

Directorate of Children's Services

Consultation Document

Consultation on: Changes in the Dudley special school funding resource allocation formula and matters related to the setting of school budgets for 2007/08.

Summary: This consultation sets out proposed changes in the Council's arrangements for the determination of special school budgets via the Dudley school funding resource allocation formula and proposed actions related to the setting of school budgets in 2007/08. This consultation is required by regulations made under the education legislation relating to the operation of school budgets by local education authorities.

Deadline: All responses must be received by **17 January 2007**

Consultees:

- The Governing Bodies of all schools
- Headteachers
- Councillors
- Members of the Children's Services Select Committee
- Members of Parliament
- The Black Country Learning and Skills Council
- Dudley Lifelong Learning Partnership
- Further Education Colleges
- Directorate staff
- Unions and Professional Associations
- Early Years Development and Childcare Partnership
- Standing Advisory Council on Religious Education
- Dudley MBC - Corporate Board
- Primary Care Trusts
- West Midlands Police
- Worcester Diocesan Education Committee
- Roman Catholic Diocesan Schools Commission
- Dudley Association of Governing Bodies
- Neighbouring LEA Directors
- Dudley Racial Equality Council
- Community Forums
- Community Learning Networks
- Churches together in the Borough of Dudley

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Dudley Free Church Liaison Council
Dudley Parent Partnership
The Kashmiri Pakistani Professionals Forum
Dudley Community Partnership
Black Country Chamber of Commerce
Dudley Education Business Group
Community Representatives Panel
Sure Start local programmes
Children's Fund
Children and Young People's Partnership

Public Access: Public Libraries
Dudley Website www.dudley.gov.uk
InsideDudley
Westox House

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All responses may be published. **A large print version**, and versions in other languages are available on request to the above address.



John Freeman
Director of Children's Services
November 2006

Directorate of Children's Services

**Special School Budgets 2007/08 –
New Delegations and Proposed Changes
in the Resource Allocation Formula for
Special Schools**

Consultation Document

'Putting Learning First for Dudley'

November 2006

**John Freeman
Director of Children's Services**

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Glossary

ASD	Autistic Spectrum Disorder
BESD	Behavioural, Emotional and Social Difficulties
EBD	Emotional and Behavioural Difficulties
DfES	Department for Education and Skills
SEN	Special Educational Need
DSG	Dedicated Schools Grant
HI	Hearing Impairment
ISB	Individual Schools Budget
LEA	Local Education Authority
LMSS	Local Management of Special Schools
MFG	Minimum Funding Guarantee
MLD	Moderate Learning Difficulty
MLD CN	MLD with additional Complex Needs
MLD L&C	MLD with special Language and Communication problems
MSI	Multi-Sensory Impairment
OLD	Other Learning Difficulties
OTH	Other
ASD	Autistic Spectrum Disorder
PAN	Published Admission Numbers
PCT	Primary Care Trust
PD	Physical Disability
PLASC	Pupil Level Annual Schools Census
PMLD	Profound and Multiple Learning Difficulties
RSG	Revenue Support Grant
SCD	Severe Communication Difficulties
SDD	Severe Developmental Difficulties
SLCN	Speech, Language and Communication Needs
SLD	Severe Learning Difficulty
SPLD	Specific Learning Difficulty
VI	Visual Impairment

Directorate of Children's Services

Special School Budgets 2007/08 –New Delegations and Proposed Changes in the Resource Allocation Formula for Special Schools

Executive Summary of the Proposed Special Schools Funding Formula Review

This document sets out a number of proposed revisions and new delegations to the special schools resource allocation formula. The current formula has been in place since the early 1990's and no longer reflects the breadth and complexity of needs currently in our special schools. Research from other local authorities special schools formula funding has been considered and from this a decision was made with LA officers and the seven special school headteachers to develop and trial a matrix model for funding purposes. A set of principles has been agreed for the formula funding review.

