

DERBYSHIRE COUNTY COUNCIL

SCHOOLS FORUM

21st March 2013

**Report of the Strategic Director for
Children and Younger Adults**

Special & ER Schools' Budgets - update

1. **Purpose of the Report**

To inform Forum of the final details in respect of special and ER schools' budgets.

2.1 **Information & Analysis**

A report is due to be considered by Cabinet on 26th March 2013 to finalise the allocations for special & ER schools for 2013-14. The proposed methodology, if approved, would be consistent with that set out in the autumn 2012 consultation document.

By way of a reminder the allocations will be calculated as follows:

(i) Basic Place Funding (P) - each special school/ERS will receive funding based on a national funding rate of £10,000 per place from the host local authority, i.e. the authority in which the school is located, and will be payable to the school irrespective of where the pupil filling the place resides. Local authorities' High Needs Block allocations within the Dedicated Schools Grant have been adjusted to reflect the number of places.

Place funding is fixed for the year whether or not all the places are filled. The DfE will, however, audit the use of the 2013-14 places and future years' allocations may be adjusted to reflect usage that is above or below capacity.

(ii) Profile (P): common profile multipliers across all special schools and each of the ERS Categories. The categories and **INDICATIVE** profile multipliers, based on a model of best fit, are shown below. The values shown in the table are on top of the basic place funding and do not take account of the impact of further delegation of funding and responsibilities from April 2013.

There is no intention to change any of the current, well documented Derbyshire profiles for 2013-14.

	Full Description	Multiplier
Special Schools:		£
MSI	Multi-Sensory Impairment	46,000
ECB	Extremely Challenging Behaviour	46,000
ELD	Extreme Learning Difficulty	15,102
ECOM	Extreme Communication Difficulty	13,265
SEBD	Severe Emotional & Behavioural Difficulty	14,048
SSI	Severe Sight Impairment	4,000
COM	Autism/Communication Difficulty	9,250
D&A	Diagnostic & Assessment (Nursery FTE)	8,000
PHYS	Severe Physical Impairment	4,000
EBD	Emotional & Behavioural Difficulty	9,000
SHI	Severe Hearing Impairment	4,000
SLD	Severe Learning Difficulty	4,000
OLD	Other Learning Difficulty	0
ERS:		
Band A	Area ERS (taking pupils with varying needs)	2,219
Band B	Severe Hearing Impairment	3,492
Band C	Autism/Specialist Nursery	4,689
Band D	Extreme Physical Impairment	14,850

(iii) Individual (I) School and/or Pupil: this factor is intended to recognise both individual pupil and, in the case of special schools, individual school circumstances, for example:

- Special Schools – Individual Pupil: e.g. the number of resident nights if a pupil has a residential place, Post 16 pupils and free school meals (FSM) eligibility
- Special Schools – Individual School: e.g. rates, pool, other premises issues, deprivation, economies of scale
- ERS - Individual Pupil: i.e. the relevant Primary, Key Stage 3 or Key Stage 4 AWPU funding.

It is important to note that the Profile and Individual School/Pupil allocations are linked to individual pupils and, as such, schools will receive their allocations based on the real time attendance of pupils. This will make the budgeting by the schools more problematic as a greater proportion of their resources will be in the form of monthly income, only the places element can be regarded as guaranteed in advance for the whole year. A further complication is that the top up funding (Profile/Individual) comes from the home local authority, i.e. the authority in which the pupil is resident. Individual schools will have to negotiate with other local authorities to agree the top up funding for each pupil, arrangements which largely replace the need for inter LA recoupment.

Cabinet approval to the funding methodology set out above is now sought.

2.3 New delegation

In addition to the multipliers set out in 2.2, special schools and schools with an ERS also take on a range of newly delegated responsibilities from April 2013. The way in which funding for these new responsibilities is delegated will vary slightly between the two types of setting.

2.3.1 New Delegation – ERS schools

Where funding in the mainstream sector has been delegated on the basis of a non AWPU factor, e.g. primary school catering lump sum (£11,094), primary and secondary capital maintenance lump sum (£8,000), the delegated amount will be taken to include supporting both the mainstream school and the ERS. Funding which has been delegated to the mainstream sector on the basis of AWPU will be included in the ERS Individual Pupil top up. Appendix 1 sets out the impacts on the AWPU multipliers. The items marked # in the Appendix will be re-pooled in line with the mainstream arrangements.

2.3.2 New Delegation – Special schools

For special schools, there is no option to delegate any services via a lump sum and therefore any new funding will either have to be added to the profile multipliers (if the level of delegation is consistent across all settings and all pupils) or via the Individual top up (if the delegation is school or pupil specific). Indicative top up allocations are shown in Appendix 2.

