

Proposed High Needs Funding Formula 2019/20

13 March 2019

1. Purpose of report

- 1.1 The high needs funding formula is the local process that is utilised to allocate the High Needs Block of the Dedicated Schools Grant (DSG) funding that the Council receives to the providers of support to children with additional needs in the Borough of Walsall.
- 1.2 Central Government, in line with the commitment set out in its manifesto document, has now begun the process of implementing a High Needs National Funding Formula (High Needs NFF), which it believes will allow for a more equitable and comparable distribution of funding to authorities across the country compared to the current methodology (which is in the main based on historic spending on education in each area rather than need).
- 1.3 This methodology for allocating funding to local authorities commenced in April 2018. In support of this a number of interim changes to the local high needs funding formula were recommended by Schools Forum and approved by Cabinet for 2018/19.
- 1.4 In preparation for the continued implementation of the High Needs NFF the existing Schools Forum working group which was set up to identify the interim changes for 2018/19, comprising representatives from all Walsall special schools, has continued to meet to identify any further changes that may be required for 2019/20 to ensure allocation of funding continues to be equitable and based on the underlying needs of the children supported.
- 1.5 The outcome of this working group and proposed basis of the local high needs funding formula for 2019/20 is set out in this report. The recommendation of Schools Forum will be reported to Cabinet at their meeting on 20 March 2019, where they are required to approve any formula that will be utilised.

2. Recommendations

- 2.1 That Schools Forum note the work undertaken by officers and the working group, and recommends the local high needs funding formula that is proposed for 2019/20 (which is set out in detail in Appendix C of this report) to Cabinet.
- 2.2 Schools Forum are asked to note that this recommendation will then be reported to Cabinet on 20 March 2019 to seek their approval.

3. Report detail

- 3.1 Following the implementation of the DfE's changes to High Needs funding arrangements in March 2013, Cabinet approved the recommendations of Schools Forum, which were informed by an SEN working group which undertook a full review of special schools funding, to be implemented in April 2014.

- 3.2 This created a local high needs funding formula which included a 5 band matrix, which differentiated between the differing designation of each special school and between primary and secondary phase. Each of the matrix bands that were approved had 2 resource bands / levels.
- 3.3 At the point of implementation in April 2014 the actual rates per pupil paid to all special schools within Walsall were considerably higher than the target rates approved by Cabinet, and therefore during the intervening period actual resource values per pupil paid to special schools have been moving toward the target rates at the level of allowed reduction per year included within the requirements of the DFE's Minimum Funding Guarantee (MFG) – which across this period has allowed a maximum reduction of 1.5% of per pupil funding per year, meaning that even during 2017/18 the majority of actual rates paid were still above the target rates approved by Cabinet (even though these target rates were re-based for April 2017 to take account of increases in inflation that had occurred since 2014).
- 3.5 Given this position, and in preparation for the implementation of a High Needs National Funding Formula from April 2018, a further working group comprising of all Walsall Special School head teachers, supported by an independent SEN consultant, was comprised during 2017/18 to review the current funding formula, ensure that the manner in which resources are distributed is equitable and identify opportunities to streamline processes that impede on the timely allocation of funds to special schools.
- 3.6 This led to Cabinet agreeing to a set of interim changes to the local high needs funding formula for 2018/19 as follows:
- i. Resource Values - to provide some consistency to special schools Cabinet approved that resource values per child payable for 2018/19 would be retained in line with those payable for 2017/18 (with the exception that those special schools who were due to have an expansion and / or change in admission numbers in place from September 2018 would see an adjustment for the period September 2018 to March 2019 for those costs which are included within their overall resource value that are linked to overall pupil numbers - for example rates bills where funding payable within overall resource values is included within the per pupil figure and these overall resource values per child will then need to reduce when costs are shared over a higher number of children that will be supported at the expanded school).
 - ii. Minimum Funding Guarantee (MFG) – Cabinet approved that as special schools would benefit from a freeze in resource values for 2018/19, that no MFG would be operated for 2019/20 - meaning any new target resource values that were developed for that year would be implemented in full, thus ensuring equity in allocation of funding is achieved immediately.
 - iii. 'Band 3' Funding – Cabinet approved the creation of a third, higher band of support to be added to the local high needs funding formula (to replace the previous time limited exceptional funding).

- iv. 'Bespoke Funding Packages' – Cabinet approved the addition of the ability to offer a 'bespoke funding package' to be included within local high needs funding formula from 2018/19, to provide flexibility to be able to support the ability to develop packages of support for the small number of children each year whose needs could be met in Walsall, but due to the constraints of the banded funding within the local high needs funding formula end up being supported at an independent school outside of the borough.
- v. Automated Adjustment for Schools Above / Below Commissioned Numbers - To reduce the administrative burden, ensure adjustments in funding are processed as quickly as possible and schools have the ability to accurately project the level of income they will receive, Cabinet approved that the local High Needs funding formula incorporated an automatic adjustment process for pupils above / below the commissioned number, in line with the DfE's recommended approach.

Working Group Review

- 3.7 In preparation for 2019/20 the Schools Forum working group was reconvened and met between December 2018 and February 2019 to review the pupil led staffing ratios that are utilised within the current formula and the way in which overhead costs for special schools are built up and allocated.
- 3.8 This group carried out a significant amount of work to review a number of potential changes that could potentially be implemented to the local High Needs funding formula for 2019/20 and the group also reviewed the potential impact / outcome of these changes.
- 3.9 However as a wider piece of work to review and update the way in which special needs are identified and categorised in Walsall, and appropriate support then prescribed, is still being progressed the working group could not reach a consensus on recommending any changes and ultimately concluded that it would be preferable to await the outcome of that wider piece of work before seeking to implement further changes.
- 3.10 As such it is recommended that no changes are made to the existing funding formula for 2019/20. This would continue to offer some protection and consistency to special schools (as top up values would be retained at current levels without any reduction or need for an MFG). The proposed funding formula for 2019/20 is set out at **Appendix A** and **Appendix B**.