The outcome of the review can be split in to three areas:

- SEN matrix. This proposed formula factor will account for 84% of the budget funds available to special schools. The proposed SEN matrix framework will use the categories of need from the SEN Code of Practice together with locally derived weightings, which are relative to the categories of need. Headteachers will be responsible for allocating each child onto the SEN matrix for funding purposes using data extracted from the Education Management System (EMS) and the actual pupils recorded on PLASC in January. The SEN team will moderate the exercise. The principles of matrix funding will enable resources to be better matched to actual pupil need and be part of a continuum of need.

It is proposed that the PAN (Published Admission Number) is reviewed annually for each school, based on a methodology that removes surplus places from the special schools over a period of time and ensures that money follows the pupil. The proposed formula review is predicated on these PAN assumptions. It is also proposed that the PAN for Rosewood will be significantly increased to accommodate the current increase in pupils with BESD (Behavioural, Emotional and Social Difficulties). A transfer of funds from the Out of Borough Placements budget will fund this increased activity, on the grounds that the cost of the provision internally is cheaper than an external placement.

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- Small Schools Protection. This formula factor will account for 2% of the budget funds available to special schools and has been revised slightly although the underlying principles remain the same. Special schools differ in category and size and smaller schools experience proportionately higher costs due to diseconomies of scale. This formula factor recognises this anomaly.
- Other Formula Factors. There are 12 remaining factors, which account for 14% of the budget funds available to special schools. After discussion, it has been agreed that a revision to these factors is not necessary as they have individual bases of allocation. These factors are intended to target funding for specific purposes, such as practical learning options and social deprivation, in order to comply with the DfES School Financing Regulations.

In accordance with the principle that all funding should be within the ISB (Individual Schools Budget) for special schools, there are three budgets that are proposed for delegation in 2007/08. These budgets are currently devolved to the special schools but located within the centrally retained area for the 2006/07 financial year. The financial impact of the delegation to the ISB from central budgets is cost neutral.

The results of the financial modelling undertaken as part of this formula review are shown in summary format in Annex 7. The proposed formula review will be implemented in April 2007 (for the 2007/08 financial year). However, for comparative purposes the basis of this financial modelling assumes that the proposed funding formula and the revision to PAN, as detailed in this consultation document, were operational for 2006/07. Based on these assumptions, budget allocations to the seven special schools would have been in line with Annex 7.



John Freeman
Director of Children's Services
November 2006

Special School Budgets 2007/08 - New Delegations and Proposed Changes in the Resource Allocation Formula for Special Schools

Purpose

2. The purpose of this consultation document is to provide information concerning the context of special school budgets in 2007/08 and to invite views in respect of proposed new delegations and amendments in the resource allocation formula to be used in the setting of special school budgets in 2007/08. The consultation period closes on 17 January 2007. All responses to the consultation must be received by this date.

Background

3. The Children's Services budget is structured on the basis of primary legislation. The budget comprises of the Schools Budget and the Local Authority budget. The Schools Budget is funded by the DSG (Dedicated Schools Grant), which is a ring fenced grant from the DfES and the Local Authority budget is funded from RSG (Revenue Support Grant), which is not ring fenced. Within the Schools Budget the majority of the budget is allocated to schools via the Individual Schools Budget (ISB). The ISB covers Nursery, Mainstream and Special schools delegated funding and accounts for 90% of the Schools Budget. The other 10% of the Schools Budget includes expenditure held at the centre on behalf of front line services for schools, for example Special Educational Needs and Early Years. The Local Authority budget relates to expenditure which would not typically be delegated to schools, such as central administration in support of schools, asset management, social care and the youth service.
4. Since 2004-05 the allocation of schools formula budgets has been subject to the Minimum Funding Guarantee (MFG); this is a guarantee introduced by the DfES which ensures that schools receive a minimum increase in funding per pupil or per place. The MFG calculation for special schools differentiates between place led provision and non place led. For 2007/08 the place led MFG must be at least 3.7% higher than the amount initially determined in 2006/07 in respect of a place appropriate to a pupil with the same characteristics at that school. For the portion of the budget not place led then this must be 3.7% higher than the budget initially determined for 2006/07. The MFG has the effect of protecting to a degree those schools that have falling rolls or rapidly falling budgets. So in the case of a formula funding review any rapid change in budget from one year to the next will be protected at the level of the MFG. Annex 1 gives guidance on the detail of the minimum funding calculations.