It should be noted that some of the newly delegated items such as maternity costs, insurance, library and museum support have been re-pooled for primary and/or secondary schools with the agreement of the Schools Forum. No such general provision is available for special schools; any decision to buy into the service offered for some or all of these areas is a matter for each special school governing body to determine.

It is proposed that for 2013-14 special schools be invited to return delegated funding alongside primary schools for insurance, maternity, public duties and trades union facilities' time.

2.3.3 Residual Special School Funding

Currently the Authority buys a set number of places for each special school. From April 2013 a significant proportion of the special schools' funding has to be delegated on the basis of the actual number of pupils on roll. Consequently, unless protection arrangements are put in place, some schools may face unreasonable turbulence in their funding as around £750k potentially falls out of the special schools' sector. A range of protection measures have been considered including a lump sum allocation, a general uplift to all of the top up multipliers, funding of "shadow" empty places and an arrangement that guarantees a level of funding equivalent to 98.5% of a rebased 2012-13 allocation for Derbyshire students.

Details of the pros and cons of the first three methods are set out in Appendix 3. On balance the preferred option is the “Local Authority 2013-14 Protected Allocation”, where each special school will receive a minimum of 98.5% of the comparator budget for 2012-13. This approach was preferred for several reasons including:

- Schools will be able to budget for the 2013-14 financial year in the security of knowing that there is a minimum amount of funding that they will receive. There is parity with mainstream schools as this method is very similar to the Minimum Funding Guarantee (MFG) afforded to that sector.
- The protection can be flexed each month as new pupils are placed thus limiting the additional pressure on the High Needs Block. As actual pupils are placed, the protection is reduced, and protecting to 98.5% ensures that there is funding available if more high need pupils/numbers of pupils are placed than expected.

The method of calculating this 2013-14 Protected Allocation is to:

- Rebase the 2012-13 formula for known places/banding changes for 2013-14
- Add non place related 2013-14 allocations (e.g. Autism Outreach)
- Add 2013-14 newly delegated allocations in full
- Reduce by other local authority income (based on profile multipliers being the same as DCC)
- This will give the 2013-14 Protected Allocation
- Calculate 98.5% of this Protected Allocation and compare with the amount generated by the new formula for each school
- Allocate Local Authority Additional Support to bring each school’s formula budget up to 98.5% of the Protected Allocation
- This can then be adjusted each month to reflect actual pupils on roll.

Indicative 2013-14 Protected Allocations for each special school are set out in Appendix 4.

2.4. Consultation with Schools

The main structures of the formulae have been the subject of debate with special schools and mainstream schools with an ERS via a specific briefing session in November 2012, followed shortly afterwards by a formal consultation. The results of the consultation were presented to the Schools Forum in December 2012, a summary of the responses is included at Appendix 5. Schools were generally supportive of the Authority’s approach but were understandably concerned about the potential fluctuation in resources, particularly in year, due to pupil movements.

2.5 Residual DSG

In January 2013, Cabinet agreed the allocation of funding to mainstream schools via the new simplified formula. That report also determined the allocation of a residual DSG figure of £4,296k and it was agreed that £250k of this sum should be set aside as a pro rata share in respect of special schools, nursery schools and nursery provision in mainstream schools. The special schools' share of this is £195k and it is proposed that this funding be allocated to schools on the basis of the number of places to help support both their new and existing delegated responsibilities. The amount of funding for each school is set out in the table below.

School	No. places	£
Holly House	40	9,701
Holbrook Centre for Autism	56	13,582
Brackenfield	72	17,463
Ashgate Croft	154	37,351
Swanwick School & Sports College	78	18,918
Stubbin Wood	105	25,466
Bennerley Fields	84	20,373
Peak	55	13,340
Alfreton Park	78	18,918
Stanton Vale	82	19,888
Total	804	195,000

It should be noted that the allocations above are additional to those set out elsewhere in this report.

3. Other Considerations

In preparing this report the relevance of the following factors has been considered: - prevention of crime and disorder, equality of opportunity; environmental, financial, health, legal and human rights, personnel and property considerations.

4. Background Papers

Supporting papers held in CAYA Finance Section.

DfE publication – School Funding Reform: Next steps towards a fairer system

5. Strategic Director's Recommendations

That the Forum notes the report and offers any views on the proposals.

