

Open Report on behalf of Debbie Barnes, Executive Director of Children's Services

Report to:	Lincolnshire Schools' Forum
Date:	18 January 2018
Subject:	Special Schools Funding Formula Update

Summary:

The purpose of this report is to provide the Schools Forum with an update to the special schools funding formula for 2018/19.

Recommendation(s):

The Schools Forum is asked to:
1) note the contents of the report

Background

The special schools funding formula was implemented in 2011/12 and the fundamentals have remained in place since. The funding formula was the result of extensive consultation with special schools and other parties. The formula seeks to provide financial stability and predictability through a simplified and objective approach to the funding of special schools through a lump sum (a staffing block and non-staffing block) linked to the group size of schools, and a pupil block generated from a series of bands and descriptors using actual pupil numbers.

It is always appropriate to review the effectiveness of any formula and the mechanics to ensure it allocates reasonable funding levels to schools to support the needs of its pupils in the sector. The Local Authority (LA) believe the underlying principles of the formula are strong and fit for purpose, and therefore do not require a fundamental change, however it is recognised that some additions and amendments to the funding formula are necessary to ensure the appropriate level of resources continue to be allocated to allow special schools to best meet the needs of its pupils in the changing demographics of Lincolnshire special schools.

The LA has undertaken a number of engagements with the sector through a survey questionnaire (October 2016) on all components of the funding formula to gain views of the sector; two head teacher briefing sessions on the funding formula (July 2017), and a designated working group of six head teachers representing the sector with LA officers discussing detailed elements of the formula (January 2018). The representation from special schools has enabled the LA to develop funding proposals for 2018/19.

The High Needs block of the Dedicated Schools Grant (DSG) is a finite sum of funding (0.5% per pupil increase in funding for 2018/19), therefore it is the LA's role to manage the growth in special school numbers and increasing complexity of high needs pupils within the overall High Needs block.

Key Components of the Special Schools Funding Formula

Pupil-led Funding

In 2011/12, the LA review identified five bands and descriptors covering a range of pupil needs in special schools. The banded funding is pupil-led and funds the direct staffing costs deployed within the classroom. The five bands cover a spectrum of pupil need:

Band 1: Profound delayed development accompanied by very slow progress;

Band 2: Significant learning difficulties in all areas of the curriculum;

Band 3: Recognised delay in developing and learning;

Band 4: Degree of severity where Health Services' involvement has been specified in the Education Health Care (EHC) plan to provide regular oversight and medical or paramedical therapy, nursing care or mobility aids, and

Band 5: Display extreme serious pattern of behaviour related to impairment of social relationships, social communication and social understanding.

A monetary value for each band had been determined through a staff to pupil ratio to recognise the level of support required directly within the classroom environment.

Through the dialogue with special schools, particularly those schools with pupils having severe physical and / or sensory disabilities or other medical conditions resulting in total dependence (despite mechanical and technological aids), the LA recognised the requirement for an additional band to meet this cohort of pupils and their associated costs. In 2017/18, a new band was introduced to provide one-to-one support to enable a pupil with severe medical conditions resulting in total dependence to access education safely. The costs involved in providing one-to-one support is significant for special schools, and indeed it is a material sum of monies for the LA to fund through the High Needs budget. The LA is providing representation to Health colleagues of their financial responsibilities in supporting pupils with medical needs to access education safely .

Following engagement with the sector the LA is proposing to introduce a further band to meet the needs of pupils with a diagnosis of autism spectrum disorder (ASD) with challenging behaviour. The proposed band to be implemented in 2018/19 is to ensure additional support can be provided to this cohort of pupils (above the existing Band 2 descriptor), and to maintain placements in the schools.

The LA plans to consult with all special schools on the revision to the bands and descriptors following a comprehensive review to ensure it covers the spectrum of pupil needs within special schools and the assumptions are reasonable for determining the pupil-led funding for each band.

Pupil Moderation Process

Each Lincolnshire special school pupil's EHC plan has been reviewed by the respective school and a LA moderator and assigned to the most appropriate band descriptor to meet the pupil's level of need. It has been a thorough exercise that has been undertaken across the sector, which has involved a significant investment of time from all parties. The agreed bands and descriptors have produced a pupil profile for each school, and based on the

agreed place numbers for the financial year 2018/19 will determine an overall level of banded funding for the school.

The review of a special school's pupils' needs will be assessed against the bands and descriptors through each pupil's annual review process, which will ensure pupil-led funding is updated annually and reflected in the following financial year's budget share. This is a move away from undertaking a pupil moderation process every 3 years.

