



To: The Chair of Governors and Headteachers of all Lincolnshire maintained special schools and academies

23rd February 2018

Dear colleague

**Special Schools Funding Formula 2018/19
Lincolnshire County Council's consultation with all maintained special schools and academies**

The purpose of this letter is to communicate the Local Authority's consultation on special schools funding with all of the county's maintained schools and academies, which can be viewed in Appendix A of this document.

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 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 Local Authority 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 Local Authority officers discussing detailed elements of the formula (January 2018). The representation from special schools has enabled the Local Authority to develop funding proposals for 2018/19.

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.

The proposed funding formula approach is based on a theoretical funding model (with key cost drivers) which is recommended as best practice by the government for developing funding formulas. It is important that Lincolnshire's funding formula is underpinned with detail, and this local formula enables the Local Authority to present overall funding through the government's place and top funding arrangements.

Financial modelling has been undertaken by the Local Authority to provide illustrative financial impact at an individual school level based on the proposals of the revised special schools formula. Two financial models have been provided as part of this consultation document:

- Appendix B provides an illustrative financial impact of the proposed funding formula using 2017/18 pupil place numbers (with the schools moderated pupil band profile) to enable a direct comparison to be made against the 2017/18 funding levels, and
- Appendix C provides an illustrative financial impact of the proposed funding formula using 2018/19 pupil place numbers (with the schools moderated pupil band profile) to enable the school to consider its proposed funding levels for the 2018/19 financial year.

The planned funding increase incorporating the funding formula changes and 2018/19 school characteristics (namely, incorporating 2018/19 academic year place numbers) is £1.941m in 2018/19 compared to the 2017/18 funding baseline. The Local Authority recognises the demands and complexity of pupils needs, and the Local Authority feel it has responded positively to feedback from special schools during this process. The Local Authority proposes to apply a 0% minimum funding guarantee to ensure no school loses on a per pupil level in 2018/19 from the proposed funding formula.

To ensure openness and transparency, and to aid schools' understanding, the Local Authority has provided a sufficient level of detail and illustrative school allocations to assist schools in this process, and to help schools respond to the consultation by completing and returning the proforma (Appendix E) by the 9 March 2018. Please email the completed proforma to the following address with the email titled 'Special Schools Funding Formula Consultation Response':

schools_finance@lincolnshire.gov.uk

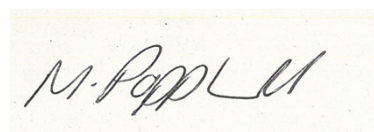
The next steps for the Local Authority are:

- 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 Local Authority decision-making process.
- The Local Authority to publish individual special school budgets by the 31 March 2018.
- The Local Authority will keep the funding formula under review during 2018/19.

A review of SEMH schools provision working with head teachers is to commence shortly, therefore funding changes from the outcome of that review will likely take effect from 2019/20.

The band descriptor for the hospital schools provision is planned to be considered to ensure fair funding is achieved. Budgets for 2018/19 will be re-published in light of any changes that are agreed.

Yours sincerely



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CONSULTATION QUESTIONS – SPECIAL SCHOOLS

APPENDIX A

Enclosed within the supporting documentation is the special schools illustrative financial impact based on the proposals of the revised special schools formula. Appendix B provides an illustrative financial impact using 2017/18 pupil place numbers (with the schools moderated pupil band profile) to enable a direct comparison to be made against the 2017/18 funding levels, and Appendix C provides an illustrative financial impact using 2018/19 pupil place numbers (with the schools moderated pupil band profile) to enable the school to consider its proposed funding levels for the 2018/19 financial year.

The Local Authority 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 Local Authority 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. Within the funding formula, the Local Authority is proposing to provide full pupil-led protection against changes to the funding formula in 2018/19 by applying a 0% minimum funding guarantee, therefore funding stability will remain in the sector. Schools gaining through the formula changes will receive the full gain in year 1 (2018/19).