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5. The distribution of the ISB to schools is in accordance with an approved local resource allocation formula. For Dudley, there is a separate funding formula for each of the three sectors of Dudley schools: Nursery, Mainstream, and Special.
6. Whilst the nursery formula was new in 2004/05 and the mainstream school formula was reviewed and revised in 2003/04 the special school's funding formula has not been reviewed since the 1990's when it was first introduced as a result of LMSS (Local Management of Special Schools). It was the intention at the time of the 2003 mainstream review that the special schools formula would be reviewed thereafter; however, this programmed review was deferred until recently.
7. DfES School Financing Regulations 2006 state that the special school resource allocation formula may take into account the number of places the LEA wishes to fund in the special schools. This differs to mainstream schools, where funding is allocated on a pupil led basis.

Planned Place

8. The current LMSS formula in Dudley special schools allocates a total of 51% of the funding on a planned place basis (in accordance with the published admission numbers). Table 1 details the 735 planned place designations

Table 1 – Planned Place Designations Dudley Special Schools

	<u>Brier</u>	<u>Halesbury</u>	<u>Old Park</u>	<u>Pens Meadow</u>	<u>Rosewood</u>	<u>Sutton</u>	<u>Woodseton</u>
<u>Designation</u>	<u>MLD + L&C</u>	<u>MLD</u>	<u>PMLD/SLD</u>	<u>PMLD/SLD</u>	<u>BESD</u>	<u>MLD</u>	<u>MLD + L&C + CN</u>
<u>Age Range</u>	<u>3-16</u>	<u>3-16</u>	<u>3-19</u>	<u>3-19</u>	<u>11-16</u>	<u>11-16</u>	<u>3-11</u>
<u>Planned places</u>	<u>135</u>	<u>120</u>	<u>140</u>	<u>70</u>	<u>40</u>	<u>120</u>	<u>110</u>

- MLD Moderate Learning Difficulties
- MLD L&C ML D with special Language and Communication problems
- MLD CN ML D with additional Complex Needs
- PMLD Profound and Multiple Learning Difficulties
- SLD Severe Learning Difficulties
- BESD Behavioural, Emotional and Social Difficulties

9. The planned place designation for the seven Dudley schools shown in Table 1 has remained unchanged for at least ten years; in 2006 the planned places totalled 735 whilst the actual pupils total 633. Unlike mainstream schools, the re-designation of special school places is a relatively simple process whereby the local authority can review and amend planned places on an annual basis. The consequences of not carrying out such a review can result in all schools being funded inappropriately, particularly where significant surplus places are present.
10. The methodology of funding by planned place attempts to reflect the diseconomies of scale which feature when operating specialised schools with relatively small pupil numbers. However, this needs to be finely balanced to avoid a provision that results in a very small and financially in-efficient school.

