

## **Cabinet – 19 March 2014**

### **Schools Forum – Special School Funding Formula 2014/15**

**Portfolio:** Councillor Rachel Andrew, Children's Services

**Related portfolios:** Councillor Chris Towe, Resources

**Service:** Education

**Wards:** All

**Key decision:** Yes

**Forward plan:** No

#### **1. Summary**

- 1.1. On 28 March 2012 Department for Education (DfE) published 'School funding reform: Next steps to a fairer system'. This required new funding arrangements for high needs pupils. A Special Educational Need (SEN) working group was created in 2012 to help manage this change. Special schools were at the heart of this.
- 1.2. On 11 March 2014 Walsall Schools Forum is reviewing these arrangements and is expected to endorse the approach recommended by special school heads. The report that Schools Forum will review is in **Appendix 1**.
- 1.3. Significant work has taken place to develop this formula and special schools have had a key role in shaping the formula. It is special schools who have voted for the transition arrangements and the staffing ratios that are deemed as appropriate. The key principles that were followed are:

To seek a funding methodology that reflects need and enables those needs to be met appropriately so that children and young people –

- Stay in Walsall
- Make good and outstanding progress
- Show good and outstanding achievement
- Are well prepared for the next step

#### **2. Recommendations**

- 2.1. That Cabinet approve the decision of Schools Forum and adopt the new formula and transition arrangement as recommended at Schools Forum on 11 March 2014.

- 2.2. That Cabinet delegates authority to the Director of Children's Services in consultation with the Portfolio Holder for Children's Services to alter or amend the financial values in the formula for this and future financial years to meet any changes in funding levels, changes in regulation from the DfE or Education Funding Agency (EFA) or to meet needs of high needs students as necessary

### **3. Report Detail**

Schools Forum will receive a comprehensive report on special schools funding on 11 March 2014 (**Appendix 1**). This report is the final report in a sequence of reports and consultations with Walsall Schools over a nearly 2 year period.

### **4. Council priorities**

This funding supports the education of some of the most vulnerable children and young adults in Walsall. Significant work has taken place to ensure that funding is appropriate.

### **5. Risk management**

- 5.1. The needs of all children need to be met. In addition the funding reforms link with wider SEN reforms in that they allow the concept of "exceptional need" – which means that where the new single assessment identifies need/provision above the agreed special school place value, further funding can be accessed.

Exceptional funding to be:

- linked to an Education Health Care Plan (EHCP),
- time limited
- outcome based
- linked to personal budget options

- 5.2. Special schools may see decreases in budgets and would need to manage within that funding envelope. As special schools have defined appropriate staffing ratios, they clearly have plans in place to manage any change.

### **6. Financial Implications**

- 6.1. There is no reduction in the total Dedicated Schools Grant (DSG) received by Walsall Council. The requirement for funding for top up funding has been set by special school heads and it is forecasted that all needs can be met from the current DSG.
- 6.2. The new National Fair Funding Formula (NFFF) discussed by DfE is anticipated not to impact these new rates.

6.3. Schools may see a decrease in funding based on new arrangements. The transition arrangements will reduce the impact of any decrease and special school balances have been judged to be at an appropriate level to cope with any changes.

## **7. Legal Implications**

Walsall Council is bound to comply with any regulations relating to the financing of schools.

## **8. Property Implications**

Special schools will have property costs. These property costs will be predominately funded from the £10,000 per student place funding received by special schools.

## **9. Health and wellbeing implications**

This funding supports the education of some of the most vulnerable children and young adults in Walsall. Significant work has taken place to ensure that funding is appropriate. These actions should enhance the well being of our most vulnerable learners.

## **10. Staffing implications**

Schools have defined the level of staff they need to support high needs students. This may see changes in staffing numbers to increase/decrease roles to achieve this.

## **11. Equality implications**

The top up rates are based on needs of individual students to meet their needs.

## **12. Consultation**

Extensive consultation has taken place with Walsall Schools Forum and special schools in Walsall.

