

Special Schools Funding Review

Schools Forum

6th March 2012

Author: Lead Finance Manager – Schools and Innovation

Parish / Wards Affected: All

Purpose

- To advise the Schools Forum of the principles and methodology of a new funding system for Special Schools which have been developed by the Local Authority (LA) and which, following a series of meetings with the Association of Swindon Special School Headteachers (ASSSH) would be acceptable to all Special School Headteachers for introduction in 2012/13.

Recommendations

The Schools Forum is requested to:

- Note the background, context and principles to the review of Swindon's Special School Funding system;
- Support the LA's proposed introduction of a new Special School Funding system with effect from 2012/13
- Note and support the LAs intention to develop a new methodology for the funding of Special Resource Provision for implementation with effect from 2013/14.

1. Background

- 1.1 The LA has a statutory duty to maintain a local fair funding formula in line with the School Finance regulations and to issue annual funding allocations to schools by 31st March each year. The majority of special school funding in the local formula is "place based" but the existing system is based on a 2007 audit which assessed the number of places and their SEN bandings required in each school at that time.
- 1.2 Although funding rates have been subject to inflationary increases each year, and some relatively minor funding changes have been made to recognise additional places, the basic funding system has been in place since 2008/09. Crucially the current system does not recognise (i.e. provide more or less funding for) changes in the complexity of individual pupils needs from year to year.
- 1.3 At the 17th January 2012 Schools Forum, as part of a wide ranging report on Dedicated Schools Grant (DSG) and local formula issues, the LA advised Forum Members that the LA had been working with ASSSH on a new banding system for special schools. The Forum was asked to note that, in order to recognise the increasing complexity of pupil needs, it was probable that additional funding of approximately £500,000 would need to be allocated from the local formula in 2012/13 which broadly equated to the proposed reduction to the LA's Out of Borough placement budget.

Special Schools Funding Review

Schools Forum

6th March 2012

- 1.4 Set out below are details of a new funding scheme which has been developed in consultation with ASSSH and which is supported by the Schools Forum Sub Group.

2. Principles of a New Funding System for Special Schools

- 2.1 During 2011 the LA consulted ASSSH on changes to provision across the sector including a review of bandings. Over recent weeks the LA has modelled various funding options which have been developed within the following context;

- Fair funding must be the overriding principle so that each school receives annual funding that meets the needs of its pupils
- Since the current funding formula was agreed;
 - The overall number of pupils which are being taught in special schools has remained fairly constant over recent years although more places have been taken by Swindon pupils
 - Although difficult to compare old and new bandings the relative complexity of needs has increased although the pattern of changes has varied considerably in individual schools
- There is a DSG cash freeze per pupil in 2012/13 which limits the LAs capacity to enhance funding rates without detrimentally affecting funding in other sectors.
- The LA is proposing reduced Out of Borough and Recoupment budgets for 2012/13 which is partly attributable to more SEN pupils being placed in Swindon schools thereby reducing the number of external placements.
- Despite pressures, special school balances have remained relatively high in recent years and, although the LA recognises the unique financial issues associated with changing SEN pupil needs, making a case that the sector is significantly under-funded is difficult when 2010/11 year end balances equated to 9.4% of annual funding.
- Any changes in annual funding for individual special schools, both increases and reductions, needs to be manageable and in line with school finance regulations to ensure all schools are sustainable and can realistically increase/ decrease their cost base as necessary.
- In determining new band values the LA is keen to reflect moves towards simplification as agreed in principle by the Schools Forum and to reduce/delete existing funding factors (former Threshold pay grant, Standards Funds and Ministerial Priorities) so that a greater proportion of funding is included in band values and therefore, more responsive to demand.

The Schools Forum is requested to note the background, context and principles to the review of Special School Funding system.

Special Schools Funding Review

Schools Forum

6th March 2012

3. Proposed Funding Scheme

- 3.1 Initial funding models presented to ASSSH would, in addition to requiring very significant extra funding, have resulted in extreme changes to the funding of individual settings which the LA felt would result in major management challenges and a significant number of redundancies. This was acknowledged by ASSSH members and, at the 7th February 2012 meeting, proposals were supported which can be broadly compared to current band values as follows;

Table 1 – Current and Proposed Band Values	
Current	Proposed
Band 7 @ £29,728	Band 1 (Highest Needs) @ £22,500
Band 6 @ £22,128	Band 2 @ £20,250 (90% of Band 1)
Band 5 @ £15,795	Band 3 @ £13,500 (60% of Band 1)
Band 4 @ £10,855	
Band 3 @ £8,575	Band 4 @ £10,125 (45% of Band 1)
Band 2 @ £6,682	
Band 1 @ £5,889	

- 3.2 Proposed band values are based on an affordable cash value for a Band 1 placement with Bands 2, 3 and 4 based on a % of Band 1 which broadly equate to comparative levels of need as defined by the banding descriptions. In addition the LA proposed that a 20% premium should be added to the relevant band values to recognise the additional resources required in respect of pupils with BESD (Behavioural Emotional and Social Difficulties).
- 3.3 The BESD premium is payable to St Lukes and Nylands but even with this premium both settings would receive significantly reduced funding. To alleviate this and allow both schools a transition period to gradually reduce their spending the LA proposed an initially enhanced BESD premium supported by ASSSH which would be phased down as follows;
- 2012/13 BESD premium payable at 35%
 - 2013/14 BESD premium payable at 30%
 - 2014/15 BESD premium payable at 25%
 - 2015/16 BESD premium payable at 20%
- 3.4 Based on the current numbers of places required for each Band plus planned increases in provision which the La has identified are required from September 2012, overall funding proposed for special schools in 2012/13 compared to 2011/12 can be summarised as follows;