The consultation period will end on the 9 March 2018 for schools to feedback their views for Local Authority officer consideration. The final 2018/19 funding formula will be considered through the Local Authority decision-making process with publication planned before the 31 March in line with the requirements of the DfE High Needs Funding guidance. To ensure openness and transparency, and to aid schools' understanding, the Local Authority has provided a sufficient level of detail and illustrative school allocations (including the 2018/19 proposed funding levels) to assist schools in this process, and to help schools respond to the consultation by completing and returning the enclosed proforma by 9 March 2018. The consultation period is relatively short; however the group meetings with schools including the individual moderation meetings where bands and descriptors were discussed have informed schools of the Local Authority's intended direction of travel.

Band Descriptors

In 2011/12, the Local Authority funding formula 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 covered 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.

In recent dialogue with special schools, in particular 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 Local Authority has recognised the requirement for an additional band to meet this cohort of pupils and their associated costs 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 Local Authority to fund through the High Needs block. The Local Authority is providing representation to Health colleagues of their financial responsibilities in supporting pupils with medical needs to access education safely. This is termed Band G (or the former Band 4+) descriptor.

Following engagement with the sector the Local Authority is also proposing to introduce a further band to meet the needs of pupils with a diagnosis of autism spectrum disorder (ASD) with challenging and undesirable 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 Band B descriptor (former Band 2)), and to provide schools with the resource and capacity to maintain placements. This is termed Band F (or previously referred to in discussion as Band 2+) descriptor.

In consultation with special schools throughout the process, the band descriptors have been reformatted to reflect the four main categories of need specified in the SEND Code of Practice (2015), which can be seen in Appendix D. Participation sessions have been held with special school head teachers, in particular the working group of six head teachers which has allowed the staffing to pupil ratios to be reviewed in detail also. Band monetary values have been updated to reflect 2018/19 costs – this involved a zero-based budget exercise¹.

The comprehensive review of bands and descriptors should ensure they cover the spectrum of pupil needs within special schools and the assumptions are reasonable for determining the pupil-led funding for each band. Bands A to E should ordinarily be available in special schools, and Bands F and G to meet the requirements for those pupils requiring exceptional provision.

Question 1a

Are you supportive of the Local Authority's revised band descriptors for 2018/19, and that they are representative of the needs of pupils requiring special schools provision?

Yes / No

Please provide comments for suggested amendments / additions to the band descriptors where necessary.

¹ The implementation of the funding formula in 2011/12 involved a zero-based budget exercise. The pupil band values were determined on that basis, before additional funding being added to ensure the overall funding levels were maintained when compared to the previous funding formula - £1.126m overall was added to the banding funding building in additional flexibility for each band descriptor. A further funding addition of £1.963m was made in 2012/13 to the special schools budget for the former standards fund grant that were redistributed through the funding formula following the government's decision to mainstream the grants into the Dedicated Schools Grant. Such funding has been used to support cost rises and any surplus recycled back into the funding formula to support the changes being proposed.

Question 1a – School Responses

School responses	Schools' comments	Local Authority comments	The Local Authority's latest proposal
Primary: 18 Yes 100% No 0%	All 18 schools agreed with the revised band descriptors for 2018/19, and they are representative of the needs requiring special schools provision: <ul style="list-style-type: none"> • Schools commented that the bands represent a fairer model of funding. • The band descriptors are broad, and therefore pupils could be on the edge / margin of cross descriptors, however the band descriptors are transparent and fair. • There is not an obvious location for the hospital school pupils. 	The Local Authority has engaged positively with special schools in reviewing and updating the bands and descriptors to ensure they are representative of the pupils needs. The Local Authority is planning to commence shortly a review of band and descriptors for hospital school pupil's band including the staffing ratios. The government through its financial settlement to Local Authorities has funded a 0.5% increase in hospital education funding from current year budgets, which the Local Authority has applied to its two hospital schools. A review of SEMH schools provision is to commence shortly with the head teachers.	The Local Authority's proposal is to adopt the revised band descriptors for 2018/19 outlined in the consultation.

Pupil Moderation Process

Each Lincolnshire special school pupil's EHC plan has been reviewed by the respective school and a Local Authority 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 proposed 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 banding funding for the school.

To ensure pupil-led funding is reflected of pupils needs in the school and updated on an annual basis, it is proposed that a special school's pupils' needs are assessed against the bands and descriptors through each pupil's annual review process. A pupil data snapshot will take place in the autumn term, which will determine the banding funding in the school for the following financial year's budget share. This is a move away from undertaking a pupil moderation process every 3 years. The Local Authority has recognised the need to support the timeliness of the annual review process to ensure accurate banding funding is determined for schools.

