

28th November 2018

SCHOOLS BUDGET 2019-20 UPDATE

Report of the Director of Children's Services

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1. Purpose

1.1 To update the Forum regarding the 2019-20 Schools Budget.

2. Summary

2.1 This paper provides an update on the Schools Budget proposals for 2019-20.

3. Recommendations

3.1 The Forum is asked to support:

- (i) the budget proposals for the schools block, subject to the separate decision on how to distribute the unallocated headroom which is covered by item (iv) below.
- (ii) the budget proposals for the central school services block,
- (iii) the budget proposals for the high needs block,
- (iv) consulting schools on the proposals on how to allocate headroom funding to primary and secondary schools outlined in section 6 of the paper.

3.2 The Forum is asked to note that the detail of the 2019-20 Early Years budget (including the allocation of the early years' headroom) is expected to be considered in the new year.

4. Background

4.1 At its September meeting, the Forum considered information about the 2019-20 Schools Budget and supported several principles to adopt in preparing the budget. These principles are:

(a) The use of £6m of the DSG carry forward to support the schools and central services block budgets in 2019-20, as an initial allocation pending further consideration of whether to use more carry forward than this in 2019-20.

(b) The budgeted spend for early years and high needs to be set at the level of the relevant DSG blocks.

(c) The budgeted spend for schools and central services to be set at the level of the relevant DSG blocks plus an allocation of carry forward, with the initially agreed amount of carry forward being allocated as outlined below:

Schools block - use of carry forward:	
To support budget shares, (equivalent to the value of the MFG exception for the use of carry forward):	£3.2m
To fund the Falling Rolls Fund:	£1.8m
Total use of carry forward for Schools Block	£5.0m
Central services block – use of carry forward	
School Family workers (historical commitment)	£0.9m
Total use of carry forward	£5.9m

(d) For primary and secondary budget shares, the Forum supported:
 -providing an increase of approximately 1% in the unit funding rates of all formula factors in the primary and secondary budget shares, except for the lump sum for secondary schools and specific premises factors (e.g. rates),
 -considering further at the November meeting how any additional resource (if available) should be allocated.

4.2 Key information about the 2019-20 Schools Budget, such as the October 2018 school census data and the final Dedicated Schools Grant announcements, are not yet available. However, there have been a number of developments and these are outlined below.

5. Developments since September paper

5.1 Updated DSG estimate

The DfE has announced further details of the growth element of the schools block. The DSG estimate has been revised to take account of this and of partial returns from the October 2018 census.

The updated DSG estimate is as follows:

Schools Block	£m
Primary 100130 FTE pupils @£3912 per pupil	391.709
Secondary 67823 FTE pupils @ £5089 per pupil	345.151
Premises and mobility	11.126
Growth	6.000
Total schools block	753.986
Central School Services Block 167,953 FTE pupils @£34	5.736
Early Years Block	
3 and 4 Year olds- Universal entitlement 18,833 PTE pupils @ £3067 per pupil	57.755
3 and 4 year olds -Additional hours 6,008 PTE pupils @ £3067 per pupil	18.424
Nursery schools supplementary funding	1.780
2 year olds 2,059 PTE pupils @ £3198 per pupil	6.585
EY Pupil Premium	0.659
EY Disability Access Fund	0.227
Total early years block	85.430
High Needs Block	111.114
Total	956.266

Schools block

Compared to the September paper there is a reduction of £0.5m in the estimated growth allocation and a reduction of £1.0m in the per pupil funding due to revised pupil estimates.

There is a minor change to the estimated DSG for central services while the estimated early years and high needs blocks are unchanged from the September paper.

5.2 Carry forward of DSG

The latest monitor for 2018-19 indicates a projected underspend (excluding DSG changes) of £1.6m. Thus the updated estimate of the amount of carry forward available for 2019-20 is as follows:

Estimated carry forward available for 2019-20	£m
Remaining balance of carry forward from 2017-18	16.726
2018-19 budget variance identified so far: - Underspend from latest monitor £1.6m	1.600
Additional 2018-19 DSG carry forward to 2019-20	0.196
Total	18.522

5.3 Deployment of DSG Carry Forward

The Forum has previously supported using £6m of carry forward to support the Schools Budget in 2019-20 and requested consideration of whether any more could be deployed. Using £6m of carry forward in 2019-20 would leave an estimated remaining balance of £12.5m at 31/3/2020. The separate paper on this agenda which reviews the level of the DSG carry forward recommends that a contingency of approximately £10m is appropriate. Thus it is suggested that no more carry forward should be used in 2019-20. However, if there is some underspending during 2019-20 then potentially the use of £6m of carry forward to support the budget could be repeated in 2020-21.

