected. Also, the levels of commitments on top-ups for mainstream schools and resource bases included provisions for future demand that were not borne out by the outcomes of the top-up panels in November 2017.
- 4.5 The profile of savings has been spread over three financial years. In particular the changes for special schools and for some of the reductions to services have been spread on the basis that material changes will need planning and may not therefore be deliverable before September 2018.
- 4.6 These assumptions have been brought together with calculations of the underlying commitments against each of the budget lines to produce a forecast estimate for 2018/19 financial year. Cabinet will be asked to agree the 2018/19 budget proposal, set out in **Appendix 2**.
- 4.7 Clearly, the budget plan, even with £5.1m of mitigations in 2018/19 financial year and the inclusion of up to £2.7m will still not bring the cumulative deficit down to zero. Schools Forum members have rightly been asking for a three-year plan to get the High Needs budget back in balance.

- 4.8 **Appendix 3** sets out the high level assumptions which have been made to illustrate how the High Needs Budget might get to a balanced position within three years. **Table 3** summarises this position.

Table 3: Summary of Three Year High Needs Budget Plan

Component	Forecast 17/18 Period 8	Proposed 2018/19 budget	Forecast 19/20	Forecast 20/21
1. Places only	15,959	14,610	14,515	14,515
2. SEN Top-ups	23,092	22,664	21,830	21,830
3. AP Top-ups	851	737	737	737
4. Other SEN provision	5,690	5,904	5,904	5,904
5. Other AP provision	4,717	4,039	3,889	3,889
6. Services	3,378	2,997	2,755	2,755
Total Commitment	53,688	50,952	49,631	49,631
Brought Forward	-3,180	-6,271	-3,925	-959
Transfer from Schools Block		2,000	2,000	0
General fund contribution		700	0	0
DSG Funding retained 2017/18	50,597	50,597	50,597	50,597
Total Funding	47,417	47,026	48,672	49,638
Overspend (cumulative)	6,271	3,925	959	-8

- 4.9 The three year plan incorporates the latest forecast for 2017/18 and the proposed budget for 2018/19, plus natural changes to commitments, changes to funding and savings measures as per **Table 2**.
- 4.10 All of the figures from 2018/19 onwards are at current prices. Inflationary pressures are likely to emerge over the three year period and will need to be taken into account. Also, the growing cohort of pupils in Bristol schools generally is likely to have a bearing on the numbers of pupils with high needs. No assumptions have been made about any increases in the DSG High Needs Block income. The experience of 2018/19 is that some additional funding for cost and pupil profile changes was factored into the base amounts received in 2017/18. While the reality is likely to be different, the working assumption at this stage is that any cost and net demand pressures will be contained within any additional High Needs DSG that may be receivable in future years.

- 4.11 The assumptions about contributions from the Schools Block and from the General Fund are not certain beyond 2018/19. Any decision to repeat the £2m transfer from Schools Block to High Needs Block could only happen with a formal decision of Schools Forum and 2019/20 may be the last opportunity to consider this. The contribution from the General Fund is not guaranteed beyond 2018/19, although the plan is to continue to provide matching funding to the DSG overall, for as long as the National Funding Formula for maintained schools does not recognise the additional PFI Affordability Gap explained in the Schools Block paper.
- 4.12 Such a complex set of budgets with so many dependencies will generate many risks. The following risks have been identified, associated with this plan, some of which are reflected in the individual savings measures included in Appendix 1.
- 4.13 The following risks to the above assumptions have been identified
- a) Management of change costs for maintained special schools has not been included.
 - b) Capital sufficiency via Free special school and AP schools could be delayed
 - c) Continued volatility of the other SEN provisions including Children in Care and High Needs placements out of LA
 - d) Continued increase in primary permanent exclusions and continued high level use of secondary AP provision
 - e) Service reductions in light of significant ESG reductions.
 - f) Reductions in places to reflect occupancy assumes a set level of growth and a higher level of inclusion in mainstream schools
 - g) Population growth is expected and 19-25 remains highly volatile.
- 4.14 Officers met with the **Inclusion Reference Group** on 9th January 2018. This group continues to meet to support the School Forum and the Local Authority through a partnership model. The IRG feedback on these proposals, which were explained in outline form, was broadly positive to achieving the plan and a balanced budget in the 3 years. They remain concerned regarding the number and the potential impact of the identified risks but continue to be very engaged in continuing to seek solutions with the LA. The IRG are actively pursuing increased opportunities for school to school support.