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.

Question 1b

Do you support the Local Authority's approach of reviewing a pupil's band and descriptors through each pupil's annual review process?

Yes / No

Question 1b – School Responses

School responses	Schools' comments	Local Authority comments	The Local Authority's latest proposal
Primary: 18 Yes 89% No 11%	16 schools agreed with the proposal to review a pupil's band and descriptors through a pupil's annual review process: <ul style="list-style-type: none"> Schools confirmed that the EHC plan process of the annual review is the ideal opportunity to review and confirm banding of each pupil. Four schools (representing two Trusts) raised the importance that resources and processes need to be put in place at a Local Authority level (SEND team) to ensure this process works effectively, as there has been some delays in this previously. The schools did state that the proposal is a sensible one. One Trust raised the importance of the process of being consistent and objective when assigning a pupil to a band and descriptor. 	To ensure funding is responsive to the changing needs of the special schools population, it is important that the mechanism used is timely, which the annual process is. The Local Authority recognises the need to ensure that staffing resources are deployed to fulfil this activity, and plans are being put in place to deliver this. Having a framework for applying a band and descriptor consistently and objectively is fundamental to the whole process of ensuring fair and accurate funding is allocated to schools to meet the spectrum of pupils needs.	The Local Authority's proposal is to review a pupil's band and descriptors through each pupil's annual review process.

Question 1c

Do you support the Local Authority's approach of using the latest pupil banding snapshot data from the autumn term to determine the banding funding in the school for the following financial year's budget share?

Yes / No

Question 1c – School Responses

School responses	Schools' comments	Local Authority comments	The Local Authority's latest proposal
<p>Primary: 18</p> <p>Yes 83%</p> <p>No 6%</p> <p>Unsure 11%</p>	<p>15 schools agreed with the proposal to use latest pupil banding snapshot data from the autumn term to determine the banding funding in the school for the following financial year's budget share.</p> <p>The areas that were being raised were relating to the agreement of place numbers for the following academic year rather than the timing of the snapshot data for pupil banding.</p>	<p>The Local Authority proposal will ensure the latest autumn pupil data on bandings will be used for the following financial years budgets, therefore ensuring funding is responsive to meeting pupils needs in the schools, and will provide sufficient time for the Local Authority to determine special schools overall funding requirements.</p> <p>The Education & Skills Funding Agency (ESFA) implemented a lagged funding system for place numbers in special schools, of which Local Authorities are governed by these timescales. Place numbers typically reflect the pupil numbers in the school, albeit a year lagged, which is an objective approach and ensures effective use of resources. In-year funding adjustments are made to special schools when pupil numbers go above the agreed place number.</p>	<p>The Local Authority's proposal is to use latest pupil banding snapshot data from the autumn term to determine the banding funding in the school for the following financial year's budget share.</p>

Band Ratios and Monetary Values

The comprehensive review of the bands and descriptors (outlined in Appendix D) has enabled the staffing to pupil ratios to be considered also. The working group of six head teachers and Local Authority officers reviewed the staffing to pupil ratios in detail. Table 1 (below) outlines the updated

staffing to pupil ratios for set class sizes, and cost determined through a zero-based budget exercise reflecting 2018/19 costs. The cost drivers include classroom teachers, teaching assistant support, and midday supervisors.

The overriding view from the head teacher working group is that schools should be assured that they have sufficient funding through the banding funding to meet the pupils needs, including times when additional intervention support is required. This approach is supported by the Local Authority. The Local Authority has responded to this by establishing Bands F and G for exceptional provision, and reducing the staffing to pupil ratios to 2:1 (from 2.5:1) for Bands D and E with a smaller class of eight pupils. This is intended to allow special schools to manage such intervention support within the school to ensure placements can be maintained and managed internally. In addition to this, an intervention officer costs have been included within the staffing block allocation to provide the schools with that added capacity.

The changes outlined including the updated lump sum approach (detailed in question 2) but before considering place number changes for the academic year 2018/19 is an overall increase in funding of £1.722m to special schools through the proposed implementation of the funding formula. Of this increase, £0.4m is being funded by recycling the exceptional pupil request costs that have previously been incurred outside of the main formula into the schools delegated budget. Local Authority does not expect exceptional pupil requests for extra funding to be made above the banding funding.