It is expected that allocations from the falling rolls fund (which is fully funded by carry forward) will reduce by £0.3m in 2019-20. Therefore, it is proposed to use some carry forward to support the Growth Fund instead, in order to deploy the full £6m of carry forward. This releases resource to support primary and secondary budget shares. Therefore the projected use of carry forward in 2019-20 is:

Proposed use of carry forward 2019-20

Element of budget shares covered by MFG exception	£3.2m
Falling rolls fund	£1.5m
Growth Fund	£0.4m
School family workers	£0.9m
Total use of carry forward	£6.0m

5.3 **Budget pressures, savings and headroom**

Further work has been undertaken to refine the budget pressures and savings and the result of this work is incorporated in the budget figures detailed in Annex A. Annex B gives further information about each of the budget items listed.

The headroom is calculated as the resource available after taking account of budget pressures and savings. The main cost pressure in the budget is inflation (including the impact of the national living wage). However, the Forum has previously indicated that it does not favour the automatic funding of inflation, without further scrutiny of the business case. Therefore the inflation shown in the budget schedules in annexes A and B has been reversed out before calculating the headroom funding available.

The sections below summarise the budget position for each DSG block.

5.4 **Schools block**

This comprises the primary and secondary budget shares plus the Growth Fund and the Falling Rolls Fund. The resources available from the 2019-20 schools block DSG, plus £5.1m of carry forward, provide headroom of approximately £8.2m or 1.1%.

This level of headroom is insufficient to meet the expected cost pressures in 2019-20. Inflation (excluding costs funded by additional DfE grants) is approximately 2.4%, resulting in a 1.3% real terms reduction in funding. The impact on individual schools will vary somewhat depending on their pattern of expenditure.

The Forum has previously supported increasing unit funding rates in primary and secondary budget shares by approximately 1% (which reflects the share of the September 2018 teachers pay award that the DfE expects schools to meet). However, any additional resource that might be identified would be subject to further consideration. The current estimate for schools block headroom is little altered from the September position. However, there may be some change in the position when the final funding data and DSG allocations are available at Christmas. Since September, detailed NFF data has become available from the DfE. Section 6 below reviews this and considers further the allocation of additional resource to primary and secondary schools.

5.5 **Central school services block**

There are two elements to this block, historical commitments and ongoing responsibilities. Hertfordshire's remaining historical commitment is for school family workers and this is funded from DSG carry forward. The central services DSG block allocation provides funding for the ongoing responsibilities but this does not provide sufficient resource to fund cost pressures in these budgets.

5.6 High Needs

The high needs sub group of the Forum has recently met and considered the high needs budget in more detail. The group has worked within the guideline that the high needs budget should equal the high needs DSG block.

The high needs column of the Schools Budget shown in annex A outlines the budget pressures and savings supported by the sub group. Annex B provides more information about each item. The main points to note are as follows:

a) Pressures

Changes in funded place numbers – The sub group supported increases of 117 places in special schools and 33 places in colleges, together with a reduction of 19 places in special units.

Colleges - there is a new pressure in respect of high needs provision in colleges. This is due to an increasing number of learners with EHCPs at age 16 and beyond, together with a trend for learners to have increasingly complex needs. To inform future year's budget decisions the sub group has requested an analysis of the actual costs of learners and how their needs are met.

Exceptional Needs – An additional £612k has been allocated for the exceptional needs budget to reflect cost increases resulting from growth in caseload and demography and to ensure ENF entitlements are provided for tactile learners (braille lists).

Visual Impairment Service-It is proposed to expand the team of Curriculum Access Specialists within the Visual Impairment Service to reflect an increase in the number of tactile learners (braille lists) in Hertfordshire. This costs £190k.

Education Support Centres - £250k has been allocated (from the Strategy Development Fund) to provide further funding to ESCs, in connection with split sites, movers in and day 6 provision.

