

Cabinet – 13 March 2013

Schools Forum - High Needs Funding Formula 2013/14

Portfolio: Councillor Rachel Andrew, Children's Services

Service: Education

Wards: All

Key decision: Yes

Forward plan: Yes

1. Summary

- 1.1 The Department for Education ("DfE") are requiring all local authorities in conjunction with their Schools Forum to revise the various schools funding formulae. This is the most significant change in school funding for many years. The new funding formula is very prescriptive and local authorities have little flexibility in how they implement DfE policy.
- 1.2 Schools funding is not decreasing. The schools funding formula is the process that divides the Dedicated Schools Grant ("DSG") amongst schools in the borough of Walsall. DfE want to see more funding distributed on a per pupil basis.
- 1.3 This report focus on funding for pupils classed as 'High Needs' pupils under the new schools funding regulations. DfE have been prescriptive in what a local authority is allowed to do. The decision to be made is on the level of 'top up rates' that the authority will pay.
- 1.4 This report will be a key decision for Cabinet as it will impact all High Needs children across the borough. While principally this will be children in special education schools, this will also apply to pupils with High Needs in all schools and students in further education (FE) sector.
- 1.5 Nationally this funding formula not only impacts maintained schools but also Academies. High Needs funding also relates to all those with special educational needs up to the age of 25.
- 1.6 The 'top up rates' for 'High Needs' pupils will be administered in the context of the current Children and Families Bill - giving more choice and control to parents/carers in decisions about provision for their child, requiring increased multi-agency collaboration and simplified processes for identifying and meeting special educational needs; and also the emerging new relationship with schools – giving schools a greater role in making provision as the local authority role as provider diminishes.

2. Recommendations

- 2.1 That Cabinet notes that Walsall will budget to spend at least the recommended amount for High Needs as identified by the Department for Education High Needs block.
- 2.2 That Cabinet delegates the authority to the Director of Children's Services in consultation with the Portfolio Holder for Children's Services and where appropriate Schools Forum to finalise the 'top up' rates for High Needs block expenditure for 2013/14.
- 2.3 Cabinet to endorse the use of Exception Circumstances funding agreed with School Fourm.
- 2.4 Cabinet note that DfE require these rates to be finalised by March 2013.

3. Report detail

Background

- 3.1 The Department for Education (DfE) produced "School funding reform: Next steps to a fairer system" on 26 March 2012. This document was described as a consultation. Although there were some consultative elements, in essence it informs interested parties on decisions that have been made which will start to impact from 2013/14. On 28 June 2012 DfE published "School funding reform – Arrangements for 2013/14" and "Operational guidance for local authorities – 2013-14 revenue funding arrangements". These reports have taken into consideration of the consultation launched in March 2012 and are now the final instructions that DfE require local authorities to follow for the financial year 2013/14. There are a number of documents available at:

<http://www.education.gov.uk/schools/adminandfinance/financialmanagement/schoolsrevenuefunding/a00205567/school-funding-reform-final-arrangements-for-2013-14>.

These documents amount to several hundred pages of comment and instruction.

- 3.2 There are a number of key changes in the various documents produced. The changes relating to High Needs would be summarised as:
 - 3.2.1 The new funding arrangements will be introduced in April 2013 for local authority maintained schools, and special and Alternative Provision Academies. They will be phased in for mainstream Academies by September 2013. The new arrangements for providers in the FE sector will be introduced from the start of the 2013/14 academic year.
 - 3.2.2 Government wants there to be a single approach to assessment and planning for young people with SEN from birth to 25.

- 3.2.3 The new approach to this funding is being termed by the DfE as **place plus**.
- 3.2.4 DfE have defined High Needs as where need costs more than £10,000. DfE state, *"...we have defined the threshold between needs that we would expect to be met through mainstream funding and those where additional funding is required. We have set this threshold at around £10,000 of education per year. We have deliberately defined High Needs with regard to a financial threshold, as opposed to an assessment-based threshold, to avoid creating a potential pressure for additional statutory assessments."*
- 3.2.5 Specialist pre-16 SEN establishments will receive £10,000 per planned place. Post 16 specialist SEN/learning difficulty and disability will be funded slightly differently but on an equivalent basis to mainstream post 16 establishments. Alternative Provision establishments will receive base funding of £8,000 per planned place. Base funding will ensure equivalence of funding between providers and will offer stability for specialist establishments.
- 3.2.6 Above the base funding, commissioners and providers will liaise directly in regard to the level of top up funding for individual pupils based on their assessed needs.
- 3.2.7 The DSG will be split into 3 notional blocks. These are Schools Block, High Needs Block and Early Years Block. As these blocks are a notional division only, actual spend can be different.
- 3.3 Significant work has taken place on this new way of funding with Walsall Council officers meeting with colleagues from across the wider West Midlands, the DfE and Education Funding Agency (EFA) on numerous occasions.