5. Financial Implications

- 5.1 The Chief Finance Officer continues to monitor the HNB closely as part of Schools financial strategy through regular updates to Cabinet. The level of accumulated deficit on the High Needs Budget is concerning. The planned mitigations need to be tightly controlled if the three year budget plan is to deliver a balanced position by 2020/21.

6. Conclusion

- 6.1 The forecast deficit is £6.3m to the end of 2017/18, £4m to the end of 2018/19, £1m to the end of 2019/20, then balanced by 2020/21. This requires the savings measures to be delivered as per the expected profile and for new pressures to be offset by changes in the level of the High Needs Block DSG in future years. There are risks associated with this strategy, but it is important that a plan is in place which can help guide the service, in partnership with schools, to understand how we can get back to a sound financial footing with three years.

Glossary of Terms

BCC	Bristol City Council
LA	Local Authority
SEND	Special Educational Needs and Disability
PRU	Pupil Referral Unit
ALP/AP	Alternative Learning Provision
EIB	Early Intervention Base
BHES	Bristol Hospital Education Service
CAMHS	Child and Adolescent mental Health Services
GFE	General Further Education (college)
IRG	Inclusion Reference group

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APPENDIX A.4.1

Summary of savings targets in High Needs Deficit Recovery Action Plan

Category	Proposal	Total Target Saving £'000	What will be done?	What impact will this have?	What are the risks associated with pursuing this?
1. Places only	1.1 Revise agreed places, based on occupancy, including FE	-856	<ul style="list-style-type: none"> Confirm special school and RB places for September 2018 Confirm FE numbers for September 2018 Clarify internal processes for decision making for place planning ,embed local data collection for supporting capital projections, assess impact on schools budget Rewrite SLA with RB's where place numbers require changing and establish specifications for each special school 	<ul style="list-style-type: none"> This will provide an annual summary of the numbers of places needed to meet sufficiency duty and align this with numbers of requests to statutory assessments, specialist places required across resource bases, special schools and for FE colleges. This will support accurate forecasting against HNB and confirm long term projections based on census / commissioning data. This will support parents and professionals and contribute towards ensuring we have the right amount of places in the right location. 	<ul style="list-style-type: none"> There will be changes to special schools, Resource bases and FE colleges funding on an annual basis.
					<p><i>Not pursuing - Not meeting statutory duties for enough places Loss of confidence in LA</i></p>
2. SEN Top-ups	2.1 Negotiate lower contributions to FE Element 2s and to standardised FE top-ups	-966	<ul style="list-style-type: none"> Seek decision from ESFA for x-regional payments for commissioned places over numbers Embed monthly decision making forums for top up 	<ul style="list-style-type: none"> This will ensure that commissioned places match forecast cost. This ensures rigorous oversight and decision making 	<ul style="list-style-type: none"> Disagreement between FE colleges and LA regarding funded numbers

Category	Proposal	Total Target Saving £'000	What will be done?	What impact will this have?	What are the risks associated with pursuing this?
			applications		<i>Not pursuing – Continued pressure in HNB top up</i>
	2.2 Review the process for allocating top-ups, how we fund Bands 2 and 3 without EHC plans and levels of contingency built in.	-1,401	<ul style="list-style-type: none"> • IRG Top Up working group to lead on rewriting BUDS to clarify school support (school based support) and decision making process for future HNB funding • IRG to compare national best practice including use of pupil premium and issue guidance for schools (if agreed) • IRG to support development of increased numbers of SLE's for inclusion 	<ul style="list-style-type: none"> • This will clarify school funded SEN support and HNB allocations, process for decision making and ongoing monitoring including impact on improving outcomes. • Realign HNB funding to statutory requirements for pupils with EHCP's • Ensure that all funding routes are supporting CYP with SEND, whether at school (SEN support) or EHCP • Increase pace of school-school support to improve outcomes and attainment, reduce exclusions 	<ul style="list-style-type: none"> • Increase in the number of statutory assessment requests and related impact on performance against statutory timescales. • Increasing pressures on staff to deliver within statutory performance requirements • Increase in parental mediations and appeals where EHCP are not agreed. • <p><i>Not pursuing –</i></p> <ul style="list-style-type: none"> • <i>Continued pressure in HNB top up</i>
	2.3 Develop revised models for special schools	-2,000	<ul style="list-style-type: none"> • Meet with Special Headteachers as a workshop activity and follow up • Determine a staffing ratio for every Bristol special school (including academies) for the typical needs of the children who attend that school 	<ul style="list-style-type: none"> • Ensure clarity and equity across special schools, which standardises generic provision and supports individual school specialisms. 	<ul style="list-style-type: none"> • Financial stability of special schools and subsequent impact upon level and quality of provision to children and families. • Loss of confidence as above