Weightings of Need

11. The current resource allocation formula for special schools uses the DfES circular 11/90 to identify a set of weightings that covers 5 categories of learning difficulty. These are:
 - PMLD (Profound and Multiple Learning Difficulties)
 - EBD (Emotional and Behavioural Difficulties)
 - SCD (Severe Communication Difficulties)
 - SDD (Severe Developmental Difficulties)
 - OLD (Other Learning Difficulties)
12. However, Circular 11/90 does not reflect the breadth and complexity of needs currently in our special schools. In particular there is no reference to pupils with Autistic Spectrum Disorder, nor is there any differentiation between the most and least needy pupils.
13. The impact of parental choice and the national inclusion agenda means that more children with additional education needs now attend mainstream schools. As a result, nationally, the proportion of statemented pupils placed in mainstream schools has gradually risen, from 48% in 1993 to 59% in 2006. This national picture is mirrored in Dudley, mainstream placements rising from 36% in 1993 to 54% in 2005. In the context of a growing community, the places vacated will be filled by pupils with more complex SEN, this is particularly evidenced in the Moderate Learning Disability (MLD) schools that are now teaching children with more complex needs.
14. This trend in increased complexity of pupils in Dudley schools is supported nationally and is evidenced by the annual report of Her Majesty's Chief Inspector of Schools 2003/2004, which stated "Nearly a quarter (of LEA maintained special schools inspected) are experiencing a change in their pupil population, taking pupils with a wider range of ability and more complex needs, particularly in the primary phase. All schools designated as providing for pupils with MLD continue to meet a very wide range of needs."
15. The DfES: SEN Adviser Team report: Removing Barriers to Achievement - Regional and National Overview, Spring 2005 noted that one of the barriers within the special school sector was the "increasing complexity and severity of pupil needs."
16. This is reinforced by the recent 2006 HMI report, *Inclusion does it matter where pupils are taught?*, which noted the rising number of pupils with ASD and that advances in medicine enable children with complex health needs to survive beyond school age.

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17. There has also been a significant increase in pupils with behavioural, emotional and social difficulties (BESD). Rosewood is the only BESD school in Dudley and currently has 40 places. The current trend indicates a growth in BESD pupils. Rosewood is at full capacity therefore the LA is required to source alternative BESD provision outside of the Borough; this provision is costly and could be provided cheaper internally if the provision was available.
18. As a result, the current weightings, as detailed in Annex 2, are considered to be no longer appropriate to use as a basis for allocating funds based on need for Dudley special schools.
19. The introduction of the 2001 SEN Code of Practice provided a more relevant framework of SEN which moved away from hard and fast categories and defined four areas of need:
 - Cognition and Learning;
 - Behaviour, Emotional and Social Development;
 - Communication and Interaction;
 - Sensory and/or Physical.

The School Census Survey (PLASC) breaks these 4 areas down further into 12 types of provision:

- MLD = Moderate Learning Difficulty
 - SLD = Severe Learning Difficulty
 - PMLD = Profound & Multiple Learning Difficulty
 - SPLD = Specific Learning Difficulty
 - BESD = Behaviour, Emotional and Social Difficulties
 - ASD = Autistic Spectrum Disorder
 - SLCN = Speech, Language and Communication Needs
 - HI = Hearing Impairment
 - VI = Visual Impairment
 - MSI = Multi-Sensory Impairment
 - PD = Physical Disability
 - OTH = Other
20. The SEN mainstream matrix for funding statemented pupils is based in the 2001 SEN Code of Practice. It would seem appropriate to consider this as a framework for the formula funding review of special schools.

Formula Review

21. In preparation for the special schools formula funding review, detailed discussions have been held with Officers of the local authority and the seven special school Headteachers (referred to as the SEN Group), regarding the current funding formula and the extent to which it fails to recognise current need in the special school sector. The issues discussed have been highlighted in paragraphs 8 – 20 above.
22. To inform the SEN Group a review of other local authorities funding of special schools was undertaken. This evidenced that in order to meet the changing needs of pupils identified within special schools, most other authorities have moved away from a simple place led funding based on circular 11/90 and introduced funding models that identify individual needs of individual pupils i.e. a matrix model. Annex 3 lists a selection of statistical and local neighbours who are funding special education needs via a matrix model.
23. Evidence from the local authorities listed in Annex 3 indicates that there are no two models the same and there is no prescriptive model issued by the DfES. Therefore each authority must devise a formula to suit its own local needs and circumstances.
24. A fundamental principle of matrix funding is the audit of pupils needs based on type of need and level of complexity. The advantages of matrix funding will enable resources to be better matched to actual pupil need, be part of a continuum of need and funding levels reflecting this continuum and better transparency. Matrix based funding also ensures school funding reflects the change needs of the pupil cohort rather than an outdated designation of the school.

