



Schools Funding Forum 25th September 2019 ITEM 9

Subject Heading:	Special School Funding 2019-20
Report Author:	David Allen – Strategic Finance Manager
Eligibility to vote:	All members

SUMMARY

This item is to review the funding arrangements for special schools and to consider proposals to increase the funding levels for each band with effect from September 2019.

RECOMMENDATIONS

That the Schools Funding Forum notes the issues within the report regarding the funding of special schools and agrees the proposals to increase the levels of funding as follows as detailed in the detail below.

:

REPORT DETAIL

1. Havering special schools

Havering currently has three special schools providing education for pupils with special educational needs and disabilities between the ages of 2 and 19. The numbers of places in each are as follows:

Provision	pre 16	post 16
Corbets Tey School	120	35
Forest Approach Academy	99	14
Ravensbourne School	70	18

Forest Approach has recently received approval from the DfE to extend its age range from 4 -16 to 2 – 19. The 14 post 16 places are therefore to be funded as additional places from September 2019. Decisions have not yet been made on the number of early years places to be commissioned by the local authority.

Corbets Tey School is maintained by Havering local authority; Forest Approach Academy and Ravensbourne School are both special academies within the Hornbeam Trust

The provision of a new special free school in Havering has been approved by the DfE which will cater for 60 children and young people aged 3-16 years who have complex or severe ASD or social, emotional and mental health difficulties. This is not expected to open before 2021.

2. High Needs Strategy

Special schools are a key part of Havering’s 2017-2020 High Needs Strategy. It is intended to reduce the numbers of pupils with more moderate levels of need placed in special schools by supporting them in mainstream schools or in additionally resourced provisions. This will free up places in special schools for those with more complex needs. Placing pupils in good quality local provision will also benefit the management of the High Needs Block overall in avoiding the costs of more expensive out of borough provision.

3. Current funding arrangements

3.1 Basis of Funding

Special schools and special academies are funded on a combination of place and pupil funding. From their DSG High Needs Blocks, local authorities must fund £10,000 for the number of places at each special school or special academy. This is often referred to as elements 1 and 2 and can be compared to a mainstream school with an Additionally Resourced Provision where the funding is through the Age Weighted Pupil Unit (AWPU) (element 1) for pupils on roll and an additional £6,000 (element 2).

A top up rate (element 3) is the paid to the schools for pupils with EHCPs by the local authorities that commission the places for pupils, the majority of which will be from the local authority in which the provision is based. All local authorities use banded funding levels that relate to the need of the pupils on roll but they are different for each authority as they are the subject of local decisions.

In Havering, the element 3 funding rates have remained unchanged since 2013-14. However, the amount of funding allocated to special schools from the High Needs

Block has increased year on year because of increases in the number of places commissioned and increases in the complexity of need of the pupils which places them on higher funding bandings.

3.2 Current Matrix

When the new funding arrangements were introduced in 2013-14, Havering included a local arrangement for each special school to be allocated a “top up 2” relating to running costs that were not considered to be appropriate in the funding matrix. The top up 2 arrangements have become out dated and from 2019-20 it is proposed to absorb the funding into the matrix funding.

The current funding matrix is as follows:

Level A	£20,291
Level B	£15,989
Level C	£5,973
Level D	£4,018
Level E	£3,101
Level F	£2,381
Level G	0

The top up 2 elements differ for each school and are as follows:

Corbets Tey	£4,427
Forest Approach Academy	£3,947
Ravensbourne School	£5,199

4. Matrix funding descriptors

The funding levels above are intended to reflect the needs of the pupils, broadly in line with the staffing requirements. These have become outdated and have been the subject of review by officers in consultation with the head teachers of the three special schools. The current and proposed descriptors are attached for information at Appendix A and B.

Along with a review of the matrix descriptors, officers and head teachers have been addressing the funding levels and have agreed that the revised descriptors should be funded at a level that better reflects the cost of the staffing requirement to meet the pupils' needs.

5. Cost of the increase in place numbers

Irrespective of any increase in the funding levels, the cost of funding the three special schools has increased year on year because of increases in place numbers to meet increased demand and the effect of the change in the levels of need of the pupils on roll. The total allocated to special schools in 2017-18 was £8.0m increasing to £8.7m in 2018-19.

Additional costs from September 2019-20 will be for 14 post 16 places at Forest Approach x £10,000 per place, plus the relevant top up.

Once opened, the 60 place special free school will also require top up funding at the appropriate level for the pupils on roll (which are likely to be high cost) although the place funding at £10,000 per place will be met by the DfE.

These additional places are to meet demand and although costs will be at the increased funding levels of the revised matrix (if approved) they can be discounted from calculations of the increased costs of the proposals to increase matrix funding based on like for like comparisons. They should, however be taken into account in the overall forecasting of the High Needs Block

6. Cost pressures in special schools

As with mainstream schools, the budgets of special schools have had to bear increased costs of staff pay awards, increases in employer national insurance and pension contributions and reviews of terms and conditions for support staff. As well as general inflationary increases the costs of specialist equipment has also increased. These pressures are in addition to the need to appoint additional staff to meet increasing complexity of need which has not adequately funded by current matrix funding levels.