The review of bands and descriptors, and the thorough moderation process at a pupil level will ensure the principles of consistency, transparency, equity, efficiency, simplicity and fairness are achieved.

Place Number Process

In line with the Department for Education (DfE) place number process, the LA has agreed through consultation with special schools their place numbers for the 2018/19 academic year. The 2018/19 financial year (April 2018 to March 2019) will be funded by the 2017/18 academic year pre-16 place numbers for the period April 2018 to August 2018 (post-16 places are to July 2018), and the 2018/19 academic year place numbers for the period September 2018 to March 2019 (post-16 places start in August 2018). The overall agreed place numbers along with a schools pupil band profile will calculate a schools 2018/19 overall banded funding.

Place numbers will be based on a lagged approach (due to DfE timing requirements), however the LA feel the lagged approach outlined is a good balance between giving schools financial certainty of funding and ensuring place numbers reflect those currently placed in the school. The latter will ensure effective use of resources for the public purse.

Where pupil numbers placed by the LA go above the agreed place numbers, there is an in-year mechanism in place whereby the LA will pay commissioned place funding to meet the marginal cost of supporting the pupil. This is currently applied in the local funding formula.

Lump Sum Funding

Each special school receives a lump sum (staffing and non-staffing funding block) to support the fixed costs in running a school.

The level of funding is determined by a school group size classification using the Teachers Pay & Conditions Regulations, which is calculated based on the staff-pupil ratio and the number of registered pupils at the school as shown on the latest autumn school census. In 2011/12, each group size of schools (across group sizes three to six) had a staffing and non-staffing funding block determined through a zero-based budget review of all relevant cost drivers relating to infrastructure / fixed costs of running a special school. This funding is in addition to a schools pupil-led funding through the bands and descriptors.

The lump sum is intended to provide financial stability. The current approach does meet the needs of special schools, however where a school's score is on the threshold, it could mean they fluctuate between group sizes, which will have funding implications. The LA has determined an alternative approach to identifying the level of lump sum funding for a special school by using the overall funding calculated by the banded funding as a measure, which considers the agreed place numbers and level of pupil's needs. Financial modelling has identified this as a sensible formula for identifying the category of lump sum funding allocations for the mix of special schools across the county that currently vary in size (place numbers) and level of needs of pupils.

The key cost drivers and principles identified through the implementation of the formula in 2011/12 for the staffing and non-staffing funding block have been reviewed and costs updated, including engagement with the sector on new costs drivers faced by the sector. The key principles that underpin the formula have been considered when formulating this approach.

The LA plans to consult with special schools on the proposed lump sum funding approach.

Conclusion

The LA has considered the current funding formula for special schools, and the review has identified that the formula is strong and fit for purpose, but to respond to the changing landscape of pupils needs, the LA is proposing amendments to the bands and descriptors, and a revision of the lump sum funding mechanism.

The proposals have been considered in light of the consultation on the new SEND vision for Lincolnshire ensuring that the funding formula is adaptable to any future changes in the special schools sector.

Further financial modelling is being undertaken by the LA following the designed funding formula working group on the 8 January 2018. Illustrative funding allocations will be produced for the special schools' 2018/19 funding as part of the consultation exercise. Affordability will be a key component to the overall High Needs block when finalising the proposed funding arrangements for special schools.

Lincolnshire's agreed special schools funding formula for 2018/19 will be presented through the DfE's place and top up funding arrangements to ensure compliance.

Next Steps

- LA officers to consider feedback from the designated funding formula working group with special school head teacher representation.
- To continue undertaking financial modelling to understand the funding changes at a school level, and transition arrangements including affordability of the High Needs block.
- The LA to agree the proposed funding for special schools that will be subject to the consultation exercise.
- To undertake a consultation exercise with special schools towards the end of January / early February 2018.
- To review feedback from the consultation exercise before making final proposals on the 2018/19 special schools funding formula. .
- The final 2018/19 special schools funding formula will be considered through the LA decision-making process.
- The Local Authority to calculate individual special school budgets by the 28 February 2018.

Consultation

a) Have Risks and Impact Analysis been carried out??

No

b) Risks and Impact Analysis

N/A

Background Papers

Document title	Where the document can be viewed
Review and Reconfiguration of Special Schools and Mainstream Unit Provision - Review of Special School Funding	http://lincolnshire.moderngov.co.uk/ieListDocuments.aspx?CId=166&Mid=4576&Ver=4

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