Service (Primary)	New Deleg'n £k	Per Pupil £
Contingencies (#)	800	14.66
Insurance (#)	971	18.43
Library & Museum (#)	153	1.41
FSM Eligibility	35	-
Licences & Subscriptions (#)	62	0.35
Behaviour Support	932	1.65
Staff Costs: Maternity (#)	950	17.41
Staff Costs: Public Duties (#)	5	0.09
Staff Costs: Trade Union (#)	152	3.48
Staff Costs: Other	9	0.17
School Catering	6,506	-
CRB Checks	158	2.90
Sports	143	2.62
Capital Maintenance	3,461	12.11
		75.27

Service (Secondary)	New deleg'n £k	Per Pupil £
Contingencies (#)	200	4.90
Insurance (#)	511	16.24
FSM Eligibility	25	-
Licences & Subscriptions (#)	90	0.62
Behaviour Support	20	0.25
Staff Costs: Maternity	576	14.12
Staff Costs: Public Duties	100	2.45
Staff Costs: Trade Union (#)	113	3.48
Staff Costs: Other	7	0.17
14-16 Practical Learning Options	209	12.56 (KS4 only)
CRB Checks	92	2.25
Sports	48	1.18
Twinning	12	0.29
Capital Maintenance	862	12.11
		70.61

relates to re-pooled funding in mainstream schools

Service (Special)	New deleg'n £k	Per Place £	Per 1.0 Weighted Place (see table below) £
Added to Profiles:			
Library & Museum	4.5	5.55	-
Licences & Subscriptions	0.3	0.35	-
Staff Costs: Maternity	26.7	-	17.45
Staff Costs: Public Duties	3.7	-	2.43
Staff Costs: Trade Union	5.3	-	3.48
Staff Costs: Other	0.3	-	0.17
CRB Checks	1.5		1.00
Added to Individual (School):			
Insurance	<i>Amounts will vary per school</i>		
School Catering	<i>Amounts will vary per school</i>		
Broadband Support	<i>Amounts will vary per school</i>		
Capital Maintenance	<i>Amounts will vary per school</i>		
Added to Individual (Pupil):			
FSM Eligibility	2.4	3.04	-
14-16 Practical Learning Options	3.0	23.44 (KS4 only)	-

	Full Description	Weighting (See Note)
Special Schools:		
MSI	Multi-Sensory Impairment	5.600
ECB	Extremely Challenging Behaviour	5.600
ELD	Extreme Learning Difficulty	2.510
ECOM	Extreme Communication Difficulty	2.327
SEBD	Severe Emotional & Behavioural Difficulty	2.405
SSI	Severe Sight Impairment	1.400
COM	Autism/Communication Difficulty	1.925
D&A	Diagnostic & Assessment (FTE)	1.800
PHYS	Severe Physical Impairment	1.400
EBD	Emotional & Behavioural Difficulty	1.900
SHI	Severe Hearing Impairment	1.400
SLD	Severe Learning Difficulty	1.400
OLD	Other Learning Difficulty	1.000

Note: these weightings are based on the ratios used in the 2012-13 budgets. These have been converted to a monetary value, the £10,000 removed from each place value (for basic place) and then rebased to reflect current proportionality whilst conforming to new requirements.

Method	Pros	Cons
A lump sum allocation at the start of the financial year	Schools know how much support will be received at the start of the financial year	<p>If we allocate enough funding at the start of the year to enable schools to be sufficiently supported there will be a pressure on the High Needs Block as new pupils are placed with actual Top Up to fund.</p> <p>Pupils placed during the year, including pupils from other Local Authorities (OLA), will not be reflected in a reduction of protection and will result in duplication of funding.</p>
Uplift all profile multipliers	Each actual Derbyshire pupil will generate more funding and there will be a smaller perceived 'funding gap'.	<p>If we allocate additional funding through the multipliers at the start of the financial year, there will be pressure on the High Needs Block with new placements as funding for the profiles has been inflated over 2012-13 funding levels.</p> <p>As pupils leave, the loss of funding can be significant. E.g. if 6 Year 11 COM pupils leave at the end of the academic year, and no new pupils are yet placed in September, with current multipliers, the monthly funding for September will reduce by about £6,000. If the multipliers are increased, this will only exacerbate losses.</p>
Shadow Profiles – each 'empty' Derbyshire place is given £1,000 or the school's lowest funded usual profile, whichever is the highest value	Each purchased place will have an element of Top Up; either as an actual pupil, other local authority pupil, or a shadow profile.	<p>There is a strong possibility that an actual placement may give a school less funding than they receive as a shadow allocation.</p> <p>At £1,000 the shadow amount does not generate sufficient support for schools with a large number of empty places.</p>

