



**Walsall Council**

## **Walsall Children's Services**

**Report to:** Schools Forum

**Date:** 11<sup>th</sup> March 2014

**Subject:** Special Schools Funding Review

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**Purpose of the report:** 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

**Recommendation:** To note contents of the report.

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.

To support special head teachers preferred method of local transition arrangements, as described in method 3.

## 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.



## Special Schools Review

Transition Method 1 Combination of Current Place values applied to end of academic year 13-14, revised place values applied from beginning of next academic year 14-15

Columns	1	2	3	4	5	6	7	8	9	10	11	12
						Places * £10,000						
					= 3 + 4		= 5 + 6	= 7 - 1		= 9 - 7		= 12 - 1
Special School	Anticipated 13-14 Income	Notional Places for model	Part Year April - Aug'14 topup using 13-14 Values	Part Year Topup using new values Sept'14-Mar'15	Total Modelled Top Up	Notional Place Funding	Modelled Budget Share before MFG	Variation to 13-14 before MFG	Guaranteed FU Budget 98.5% of 13-14 place value	MFG Attracted	Modelled Budget with MFG	Variation to 13-14 Anticipated Income
Castle	2,282,824	132	416,988	277,658	694,646	1,320,000	2,014,646	(268,178)	2,300,875	286,228	2,300,875	18,050
Elmwood	1,344,063	45	362,746	355,919	718,666	450,000	1,168,666	(175,397)	1,294,482	125,816	1,294,482	(49,581)
Jane Lane	2,544,384	140	408,652	296,811	705,462	1,400,000	2,105,462	(438,922)	2,293,272	187,809	2,293,272	(251,112)
Mary Elliot	2,862,974	109	729,722	789,572	1,519,294	1,090,000	2,609,294	(253,680)	2,744,493	135,199	2,744,493	(118,481)
Oakwood	1,618,463	60	448,749	525,222	973,971	600,000	1,573,971	(44,492)	1,622,654	48,683	1,622,654	4,191
Old Hall	1,650,286	60	456,579	538,198	994,777	600,000	1,594,777	(55,509)	1,681,584	86,807	1,681,584	31,299
Phoenix	1,009,571	30	283,201	348,616	631,818	300,000	931,818	(77,753)	994,428	62,610	994,428	(15,144)
Totals	13,312,566	576	3,106,638	3,131,997	6,238,635	5,760,000	11,998,635	(1,313,931)	12,931,787	933,152	12,931,787	(380,779)

NB Reduction in budget for Jane Lane and Mary Elliot is largely due to reduction in places used to model budget compared to actual 2013-14 places. For remaining special schools the notional places numbers are similar to those used in 2013-14.

Transition Method 2 The guaranteed funding unit (GFU) for MFG calculation uses 13-14 place values \* 97%. The proposed top-up values, as per cost model, have a transition sum added to them which is equal to the difference between new value and 97% of 13-14 values.

Columns	1	2	3	4	5	6	7	8	9	10
					= 3 + 4	= 5 - 1				
								= 7 - 5	= 5 + 8	= 1 - 9
Special School	Anticipated 13-14 Income	Notional Places for model	Total Modelled topup using values with transition sum added	Notional Place Funding	Modelled Budget Share before MFG	Variation to 13-14 before MFG	Guaranteed FU Budget 97% of 13-14 place value	MFG Attracted	Modelled Budget with MFG	Variation to 13-14 Anticipated Income
Castle	2,282,824	132	836,784	1,320,000	2,156,784	(126,040)	2,265,836	109,052	2,265,836	(16,988)
Elmwood	1,344,063	45	809,345	450,000	1,259,345	(84,718)	1,274,769	15,424	1,274,769	(69,294)
Jane Lane	2,544,384	140	894,927	1,400,000	2,294,927	(249,457)	2,258,349	-	2,294,927	(249,457)
Mary Elliot	2,862,974	109	1,624,570	1,090,000	2,714,570	(148,404)	2,702,699	-	2,714,570	(148,404)
Oakwood	1,618,463	60	982,167	600,000	1,582,167	(36,297)	1,597,944	15,777	1,597,944	(20,520)
Old Hall	1,650,286	60	1,009,082	600,000	1,609,082	(41,203)	1,655,976	46,894	1,655,976	5,691
Phoenix	1,009,571	30	658,077	300,000	958,077	(51,494)	979,284	21,207	979,284	(30,287)
Totals	13,312,566	576	6,814,952	5,760,000	12,574,952	(737,614)	12,734,856	208,354	12,783,306	(529,260)



**Transition Method 3** The guaranteed funding unit (GFU) for MFG calculation uses 13-14 place values \* 98.5%. The proposed top-up values, as per cost model, have a transition sum added to them which is equal to the difference between new value and 97% of 13-14 values.

Columns	1	2	3	4	5 = 3 + 4	6 = 5 - 1	7	8 = 7 - 5	9 = 5 + 8	10 = 1 - 9
Special School	Anticipated 13-14 Income	Notional Places for model	Total Modelled topup using values with transition sum added	Notional Place Funding	Modelled Budget Share before MFG	Variation to 13-14 before MFG	Guaranteed FU Budget 98.5% of 13-14 place value	MFG Attracted	Modelled Budget with MFG	Variation to 13-14 Anticipated Income
Castle	2,282,824	132	836,784	1,320,000	2,156,784	(126,040)	2,300,875	144,090	2,300,875	18,050
Elmwood	1,344,063	45	809,345	450,000	1,259,345	(84,718)	1,294,482	35,137	1,294,482	(49,581)
Jane Lane	2,544,384	140	894,927	1,400,000	2,294,927	(249,457)	2,293,272	-	2,294,927	(249,457)
Mary Elliot	2,862,974	109	1,624,570	1,090,000	2,714,570	(148,404)	2,744,493	29,923	2,744,493	(118,481)
Oakwood	1,618,463	60	982,167	600,000	1,582,167	(36,297)	1,622,654	40,488	1,622,654	4,191
Old Hall	1,650,286	60	1,009,082	600,000	1,609,082	(41,203)	1,681,584	72,502	1,681,584	31,299
Phoenix	1,009,571	30	658,077	300,000	958,077	(51,494)	994,428	36,351	994,428	(15,144)
Totals	13,312,566	576	6,814,952	5,760,000	12,574,952	(737,614)	12,931,787	358,490	12,933,442	(379,124)

**Further Comments:**

Special Headteachers requested an opportunity to go to their governors before confirming their preferred method. Responses received since the last review meeting indicate Method 3, above, to be the preferred model of the majority.

The cost of the MFG support is shown in column 10 of method 1, total £933,152 and column 8 of method 2, £208,354 & column 8 of method 3, £358,490

In addition the cost of transition funding added to place values for 2014-15 (included in modelled budgets, method 2 & 3 col.5), totals £1,386,157.

The value of transitional support to individual schools ranges from £53,000 to £380,000.