4. Financial Implications

- 4.1 For 2019/20 the proposed funding formula is estimated to be affordable within the totality of funding that is available within the High Needs Block of DSG that is paid to the authority.

5. Legal Implications

- 5.1 The DfE has prescribed the way in which special schools should be financed for the 2019/20 financial year. These guidelines are set out in the high needs funding 2019 to 2020 operational guide, and can be found at the following link:

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/743214/High_needs_funding_operational_guide_2019_to_2020.docx

- 5.2 The purpose of these arrangements is to help secure greater consistency in the way in which funding is distributed to special schools. The Council is bound to adhere to the rules issued by DfE, and the proposed Walsall local high needs funding formula sets out how funding will be allocated to special schools in Walsall within the prescribed arrangements.

6. School Improvement

- 6.1 As part of making any decisions regarding possible changes to the funding formula factor values, consideration should be made of the potential impact on the desired outcomes of the Walsall school improvement programme.

7. Members eligible to vote

- 7.1 The Schools Forum roles and responsibilities document clarifies that Schools Forum should provide views on and inform any changes to high needs funding arrangements. This report therefore seeks Schools Forum's views and requests their recommendation of the proposed formula for 2019/20 to Cabinet for approval.

Walsall Council Local High Needs Funding Formula 2019/20

Proposed Top-up Rates Special Schools – 2019/20

	Element 3 - Mainstream Top up funding annual (£)	Weekly top up rates (£)
Phoenix SEMH Band 1	16,223	311.98
Phoenix SEMH Band 2	18,453	354.87
Phoenix SEMH Band 3	29,633	569.87
Elmwood SEMH Band 1	13,101	251.94
Elmwood SEMH Band 2	19,834	381.42
Elmwood SEMH Band 3	31,014	596.42
Castle MLD Band 1	3,711	71.37
Castle MLD Band 2	6,877	132.25
Castle MLD Band 3	18,057	347.25
Jane Lane MLD Band 1	3,499	67.29
Jane Lane MLD Band 2	6,668	128.23
Jane Lane MLD Band 3	17,848	343.23
Oakwood SLD Band 1	12,927	248.60
Oakwood SLD Band 2	16,552	318.31
Oakwood SLD Band 3	27,732	533.31
Old Hall SLD Band 1	12,894	247.96
Old Hall SLD Band 2	16,474	316.81
Old Hall SLD Band 3	27,654	531.81
Mary Elliot SLD Band 1	12,640	243.08
Mary Elliot SLD Band 2	15,853	304.87
Mary Elliot SLD Band 3	27,033	519.87

Special Schools Bespoke Funding Package – 2019/20

Where the individual needs of a child are such that they cannot be provided for within the banding funding set out above, the authority has the ability within the local high needs funding formula to approve a bespoke package of funding.

Automated Adjustment for Walsall Special Schools Above / Below Commissioned Number

Children Above the Commissioned Number

Where a Walsall Special School sees a variance in its actual pupil numbers of 5%, or more, above the number of places commissioned by the authority for the period (based on termly census returns), and these additional pupils have been agreed with Walsall's SEN Team, the authority will seek to provide further Top Up funding (an Enhanced Top Up) in addition to the Top Up Rates set out in Appendix A.

This Enhanced Top Up will be equivalent to £10,000 per year per place that is filled in excess of 5% above the commissioned number level, pro rata for the actual number of weeks that that place is occupied / supported for.

Children Below the Commissioned Number

Where a Walsall Special School sees a variance in its actual pupil numbers of 5%, or more, below the number of places commissioned by the authority for the period (based on termly census returns), the authority will seek to make a claw back adjustment to any Top Up funding that will be paid. The value of this Top Up Claw Back per unoccupied place would be in line with the value of the Enhanced Top Up set out above.

This Top Up claw back will therefore be equivalent to £10,000 per year per place that is unoccupied in excess of 5% below the commissioned number level, pro rata for the actual number of weeks that that place is unoccupied for.

A number of worked examples are provided below for illustrative purposes.

Automated Adjustment for Walsall Special Schools Above / Below Commissioned Number - Worked Examples

		Period - April to March				
	Element Value	Commissioned Places	Actual Places Filled	Actual Places Filled	Actual Places Filled	Actual Places Filled
		100	104	110	96	90
% Variance to Commis'd Number		0%	+4%	+10%	-4%	-10%
Tolerance % level		+5%	+5%	+5%	-5%	-5%
Outcome		No amendment required.	Top up funding for 104 children will be paid. No 'enhanced top up' will be paid as tolerance level not met.	Top up funding for 110 children will be paid. 'Enhanced top up' funding for 5 children (those above the tolerance level) will also be paid.	Top up funding for 96 children will be paid. No 'top up clawback' will be implemented as tolerance level not met.	Top up funding for 90 children will be paid. 'Top up clawback' funding for 5 children (those below the tolerance level) will also be clawed back.
Place	£10,000	£1,000,000	£1,000,000	£1,000,000	£1,000,000	£1,000,000
Top-Up	£18,000	£1,800,000	£1,872,000	£1,980,000	£1,728,000	£1,620,000
Enhanced Top Up	£10,000	N/A	N/A	£50,000	N/A	N/A
Top Up Clawback	£10,000	N/A	N/A	N/A	N/A	(£50,000)
Total Funding Payable		£2,800,000	£2,872,000	£3,030,000	£2,728,000	£2,570,000