

Report on behalf of Peter Duxbury, Executive Director of Adults and Children

Report to:	Children and Young People Scrutiny Committee
Date:	14 January 2011
Subject:	Special School Funding

Summary:

As part of the wider review of special school and mainstream unit provision the commissioning document included:

“The review will develop proposals for the funding of special schools, designated unit provision, outreach support from schools and other providers. This will build upon the review undertaken at the request of the Schools Forum in 2008/9”.

This report sets out the funding proposals for special schools.

Actions Required:

That the Children and Young People Scrutiny Committee make comment on the funding proposals put forward in this paper for the funding of special schools and these comments are provided to the Executive to inform their decision on the funding for schools in 2011/12.

1. Background

This review of special school funding forms part of the wider review of special school and mainstream unit provision. In addition to the Special School Funding Group established to develop this formula, there has been extensive consultation with all special schools regarding the basis of the formula and its application.

To inform this review a group was established made up of special school headteachers, bursars, governors, officers, schools forum members and a County Councillor. The principles established for the work of the group included the following:

1. The review will encompass all special schools.
2. Existing funding will be used to support the formula.
3. Where there is a compelling need for additional funding this should be articulated e.g. outreach.

4. Funding will be allocated in a transparent, fair and equitable manner.
5. Funding will be simplified to remove the dependence on ad hoc arrangements.
6. Funding will be driven by a set of band descriptors that identify needs and behaviours rather than the present labels e.g. MLD – Moderate Learning Difficulties.
7. The band descriptors will be few in number and encompass all needs.
8. The opportunity will be taken to simplify the present funding formula and “roll up” budget lines to simplify the model.
9. That a three year cycle is used for funding places based on band descriptor identification and the purchase of places is based on the annual pupil census rather than the present arrangement which is based on historical numbers, which is currently topped up from Designated Schools Grant contingency as and when additional places are required.

In response to these principles the group developed a funding formula for the allocation of funding to special schools (see appendix) which involves:

1. A staffing “block” allocation linked to school group size, determined by activity led modelling using average structures and salary costs taken from special schools.
2. A non staffing “block” again linked to school group size, determined by activity led modelling, using average costs taken from special schools.
3. A pupil element – 5 bands of descriptors with weighted funding based on staffing ratios required to meet the complexity of need.
4. A PFI block allocation for the four PFI build special schools
5. An “additionality” funding strand which replaces with a lower amount the current extended provision allocation made to the four Behavioural Emotional and Social Difficulties schools; and is also allocated as “exceptional circumstance” funding to targeted children and young people in other schools where additional support is required.
6. A moderating process by schools and the LA in response to the use of band descriptors by special schools to identify the extent and complexity of pupil need in relation to funding levels.
7. Budgets being determined on “actual” pupil numbers rather than historic and or predicted.
8. The removal of the unpredictable use of one to one funding.

These approaches has significantly reduced the number of budget lines required in constructing special school budgets, simplifying the process and aiding transparency, introduced the notion of funding a range of needs rather than specific pupils and through the allocation of the existing entire special school budget has made budgets predictable. The decision to fund actual places will contribute to this predictability in the future.

Applying the formula based on the modelling of data from 2009/10 results in “winners and losers”, the extent of the losses and gains may change as a result of applying 2010/11 data when it is available. Those that lose funding through the formula can be identified into two distinct groups:

Three schools will receive less funding than is currently the case for the following reasons:

1. The 2009/10 data does not reflect the growth in pupil numbers over the past academic year in one school. This will be addressed when the formula is applied to the school's most recent pupil numbers.
2. One school receives additional funding via the purchase of a number of "ghost" places by the authority; this strategy was put in place to enhance the school's budget so it could meet its commitments. The same school operates on a split site and receives no allowance for this. The LA is currently working with the school to identify and fund those factors that are specific to and as a result of occupying a split site.
3. One school in 2009/10 had a very high level of additional "one to one" funding, given that this funding has now been included in the total budget for distribution by formula the school has moved to a deficit when comparing the proposed budget with the actual 2009/10 share. The LA is working with the school to ensure that the offer to pupils is not compromised in the longer term.

