



# Walsall Council

## Walsall Children's Services

<b>Report to:</b>	Schools Forum
<b>Date:</b>	28 September 2010
<b>Subject:</b>	Review of the Special School Funding Formula
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<b>Purpose of the report:</b>	To inform the Schools Forum of the review of the proposed changes to the funding of special schools with effect from 1 April 2011.
<b>Recommendation:</b>	To agree the proposals detailed in the report be included within a formal School Funding Consultation Document to be issued later in the Autumn Term.

## **1. Introduction**

- 1.1 A report was presented to Schools Forum on the 15 June 2010 outlining a proposed review of the operation of the Funding Matrix applied to the allocation of place-led funding in special schools.
- 1.2 This review has been completed and discussed in detail with the headteachers of the special schools at meetings on the 23 June and 6 July 2010.

## **2. The Current Funding System**

- 2.1 The current system is both pupil and place-led. Each pupil on roll is allocated to a band on the funding matrix, which is differentiated by the range of pupil needs.
- 2.2 The special schools assess each of their pupils on an annual basis to identify their current band on the funding matrix. However, there is no central moderation of the banding exercise, which means it can be subject to differences of interpretation across the schools, and differences in funding levels.
- 2.3 The present system allows a high degree of fluidity as pupils move across the bandings, which makes it very difficult to predict the total funding required by the special schools in the later years of a multi-year budget period.
- 2.4 The current system was designed prior to the introduction of three year budget cycles.
- 2.5 A great deal of work was undertaken six years ago to develop the funding matrix and the associated needs. The matrix itself remains valid, as a tool to cost the needs of pupils, however, it can be simplified as a number of the Matrix categories have the same monetary value.

## **3. The Problems Encountered During the 2008-11 Budget Period**

- 3.1 The funding delegated to special schools is part of the whole school budget, which has a finite resource that is allocated in full at the start of the three year budget period. In Walsall there is a relatively small school specific contingency, which is for specific purposes, therefore any significant deviation from the original budget plan can cause problems.
- 3.2 The School Budget resource is determined by the number of eligible pupils at the January census date. If pupil numbers increase or decrease

during the multi-year budget period then the Dedicated Schools Grant is adjusted accordingly. For the 2010-11 financial year Walsall drew down £4,371 for each eligible pupil. This is a composite rate that includes an allowance for high cost pupils. The value of the bands on the special schools funding matrix range from £9,443 to £22,180 per pupil, therefore any unexpected increase in pupils or upward shift across the bands can create a significant budget issue. The banding matrix allocates 80% of the special schools budget shares. Similar increases or decreases in mainstream school pupil numbers do not create problems as they can be catered for within the funding available.

3.3 The Schools Budget must balance and the LA, in consultation with the School Forum, is required to determine how to deal with emerging budget pressures at the commencement of the three year budget period. This is because the purpose of implementing multi-year budgets is to provide schools with some degree of predictability for their medium term financial plans.

A number of problems have been experienced during the first full multi-year budget period relating to the funding of special schools. The budgets calculated for years 2 and 3 have varied because of:

- changes in pupil numbers;
- movements across the matrix bands;
- post 16 funding allocated via the LSC (now YPLA) does not meet the costs of post 16 pupils attending special schools.

3.4 A number of compensating adjustments have been required to mainstream school funding to ensure that the finite resource is not exceeded. This in itself can be a complicated process as the impact of the Minimum Funding Guarantee needs to be considered at all times.

#### **4. Proposed Changes to the Funding of Special Schools from 1 April 2011**

4.1 In order to achieve the objectives of the funding review the following principles were agreed:

- Reflect reality
- Predictability
- Stability
- Affordability
- Equitable allocation of resources
- Sustainability
- Reduce bureaucracy
- Support medium term planning (at all levels)

- Value for money

4.2 Early in the review process the group agreed that a fixed percentage banding model should be applied to the allocation of planned places. This alternative methodology provides a more equitable funding model, reduces bureaucracy as no annual review of pupils against the matrix is required and it also helps with funding stability and predictability.

4.3 A number of three year funding models (7 in total) were shared with the special headteachers group. Each model exemplified the proposed methodology impact compared to actual funding allocations received by each school for the 2008-2011 multi-year budget period.

4.4 Following detailed discussion the group agreed that Model 6, attached to this report as Appendix 1, best reflected the needs of the pupils attending special schools. This Model is based upon the average placement of children across the matrix, for each type of special school, and therefore it does create some realignment of funding.

4.5 The proposed fixed banding system as recommended by the working group is detailed below.

	Bands								
	A1	A2	A3	A Total	B1	B2	B3	B4	B Total
Schools for pupils with Moderate Learning Difficulties (MLD)	10 %	20 %	40 %	70%	20 %	10 %	-	-	30%
Schools for pupils with Severe Learning Difficulties (SLD)	-	-	-	-	5%	20 %	55 %	20 %	100%
Schools for pupils with Emotional and Behavioural Difficulties (EBD)	-	25 %	-	25%	20 %	55 %	-	-	75%

The above percentage band allocations will be applied to the number of pupils on roll at the January Census date, thereby ensuring that each school type is funded equitably.