7. Proposals to increase the funding of the matrix levels

The proposed increase in funding for special schools has arisen from the reassessment of all pupils' needs against a revised set of matrix descriptors and an increase in the funding for each band within the matrix.

The current levels of funding are shown at para 3.2 above.

Based on Havering resident pupils in special schools the current cost to the High Needs Block is shown in the table below. Each of these placements also attracts £10,000 either through either ESFA recoupment from the High Needs Block for academies or direct allocation to by the LA from the High Needs Block for the one maintained school.

The figures below do not include any out of borough pupils in Havering's special schools. The top up costs based on Havering's matrix are charged by the schools to the commissioning local authority.

Current Matrix Band	Corbets Tey	Forest Approach	Ravensbourne	Corbets Tey	Forest Approach	Ravensbourne	Total
A	31	14	25	756,679	339,193	636,983	1,732,855
B	65	24	38	1,306,955	478,225	804,738	2,589,918
C	40	28	5	403,640	277,482	55,807	736,928
D	15	6	0	122,040	47,730	0	169,770
E	5	2	0	36,095	14,076	0	50,171
F		6	0	0	37,908	0	37,908
G		4	0	0	15,748	0	15,748
H		1	0	0	3,937	0	3,937
TOTAL	156	85	68	2,625,409	1,214,300	1,497,527	5,337,236

The revised rates to be applied to the new matrix are based on the ratio of staffing required for teachers and teaching assistants and also for other senior leadership, administration and running costs that are not otherwise funded. The final matrix rates include an element of “levelling out” between the bandings.

	TA		Teacher		Other costs	Total	Per place	Adjustment	Matrix
	20,000		48,000		5,000				
A+	2:1	40,000	1:6	8,000	5,000	53,000	-10,000	-7,000	36,000
A	2:1	40,000	1:6	8,000	5,000	53,000	-10,000	-7,000	36,000
B	1:1	20,000	1:9	5,000	5,000	30,000	-10,000	2,000	22,000
Ci	1:2	10,000	1:9	5,000	5,000	20,000	-10,000	0	10,000
Cii	1:3	6,667	1:9	5,000	5,000	16,667	-10,000	0	6,667

It should be noted that pupils assessed at level A+ will be bespoke placements and will be funded individually. They have been costed in the table below at level A which will be the minimum level on which they will be funded.

The assessment of pupils’ needs against the revised matrix and the application of the proposed new rates to the matrix levels increase the costs as shown in the table below.

	Corbets Tey	Forest Approach	Ravensbourne	Corbets Tey	Forest Approach	Ravensbourne	Total
A+	4	1	4	144,000	36,000	144,000	324,000
A	25	15	15	900,000	540,000	540,000	1,980,000
B	69	42	46	1,518,000	924,000	1,012,000	3,454,000
Ci	38	19	3	380,000	190,000	30,000	600,000
Cii	20	8	0	133,340	53,336	0	186,676
Total	156	85	68	3,075,340	1,743,336	1,726,000	6,544,676

Increase per school

	Corbets Tey	Forest Approach	Ravensbourne	Total
	449,931	529,036	228,473	1,207,440

The increase based on current pupil number is therefore £1.2m in a full year and with an implementation date of 1st September 2019, £0.7m in 2019-20.

8. Comparison with other local authorities

Some benchmarking has been carried out with the funding rates used by other London local authorities but the range of approaches used in designating schools and categorising the nature of need of the children has made comparison difficult. Broadly, the maximum allocation that any LA uses in its formula is £36,230 with the lowest level of funding £4,920 for children with moderate learning difficulties.

9. Implications for High Needs Budget

Unlike the majority of local authorities, Havering's DSG High Needs budget did not start the 2019-20 financial year in deficit. This is because there were sufficient underspends elsewhere in the DSG to cover the £954k overspend in High Needs. Furthermore, it has been possible to add an additional £1m from underspends to the funding available from the DSG High Needs Block to support expenditure in 2019-20.

Allocations of High Needs Block funding to local authorities are through a national funding formula and in 2019-20 Havering's allocation has increased by £1.4m from the 2018-19. In spite of this additional funding, the current high needs budget is forecast to overspend by £1.0m. This is because of a continuing increase in numbers of pupils with Education Health and Care Plans (EHCPs) and increasing complexity of need. The High Needs national funding formula does not keep pace with the increase in the numbers of pupils with EHCPs.

Funding Havering's special schools at a more appropriate level will increase the forecast overspend in 2019-20 and in future years. However, the increase in capacity at a local level and the cost of maintaining high standards of provision in Havering's special schools is expected to reduce the need to place pupils in more expensive out of borough provision.

The Government is under considerable pressure to address national shortfalls in high needs funding in the next spending review.

In the current year the proposal to increase the funding of special schools will overspend the High Needs budget by a further £0.7m, increasing the overall forecast overspend to £1.7m.