Placements in out county state schools

A pressure of £400k has been included due to an increasing number of placements.

Education in private hospitals

£200k is allocated to provide a specific budget for these placements which have considerably increased in recent years.

b) Headroom

The amount of headroom available is £2.3m. The sub group has recommended that 80% of the estimated pressure for inflation on pay and prices is targeted across the high needs budget. Cost pressures will not be

included for non-staffing budgets. This uses almost all the headroom and the small remaining balance of £23k would be added to the Strategy Development Fund.

c) SEN Strategy Development Fund

This provides a resource within the high needs budget to support new initiatives, in particular, implementing recommendations from the work streams of the SEN strategy review.

The Strategy Development Fund (SDF) for 2018-19 is £1.377m. A net £227k of this is being used to fund pressures in 2019-20. This will leave £1.150m in the Fund in 2019-20. Proposals for the use of the Fund are outlined in the table below.

HN Strategy Development Fund (SDF)	£'000
2018 -19 SDF	1,377
Remaining headroom after funding inflation	23
Transfer to fund ESCs	(0,250)
2019-20 SDF	1,150

Proposals for use of 2019-20 SDF	£'000
Early Years	450
Introduction of a new banding system for high needs pupils	700
HN Strategy Development Fund	1,150

Annex C gives more information about the Strategy Development Fund. Annex D gives further details about the high needs budget.

5.7 Early Years

The DfE has not yet announced the funding rates for the early years DSG for 2019-20 but it is expected that they will remain unchanged from 2018-19.

6. Allocation of headroom to primary and secondary schools

- 6.1 Since the September Forum meeting the Authority has received more information from the DfE about the detailed national funding formula (NFF) allocations underpinning the DSG calculations for 2019-20. Most of the increase in NFF allocations between 2018-19 and 2019-20 relates to primary rather than secondary schools.

We have compared each school's allocation under the 2018-19 Hertfordshire formula, adjusted for an increase of 1.0% in unit funding rates for pupil led funding and the primary lump sum, with the allocations under the NFF which are also based on 2018-19 data. (Specific premises factors, such as rates, and mobility are excluded from the comparison as they are not allocated at school level in the NFF.) The differences, by sector, are as follows:

Comparison of Hertfordshire Formula and NFF (£m)			
	Hertfordshire Formula	NFF	Difference
Primary	385.165	386.586	(1.421)
Middle	5.874	6.006	(0.132)
Secondary and all age	340.578	336.904	3.674
Total	731.617	729.496	2.121

- 6.2 Looking at the sector split, the NFF distributes a slightly higher proportion of funding to primary compared to the Hertfordshire formula. However, within the overall primary total, some primaries gain from the NFF and some lose. Most secondary schools gain under the Hertfordshire formula

We have looked at the schools which would have gained under the NFF. A summary of these gains by sector is as follows:

Total of gains under NFF (based on 2018-19 funding data) (£m)

Primary	4.721
Middle	0.132
Secondary	1.023
Total	5.876

- 6.3 There is no requirement for Hertfordshire's funding formula to converge towards the NFF. However, given the differential between sectors it is proposed to make a modification to the approach suggested in September that all the headroom should be distributed to deliver an equal percentage increase in the unit funding rates across primary and secondary. It is proposed to adopt the following priority order for the allocation of headroom:

Priority 1 – delivering a 1% increase in the unit funding rates of formula factors across primary and secondary (except for the secondary lump sum, which is almost at its maximum permitted level, and premises specific factors such as rates).

Priority 2 – if there is resource available after delivering priority 1, allocating this resource specifically to primary, up to an amount of £1m.

Priority 3 – if there is resource available after delivering priorities 1 and 2 then allocating this using the following ratio:
 90% for the general uplift (as per priority 1),
 10% for the specific primary increase (as per priority 2).

Under these proposals and based on 2018-19 budget share data, the allocation of an illustrative amount of headroom of £8.2m would be as follows:

	Primary £m	Secondary £m	Total £m
Priority 1	3.856	3.215	7.071
Priority 2	1.000		1.000
Priority 3–general uplift	0.063	0.053	0.116
Priority3–specific primary increase	0.013		0.013
Total	4.932	3.268	8.200
Percentage	60%	40%	100%

The proposals will broadly speaking bring primary phase allocations up to the level offered by the NFF while secondary remains above that.