Table 1:

Band Descriptor	Staffing Ratio	Band Values	Description: further detail provided relating to the principles of the band values
Band A (former Band 3)	6 to 1 Ratio	£5,741	A ratio of 6 to 1, requires for every 12 children, 1 Teacher & 1 TA.
Band B (former Band 2)	5 to 1 Ratio	£6,829	A ratio of 5 to 1, requires for every 10 children, 1 Teacher & 1 TA.
Band C (former Band 5)	2.5 to 1 Ratio	£11,263	A ratio of 2.5 to 1, requires for every 10 children, 1 Teacher & 3 TAs.
Band D (former Band 1)	2 to 1 Ratio	£14,004	A ratio of 2 to 1, requires for every 8 children, 1 Teacher & 3 TAs.
Band E (former Band 4)	2 to 1 Ratio	£14,004	A ratio of 2 to 1, requires for every 8 children, 1 Teacher & 3 TAs.
Band F (former Band 2+)	2 to 1 Ratio	£14,877	A ratio of 2 to 1, requires for every 6 children, 1 Teacher & 2 TAs.
Band G (former Band 4+)	1 to 1 Ratio	£22,513	A ratio of 1 TA to 1 child.
Band C (Band 5 Additionality)	Additionality	£2,635	Supplement factor to be applied to take into account the further access to programmes offered by schools.

Question 1d

Do you support the Local Authority's proposed staffing to pupil ratios for each band to cover the spectrum of pupil needs within special schools?

Yes / No

If the answer is **no**, please outline the reasons.

Question 1d – School Responses

School responses	Schools' comments	Local Authority comments	The Local Authority's latest proposal
<p>Primary: 18</p> <p>Yes 56%</p> <p>No 44% *</p>	<p>10 schools agreed with the proposed staffing to pupil ratios for determining the monetary value for each band.</p> <p>The following matters were raised:</p> <ul style="list-style-type: none"> • A school raised that a staffing ratio of 1.5 for 6 pupils is adopted for the most complex of ASD pupils. • There is need for additionality in some cases where staffing is required on a 2:1 basis - however the proposal is fair and transparent. <p>* A Trust (representing 6 schools) disagreed, but this was raising the matter that the ratios for each pupil are not required, since this would be determined by the school, therefore disclosing the monetary amounts would be sufficient.</p>	<p>The Local Authority in working with the schools has recognised the changing demands and complexity of pupils needs. Amendments were to the ratios to have more staff to pupils, and bands for exceptional provision. Band F has been created to meet pupils having a diagnosis of ASD with challenging and undesirable behaviour – this staffing ratio is 2:1 for 6 pupils, and the working group felt this was appropriate, in addition to an intervention officer post which was costed into the staffing block.</p> <p>The reduced pupil to staffing ratios are intended to allow special schools to manage such intervention support within the school by having that additional financial capacity to ensure placements can be maintained and managed internally. The Local Authority will however keep the staffing ratios under review including whether exceptional requests for funding are made from schools.</p> <p>* The staffing to pupil ratios have been determined to enable the costs for each band value to be accurately identified using those key cost drivers. Without this, each band value cannot be costed up accurately to cover the spectrum of pupil needs within special schools. It is the schools decision on how they deploy the resources within the school and the classroom environment. Having an approach that is underpinned with detail and a methodology</p>	<p>The Local Authority's proposal is to use the staffing to pupil ratios outlined (above), which will determine the monetary amount for each band to cover the spectrum of pupils needs within special schools</p>

		<p>provides transparency in how special schools are funded. The Trust is not raising concerns over the monetary value of the bands determined, but more the presentation aspect. This would change the percentage Yes to 89%.</p>	
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School Size

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

The current 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. A further funding allocation of £0.075m was added to each schools staffing block following the mainstreaming of standards funds grant into the Dedicated Schools Grant. The funding through the staffing and non-staffing blocks 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 can result in funding challenges. The Local Authority 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 schools banding funding as a measure, which considers the agreed place numbers and level of pupil's needs. This proposed approach recognises the increasing fixed costs of running a larger school by having higher place pupil numbers and complexity of pupils needs.