Category	Proposal	Total Target Saving £'000	What will be done?	What impact will this have?	What are the risks associated with pursuing this?
			<ul style="list-style-type: none"> Model impact of new staffing ratio's for each school 		<p><i>Not pursuing – Continued pressure in HNB</i></p>
3. AP Top-ups	3.1 Develop revised models for PRUs	-150	<ul style="list-style-type: none"> Meet with PRU heads 	<ul style="list-style-type: none"> As above 	<ul style="list-style-type: none"> As above
4. Other SEN provision	4.1 Use Capital Strategy to re-provide local, less expensive provision	0	<ul style="list-style-type: none"> Progress options for capital options to include impact on HNB (Officers) Assess impact of 3 expected Free schools; to include impact of NOT achieving sufficiency (delayed opening dates) and costs of making different provision 	<ul style="list-style-type: none"> This is a statutory requirement – to provide enough special places to meet need in the right geographical area. This will allow accurate forecasting and assess impact over HNB where planned sufficiency is not achieved. 	<ul style="list-style-type: none"> None
					<p><i>Not pursuing – Additional pressures in HNB as different ,more expensive provision would be needed Not meeting statutory duty for sufficiency Risk of challenge under Equalities Act and disability discrimination</i></p>
5. Other AP provision	5.1 Share funding for Early Intervention Bases with schools	-450	<ul style="list-style-type: none"> Establish joint steering group to share pilot information, determine options and share with IRG Agree options and implement from April 2018 	<ul style="list-style-type: none"> EIB's support early identification and assessment and inclusion for pupils at SEN school support. This would establish a joint funding with schools in the same way as secondaries schools. 	<ul style="list-style-type: none"> Schools not agreeing to jointly fund and continued pressure in the HNB for primary placements
					<p><i>Not pursuing – HNB continues to absorb costs related to supporting pupils at SEN school support. Continued pressures in HNB Increase in Primary permanent exclusions</i></p>

Category	Proposal	Total Target Saving £'000	What will be done?	What impact will this have?	What are the risks associated with pursuing this?
	5.2 Target saving for Hospital Education Service	-200	<ul style="list-style-type: none"> Review current budget and pupil numbers across all sites and determine options for funding. Through BIP steering group consider options and agree Young parent education offer to be reviewed and final decision through Cabinet 	<ul style="list-style-type: none"> This would establish joint funding with the schools block where pupils are at SEN school support level. 	<ul style="list-style-type: none"> Schools not agreeing to jointly fund and continued pressure in the HNB
					<i>Not pursuing – HNB continues to absorb costs related to supporting pupils at SEN school support. Continued pressures in HNB</i>
	5.3 Restrict external AP provision to budget	-500	<ul style="list-style-type: none"> Monitor current contracts to ensure placement numbers Clarify internal placement mechanisms and BIP placements 	<ul style="list-style-type: none"> This will ensure that we monitor the level of pupil placements made in alternative provision. This ensures robust financial monitoring. 	<ul style="list-style-type: none"> None
					<i>Not pursuing – Continued pressures in HNB</i>
6. Services	6.1 Target saving for services	-650	<ul style="list-style-type: none"> All teams supporting schools funded from HNB to be reviewed on non-statutory/statutory work and percentage split Funding stream options to be explored and assessed, including shared funding . Teams included: Bristol autism team, sensory support (Joint LA funded) service, HOPE school, Specialist 	<ul style="list-style-type: none"> This will clarify the appropriate funding streams which are needed to meet statutory school duties by schools and statutory duties which are relevant to the HNB. 	<ul style="list-style-type: none"> Reductions in funding to services supporting children and families with SEND, resultant loss of confidence and poorer outcomes for children in specific circumstances.