6.3 Distributing the primary specific funding

There are two main reasons why some primary schools would gain significantly under the NFF compared to the Hertfordshire formula:

- a) Schools with high levels of low prior attainment and English as an additional language as these factors are funded at considerably higher unit rates under the NFF,
- b) Large schools with low levels of additional needs funding, which would gain from the NFF's minimum per pupil funding level (MPFL). The MPFL top ups a primary school's allocation if its total funding per pupil is less than £3,500. (All funding factors are counted, except for specific premises factors, such as rates, and mobility.)

It is not proposed to top funding up to the MPFL amount for two reasons:

- It would undermine the principle of allocating additional needs funding based on pupil characteristics. (For example two schools could end up receiving the same funding, even though one had a significantly higher proportion of pupils entitled to free school meals than the other.)
- The schools that would benefit from adoption of the minimum amount per pupil tend to be large schools with low levels of additional needs funding. The Authority's monitoring of schools does not indicate that this category of school is particularly likely to fall into financial difficulty.

Monitoring of schools indicates that the schools facing the most severe financial problems are those with high numbers of SEN pupils, particularly where these do not attract exceptional needs funding. Also anecdotal evidence is that growing pressures on primary schools from pupil behaviour bear most heavily on schools with disadvantaged intakes and thus there is merit in policy terms in directing additional resources towards them. It is therefore proposed that the funding allocated specifically to primary should be distributed through the low prior attainment factor (with London fringe uplift where applicable). All of the low prior attainment factor counts as notional

SEN funding and there is a particularly large gap between the NFF and the Hertfordshire formula in the level of the prior attainment factor.

Annex E shows the pattern of gains (based on 2018-19 budget share data) from distributing the headroom amounts shown under priorities 1 and 2 above, with the primary specific funding under priority 2 allocated through the low prior attainment factor.

6.4 Consultation with schools

6.4.1 The Forum is asked to support consulting with schools on this amended proposal for distributing the headroom. The consultation will also include the other items that the Forum supported at its September meeting:

- continuing to set the MFG at -1.5%,
- reducing the unit funding rate in the primary low prior attainment factor to offset the impact from ending the scaling to the prior attainment data, as required by the DfE,
- The approach to adjusting unit funding rates for additional needs factors where there is a significant change between years in the total Hertfordshire data for a factor.

6.4.2 Secondary split site factor

An anomaly has recently developed round the operation of the split site factor for secondary schools. The size of the factor was originally determined so as to be equivalent to the secondary lump sum, on the basis that a school with two sites should not be more generously resourced than two separate schools, each of half the size. However, we have now arrived at a situation where schools of below 550 pupils cannot operate in a sustainable way, and are now also supported through the falling rolls fund in circumstances where places will in future be required. A split site school with less than 1100 pupils aged 11-16 is therefore disadvantaged relative to two separate schools, despite incurring a substantial level of additional costs. The only secondary school in receipt of split site funding is in this position. It is proposed therefore to consult on changing the split site factor to equal the sum that this school would have received if it had been two separate schools each of half its size. This has not as yet been costed, but the scale of cost should not be excessive, and will inform the eventual decision to be made by Forum in the light of the outcome of consultation.

6.4.3 The results of the consultation will be reported to the January Forum meeting at which point the final decisions on the funding formula will need to be made. The funding formula has to be submitted to the DfE by 21st January 2019.

6.5 Comparison of budget share levels with NFF minimum per pupil funding

As mentioned above, one aspect of the NFF is guaranteed minimum per pupil funding levels (MPFLs) of £3,500 per pupil in primary and £4,800 per pupil in secondary. Allocations under this factor are derived by comparing total funding per pupil from all formula factors (except specific premises factors and mobility, because these are not calculated in the NFF at school level), with the minimum per pupil amounts. Where the minimum amount is higher, the NFF allocation is topped up to the minimum amount.

There is no requirement to deliver the MPFLs used in the NFF in the local funding formula. However, the Forum may be interested in how allocations under the Hertfordshire formula would compare to the MPFLs. We have compared Hertfordshire budget shares, based on 2018-19 funding data and including the additional funding under priorities 1 and 2 above, with the MPFLs.