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 special schools. The key principles that underpin the formula have been considered when formulating this approach.

Question 2a

Do you agree that the Local Authority has identified the key cost drivers for the staffing and non-staffing block as part of the review?

Yes / No

If the answer is **no**, please outline the reasons, and identify other material cost drivers.

Question 2a – School Responses

School responses	Schools' comments	Local Authority comments	The Local Authority's latest proposal
<p>Primary: 18</p> <p>Yes 67%</p> <p>No 33% *</p>	<p>12 schools agreed with the key cost drivers for the staffing and non-staffing block.</p> <p>* A Trust (representing 6 schools) disagreed, and raised the points on the varying needs of school staffing structures, and whether the formula could be totally pupil needs led.</p>	<p>The theoretical cost model for funding special schools is built up using a zero-based budget approach using key cost drivers. The theoretical approach (which is recommended as best practice to Local Authorities) develops a typical cost model using identified job roles and setting characteristics for special schools. The theoretical cost model approach ensures an objective and transparent formula approach to funding special schools, which is a requirement from DfE - it is the responsibility of schools and its governing bodies to determine the priorities of the school and how the funding is deployed within it.</p> <p>The model recognises the fixed and variable costs in operating a school. Although Lincolnshire special schools vary in size across the county, each special school has a proportion of fixed costs to support the infrastructure to run a successful school, and the formula recognises the stepped changes in fixed costs for special schools of different sizes and specialisms.</p> <p>Indeed, the larger schools are able to achieve much greater synergies and economies of scale compared to a smaller sized special school. The lump sum provides schools of varying size the financial stability to operate effectively and</p>	<p>The Local Authority's proposal is to use the cost drivers identified (in table 2) for the staffing and non-staffing block of special schools.</p>

		sustainably, whereby the variable costs are met through the pupil-led banding funding.	
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Table 2:

Staffing	Non-Staffing
Leadership / Management	Main Buyback (Finance / HR / Payroll / I.T)
TLR Payments	Other Buybacks (Insurances / Licences / R&M)
School Business Manager / Bursar	Energy (Water / Electricity / Gas or Oil)
Site Manager / Caretaker	Outdoor & Grounds Maintenance
Cleaners	Refuse Collection
Clerk to Governor	Cleaning Materials
Administrator	Admin Supplies
Cook	Telephones
Catering Assistant	Training & Development
Intervention Officer	Educational Learning Materials
	Photocopier
	Swimming Pool costs
	Equipment
	LSN Costs (IT filtering etc.)

School size categories have been determined for the sector, which build on the work and principles adopted for the group size categories in the current funding formula. The key cost drivers have been adopted consistently across the differing sizes of school categories, but the resourcing requirements for each size of school have been considered to ensure a suitable level of resource is deployed, as the school place numbers and complexity of pupil increases. Incremental steps between school sizes have been adopted with transition points to allow for a more manageable transition.

The staffing and non-staffing block allocations is determined by the level of banding funding published through the budget shares process at the start of each financial year (see table 3). No funding adjustments will be made mid-year to the staffing and non-staffing block allocations from the budget share publication, however the school size categories for each school will be reviewed annually to ensure the school size category is representative of a schools determined banding funding when starting a new financial year.

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 pupils needs.

Table 3:

Categories - Staffing and Non-Staffing Blocks	Banding Value Categorises (£ up to)	Staffing Block	Non-Staffing Block	Total Lump Sum
School Size 3	£600,000	£295,000	£95,000	£390,000
School Size 3 Transition Point	£700,000	£317,500	£100,000	£417,500
School Size 4	£950,000	£340,000	£105,000	£445,000
School Size 4 Transition Point	£1,100,000	£362,500	£110,000	£472,500
School Size 5	£1,400,000	£385,000	£115,000	£500,000
School Size 5 Transition Point	£1,600,000	£407,500	£120,000	£527,500
School Size 6	£1,950,000	£430,000	£125,000	£555,000
School Size 6 Transition Point	£2,200,000	£452,500	£130,000	£582,500
School Size 7	£2,600,000	£475,000	£135,000	£610,000
School Size 7 Transition Point	£2,900,000	£497,500	£140,000	£637,500
School Size 8	£3,350,000	£520,000	£145,000	£665,000
PFI School Size 3	£600,000	£260,000	£80,000	£340,000
PFI School Size 3 Transition Point	£700,000	£292,500	£80,000	£372,500
PFI School Size 4	£950,000	£325,000	£80,000	£405,000
PFI School Size 4 Transition Point	£1,100,000	£332,500	£80,000	£412,500
PFI School Size 5	£1,400,000	£340,000	£80,000	£420,000

Question 2b

Do you agree with the Local Authority approach of using a schools overall banding funding to determine the level of staffing and non-staffing block funding for special schools of different sizes?