Preferred Funding Model for Dudley

25. The Group agreed to explore the development of a matrix funding model for Dudley special schools. To facilitate this, all seven schools have invested a significant amount of time in completing data records to identify for each pupil their primary need. This data is needed in order that the SEN matrix framework can be populated before any indicative modelling can take place.

Principles of the Formula Funding Review

26. After consideration of all factors presented and detailed research the SEN Group agreed on the following principles in relation to the special schools formula funding review:
- a. A matrix model is the preferred methodology;
 - b. The money should follow the pupil;
 - c. The model should be based on actual pupils;
 - d. Annual reviews of the Published Admission Numbers (PAN) should be agreed by the local authority for each special school;
 - e. The revision to the PAN should take into account the average % movement of pupils in the previous year;
 - f. All funding for special schools should be available via the ISB and special schools funding matrix; additional funding should not be retained outside of the ISB;
 - g. Transitional arrangements should be put into place to protect schools from significant funding losses, which might arise as a result of the formula review;
 - h. Pupils should be encouraged to remain within a Dudley school, wherever possible. If as a result savings can be identified from other central budgets, such as residential placements, then consideration should be given to moving resources into the ISB.
 - i. The statementing process should be reviewed in light of a matrix funding model and the statementing panel will need to identify provision in line with the matrix strands;
 - j. A Dudley special schools website should be available to promote awareness amongst parents and carers;
 - k. The model should be reviewed during the first 12 months of implementation to establish whether the current model directs funding to meet the needs of the pupils. This is to ensure that the Dudley model gives the line of best fit after implementation.

Matrix Model for Dudley

27. It is planned that at least 80% of the available funding to special schools will be distributed via the matrix model and five of the existing funding streams are merged together to form the budget for the allocation of funds via the SEN matrix for special schools. (Annex 6 refers).
28. Using the 2001 SEN Code of Practice three categories of need or strands have been identified which reflect the primary needs of the pupils placed in special school sector:
- Learning and Cognition
 - Social and Communication/ASD
 - Behavioural, Emotional and Social Difficulties
29. Each category of need has a subsection of levels:
- Learning and Cognition – levels A-C
 - Social and Communication/ASD – levels A-E
 - Behavioural, Emotional and Social Difficulties- levels A-B
30. Descriptors have been developed for each strand within each category of need. These descriptors sit behind the categories as detailed guidance to assist in the identification of a pupil when each school completes the matrix. The descriptors are detailed in Annex 4.
31. Relative weightings have been agreed for each strand within each category of need, based on the level of support required. The relative weightings have been calculated on the basis of typical staffing arrangements for optimum group sizes. This is in line with rationale used by all other authorities contacted. The proposed weightings are detailed in Annex 4.
32. The overall matrix would present as shown in Table 2.

Table 2 – Proposed Special Schools Matrix

Details	Strand (see descriptors)	Proposed Weightings	Pupil A	Pupil B	Pupil C	Pupil D
School Name						
Year Group						
Learning and Cognition	A	2.50		✓		
Learning and Cognition	B	1.30				
Learning and Cognition	C	1.00				
Social and Communication/ASD	A	3.00	✓	.		
Social and Communication/ASD	B	1.80				
Social and Communication/ASD	C	1.30				✓
Social and Communication/ASD	D	1.20				
Social and Communication/ASD	E	1.00				
Behaviour, Emotional and Social	A	1.80			✓	
Behaviour, Emotional and Social	B	1.00				

