

SCHOOLS FORUM – SEN WORKING GROUP

Meeting date: 20 September 2021

**From: Daniel Barton
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SPECIAL SCHOOL FUNDING FORMULA REVIEW

EXECUTIVE SUMMARY

- 1.1 *This paper sets out the proposed approach for modelling the new Special Schools funding formula and a number of options for consideration by the SEN Working Group.*
- 1.2 *The working group members are asked to feedback on the approach and options proposed ahead of the next full Schools Forum when modelling will be presented.*

2.0 STRATEGIC PLANNING AND EQUALITY IMPLICATIONS

- 2.1 *Ensuring that Cumbrian schools are funded appropriately is supportive of the Council Plan outcome that ‘People in Cumbria are healthy and safe’.*

3.0 RECOMMENDATION

- 3.1 *The SEN Working Group is asked to:*
 - *note the contents of this paper and provide feedback on the options presented;*
 - *agree a way forward and make a recommendation on which options should be modelled ahead of the next Schools Forum meeting.*

4.0 BACKGROUND

- 4.1 A paper was presented at the Schools Forum meeting held on 9 June 2021 informing the forum members that there would be a full review of the Special Schools funding formula in collaboration with Headteachers, the Senior SEN Inclusion Manager and the Schools Forum SEN working group with a

planned implementation date of 1 April 2022. A copy of this paper detailing the elements of the current funding formula is appended to this paper at Appendix 1 for ease of reference.

- 4.2 The purpose of the review is to ensure that the formula more closely aligns with actual pupil needs and costs of providing for those needs within a special school environment whilst bearing in mind the limitations of the funding available and the impact on the overall High Needs Block budget.
- 4.3 Work to identify other mitigations against increased costs to the High Needs block will need to be undertaken as part of the review. Due to the impact on the High Needs block a report to Cabinet will be presented at the 16 December 2021 meeting.

5.0 PROPOSED APPROACH

- 5.1 It is proposed the review focuses on the formula factors within the special schools funding formula rather on the number of places to be funded as this is subject to a review of sufficiency and future needs analysis.
- 5.2 In addition to the £10,000 place funding which is set by government, the special school budgets currently consist of following elements (narratives for each element have been previously provided and are included at Appendix 1):

	Factor	Amount
Fixed 'school-led'	Lump sum	£117,800
	Buildings/Equipment	£32,448 to £64,896
Variable 'pupil-led'	Social Deprivation	£642.53
	Early Years Foundation Stage and Key Stage 5	£1,316
	Key Stage 3 and 4 Uplift	6.38%
	Protected former Teacher Pay and Pension Grants	£660
	SS1 Top-up (Band 4)	£4,500
	SS2 Top-up (Band 5)	£7,503
	SS3 Top-up (Band 6)	£12,685

- 1.1 Like mainstream schools the special schools also receive protection through the minimum funding guarantee which is set by government at 0% meaning that no special school will receive less funding next year on a like for like comparison with their pupil cohort than this year.
- 1.2 However, there is a finite amount of HN block funding available for the funding formula and whilst the aim is to align the formula more closely with the actual cost of provision, actual expenditure per pupil and how the funding is spent per pupil across special schools in Cumbria varies.
- 1.3 The 2019/20 CFR data shows that within Cumbria expenditure per pupil in special maintained/academy/free schools varies between £20k and £27.4k but there are wider variations in how that money is spent. For example, staffing costs per pupil range between £14.8k and £23.2k.
- 1.4 There are also other influences that impact on how much is spent per pupil including the level of other grants available, self-generated income and level of school reserves which also vary significantly.

- 1.5 So, in order to have a funding formula that is fair and affordable there needs to be a benchmark level based on evidential data such as average class sizes and average cost of classroom staff.
- 1.6 Some work was previously done back in 2019 looking at increasing the range of top-up bandings with a view to reducing the demand for exceptional funding requests including drawing comparisons with other local authorities' bandings. However, this didn't encompass reviewing the other elements of the funding formula and it was difficult to draw like for like comparisons with other authorities due to the shape of their own local funding formula. Therefore, it is proposed that further work is done to align the bandings more closely to the costs of provision through gathering evidential data as detailed in paras 1.14 to 1.15 below. It should be noted that the expectation is that the pupil level of needs can reduce once they are in the right environment and therefore there should be a clear link and mechanism in place to reduce top-up funding over time when appropriate to do so.
- 1.7 The place funding (£10,000 per commissioned place) makes up approximately 50% of the funding formula. Based on the initial S251 special school budget allocations at the start of the 2021/22 financial year adjusted to take into account the SS1 uplift from £2,995 to £4,500 the proportionate split between the remaining fixed 'school-led' and variable pupil-led elements is 12% and 88% respectively.