## **Background papers**

Cabinet report 13<sup>th</sup> March 2013 - Schools Forum – High Needs Funding Formula  
Schools Forum report 3<sup>rd</sup> December 2013 – Special Schools Funding Formula  
Schools Forum report 24<sup>th</sup> September 2013 – Special Schools Funding Review  
Schools Forum report 12<sup>th</sup> March 2013 – High Needs Top Up Rates 2013/14  
Schools Forum report 12<sup>th</sup> February 2013 – Notional SEN

DfE – “School funding reform: Next steps to a fairer system” published on 26 March 2012

DfE - “School funding reform – Arrangements for 2013/14” published on 28 June 2012

DfE - “Operational guidance for local authorities – 2013-14 revenue funding arrangements” published on 28 June 2012

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Signed:

Rose Collinson

Interim Director Children's Services

10 March 2014



Signed:

Councillor R Andrew

Portfolio Holder

10 March 2014



## Walsall Children's Services

## Appendix 1

<b>Report to:</b>	Schools Forum
<b>Date:</b>	11 <sup>th</sup> March 2014
<b>Subject:</b>	Special Schools Funding Review
<b>Contact:</b>	Dawn Morris <a href="mailto:morrisd@walsall.gov.uk">morrisd@walsall.gov.uk</a> Lesley Wright <a href="mailto:wrightl@walsall.gov.uk">wrightl@walsall.gov.uk</a>
<b>Purpose of the report:</b>	This report summarizes the progress of the review of the Special School Funding Formula and details the proposed funding matrix to be used for the allocation of budgets 2014-2015, to include transitional support
<b>Recommendation:</b>	<p>To note contents of the report.</p> <p>To support the proposed use of Option 2 from the review as the funding mechanism for the allocation of funds to special schools for 2014-15 financial year.</p> <p>To support special head teachers preferred method of local transition arrangements, as described in method 3.</p>

## **Special Schools Funding Review**

### **1. Background:**

- 1.1 The March 2012 School funding reform announcement required the implementation of new funding arrangements for high needs pupils. An SEN working group was established in August 2012 and met regularly during the autumn term 2012. Due to time constraints the group agreed to regard 2013-14 as a transitional year for the purposes of funding and to this end the 2012-13 place values were used as the starting point for 2013-14, with the non pupil led funding factors rolled into/added to the existing place values
- 1.2 In March 2013 the School Forum were informed of the recommendations made by the SEN working group in regard to the funding mechanism for special schools in 2013-14 and, in addition, a recommendation to undertake a full review of special schools funding, to be implemented in 2014-15, was also agreed.
- 1.3 The review process started in June 2013 with Finance and SEN staff working with the special head-teachers in a series of workshops to develop a funding mechanism for 2014 -15. Dates of the review meeting:

26<sup>th</sup> June 2013  
12<sup>th</sup> September 2013  
4<sup>th</sup> October 2013  
30<sup>th</sup> January 2014

Plus individual head teaching meetings held over 26<sup>th</sup> and 27<sup>th</sup> September 2013

- 1.4 During the autumn term special head teachers also shared the work of the review group, including modelled funding options and their impact, with their respective governing bodies.

### **2. Review process:**

- 2.1 The principles on which the funding formula should be based were agreed by the group:

To seek a funding methodology that reflects need and enables those needs to be met appropriately so that children and young people –

- Stay in Walsall
- Make good and outstanding progress
- Show good and outstanding achievement
- Are well prepared for the next step

In addition it is understood that the local authority must ensure it has established a sufficient number of high needs places and that these places are matched to the “needs” of the pupil population.

Funding in schools must be targeted to make provision for pupils currently in school – this year's funding for this year's pupils.

The local authority's local offer and schools' local offer must be inter-linked and correlate with funding. The funding methodology should, as far as possible, be simple and transparent.