Schools below minimum per pupil funding level		
	No of Schools	Value of Gap
Primary	36	£1.3m
Middle	2	£60k
Secondary	1	£12k

7. Risks/ Uncertainties

7.1 There are a considerable number of uncertainties about the 2019-20 budget at this point, in particular:

- The final DSG announcements for 2019-20.
- The pupil data from the October (schools) and January (early years) censuses.
- Other funding data such as rates.

7.2 The amount of unallocated headroom is the balance of resource available and therefore may change significantly from the estimate shown in this paper.

7.3 2020-21 and future years

2019-20 is the last year of the current comprehensive spending review period and therefore no information is available about funding levels for 2020-21. The high needs sub group has as part of its budget work reviewed illustrative budget scenarios for 2020-21. Two scenarios have been considered, one with a 1% increase in high needs DSG, the other with a 3% increase. Under the 1% scenario it was not possible to fund any inflation, despite using all the remaining balance of the SEN Strategy Development Fund (SDF). Under the 3% scenario, inflation could be funded but the SDF would largely have to be used up to do so. If the SDF had already been committed to specific initiatives

then savings would have to be found elsewhere. (Annex D includes an illustration of this.)

8. Conclusion

- 8.1 Annex A outlines the latest position regarding the 2019-20 Schools Budget showing the split between the schools, central services, early years and high needs blocks.
- 8.2 The proposed final schools block budget and unit funding values for primary and secondary budget shares for 2019-20 will be brought to the January Forum meeting, prior to submission to the DfE. Over Christmas, the Schools Budget will be updated to take account of the DfE announcements in mid-December, including the October census data and the December DSG funding announcements.
- 8.3 In preparation for this, the Forum is asked to agree the recommendations in section 3 of this paper and is also asked to agree the level of central budgets, which is covered by a separate paper on this agenda.

Schools Budget 2019-20

Annex A

	Schools £000	Central Services £000	Early Years £000	High Needs Block £000	Total £000
Schools Budget 2018-19 (as at section 251)	744,239	6,644	85,470	107,790	944,143
Pressures					
Demography	7,650		-982		6,668
Inflation of pay and prices	17,506	133	2,525	2,787	22,951
Employers Contribution to Teachers Pension				112	112
Additional Special School places 2019-20				683	683
Full year Effect of 2018-19 increase in special school places				233	233
Additional college places 2019-20				132	132
Full year Effect of 2018-19 increase in High needs college places				48	48
Visual Impairment Service				190	190
Placements in out county state schools				400	400
Education in private hospitals				200	200
Exceptional Needs				612	612
Education Support Centres				250	250
Rates	600				600
Growth in Existing Free Schools	1,021				1,021
New Free School opening in 2019-20	458				458
Top ups for high needs provision in colleges 2019-20				540	540
Full Year effect of 2018-19 increase in top ups for high needs provision in colleges				58	58
Licenses		20			20
Pressures Total	27,235	153	1,543	6,245	35,176
Savings					
Rates	-180				-180
Growth Fund	-1000				-1,000
Amalgamations	-47				-47
Building Schools for the Future	-165				-165
Bulge Classes leaving	-648				-648
Capital Expenditure on Primary Alternative provision				-750	-750
Special Unit Places				-67	-67
Closed special units				-100	-100
SpLD Places				-775	-775
Special school residential provision				-269	-269
Quality Offer Rollout				-34	-34
Counselling service				-123	-123
Prior Year Adjustments	-285				-285
Falling Rolls Fund	-296				-296
Minimum Funding Guarantee	-500				-500
Savings to be identified		-37			-37

Early Support Project				-52	-52
Transfer from SEN Strategy Development Fund				-250	-250
Savings Total	-3,121	-37	0	-2,420	-5,578
Schools Budget 2019-20 before reversing out inflation	768,353	6,760	87,013	111,615	973,741
Reversal of Pressures for inflation and teachers' pension	-17,506	-133	-2,525	-2,787	-22,951
Schools Budget 2019-20 after reversing out inflation	750,847	6,627	84,488	108,828	950,790
Headroom					
Headroom				2,263	2,263
Inflation in high needs block					
To be allocated	8,248	0	942	23	9,213
Schools Budget 2019-20 including headroom	759,095	6,627	85,430	111,114	962,266

Estimated 2019-20 DSG	753,986	5,736	85,430	111,114	956,266
Use of Carry Forward	5,109	891			6,000
Total DSG Available	759,095	6,627	85,430	111,114	962,266
Difference	0	0	0	0	0

Pressures

B.1 Demography

This constitutes the impact of increases in pupil numbers (excluding growth in free school numbers) on AWPU and other pupil led funding in the schools and early years budget shares. The pupil numbers used in the calculation will be updated when the autumn term 2018 census data is available.