33. Schools would be responsible for submitting the matrix to Finance each January in accordance with the pupils registered on PLASC. The variance of places, which might arise between the approved PAN and the actual PLASC, will be funded on the matrix at the average weighting for that school.
34. Matrix submissions will normally be completed during the autumn term and school details compared with the information for each pupil held by the SEN team. Meetings will be held with each school with a matrix audit working group to confirm the primary need in each case which will then be reflected in PLASC entries.
35. In line with the principles agreed for the formula review, detailed in paragraph 25, the PAN will be reviewed annually. For 2007/08, it is proposed that the revision of planned places will be based on either a reduction of 10% on planned places for schools with unfilled places, or a 5% increase on actual pupils (for schools with less than 10% unfilled places) based on PLASC 2007. This will allow capacity for the local authority to place pupils in the special schools after PLASC date.
36. For Rosewood, BESD school, it is proposed that the PAN will be increased from 40 to 60 from September 2007 to accommodate the expansion planned at the school. It is proposed that by transferring resources from the Out of Borough Placements budget this will fund the additional cost of the 20 places at Rosewood. The Out of Borough Placements budget currently funds the BESD pupils who have been placed externally due to the lack of internal provision; the cost of an internal provision is approximately

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50% of the minimum cost for a non-residential, out of borough placement. Therefore internal provision represents better use of finite resources.

37. As part of the financial modelling exercise and using the formula identified in paragraph 35, the PAN has been extrapolated over the next four years based on the current pupil number trends. This is for indicative modelling only but could represent the position for the seven special schools by 2010/11. This is detailed in Annex 5 for illustration purposes only.
38. Using the complete matrix forms, the Finance Directorate will calculate the amount due for each school under this formula factor.

Trial Modelling based on 2006/07 Data

39. Using the pupil data at October 2006, each special school has completed a matrix form for every pupil, identifying their category and strand of need.
40. The SEN School Development Advisor has reviewed ad-hoc examples from the completed matrix forms, in order to resolve any anomalies identified.
41. In order to support training for staff in schools completing the matrix, each school has provided video exemplars of pupils within each strand showing different levels of need. These can be used in conjunction with the detailed descriptors referred to in paragraph 30 in to assist in completion of the matrix.
42. Staff representatives from each special school have formed a sub group to discuss and review training and self-moderation for completion of matrix forms.
43. Using the completed matrix forms and the proposed PAN, as described in paragraph 35, the Finance Team have applied the 2006/07 funding available to be driven by the matrix and calculated a unit of resource. This unit of resource has then been applied to the weightings identified in paragraph 31 and a funding total calculated for each school.
44. The results of the financial modelling undertaken as part of this formula review are shown in summary format in Annex 7. The proposed formula review will be implemented in April 2007 (for the 2007/08 financial year). However, for comparative purposes the basis of this financial modelling assumes that the proposed funding formula and the revision to PAN, as detailed in this consultation document, were operational for 2006/07. Based on these assumptions, budget allocations to the seven special schools in 2006/07 would have been in line with Annex 7.

Small Schools Protection

45. As the seven special schools differ in size, the planned place allocation for each school is currently enhanced, in certain circumstances, by a small schools protection; this enhancement has the effect of increasing a school's planned place budget in accordance with the banding shown in Table 3. Table 4 indicates the schools eligible for this enhancement in 2006/07. This represents 4% of the special schools 2006/07 budget.

The methodology applied by this factor is different to that for mainstream schools.

Table 3- Current Addition to Planned Place Allocation

Pupil Numbers	% Addition to Planned Place Allocation
31-50	75
41-50	60
51-60	43
61-70	35
71-80	15
81-90	5
91+	0

Table 4 - Eligibility for Small Schools Protection Funding in 2006/07

School	2006 Approved Planned Places	Small Schools Banding	Value of Enhancement 2006/07
Pensmeadow	70	+35%	153,880
Rosewood	40	+75%	170,557

46. The introduction of a matrix funding model for the seven special schools will not replace the need to retain a small schools protection due to the size of the school and the number of pupils admitted. It is however, proposed to amend the small schools protection formula in line with Table 5.