Yes / No

If the answer is **no**, please outline the reasons, and identify other approaches to funding a staffing and non-staffing block.

Question 2b – School Responses

School responses	Schools' comments	Local Authority comments	The Local Authority's latest proposal
<p>Primary: 18</p> <p>Yes 61%</p> <p>No 39% *</p>	<p>11 schools agreed that the level of pupil numbers and complexity of need is linked to the size of the staffing and non-staffing block, therefore is a fair method of funding.</p> <p>* A Trust (representing 6 schools) disagreed, and questioned whether the formula could be totally pupil needs led (which was addressed by the Local Authority comments in Question 2a), and the relationship between fixed costs, and pupil number and characteristics.</p>	<p>Through working with special school head teachers it was acknowledged that the level of fixed costs increased with both increasing pupil numbers and complexity of pupils, with the latter requiring additional management support and intervention; and more classroom space per individual due to smaller class sizes and aids. Financial modelling identified this as a sensible formula for identifying the category of lump sum funding allocations for the mix of special schools that currently vary in size (place numbers) and level of pupils needs.</p> <p>The key cost drivers have been adopted consistently across the differing sizes of school categories, but the resourcing requirements for each size of school have been considered to ensure a suitable level of resource is deployed, as the school place numbers and complexity of pupil increases.</p>	<p>The Local Authority's proposal is to use a schools overall banding funding to determine the level of staffing and non-staffing block funding for special schools of different sizes (outlined in table 3).</p>

Minimum Funding Guarantee

The Local Authority is required to set a minimum funding guarantee² (MFG) per pupil between minus 1.5% and 0% against the schools existing per pupil baseline. The 2017/18 MFG level is minus 1.5%. The MFG ensures that no school loses more than a certain percentage per pupil compared to

² To protect schools from significant budget reductions, the MFG ensures that no school loses more than a certain percentage per pupil compared to its prior year per pupil budget. A negative MFG allows school budget reductions to be set in a more sustainable way.

its prior year per pupil budget. The Local Authority propose to apply a 0% MFG to ensure no school loses on a per pupil level when implementing the proposed funding formula in 2018/19. Future MFG levels will be subject to review but will be governed by the government's MFG thresholds set.

To determine pupil-led funding for 2017/18 and 2018/19, the 2018/19 staffing and non-staffing block values are deducted from overall funding levels in both years. This approach ensures protection is applied when schools move between school sizes, and the MFG also provides protection against downward banding funding changes. The MFG arrangements however do not protect a schools overall funding level following a reduction in agreed place numbers.

Question 3

Do you agree that the Local Authority should apply a 0% MFG per pupil protection in 2018/19 to ensure no school loses through the implementation of the funding formula?

Yes / No

If the answer is **no**, please outline the reasons why and the level of MFG to be set.

Question 3 – School Responses

School responses	Schools' comments	Local Authority comments	The Local Authority's latest proposal
Primary: 18 Yes 100% No 0%	All schools agreed with the proposal to apply a 0% MFG per pupil protection in 2018/19 to ensure no school loses through the implementation of the funding formula. One question related to protection arrangements after year 1.	The Local Authority is required to set a minimum funding MFG per pupil between minus 1.5% and 0% against the schools existing per pupil baseline. The Local Authority proposes to apply a 0% MFG to ensure no school loses on a per pupil level in 2018/19. This approach will provide schools sufficient time to adapt to the revised funding arrangements. Future MFG levels will be subject to review but will be governed by the government's MFG thresholds set, which is between minus 1.5% and 0%. A negative MFG of up to minus 1.5% allows school budget reductions to be set in a more sustainable way.	The Local Authority's proposal is to apply a 0% MFG to ensure no school loses on a per pupil level through the implementation of the revised formula in 2018/19.

