

SCHOOLS FORUM

Meeting date: 18 January 2022

**From: Daniel Barton
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SPECIAL SCHOOL FUNDING FORMULA REVIEW

1.0 EXECUTIVE SUMMARY

- 1.1 *This paper updates the Schools Forum on the progress made on the special school funding formula review.*
- 1.2 *It sets out the illustrative financial impact of the revised banding levels which is estimated to be £2.369m pa and the proposed mitigations that have been identified. Due to the significant additional cost to the High Needs (HN) block the decision on whether to implement the new banding levels is a Key Decision which will be taken by Cabinet at its meeting on 27 January 2022.*

2.0 STRATEGIC PLANNING AND EQUALITY IMPLICATIONS

- 2.1 *The utilisation of the High Needs block within the Dedicated Schools Grant is supportive of the Council Plan outcome that 'People in Cumbria are healthy and safe'.*

3.0 RECOMMENDATION

- 3.1 *The Schools Forum are recommended to note the revised financial values attached to the proposed new top-up bandings which is estimated to cost an additional £2.369m pa and make a recommendation to Cabinet as to whether the proposals are implemented from 1 April 2022.*

4.0 BACKGROUND

- 4.1 The current special school funding formula comprises of place funding, fixed and variable per pupil factors and a top-up banding system to make specific provision for an individual pupil. The banding system currently has 3 levels as follows:

SS1 Top-up	£4,500
SS2 Top-up	£7,503
SS3 Top-up	£12,685

- 4.2 The Special School Heads agreed, with the support of the joint SEN and Budget Working groups, that the review should focus on the top-up banding system as it was felt having only 3 bands did not recognise the broad range of pupils needs. The Special School Heads proposed increasing the number of banding levels from 3 to 6 and also proposed a new set of banding descriptors. They then assigned their current pupils to their new proposed banding levels. The financial impact of this was modelled and a paper was presented at the 20 October 2021 Schools Forum meeting informing the Schools Forum members that the indicative assessment of the likely cost of the increase in bandings was £5.2m pa.
- 4.3 A number of options were presented to Schools Forum and it was agreed by the forum members to apply the modelled bandings in part by adjusting down the financial values used in the modelling. However, additional mitigations would also need to be explored before being presented to Cabinet for consideration.
- 4.4 The School Forum members were also informed that a more detailed assessment of pupils needs against the proposed new bandings would be carried out by LA SEND Education Managers.
- 4.5 The LA SEND Education Managers reviewed the banding descriptors that were proposed by the Special School Heads and revised them so that they aligned with the Council's SEND Handbook and a new set of banding descriptors were proposed. These are available at Appendix 1 to this paper.
- 4.6 The revised banding descriptors comprise of 6 banding levels. Funding for pupils with needs above level 6 will only be considered in the most extreme circumstances, for example, where needs cannot be met within the local authority and where a residential placement is required.

5.0 MODELLING OF PROPOSED NEW BANDING LEVELS

- 5.1 LA SEND Education Managers also spot checked a number of pupils to ensure both consistency across all schools and an independent assessment. The categorisation by Special School Heads was broadly in alignment with the spot checks carried out by LA SEND Education Managers, as shown below:

Pupil Numbers			
Banding	Current	Special School Heads	LA Officers
SS1	10	2	5
SS2	11	8	7
SS3	14	8	7
SS4		10	9
SS5		8	10
SS6		4	2
Exc	5	0	0
Total	40	40	40

5.2 Revised financial values have been assigned to each of the new bands as shown below:

Banding Level	Amount
SS1	£4,500
SS2	£7,500
SS3	£12,600
SS4	£15,000
SS5	£18,500
SS6 (Exceptional)	£24,750

5.3 The level 6 banding has been based on the current average cost of pupils on exceptional funding packages in Special Schools. Using these values, based on the sample set of 40 pupils reviewed by the LA SEND Education Managers alone, the increased cost of the new proposed banding levels compared to the current funding levels is £71,625 as shown in the table below by banding level:

Banding	Sample Set				
	Total		Total Cost		Increase/Decrease
	No. of Pupils Current	No. of Pupils Proposed	Current Bandings Cost	Proposed Bandings	
SS1	10	5	£45,000	£22,500	-£22,500
SS2	11	7	£82,533	£52,500	-£30,033
SS3	14	7	£177,590	£88,200	-£89,390
SS4	0	9	£0	£135,000	£135,000
SS5	0	10	£0	£185,000	£185,000
SS6	0	2	£0	£49,500	£49,500
Exceptional	5	0	£155,952		-£155,952
Total	40	40	£461,075	£532,700	£71,625

5.4 Extrapolating this data across all 680 special school pupils indicates that the additional cost compared to the current cost is £2.369m as shown below:

Banding	Total		Total Cost		Increase/ Decrease
	No. of Pupils Current	No. of Pupils Proposed	Current Bandings Cost	Proposed Bandings Cost	
SS1	154	40	£693,000	£180,000	-£513,000
SS2	211	132	£1,583,133	£990,000	-£593,133
SS3	276	156	£3,501,060	£1,965,600	-£1,535,460
SS4		169		£2,535,000	£2,535,000
SS5		177		£3,274,500	£3,274,500
SS6		6		£148,500	£148,500
Exceptional	39		£947,417		-£947,417
Total	680	680	£6,724,610	£9,093,600	£2,368,990

5.5 As only a very small sample set of pupils has been used to extrapolate the costs and as the current cost of top-ups are based on the full year effect of pupils currently in special schools with no adjustments made for pupils leaving or starting in year, there will be differences in actual cost compared to extrapolated costs once all the pupils have been aligned to the new banding levels by the LA SEND Education Managers. It should also be noted that the sample set does not necessarily reflect the full range of different types of need across each special school and this will also have an impact on the final figures.

5.6 A meeting was held in December 2021 with Special School Heads to review and feedback on the categorisation of pupils by LA SEND Education Managers and the financial values assigned to each band were agreed.

6.0 ***BUDGETARY IMPLICATIONS ON THE HIGH NEEDS BLOCK***

6.1 If the proposal to introduce 3 new top-up bandings for special schools goes ahead there will be an additional cost pressure on the HN Block estimated to be £2.369m pa. This will be mitigated by the additional HN Block funding of £2.230m to be received in 2022/23 and also partially through a transfer of up to 0.5% from the Schools Block as agreed Schools Forum and approved by Cabinet on 16 December 2021.

6.2 In recent years the number of special school places has increased reflecting increasing levels of demand. At the same time demand for places in independent settings has also increased but these placements are more expensive than a place in a special school. The average cost of a special school place, before any changes to bandings, is £23,974 compared to an independent day setting where the average cost is £58,424.

6.3 By expanding special school places wherever possible and looking to develop more places as part of the Education Vision it may be possible, if not to reduce expenditure on independent placements, at least not to increase it. This would also help to absorb some of the increased expenditure on special school top ups. .

6.0 OPTIONS

6.1 The Schools Forum is asked to feedback on the proposals and to recommend to Cabinet one of the following options:

- Implement the proposed new top-up bandings with effect from 1 April 2022

or

- Do not implement the proposed new top-up bandings

7.0 RESOURCE AND VALUE FOR MONEY IMPLICATIONS

7.1 Resource and value for money implications are considered throughout this paper.

8.0 CONCLUSION

8.1 The Schools Forum is asked to note this report, the financial impact of the proposed new banding levels and make a recommendation to Cabinet on whether to implement from 1 April 2022.

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11 January 2022

Accompanying Documents:

Appendix 1 – LA Special School Banding Descriptors

REPORT AUTHOR

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