Table 5 – Proposed Small School Protection Banding

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Category	Budget Allocation (discounted in accordance with the banding of approved planned places)
Lump Sum	£120,000
Additional amount for each Key Stage	£20,000
Banding of Approved Planned Places	% Lump Sum and Key Stage Funds
90-81	15%
80-71	30%
70 –61	45%
60 – 51	60%
50 – 41	75%
<41	100%

47. So for example, a school with approved planned places of 60 teaching all of the 6 key stages (including the foundation stage) would attract funding as follows:

£120,000 plus £20,000 x 6 = £240,000 but discounted to 60% due to planned places of 60 falling in the category, 51 – 60. The funding would therefore be £144,000. This calculation would be made each year as the approved planned places are amended.

48. Modelling 2006/07 budgets into the proposed matrix formula, paragraph 44, then the small schools protection would need to be allocated to those schools shown in Table 6.

Table 6 – Proposed Small School Protection Funding Based on Revised Methodology and Matrix

School	Proposed Planned Places for 2007	Small Schools Banding	Number of Key Stage Groups	Value of Enhancement (2006/07 Funding based on 2007/08 PAN)
Pensmeadow	63	+45%	6	£108,000
Rosewood	62	+45%	2	£72,000

Other Formula Factors

49. The table in Annex 6 highlights how the special schools resource allocation formula has distributed resources for 2006/07. The review of the resource allocation formula does not propose to amend the current formula distribution for those areas which show a N (no) in the column 'Merge Budget in to Matrix Funding Model Y or N' (with the exclusion of the Small School Protection as detailed in paragraph 45). These budgets represent 14% of the 2006/07 delegated budget for special schools and many of the formula factors are targeted to schools for specific purposes, such as Teachers Performance Pay and Workforce Reform which removes the need for a proxy factor to distribute funds.

Proposed New Delegations and Changes in the Dudley Formula for Special Schools

50. In order to facilitate the introduction of the matrix funding model and to comply with the principle that all funds should be within the ISB, it is proposed that three additional budgets are delegated to special schools from 2007/08. The proposals are set out below along with a brief commentary.

51. The current funding formula for special schools distributed funds in 2006/07 as per Annex 6. In addition a budget of £450k, which is currently held within the schools specific contingency in respect of special schools funding, is available. This was growth approved by Schools Forum in previous years in order to begin to address the disparity identified in the report dated 30 November 2005 regarding the low comparative spend per Dudley special school pupil. The £450k has been allocated on a targeted basis in 2006/07, outside of the ISB, to the seven special schools with the intention that the funding would be driven equitably through the revised resource allocation formula, once the review was complete.

52. A centrally retained budget of £20k is held by the Children's Service Directorate to part fund the allocation of two existing nurses provided by the PCT; based at Pens Meadow and Old Park school. The Dudley budget of £20k pays for 50% of the cost whilst the PCT (Primary Care Trust) fund the remaining 50%. The PCT employ the staff and Dudley pay their 50% contribution to the PCT. It is proposed that the Dudley budget of £20k is delegated from 2007/08 and targeted to the two special schools concerned.

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53. A centrally retained budget of £50k is held by the Children's Service Directorate to part fund the allocation of previously agreed 1:1 support in respect of pupils at Old Park school. It is proposed that the centrally retained budget of £50k is delegated from 2007/08 and added to the funds available for the matrix model. As each school will have the opportunity to assess the needs of their pupils in accordance with the matrix model, then this itself should identify the level of need, which will be funded accordingly. There will be no justification for ad hoc agreements to be made outside of the matrix model.

Summary

54. The results of the financial modelling undertaken as part of this formula review are shown in summary format in Annex 7. The proposed formula review will be implemented in April 2007 (for the 2007/08 financial year). However, for comparative purposes the basis of this financial modelling assumes that the proposed funding formula and the revision to PAN, as detailed in this consultation document, were operational for 2006/07. Based on these assumptions, budget allocations to the seven special schools would have been in line with Annex 7.
55. In line with the principles agreed in paragraph 25, the model will be reviewed during the first 12 months of implementation to establish whether the current model directs funding to meet the needs of the pupils. This is to ensure that the Dudley model gives the line of best fit after implementation.
56. The outcomes of the proposed formula funding review for special schools will be discussed at the Schools Forum meeting on 12 December 2006. The outcomes of the consultation will be presented to Schools Forum at the February 2007 meeting.