B.2 Inflation on Pay and Prices

This is based on the following estimated increases:

- Teachers Pay
This assumes a 1% increase from the September 2018 pay award (on the basis that the increase above this will be met from the separate teachers' pay grant). A 2% increase from the September 2019 pay award is assumed, with no grant funding towards the additional costs of this award.
- Non Teachers Pay
Increases as per the local government pay award for April 2019 with +2% for grades H8 and above and higher increases for grades below H8.
- Non pay
2% general inflation but with specific inflation increases for energy
The pressure shown does not take account of increasing costs of the national living wage being passed on by service providers.

B.3 Employers contribution to teachers' pensions

The rate of employers' on-costs for the teachers' pension scheme is expected to increase in September 2019 from 16.48% to 23.6%. However, the DfE has announced that it will fund this increase for schools. The pressure shown is therefore the estimated cost of the pension increase for centrally employed teachers in the SEN specialist support teams.

B.4 Additional special school places

This allows for an additional 117 places from September 2019, making a total of 2,428 in special schools.

Also shown is the full year effect of the increases in special school places made in September 2018.

B.5 Additional high needs places in colleges

This provides for an additional net 33 places from August 2019.

Also shown is the full year effect of the increase in place numbers from September 2018.

B.6 Visual Impairment Service

There is a need to expand the team of Curriculum Access Specialists within the Visual Impairment Service to reflect an increase in the number of tactile learners (braillists).

B.7 High Needs placements in out county state schools

There has been an increase in the number of high needs placements in out county state schools.

B.8 Education in private hospitals

This relates to the cost of education for children placed for medical reasons in private hospitals or clinics.

B.9 Exceptional Needs

This relates to cost increases resulting from growth in caseload and demography and to ensure exceptional needs entitlements are provided for tactile learners (braillists).

B.10 Education Support Centres (ESCs)

An allocation to address pressures in ESC funding (in particular with regard to split sites, movers in and day 6 provision).

B.11 Rates

Increases in rates costs, from inflation and revaluations

B.12 Growth in existing free schools

The DSG will not take account of the additional cohort starting in free schools in September 2019. The Authority will, however, have to fund this cohort and this constitutes a budget pressure.

B.13 New free school opening in 2019-20

One new free school is expected to open in September 2019. This pressure constitutes the estimated pupil led funding for this school.

B.14 Top ups for high needs provision in colleges

The increase is due to the increasing number and complexity of high needs students in colleges and independent specialist providers. Also shown is the full year effect of last year's pressure.

B.15 Licenses

It is expected that there will be an increase in the cost of DfE arranged licenses for schools.

Savings

B.16 Rates for converting academies

There is a saving in rates funding in budget shares due to the conversion of schools from community to academy status.

- B.17 Growth Fund**
As reported in the monitor there is an underspend in the Growth Fund budget and it is proposed to take this as a saving.
- B.18 Amalgamations**
Redbourne Infants and Juniors amalgamated in April 2018. This results in a reduction in funding through the lump sum factor.
- B.19 Building Schools for the Future (BSF) funding**
Nobel school has decided to discontinue its BSF facilities management contract and manage its own premises. The school will therefore no longer receive an allocation from the BSF funding factor.
- B.20 Bulge Classes Leaving**
Hertfordshire has applied to the DfE to reduce the budget shares of schools where bulge classes will be leaving in Summer 2019, in order to reflect the reductions in the number of pupils on roll. The saving that would result is shown.
- B.21 Capital expenditure on primary alternative provision**
This budget relates to particular schemes and is not expected to be required going forward. The DfE has made available a capital grant for high needs, to run for three years from 2018-19.
- B.22 Reduction in Special Unit Places**
The saving relates to proposed reductions in special unit places to better match the supply of places to demand.
- B.23 Closed Special Units**
There is a phasing out of transitional funding following the closure of special units.
- B.24 Specific Learning Difficulties (SpLD) Bases**
This is the full year saving that will result from the introduction of new arrangements for SpLD provision.
- B.25 Special School Residential Provision**
The saving relates to the expected closure of residential provision at Larwood special school.
- B.26 Quality Offer Rollout**
This has been completed and the budget will be taken as a saving.
- B.27 Counselling Service**
This savings results from a reduction in the overhead costs charged to the service.