Fixed school – led element

- 1.8 The fixed school-led element of the funding formula (including the place funding element outside of this review) provides special schools with some certainty around future funding levels as it does not vary depending on the needs of each year's pupils. It is proposed that an element of the funding formula remains fixed to cover costs outside of classroom support. Potentially, more funding could be directed to the fixed element of the funding to give even more stability.
- 1.9 Options to consider around the fixed element of the funding could be to create one single lump sum absorbing into it the current buildings/equipment factor or creating an additional factor for therapies outside of classroom support. Potentially, these fixed 'school-led' elements could include a lump sum which is the same amount for all special schools and a buildings and therapies element either as a fixed amount for each school or a combined fixed with variable element dependent on number of places/pupils.
- 1.10 Alternatively, the fixed 'school-led' element of the funding formula could be removed in its entirety and absorbed in the variable pupil-led element. However, this could potentially make budget setting more difficult particularly if pupil numbers and/or needs vary significantly from one year to the next.
- 1.11 Also, potential consideration could be given for the funding formula to incorporate a separate factor for outreach services such as the early years intervention programme at Sandgate and outreach provision offered by Sandside Lodge. Again, this could be based on a fixed lump sum element

or combined fixed and variable element dependent on the number of pupils to be supported.

Variable pupil-led element

- 1.12 A proposed approach to the variable pupil-led element of the funding formula could be to remove some or all of the current variable pupil-led factors – for example, the social deprivation, EYFS, KS3 – KS5 and former teacher pay and pension factors and absorb these into the top-up bandings so that they are more closely linked to individual pupil needs. Alternatively, these could continue to remain as per the current formula with a review of per pupil levels or weightings.

Bandings

- 1.13 In terms of the special school top-up bandings it has long been recognised that the range is too limited. Some benchmarking of other local authorities within the North West has been undertaken. Bandings range between £1,000 to £40,000 dependent on banding and need with the average top up being between £9,000 and £13,000. The number of bands also varies across the North West from 3 up to 7. A number of options could be considered here including increasing the number of levels and/or creating primary need specific ranges for example, ASD, SEMH, SLD.
- 1.14 One approach could be to look at average class sizes and average levels of teaching and teaching assistants per class based on level of need and/or primary need. For example, if there were 5 levels of need, for each level of need how many pupils and what level of staffing support would be required? To demonstrate the point for illustrative purposes only it could potentially look like:

Band A (lowest level)	1 Teacher for 8 pupils
Band B	1 Teacher, 1 STA for 9 pupils
Band C	1 Teacher, 1 STA for 8 pupils
Band D	1 Teacher, 2 STA for 6 pupils
Band E (highest level)	1 Teacher, 2 STA, 1.5 TA for 7 pupils

- 1.15 This exercise could be completed for each type of primary need or groups of primary need requiring the same levels of support although this could result in an overly complicated formula. Once the average class size/staffing levels have been determined a weighting could be applied to each band and attached to a unit value to be determined after taking into consideration any impact of proposed changes to the fixed school-led and other variable pupil-led factors within the funding formula. The bandings work will require input from both the SEN inclusion team and special school headteachers once an approach has been agreed as the modelling cannot be completed without determining which new banding the current pupils would fall into. Special school heads will also be asked to provide their current class numbers and fulltime equivalent staffing so that an average benchmark can be agreed.

- 1.16 The cost impact to the HN Block of the potential options under consideration cannot be estimated yet but is likely to result in an increased cost. Once a proposed approach is agreed funding formula modelling will be undertaken at which stage work to identify other mitigations against increased costs to the High Needs block will also be done.

2.0 OPTIONS

- 2.1 The SEN working group is asked to feedback on the approach to reviewing the funding formula and consider the proposed options and make to a recommendation to Schools Forum on proposed options to be put forward for modelling.

3.0 RESOURCE AND VALUE FOR MONEY IMPLICATIONS

- 3.1 Resource and value for money implications are considered throughout this report.
- 3.2 The financial impact of the funding formula review, which at this stage can't be fully quantified, is likely to come at an increased cost to the High Needs Block which is under significant financial pressure with a cumulative deficit of £14.550m as at 31 March 2021 which is forecast to increase to £19.816m as at Q1 and therefore any potential increase in special schools funding will need to be carefully managed against High Needs Deficit Recovery Plan.

4.0 CONCLUSION

- 4.1 This paper presents a proposed approach and options for consideration by the SEN Working Group ahead of making a recommendation to full Schools Forum.

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15 September 2021

Appendices:

- 1. Special Schools Bandings 2021-22 – School Forum Paper 9 June 2021*

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