Summary

Schools Forum accepted a proposal to reduce the funding for SEN top-up rates at special schools and opportunity bases. We targeted £500k of savings from SEN in 2017/18 some of which would be achieved through revisions to top up rates. However, there are limitations to Minimum Funding Guarantee which will impact our ability to achieve those savings.

A number of representations were made at the last Forum (additional banding for Sherwood Park, revised ratios for Hearing Impairment units), as well as 'new' representations that were sent to the Chair of Schools Forum after the last Schools Forum meeting (Carew Academy, Limes College). These letters are appended to this report.

The content of these letters raise a number of issues, some of which are relevant to individual schools, and some of which will be relevant to all schools. It is accepted that further work and further dialogue with schools is needed over the coming months in order to address these issues though it should be noted that any changes to the proposals agreed by Forum in December will reduce the saving achievable in September 2017/18.

This paper sets out the Local Authority's view on the Minimum Funding Guarantee and its applicability to Special Schools, Resources Bases, Alternative Provisions and the impact this will have on savings sought from 2017/18.

Background

In October 2016, as part of a wider consideration of the funding position within the DSG, the Schools Forum agreed to consult all schools on a range of options for reducing costs and addressing cost pressures within the DSG. One of the options put forward was an overall reduction in the costs of SEN Top-Up rates.

Until 2012/13, funding for Specialist Bases and Special Schools was calculated for the whole base or special school, based on a mix of place and pupil elements, staffing requirements and location and premises costs. This amount was provided in the school’s budget, with the LA being responsible for recovering funding from other LAs for out-borough placements (through recoupment).

In 2013/14, a new funding system called ‘Place Plus’ was introduced by the DfE under the School Funding Reform whereby schools receive funding of £10k per planned place, with a
per-pupil top-up paid for each student in the institution. This top-up is paid by the placing authority, with schools responsible for recovering this funding from LAs.

When the new funding system was introduced, historic 2012/13 rates were carried forward and split between place-led (the first £10k per place) and pupil-led (the balance) elements.

Since 2013, there has not been a reassessment of required funding for specialist bases and special schools.

**Special Schools**

The Local Authority accepts that there is a minimum funding guarantee (MFG) for special schools which continues to be set at minus 1.5% of overall funding, assuming that the number and type of places remains the same between years. Guidance states that where ‘there are changes to bandings, the 2016 to 2017 pupil numbers and types should be attributed as far as possible to the new bandings in order to assess whether any special school or academy loses more than 1.5% in 2017 to 2018’. This will affect the schools in the following ways:

**Carew Academy**

It is recognised that the proposed rates would exceed the maximum year-on-year reduction allowed for in the MFG. An MFG of -1.5% for Carew Academy would limit the reduction in funding to £45k in 2017/18.

There is also a proposal that an additional higher ASD banding (here designated ASD) is required to cover the breadth of need catered for within the school. Allowing for this additional banding would offset the other reductions to the school funding, but would still result in a reduction of over -1.5% funding, dependent upon the allocated split of students between MLD, ASD and ASD2 rates. Whilst the principle of the MFG is accepted further work with the school is required to review whether an additional banding is necessary/desirable.

**Sherwood Park**

Feedback has been received from Sherwood Park regarding the proposed changes to the funding rates, proposing that an additional rate is required to cover students whose needs fall between those defined as SLD and PMLD. An MFG of -1.5% for Sherwood Park / Sherwood Hill would limit the reduction in funding to £38k.

Further work is required to define the numbers of students who fall into the new banding categories, but the expectation is that Sherwood Park would not see a reduction of more than minus 1.5% in funding and therefore no MFG adjustment would be required.

**Wandle Valley**
No response has been received from Wandle Valley school. An MFG of -1.5% for Wandle Valley would limit the reduction in funding to £25k in 2017/18.

In summary, the total savings that can be achieved in 2017/18 from special schools is £108k.

**Opportunity Bases within mainstream schools**

The High Needs Funding operational guide does not specify a separate minimum funding guarantee for specialist bases. Therefore it is reasonable to assume that the funding for the bases is included as part of the total school funding when calculating whether MFG protection applies to the school.

There are some schools who have bases where the MFG would apply (Foresters, Green Wrythe and Muschamp). This would reduce the saving in 2017/18 from bases to £136k.

Across Special Schools and Opportunity Bases the total saving that can be achieved from these proposals is £244k in 2017/18. This is a reduction of £256k on the planned saving of £500k for 2017/18.

**Limes & STARS Alternative Provision**

Whilst the LA is sympathetic to the request from Limes that they should also be subject to the MFG there is a context in this situation that should be considered carefully. Firstly, from review of the guidance the MFG does not apply to the adjustment in the top-up rates to be applied to Alternative Provision. Secondly, it can be argued that this is an adjustment to rectify previous ‘overfunding’ brought about when the place rate was increased by £2k per student without a corresponding reduction in top-up rates. The intention when it was introduced in 2015/16 was to provide more guaranteed funding by moving top-up to place funding. However, whilst the place funding was increased, the top-up remained at the same level, thus inflating the overall funding allocation to the provisions. This was a part-year effect applying from September 2015 only. The provisions were notified of this oversight in March 2016 and their 2016/17 funding adjusted from September 2016 to provide a transitional period of funding for the remainder of the academic year 2015/16 (i.e. April - August 2016). The higher top-rate was reinstated from September 2016 as the Schools Forum had not been consulted on the change. Given that consultation has now been undertaken on the proposed reduction it is the Local Authority's view, given the significant savings that are required, that the MFG should not apply in this circumstance.

**Conclusion**

Officers recommend that for the purpose of the 2017/18 budget, the £500k savings identified in SEN remain in place despite the pressures on this savings target identified above. The Local Authority, with the support of the Interim Head of Education / Strategic SEN Lead is
proposing to seek to identify the savings required in order to achieve the shortfalls created by the MFG impacts. In consideration of Schools Forum agreeing the proposed budget for 2017/18, the LA would find savings of up to £256k from other Local Authority budgets should the £500k SEN savings in the proposed budget not be achieved.