

REGULATORY AND OTHER COMMITTEE REPORT

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| NAME OF COMMITTEE: | Schools' Forum |
| DATE OF MEETING: | 25 January 2012 |
| SUBJECT: | Update on the Special Schools funding formula |
| REPORT BY: | Paul Snook (Principal School Improvement Adviser - Strategic Projects) & Tony Warnock (Head of Finance – Children's and Specialist Services) |
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| IS REPORT CONFIDENTIAL? | No |

SUMMARY

The purpose of this report is to provide an update to the Schools Forum on developments since the introduction of the new special schools funding formula in April 2011.

DISCUSSION

A report was presented to the Schools Forum on 26 January 2011 outlining the Local Authority's (LA) proposals to introduce a new funding formula for special schools in April 2011. This followed extensive work and consultation with a wide range of interested parties. The Schools Forum supported the proposals and this report provides a more detailed update from the 12 October Schools Forum paper on the work undertaken since the new funding formula was introduced.

Schools' Banding Profile

A full review of each school's population has taken place in the autumn term to ensure that the application of the band descriptors by schools, to identify the level of need at an individual pupil level, reflects their current population. This review has been fully moderated by officers and headteachers prior to agreeing a profile for each of the special schools, to inform their budget for 2012-13 and 2013-14. The new moderated band profiles for schools will result in the band financial values being amended from 2012-13 to ensure the special schools funding remains within the existing funding envelope. The next band profile moderation will take place in the autumn of 2013 for 2014-15 and it will remain in place for a period of three years.

Transition Arrangements

The new formula was introduced with full protection in 2011-12 and tapered protection was agreed for years 2 and 3. The full year protection in year one has enabled schools to be proactive in preparing for changes to their budget share. Transitional arrangements beyond the current financial year should apply as follows:

- Year 2 (2012-13): £0.070m Floor and £0.1m Ceiling (Year 2 transition is estimated to cost c.£0.3m, which would release c.£0.2m from the Year 1 transition funding);
- Year 3 (2013-14): £0.140m Floor and £0.150m Ceiling (Year 3 transition is estimated to cost c.£0.1m, which would release c.£0.2m from the Year 2 transition funding).
- Year 4 (2014-15): No protection arrangements.

Hospital Schools

The original review and subsequent formula did not take into account the needs of the two hospital special schools. It was agreed that these schools would have their budgets set using the original formula in 2011-12 with a revised formula being agreed to inform their budget shares from April 2012. An officer review has been completed for the two hospital schools and a formula has been developed using the same principles and characteristics as the main special schools formula. The formula consists of a staffing block allocation and non-staffing block allocation that includes specific requirements of hospital schools (namely, outreach support and split sites¹). Hospital schools will be funded through the band 4 (medical) descriptor with an agreed number of FTE places (based on historic trends). This is different to the main special schools formula² since children access this provision in hourly blocks and numbers are not static. Three year transition arrangements will apply to the hospital schools on the same basis as the main special schools. The new hospital schools formula will have full protection in year one and a £0.050m ceiling, and tapered protection in years 2 and 3.

Mainstreamed Grants

The Government decided to mainstream a number of grants totaling £67m in to the DSG in 2011/12. However, due to the short timescale available, the Schools Forum supported the LA's proposal to replicate the 2010/11 funding arrangements in 2011/12, and then conduct a thorough review to mainstream all grants to schools across the phases. The mainstreamed grants funding in 2011-12 was £1.975m (excluding £0.360m specialist schools funding) across the special school sector and it is proposed that this is ring fenced within this school sector. With the introduction of the special schools funding formula in 2011-12 and the funding changes on these schools as a result, it was discussed at the mainstreamed grants representative group of headteachers and members of the Schools Forum that the redistribution of mainstreamed grant monies should avoid further uncertainty for these schools. The Local Authority is therefore proposing to allocate this funding through a block allocation (to be incorporated into the special schools staffing block) and a pupil amount (added to each band 1 - 5 descriptor). Due to the historic grant allocations, it will invariably result in gains and losses across the schools, but the approach proposed will minimise this financial impact. The mainstreamed grants funding will be incorporated into the current transition arrangements for special schools to aid the schools' financial planning.

Specialist Schools Status

¹ Boston Pilgrim Hospital School.

² The main special schools funding formula uses the spring terms number on roll to calculate the pupil-led funding.

Six special schools receive funding for specialist school status through the mainstreamed grants (£0.060m per school). This funding is being used to provide outreach support to schools in their community according to their specialism. A pathfinder outreach funding programme has also been established to support outreach work in Lincolnshire from September 2011, which is being undertaken by other special schools. It is proposed that these schools continue to receive this £0.060m allocation to provide outreach support for the remainder of the funding period 2012-13 – 2013-14.

Residential Provision

Funding for residential provision in special schools has been agreed. The residential provision of Horncastle St Lawrence closes in August 2013, therefore the same historic funding arrangements will continue until closure. The level of funding for the other two schools providing residential provision has been determined at £582,568 for St Francis school and £321,043 for St Bernard’s school, through activity led modeling. Historic levels of funding are therefore being applied in 2012/13 pending the drafting of a suitable funding formula being agreed with the two remaining schools providing residential provision from 2013.

RECOMMENDATIONS

The Schools Forum is asked to:

- a. Note the content of this report.
- b. Consider and comment upon the recommendations made within the report.

APPENDICES (If applicable) - these are listed below and attached at the back of the report.

None

| BACKGROUND PAPERS | | | |
|--------------------------|---|-----------------|---|
| PAPER TYPE | TITLE | DATE | ACCESSIBILITY |
| Report to Schools Forum | Update on the Special schools funding formula | 12 October 2011 | County Offices, Newland, Lincoln, LN1 1YQ |
| Report to Schools Forum | Review and Reconfiguration of special schools and mainstream unit provision | 26 January 2011 | County Offices, Newland, Lincoln, LN1 1YQ |