Special Schools Funding Review

Schools Forum

6th March 2012

<u>Table 2 – Current (2011/12) and Proposed (2012/13) Special School Funding</u>		
	2011/12 (451.8 FTE places)	2012/13 (455.8 FTE places)
<u>Place based funding 2007</u>		
Total band funding (see Table 1 for values)	£6,203,295	£8,483,081
<u>Additional places since 2007</u>		
Various bandings (ceasing in 2012/13)	£363,650	-
Total Place Based Funding	£6,566,945	£8,483,081
<u>Transferred provision</u>		
PBST / CAMHS / Primary PRU	£364,000	£364,000
<u>Other Funding</u>		
Flat rate funding, etc. (reducing in 2012/13)	£2,628,924	£1,243,824
Total Special School Funding	£9,559,869	£10,090,905

- 3.5 This table illustrates that a greater proportion of funding has been moved into place based funding as all former Threshold Pay Grant, Standards Fund Grant and Ministerial Priority funding has been deleted. The 2012/13 funding allocations to individual settings will therefore be predominantly based on the needs of their pupils. Those settings which have greater numbers of pupils with more complex needs will therefore receive commensurate levels of funding based on the band values shown in Table 1. Indicative funding allocations for each setting are summarised below;

<u>Table 3 - Indicative Funding per Setting 2011/12 to 2012/13</u>			
Setting	2011/12 Funding	2012/13 Funding	% Change
St Lukes	£1,714,666	£1,657,239	-3.3%
Brimble Hill	£1,586,585	£1,618,627	+2.0%
The Chalet	£835,121	£879,949	+5.4%
Crowdy's Hill	£2,038,320	£2,296,759	+12.7%
Uplands	£2,071,821	£2,383,852	+15.1%
Nylands	£1,313,356	£1,254,478	-4.5%
Total Special School Funding	£9,559,869	10,090,905	+5.6%

- 3.6 Even with the temporary enhanced premium both BESD schools will experience cash reductions in their 2012/13 funding. The LA hopes to be able to partially mitigate these losses by reducing the retained DSG budget to release an inflationary increase to all delegated funding factors in 2012/13. Both settings are also likely to receive increased Pupil Premium funding next year although the values are unlikely to be significant. Given that, based on current placements,

Special Schools Funding Review

Schools Forum

6th March 2012

the phased reduction to the BESD premium will result in further year on year funding reductions of £55k (St Lukes) and £29k (Nylands) both schools will face challenging financial positions for the next 4 years. The consensus view at ASSSH was that these two settings have had relatively favourable funding settlements over recent years and the recent moderation exercise illustrates that the level of need has reduced significantly in both settings since the 2007 audit.

- 3.7 The new funding formula will require additional funding of £531,036 which equates to a 5.5% increase over the current year and is in line with the figure reported to the 17th January 2012 Schools Forum meeting. It is also relevant to recognise that;
- Under the existing formula additional funding of approximately £200,000 would have been payable in 2012/13 to reflect full year funding arising from September 2011 place increases and part year increases arising from further place increases in September 2012.
 - The LA anticipates reducing the 2012/13 Out of Borough and Recoupment placement budgets by approximately £500k, which partly reflects the increased placement of SEN pupils in Swindon Special schools.

The Schools Forum is requested to support the LA's proposed introduction of a new Special School Funding system from 2012/13

- 3.8 The LA feels that a new methodology for calculating appropriate levels of funding for Special Resource Provision (SRP) in mainstream settings is required to ensure costs are not being subsidised by the Schools and Academies which provide this Borough wide provision. Elsewhere on today's agenda minor changes are proposed to SRP funding in 2012/13 but the LA is committed to developing a new scheme in consultation with SRP providers during 2012 for introduction in 2013/14.

The Schools Forum is asked to note and support the LAs intention to develop a new methodology for the funding of Special Resource Provision for implementation with effect from 2013/14.

Alternative Options

The LA could defer any changes to special school formula funding until 2013/14 or allow the existing funding formula to continue indefinitely. The LA believes that a review is overdue and that the proposals made represent a fairer more responsive funding model which on an annual basis will recognise future changes in provision.

Special Schools Funding Review

Schools Forum

6th March 2012

Risk Management

Financial and Procurement Implications

- These are set out through the report

Legal / Human Rights Implications

- There are no direct legal or human rights implications arising from this report

Links to Corporate Plans and Policies

- Scheme for Financing Swindon Schools and the local fair funding formula

Diversity Impact Assessments

- All proposals in this report are aimed at improving fair funding for all Swindon pupils placed in Special Schools. The new system will provide additional funding across the sector and will be responsive to future changes in the needs of individual pupils

Consultees

The Director of Finance (Section 151 Officer) and Director of Law and Democratic Services (Monitoring Officer) are consulted in respect of all reports.

Background Papers

LA reports presented to ASSSH dated 19th January and 7th February are available on request