- 2.2 At the September 2013 meeting special head-teachers were asked to define what they felt to be the most appropriate staffing ratios to meet the needs of their pupils, both for teaching and support staff.
- 2.3 These staffing ratios, detailed in a report to School Forum 24<sup>th</sup> September 2013, have been used to underpin the basis of the new funding matrix and four funding options, using a differing number of resource bands and place values, were shared with special head teachers, both collectively and individually enabling scrutiny of the impact of each model on individual schools. Details of the four options were in a report to School Forum 26<sup>th</sup> November 2013.
- 2.4 At the review meeting in October 2013 special head teachers expressed a preference for either option 2 or 3.
- 2.5 In addition, the funding reforms link with wider SEN reforms in that they allow the concept of "exceptional need" – which means that where the new single assessment identifies need/provision above the agreed special school place value, further funding can be accessed.

Exceptional funding to be:

- linked to an Education Health Care Plan (EHCP),
- time limited
- outcome based
- linked to personal budget options

### **3. Proposed special school funding formula:**

- 3.1 The matrix bands modelled in option 2 are the proposed basis for the 2014-15 special school funding formula.

This option has 5 matrix bands – 1 for designated MLD schools, 2 for SLD and BESD designated schools, differentiating between primary and secondary phase, with 2 funding levels in each matrix band, a total of 10 resource bands or top-up values, see below illustration 1 over page.

- 3.2 The modelled place values, using the matrix above, include the most up-to date salary scales, including recent and proposed pay-awards.

## Illustration 1

**Option 2 - Matrix bands - staffing ratios to be used in the costing of place values together with other funding elements covering leadership & management, premises, resources & admin**

	BESD Band 1 - primary & secondary	BESD Band 2 - primary & secondary	MLD Band 1	MLD Band 2	SLD Band 1 - primary & secondary	SLD Band 2 - primary & secondary
<b>Teaching ratio:</b>	1.7	1.7	1.10	1.10	1.7	1.6
<b>Non Teaching support ratio(1):</b>	1.7	1.5	1.10	1.7	1.7	1.5
<b>Non Teaching support ratio(2):</b>	1.14	1.10	na	1.15	1.14	1.10
<b>Lunchtime Support:</b>	1.4	1.4	1.15	1.15	1.7	1.6
<b>Care Staff:</b>	na	na	na	na	1.3	1.3

### 4. Arrangements for implementing the revised formula:

- 4.1 When modelled on the assumption that all commissioned places are full for the whole of the year, most of the special schools see a reduction in budget income. While the minimum funding guarantee (MFG) applies in a similar way to main stream schools, it is estimated that the MFG process would very much delay the implementation of reviewed funding formula.
- 4.2 To aid implementation the DfE have confirmed that the local authority can request a dis-application of the minimum funding guarantee (MFG) in respect of special schools provided there is an appropriate and agreed local transition process in place and there is agreement to the local process by special head teachers.
- 4.3 Local transition arrangements were discussed at the most recent review meeting on 30<sup>th</sup> January and three methods were shared with head teachers using known pupils as at January 2014.
- 4.4 Pupils already accessing provision will be assimilated from the existing three funding levels in each band, with pupils in the lowest funding band assimilating to new matrix band level 1 for their school. Pupils currently in the 2<sup>nd</sup> and 3<sup>rd</sup> funding level will assimilate to the new matrix band level 2. New pupils entering school will be placed initially on band 1 prior to LA moderation.
- 4.5 Pupils will be placed in a matrix band appropriate for their designated school type i.e. pupils placed at a designated SLD school will attract only the place value determined for that particular school.
- 4.6 Using the assimilation process in 4.4, January pupils numbers were used to model three budget allocations for each school, using a differing local transition method.

Firstly a GFU - guaranteed funding unit – is calculated for each special school by dividing total budget share income for 2013-14 by the number of commissioned places and then multiplying the resultant number by either 98.5%, in methods 1 and 3 or 97% in method 2.

The calculated GFU is then multiplied by the number of places to be commissioned by the local authority for 2014-15 to give a minimum funding level.



**Transition Method 1** – The GFU calculated at 98.5% of 2013-14 per pupil funding = minimum per pupil funding for 2014-15.