Indicative 2013-14 Special School Protected Allocations

Appendix 4

DfE No School	Known changes from 2012-13 to 2013-14	2012-13 Actual ISB £	Known Changes to 2012-13 Actual ISB £	2013-14 Agreed Other non related place Allocations £	2013-14 New Delegation in Full £	Remove OLA Estimated Income £	TOTAL PROTECTED ALLOCATION £	98.5% OF TOTAL PROTECTED ALLOCATION £
7000 HOLLY HOUSE SCHOOL	minus 3 places for SLA	1,285,578	(54,517)	54,517	37,719	0	1,323,297	1,303,447
7001 HOLBROOK CENTRE FOR AUTISM	NO CHANGE	1,993,657	0	113,443	107,417	(47,028)	2,167,489	2,134,976
7005 BRACKENFIELD SPECIAL SCHOOL	additional 2 places	1,147,081	24,644		30,393	(14,262)	1,187,856	1,170,039
7006 ASHGATE CROFT SCHOOL	reduced 3 places	2,658,123	(44,804)		93,035	(25,615)	2,680,739	2,640,528
7009 SWANWICK SCHOOL & SPORTS CENTRE	NO CHANGE	1,243,335	0		35,125	0	1,278,460	1,259,283
7012 STUBBIN WOOD SCHOOL	Remove EYSFF	1,853,305	(101,996)	106,192	38,809	(2,283)	1,894,028	1,865,618
7014 BENNERLEY FIELDS SCHOOL	additional 4 places	1,406,171	55,714		38,649	(24,230)	1,476,304	1,454,160
7017 PEAK SCHOOL	NO CHANGE	1,547,524	0	113,443	111,235	0	1,772,202	1,745,619
7018 ALFRETON PARK COMMUNITY SCHOOL	Remain Band 5/3 more places	1,389,332	44,804		51,342	(4,939)	1,480,537	1,458,329
7019 STANTON VALE SCHOOL	reduced 3 places	1,815,620	(54,517)		53,956	(36,455)	1,778,604	1,751,925
9999 ALL SPECIALS		16,339,725	(130,671)	387,595	597,680	(154,812)	17,039,518	16,783,925

Response levels

9 special schools (out of 10)

4 Primary ERS (out of 11)

0 Secondary ERS (out of 9)

Specific questions**Q1 – Do you support the PPI approach**

	Yes	No	Don't Know
Special	9	0	0
Primary ERS	1	2	1
Secondary ERS	0	0	0
Total	10	2	1
<i>Others</i>	<i>0</i>	<i>0</i>	<i>0</i>

General support for PPI but some (selected) issues:

- Concern over fluctuation in budgets due to monthly top ups and lack of control over pupil referrals – market mechanism but without control;
- Impact on MLD placements given there is no top up;
- Potential disruption to highly skilled staffing if “expensive” pupils leave unexpectedly;
- Concern over different capital investment and refurbishment needs of schools;
- Single data point for roll numbers, concern over Transitional Protection applying to places with DCC pupils;
- Role of LA in filtering pupils – tension with need for schools to market themselves;
- Concern over schools’ role in negotiating placements from other LAs
- Concern that ERS values may, for some children , not reflect additional expenditure;

Q2 – Preference re top up calculations

	Daily	Weekly	Monthly	Don't Know
Special	1	2	6	0
Primary ERS	0	0	3	0
Secondary ERS	0	0	0	0
Total	1	2	9	0
<i>Others</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>

General support for monthly but some (selected) issues:

- Concerns over manageability of administration

- Frequent adjustments may act as disincentive to move children on who have made progress;
- Again concerns over high costs pupils leaving unexpectedly;
- Monthly could leave a receiving school out of pocket;
- Admissions for eligible children should be sent to all special schools unfiltered;
- Implications of a child moving home?
- Reduced guaranteed funding could lead to increased use of temporary contracts;

Q3 – Financial Support/Empty Place Funding (Phantom vs Top Up vs Cash)

Selected Issues

- Greater transparency over referral process
- Devolve limited control to 10 schools collectively?
- Headroom ought to be considered, % of school's budget?

Q4 – New Delegation – ERS

- Increased workload for schools

Q5 – New delegation – Special Schools

- Property, particularly older buildings, was the main worry - need to re-pool funding for maintenance
- What are the LA's residual responsibilities for SEN?

General comments

- Desire to see special schools operate in clusters/ individually to identify ways of meeting needs currently met by Out County placements – would need capital investment;
- What are the projections for Post 16 funding post August 2013?
- LA needs to work with neighbouring LAs to reduce need for individual schools to negotiate;
- DfE need to be made aware of the law of unintended consequences.