Category	Proposal	Total Target Saving £'000	What will be done?	What impact will this have?	What are the risks associated with pursuing this?
			Education & Access (Alternative learning provision Hub, Safeguarding in Education team, SEND development managers, school improvement, procurement and strategic commissioning contributions, Early Years- Gypsy, Roma Traveller post (joint funded), Early Intervention- Youth Offending contribution, TWS (Educational psychologists, head of school partnerships)		<i>Not pursuing – HNB continues to absorb costs related to supporting pupils at SEN school support.</i>
Total full-year impact		-7,173			

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APPENDIX A.4.2

Proposed High Needs Budget 2018/19

Heading	Component	Forecast Commitments 2018/19	Mitigating Actions	Proposed High Needs Budget 2018/19
1. Places only	Academy Recoupment	8,200	-364	7,836
1. Places only	Core Place Funding	7,170	-397	6,773
1. Places only	EFA Recoupment			
1. Places only Total		15,371	-761	14,610
2. SEN Top-ups	GFE Top Up	2,228	-466	1,762
2. SEN Top-ups	Maintained Schools (Bristol)	4,312	-767	3,545
2. SEN Top-ups	OLA Top-Up	1,438		1,438
2. SEN Top-ups	Provision for new cases			
2. SEN Top-ups	Resource Bases (Bristol)	2,222	-384	1,838
2. SEN Top-ups	Special Schools (Bristol)	15,248	-1,166	14,082
2. SEN Top-ups Total		25,447	-2,783	22,664
3. AP Top-ups	PRU (Bristol)	887	-150	737
3. AP Top-ups Total		887	-150	737
4. Other SEN provision	INM Preventative	60		60
4. Other SEN provision	ISP's	618		618
4. Other SEN provision	SEN Equipment	85		85
4. Other SEN provision	Special Placements Post 16	2,002		2,002
4. Other SEN provision	Special Placements Pre 16	3,140		3,140
4. Other SEN provision Total		5,904		5,904
5. Other AP provision	AP Block	1,049		1,049
5. Other AP provision	AP Spot	1,385	-350	1,035
5. Other AP provision	Early Intervention Bases	450	-450	
5. Other AP provision	Hospital Provision	2,156	-200	1,956
5. Other AP provision Total		5,039	-1,000	4,039
6. Services	ALN Commissioning	1,041	-208	833
6. Services	ALN Staffing	895		895
6. Services	Hope Virtual School	436	-200	236
6. Services	Schools in Financial Difficulty	307		307
6. Services	SEN Assessment & Therapy	169		169
6. Services	SEN Safeguarding			
6. Services	TWS Commissioning	558		558
6. Services Total		3,405	-408	2,997
Grand Total		56,054	-5,102	50,951

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APPENDIX A.4.3

Composition of Three Year High Needs Budget Plan

Component	Forecast 17/18 Period 8	Funding change s	Natural change s	Savings measure s	Proposed 2018/19 budget	Funding change s	Natural change s	Savings measure s	Forecast 19/20	Funding change s	Natural change s	Savings measure s	Forecast 20/21
1. Places only	15,959		-588	-761	14,610			-95	14,515				14,515
2. SEN Top-ups	23,092		2,355	-2,783	22,664			-834	21,830				21,830
3. AP Top-ups	851		36	-150	737				737				737
4. Other SEN provision	5,690		214		5,904				5,904				5,904
5. Other AP provision	4,717		322	-1,000	4,039			-150	3,889				3,889
6. Services	3,378		27	-408	2,997			-242	2,755				2,755
Total Commitment	53,688	0	2,366	-5,102	50,952	0	0	-1,321	49,631	0	0	0	49,631
Brought Forward	-3,180	-3,091			-6,271	2,345			-3,925	2,966			-959
Transfer from Schools Block		2,000			2,000				2,000	-2,000			0
General fund contribution		700			700	-700			0				0
DSG Funding retained 2017/18	50,597				50,597				50,597				50,597
Total Funding	47,417	-391	0	0	47,026	1,645	0	0	48,672	966	0	0	49,638
Overspend (cumulative)	6,271				3,925				959				-8