B.28 Prior year adjustments

The prior year adjustment in 2018-19 largely related to a new free school which had opened the previous year. This situation is not expected to reoccur in 2019-20.

B.29 Falling Rolls Fund

There is projected to be a reduction in the number of schools eligible for the Fund.

B.30 Minimum Funding Guarantee

There is an estimated reduction in the cost of the Minimum Funding Guarantee due to the impact of the additional funding from headroom.

B.31 Central Services saving to be identified.

It is estimated a small saving will be required in the central services budget to keep expenditure at the level of the central services DSG block.

B.32 Early Support Project

This has ended and it is intended to take the budget as a saving.

B.33 Transfer from SEN Strategy Development Fund

The pressure for education support centres is met by a transfer from the SEN Strategy Development Fund.

Adjustments to match budget to DSG available

B.34 Reversal of pressure for inflation

The resources available are insufficient in most blocks to fund inflation. Also the Schools Forum has previously indicated that it does not favour the automatic funding of inflation without scrutiny of the business case. Therefore the pressure for inflation has been reversed out before calculating the headroom funding available.

B.35 Headroom

The headroom is calculated as the resource available after taking account of budget pressures and savings, except inflation. It is intended to transfer the remaining balance of the headroom amount in the high needs budget (after the contribution towards funding inflation) to the SEN Strategy Development Fund.

Annex C

Understanding the High Needs Strategy Development Fund

The High Needs Strategy Development Fund (HNSDF) exists to create the capacity to improve SEND provision through strategic review and implementation. It operates by;

- Identifying areas of SEND provision that require improvement and development in line with the SEND Strategy
- Identifying the resource that is required to transform the provision
- Developing a strategic plan that will lead to an enhanced provision
- Preparing for the transformation
- Implementing the plan

An example would be the transformation of primary and secondary behaviour provision;

- The SEND Strategy identified behaviour as a key area for transformation
- Analysis of the quality and effectiveness of behaviour provision in Hertfordshire indicated a number of areas for improvement:
 - Varied quality of provision
 - Inequality of provision across Hertfordshire
 - Inconsistent practice
 - Increasing exclusions and demand on services
 - Expectations on schools
 - Value for money
 - Inequality of resources
- Analysis of resources based on need and equity indicated that further funding was required
- Funding was earmarked in the HNSDF in 2016/17 to deliver equity alongside transformed services (£600k for primary and £1.3m for secondary)
- Funding was held in the 2017/18 budget to implement changes in the 2018/19 budget
- New approaches to primary and secondary behaviour provision were developed during 2017/18
- Approaches implemented in 2018/19 using identified resources

This approach has been used in a number of areas. It is dependent on increasing resources in the High Needs budget from the DfE or savings made in the existing budget. The current programme in the HNSDF looks like this:

2018/19

Implementation of increases in behaviour funding (£600k primary and £1.3m secondary)

Implementation of transfer of revenue to capital for primary behaviour facilities (£750k)

Implementation of 75 additional special school places (£810k)

Review of the ISL Services in the areas of Communication and Visual Impairment (£450k)

Review of Special School bandings (£1m)

Review of Exceptional Needs Funding (£500k minimum)

2019/20

Implementation of review of ISL Services in the areas of Communication and Visual Impairment (£450k)

Implementation of review of 117 Special School places (£1.1m)

Implementation of Exceptional Needs review (£600k minimum)

Further review of special school places focusing on:

- Creating additional places (see free school proposal)
- Developing a banding system for complex needs across mainstream and special schools (£750k)

Review of high needs provision in the Early Years (£600k)

Review of mental health provision (this work may be superseded by other government initiatives)

2020/21

Implementation of the 2019/20 reviews

Further areas to review to be identified during 2019/20

The funding for 2020/21 is dependent on the government spending review. If the High Needs Budget increases and/or further savings can be identified then this approach can continue.

The above plan is reflected in the High Needs Budget spreadsheet