Walsall Approach to Top Up Rates

- 3.4 There has been extensive work with SEN specialists at Serco and also as part of the Education Transition programme. This major piece of work has had several work streams. These include work around the Local Offer, delegating budgets to Pupil Referral Units (PRU's) and looking at future government policy. There is a wealth of information available and further work is taking place.
- 3.5 One of the key issues throughout the process of calculating 'top up' rates has been that central government policy is implementing many of the policy changes that will support this funding change **after** the funding changes. Walsall Council has therefore decided to use 2013/14 as a transitional year.
- 3.6 Walsall Council has decided to use the statements already in place for individual children as the basis for top up funding in 2013/14. These statements have been reviewed and placed into a banded matrix. A calculation will then take place allocating top up funding as per the banded matrix. This will ensure funding for all high needs students will be provided based on their assessed level of need.
- 3.7 A further aspect of the new funding arrangements is a requirement for the payment of top up funding to be made in "real time". Top up funding will be paid only while a pupil remains at a school, therefore should a pupil move to another school the top up funding moves with them.

- 3.8 In addition, Walsall Council will be required to pay top up funding for any Walsall pupil regardless of the local authority the pupil is being educated in. The same will apply to out of borough pupils receiving education in Walsall schools, a pupil's home authority will pay top up funding for their pupils in a Walsall school.
- 3.9 As, described above, local authorities will pay top up funding to individual schools directly the current process of inter-authority recoument will cease from April 2013.
- 3.10 It is planned for a final matrix to be presented to Schools Forum and to seek endorsement from schools. Schools Forum has both a head teacher and a governor from a special school as voting members.

4. Council priorities

- 4.1 The top up rates will be presented in a report to Schools Forum. Schools Forum has representatives from all schools across Walsall.
- 4.2 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 There may be occasions when a school may have a disproportionate number of pupils with more complex needs and as a result may be financially disadvantaged. Where it is felt a school's formula funding does not adequately reflect the number of high cost pupils, the DfE are allowing local authorities to define the criteria in which additional funding may be provided from the High Needs block. This funding to be known as Exceptional Circumstances funding.
- 5.2 A paper to School Forum detailed the definition of Exceptional Circumstances and the criteria to be used to allocate funding in 2013/14.
- 5.3 The definition: "Where a school's contribution towards the costs of provision for their high needs pupils from additional support funding - Element 2 - exceeds 60% of their Notional SEN funding the local authority will provide additional funding from the High Needs block".
- 5.4 The additional funding will be either a sum equal to 40% or 60% of the school's Element 2 contribution dependent on the level of their contribution being between 60% and 99% of their Notional SEN or 100% or more of their Notional SEN.
- 5.5 School Forum agree to both the definition and the criteria to be used to allocated funding.
- 5.6 Allocations of Exceptional Circumstances funding will be managed through the High Needs block of DSG.

6. Financial implications

- 6.1 Total Dedicated Schools Grant (DSG) funding for Walsall schools will remain at the same overall level. Impacts of this change will be felt differently by schools across the borough.
- 6.2 No school will lose more than 1.5% of funding per pupil per year for the next 2 years under the minimum funding guarantee (MFG). Clearly if schools have fluctuations in pupil numbers between years then this will impact budgets. The funding formula cannot reduce a schools budget by more than 3% over 2 years. There will also be schools who will gain from this process.
- 6.3 The DfE as part of its new approach to Schools funding has notionally split the DSG into blocks. As the funding blocks are not ring-fenced there is nothing to stop funding moving between these blocks. As indicated in paragraph 3.2.7 the blocks are Schools, High Needs and Early Years. Walsall Schools Forum has endorsed the principle that money should be allocated within these blocks for 2013/14. Based on need and experience of the new funding formula Schools Forum may look at this principle for 2014/15.

7. Legal implications

- 7.1 The Council is bound to comply with any legislation relating to the financing of schools.
- 7.2 The DfE has prescribed the way in which schools will be financed with effect from the financial year 2013/2014 as detailed in paragraph 3 of this Report. The Council is bound to adhere to these new arrangements. The purpose of these new arrangements will help secure greater consistency in how funding is distributed to schools.

8. Property implications

Unless schools were to close there will be no property impacts.

9. Staffing implications

Where schools suffer budget reductions there is a risk that staff posts could be reduced. Budgets will not be reduced by more than 1.5% in 2013/14 and finance officers will work with schools that face financial difficulty.

10. Equality implications

Setting the top up rates is based clearly on level of need as defined through special educational statements.

11. Consultation

- 11.1 Schools Forum has received a number of reports on High Needs funding issues.
- 11.2 A formal consultation on the Local Offer has been sent to all schools and there have been reports to Schools Forum and Primary Forum.

Background papers

Schools Forum report 12 June 2012 – School Funding Formula Changes and Consultation

Schools Forum report 10 July 2012 – Schools Funding Formula

Schools Forum report 25 September 2012 – Response to consultation of Schools Funding Formula

Schools Funding Formula consultation published 20 July 2012 (Appendix 2)

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

Schools Forum report 12 February 2012 – Notional SEN

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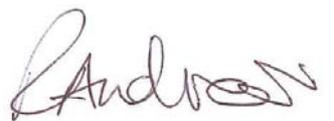
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