Run funding formula using as a transitional mechanism the existing place values for the period April '14 to August '14 for pupils already accessing provision prior to new financial year, with the assimilation and new place values deferred until September 2014.

The advantage of this method would be the new funding model would not apply for a full year until 2015-16.

The disadvantage is less transparent than other methods as each pupil will attract differing top-up funding rates as year progresses.

**Transition Method 2** - The GFU calculated at 97% of 2013-14 per pupil funding = minimum per pupil funding.

Pupils to be assimilated onto reviewed matrix bands from April 2014 and funding formula run using new place values with a transitional element of funding added to the values.

The transitional amount added is calculated as the difference between 97% of 2013-14 place values and the new place value, see examples below:

<b>Example of calculation of Transitional Element</b>		<b>BESD Band 2 Secondary</b>	<b>SLD primary Band 1</b>
a	2013-14 Place Value	31,372	25,336
b	= 97% of 2013-14 place value	30,430	24,576
c	New Place Value following review	24,612	23,248
d	<b>Transitional value added (b less c)</b>	<b>5,818</b>	<b>1,329</b>
e	<b>2014-15 Place value with transition</b>	<b>30,430</b>	<b>24,576</b>

**Transition Method 3** - The GFU calculated at 98.5% of 2013-14 per pupil funding = minimum per pupil funding.

Pupils to be assimilated onto reviewed matrix bands from April 2014 and funding formula run using new place values with a transitional element of funding added to the values as in Method 2.

- 4.7 The advantages of either method 2 or 3, is that a single topup rate will be used for the whole of the financial year.

Method 2 and 3 differ only in respect of the GFU calculated for each school, the minimum per pupil funding unit being either 97% or 98.5% of 2013-14 per pupil allocations.

- 4.8 The impact of the modelled funding mechanism using each of the transitional methods detailed above was shared with special head teachers at the January meeting and is detailed in Appendix 1.
- 4.9 As stated at 4.2 the DfE will require notification of the local transitional arrangements to be applied and evidence of special head teachers' agreement.
- 4.10 No decision was made by head teachers at the January review meeting as they requested time to discuss the various transitional arrangements with their governing bodies.

Following discussions with their governors Head teachers were asked to confirm their preferred method by 11<sup>th</sup> February 2014.

- 4.11 At the time of this report all 7 head teachers have confirmed their preferred method.

Method 1 - Phoenix

Method 2 - Elmwood

Method 3 - Mary Elliot, Oakwood, Jane Lane and Castle

Old Hall expressed no preference and are happy to go with views of the majority. Therefore method 3 is the proposed basis for transitional arrangements for the 2014-15 financial year.

## **5. Next Steps:**

- 5.1 A further meeting with special head teachers is planned for 7<sup>th</sup> March, however the focus of this meeting the descriptor of pupil need for each matrix band and to convey the number of places to be commissioned at each school for the 2014-15 financial year.
- 5.2 The process for the LA placement of new pupils on the matrix, including review arrangements has still to be determined as is the process for the determination of "exceptional need funding".
- 5.3 It is hoped to arrange an information session for special school governors early in the summer term to help with their understanding of the changes in high needs funding, and in particular how they impact of their schools.

## **6. Recommendations:**

- 6.1 To note contents of the report.
- 6.2 To support the proposed use of Option 2 from the review as the funding mechanism for the allocation of funds to special schools for 2014-15 financial year.
- 6.3 To support special head teachers preferred method of local transition as described in method 3.



# 2014-2015 Top-up Values for Walsall Special Schools, prior to New delegations

Type of School:- Resource Band:- Topup value per pupil:-	Behaviour Emotional Social Difficulties Primary		Behaviour Emotional Social Difficulties Secondary		Moderate learning Difficulties		Severe Learning Difficulties Primary		Severe Learning Difficulties Secondary	
	Band 1	Band 2	Band 1	Band 2	Band 1	Band 2	Band 1	Band 2	Band 1	Band 2
	£	£	£	£	£	£	£	£	£	£
	18,625	23,355	12,964	20,430	4,714	9,821	14,576	17,939	13,023	16,385