Special Schools Gaining

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 Local Authority's role to manage the cost in growth in special school numbers and increasing complexity of high needs pupils within the overall High Needs block. The government has introduced a national funding formula in 2018/19 for high needs funding to Local Authorities moving towards a more formulaic approach using proxy indicators rather than entirely being determined by historical funding. Lincolnshire is to receive protection funding of c.£5.2m in 2018/19, therefore being clearer of the government's future funding plans in the next funding cycle will provide the Local Authority with a more informed position of the level of protection and decisions the Local Authority will be required to make. The government has committed to providing a further 0.5% funding increase in 2019/20 to Local Authorities, therefore providing protection for a minimum of two years, and the expectation that incremental changes in funding levels will be applied allowing Local Authorities to manage funding reductions in a manageable way.

The Local Authority role is to ensure an appropriate level of resource continues to be allocated to allow special schools to best meet the needs of its pupils in the changing demographics of Lincolnshire special schools. The Local Authority recognises the demands and complexity of pupils needs, and the Local Authority has responded positively to feedback from special schools during this process by reviewing the staff to pupil ratios; creation of band descriptors for pupils having a diagnosis of ASD with challenging and undesirable behaviour, and pupils requiring total dependence despite mechanical and technological aids to access education safely; and, a central resource to provide intervention when supporting placements from breaking down. The financial investment into Lincolnshire special schools before considering place number changes is £1.722m through the proposed implementation of the funding formula. Having a funding formula that is responsive to pupil's needs and school characteristics will support the new strategy and vision for special education in Lincolnshire, and provide schools with the financial security to take on more complex pupils that may otherwise have been placed outside of Lincolnshire special schools.

The planned funding increase incorporating the funding formula changes and 2018/19 school characteristics (namely, incorporating 2018/19 academic year place numbers) is £1.941m in 2018/19 compared to the 2017/18 funding baseline.

Question 4

Do you agree with the Local Authority's proposal to allow schools gaining through the proposed funding formula to receive the full gain in year 1 (2018/19)? i.e. no gains cap applied.

Yes / No

If the answer is **no**, please outline the reasons why.

Question 4 – School Responses

School responses	Schools' comments	Local Authority comments	The Local Authority's latest proposal
<p>Primary: 18</p> <p>Yes 94%</p> <p>No 6%</p>	<p>17 schools agreed with the proposal to allow schools gaining through the proposed funding formula to receive the full gain in year 1 (2018/19).</p> <p>One school disagreed to the proposal, if it impacted any losing schools.</p>	<p>The Local Authority role is to ensure an appropriate level of resource continues to be allocated to allow special schools to best meet the needs of its pupils in the changing demographics of Lincolnshire special schools. Having no ceiling cap will allow schools updated pupil moderations and band descriptors to be applied ensuring the formula is responsive, and supports the strategy and financial security to take on more complex pupils that may otherwise have been placed outside of Lincolnshire special schools.</p> <p>Allowing schools to gain fully in year 1 will not affect schools negatively impacted by the formula since schools will be protected by a 0% MFG, which will be applied in 2018/19.</p>	<p>The Local Authority's proposal is to allow schools gaining through the proposed funding formula to receive the full gain in year 1 (2018/19).</p>

HOW TO RESPOND

The consultation closes on 9 March 2018. Schools are asked to complete the proforma attached (as this will aid the collation and analysis of responses) and email it to the following address with the email titled 'Special Schools Funding Formula Consultation Response':

schools_finance@lincolnshire.gov.uk

Should you have any queries regarding these proposals, schools are to address correspondence to the above email account with the email titled 'Special Schools Funding Formula Query' for the Children's Services / Schools Finance Team to respond to.

The timescales for consulting are relatively short with a deadline of 9 March 2018), however the group meetings with schools including the individual moderation meetings where bands and descriptors were discussed have hopefully informed schools of the Local Authority's intended direction of travel. The consultation feedback will be considered by the Local Authority, before going through the Local Authority decision making process ending in the Portfolio Holder making a decision in mid-March. Upon the funding formula being agreed by the Portfolio Holder, the 2018/19 special schools budget shares (for the period April 2018 to March 2019) will be published before the 31 March 2018 in line with the requirements of the DfE High Needs Funding guidance.

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