The four Behavioural, Emotional, Social Difficulties (BESD) schools will receive less funding than is currently the case as a result of the application of the formula, this is for the following reasons:

1. The authority has funded the BESD schools based on potential capacity, rather than purchased places based on actual numbers, since opening. The move to funding actual numbers will result in two of the schools having a reduced budget based on the new formula. However if the schools operate at pupil capacity (there is no reason why this could not be the case) the budget deficit will be reduced
2. The application of the proposed staffing and non staffing funding blocks and the banded pupil element results in a lower per pupil place value than was the case (present place value including existing block allowance £18571, proposed place value - taking into account the staffing and non staffing blocks £17558 this assumes the school has 65 pupils – a difference of £1013 per place) – these figures relate to secondary provision a similar reduction will be evident for the primary BESD school.
3. At present the BESD schools receive an additional **£4884** per pupil to deliver an extended day. The definition of "extended day" and the expectations of the LA in this regard have not been explicitly defined, as a result this funding has been used by the four schools to fund a range of opportunities for pupils both during and outside of the school day. This has also included targeted support to families. Recent developments as a result of a move to a single Children's Directorate, the introduction of integrated teams working in localities to better support the needs of children and young people in their schools, families and communities and the expectation that all schools offer an "extended day", has required that this allowance be reviewed. In reviewing this the LA recognises the value that this "additionality" has in respect of meeting these children and young peoples needs and has identified through the formula a revised sum of £2635 per pupil to support this, with this figure being based on:

- A reduced level of additional opening to 14.5 hours weekly - term time only.
- Staffing ratio's to support activities and bespoke working with CYP of one teacher on duty and a ratio of 4 : 1 for pupils/support staff.
- An expectation that up to 50% of pupils attend additional activities at any one time.
- An integrated working allowance of £37500.
- A cost in respect of the extended curriculum of £500 per pupil.
- Additional meal allowance based on LA costings.

It is recognised that the BESD schools will have to revise their "extended offer" in the light of this specification if they are to accommodate the commensurate reduction in their budgets.

4. At present each of the BESD schools makes a contribution towards the total PFI costs for the authority, this equates to a little over £200,000 per school. As an outcome of this review the PFI contribution has been reassessed for each school and reduced to £85217, this reduction will not impact on the BESD school budgets as it was and will be identified and deducted at source.

Protection to school budgets will be provided through the following:

- Officers will recalculate all school budgets based on the 2011 census returns.
- Officers will use the most recent budget figures to calculate the special school budget share for 2011/12.
- Officers will seek approval from the County Council to provide full protection to those school budgets that are in deficit in 2011/12.
- The LA will off set the cost of such protection by applying a "ceiling" to those schools whose budget share increases significantly as a result of the new formula.
- The LA will seek approval from the County Council for tapered protection in 2012/13 and 2013/14 and a continued use of a "ceiling" in the same period.
- Officers will ask schools to reassess their population in respect of the five Bands in the autumn of 2011. this will then inform the pupil element calculation for the period 2012 to 2014/15
- Officers will make adjustments to a schools budget if the band profile of the school changes substantially during the three year period as a result of reconfiguration implemented by the LA.
- Officers have identified £100,000 within the proposed budget share to support in year admissions.
- The LA will fully fund future demand for places above the present special school population

The LA will during this period of transition funding monitor carefully the impact of budget changes to individual special schools and will if it is deemed necessary review the funding formula in response to this.

2. Conclusion

This draft formula successfully addresses a number of funding abnormalities that have evolved over the past 19 years and puts into place a well documented methodology that is sufficiently flexible to meet present and future needs of the authority special schools. The proposal for the introduction of full protection in year one and tapered protection for years two and three will enable the LA to monitor carefully the impact of the formula on special school budgets.

3. Consultation

a) Policy Proofing Actions Required

No policy proofing was required for this report.

4. Appendices

These are listed below and attached at the back of the report	
Appendix A	Special School Funding – Model (draft)

5. Background Papers

No background papers within Section 100D of the Local Government Act 1972 were used in the preparation of this report.

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