4.6 The 2010-11 values for each of the matrix bands are detailed below:

Matrix Band	MLD Schools	SLD Schools	EBD Schools
A1	£9,443	-	£12,129

A2	£9,443	-	£12,129
A3	£9,443	-	£12,129
B1	£14,708	£16,935	£19,826
B2	£14,708	£16,935	£19,826
B3	-	£20,146	-
B4	-	£22,180	-

As highlighted in the above table, many of the matrix band values are the same, therefore in order to simplify the formula the following new band headings will be introduced with effect from 1 April 2011.

	<b>Band Description</b>	<b>MLD Schools</b>	<b>%</b>	<b>SLD Schools</b>	<b>%</b>	<b>EBD Schools</b>	<b>%</b>
Band A	<b>Moderate Learning Difficulties primary need</b> – with one or more of the following: behaviour emotional & social difficulty requiring planned positive intervention, care/life skill needs requiring additional time from school staff, debilitating medical condition (regular supervision by school staff), mild / moderate autism, mild/moderate hearing or vision impairment, speech, language & communication needs.	£9,443	70	-		-	
Band B	<b>Behaviour, Emotional &amp; Social Difficulties primary need</b> – alongside mild/moderate learning difficulties, specific learning difficulties. Pupils may also have mild/moderate autism, speech language & communication needs	-		-		£12,129	25
Band	<b>Moderate Learning</b>	£14,708	30	-		-	

C	<b>Difficulties primary need</b> - alongside Behavioural Difficulties, Asperger's Syndrome, mild/moderate autism, moderate physical difficulty. Pupils may also have care/life skill needs requiring additional time from school staff, debilitating medical condition (regular supervision by school staff), speech, language & communication needs.					
Band D	<b>Severe/Profound Learning Difficulties primary need</b> - pupils may also have one or more of the following: Behaviour Emotional & Social Difficulty, Physical Disability (non-ambulant), Profound Sensory/Deaf-Blindness, Significant Autism, care/life skill needs requiring additional time from school staff, debilitating medical condition (regular supervision by school staff), significant sensory, speech, language & communication needs	-	£16,935	25	-	
Band E	<b>Behaviour Emotional &amp; Social Difficulty primary need</b> - alongside significant mental health issues requiring additional/over and above staff support. Pupils may also have one or more of the following: Asperger's syndrome; mild/moderate autism, language & communication needs.	-	-		£19,826	75
Band F	<b>Severe/Profound Learning Difficulties primary need</b> -	-	£20,146	55	-	

alongside Behaviour  
Emotional & Social  
Difficulty, Physical Disability  
(non-ambulant), Profound  
Sensory/Deaf-Blindness,  
and Significant Autism.  
Pupils may also have  
care/life skill needs  
requiring additional time  
from school staff,  
debilitating medical  
condition (regular  
supervision by school staff),  
significant sensory, speech,  
language &  
communication needs

Band G	<p><b>Severe/Profound Learning Difficulties primary need -</b> pupils will also have significant care/life skill needs requiring additional time from school staff, debilitating medical condition requiring continuous supervision and support, significant sensory, speech, language &amp; communication needs. Pupils will require higher levels of additional support due to their complex needs</p> <p>-</p> <p>(severe/profound/multiple) difficulties with significant medical care needs. They many have an uncontrolled life threatening condition; accumulative learning and medical needs which significantly impact on the learners access to the curriculum and affect the education of peers</p>	-	£22,180	20	-
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**Total Percentage**

100

100

100

4.7 The proposed model does create some movement of funding between the schools, but the special school headteachers agree that this is acceptable as the proposed methodology creates a fairer funding system.

The table below highlights the average funding per special school pupil for each school using the current 2010-11 budget allocations compared to the proposed methodology.

<b>School</b>	<b>Type</b>	<b>Current Average place value</b>	<b>Proposed Average Place value</b>
Castle	MLD	£10,108	£11,023
Jane Lane	MLD	£11,761	£11,023
Mary Elliot	SLD	£19,283	£19,750
Oakwood	SLD	£20,715	£19,750
Old Hall	SLD	£20,449	£19,750
Phoenix	EBD	£19,826	£17,902
Elmwood	EBD	£18,116	£17,902

- 4.8 The proposed methodology is contained within the current funding allocation for special schools. The current saving of £86k will be retained at this stage for any potential increases in pupils for the next financial year. Work is currently underway to estimate the special school population for the next few years.

## **5. Summary and Recommendations**

- 5.1 This report summarises a change in the way in which special schools can be funded in the future, to help both the local authority and the schools to better predict their future funding requirements.
- 5.2 The detailed funding model, reflecting the needs of pupils, remains in tact. It is the requirement for the annual assessment of each special school pupil against the needs/funding Matrix which is to be removed, in order to introduce equity, stability and predictability to the special school funding system. The proposal is to replace the current funding system with a fixed funding model.
- 5.3 Special school headteachers have been consulted as part of the review and they have collectively agreed that the funding model attached at Appendix 1, fairly reflects the funding needs of their pupils.
- 5.4 The Schools Forum is recommended to agree that the following proposals be included in a School Funding Consultation Document to be issued later this term.
- To introduce a new fixed percentage banding system the reflects the current average population of pupils in Walsall special schools as detailed in Appendix 1

- To simplify the current range of bands across the matrix by consolidating bands of the same monetary value, into seven new bands as detailed in paragraph 4.6 of the report.

5.5 The results of the consultation process will be reported to the Schools Forum in December before being presented to Cabinet for formal ratification in January 2011.