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Proposed Timetable

The following indicative timetable is planned for the budget setting cycle.

November to 17 January 2007 - Consultation on Special Schools Budget 2007/08 – New Delegations and Proposed Changes to the Resource Allocation Formula for Special Schools.

6 February 2007 – Schools Forum considers proposed LMSS Formula changes for 2007/08.

9 February 2007 - Decision by Cabinet Member for Children's Services

Week commencing 19 February 2007 – Schools Indicative Budgets issued to schools.

31 March 2007 – Schools final budgets and Section 52 budget statement issued.

The Council is committed to informing schools of their 2007/08 budgets at the earliest possible date.

Annex 1 – How to Calculate Minimum Funding Per Pupil

The DfES has prescribed a formula to calculate each school's minimum guaranteed funding for 2006-07. This is based on a minimum increase per pupil – so if a school has falling rolls, it may still receive less funding than in the previous year, although it will have an increase in funding per pupil.

SCHEDULE 1

Regulation 18

MINIMUM FUNDING GUARANTEE

1. A local education authority must provide in their formula that any amount allocated in accordance with regulation 15(1)(a) in respect of a place at a special school—
 - a) for funding period 1 must be at least 3.4% higher than the amount initially determined in relation to the financial year beginning on 1st April 2005 in respect of a place appropriate to a pupil with the same characteristics at that school under regulation 11(1)(a) of the 2004 Regulations; and
 - b) for funding period 2, must be at least 3.7% higher than the amount initially determined in relation to funding period 1 in respect of a place appropriate to a pupil with the same characteristics at that school under regulation 15(1)(a) of these Regulations.

2.
 - a) That portion of the redetermined budget share of a special school for funding period 1 calculated otherwise than in accordance with regulation 15 (but not including adjustments due under regulation 23 (excluded pupils)) must be at least 3.4% higher than that portion of the initially determined budget share for the financial year beginning on 1st April 2005 calculated otherwise than in accordance with regulation 11 of the 2004 Regulations but not including regulations 18, 19 (prior year adjustments) and 22 (excluded pupils) of those Regulations; and
 - b) that portion of the initially determined budget share of a special school for funding period 2 calculated otherwise than in accordance with regulation 15 (but not including adjustments due under regulation 23) must be at least 3.7% higher than that portion of the initially determined budget share for funding period 1 calculated in accordance with regulation 15 of these Regulations but not including adjustments due under regulation 23.

Annex 2 Existing Planned Place Weightings – 2006/07

Category	Abbreviation	Weighting
Moderate Learning Difficulties	MLD	1.0
Moderate Learning Difficulties with additional Complex Needs	MLD CN	1.2
Severe Learning Difficulties	SLD	1.3
Emotional and Behavioural Difficulties	EBD	1.5
Moderate Learning Difficulties with special Language and Communication problems	MLD L&C	1.8
Profound and Multiple Learning Difficulties	PMLD	2.0

These weightings have been determined in light of the guidance of Circular 11/90.

Annex 3 - Local and Statistical Neighbours . Use of Matrix for Funding of Special Schools

Local Neighbours		Statistical Neighbours	
	Use a matrix or equivalent?		Use a matrix or equivalent?
Birmingham	Yes	Bexley	
Coventry	Yes	Bolton	
Gloucestershire	Yes	Bury	
Herefordshire	Yes	Enfield	Yes
Sandwell	Yes	Havering	
Shropshire	Yes	North Tyneside	Yes
Solihull	Yes	Stockton on Tees	Yes
Staffordshire	Currently under review	Stoke on Trent	Yes
Walsall	Yes	Tameside	Yes
Warwickshire	Yes	Wigan	
Wolverhampton	Yes		

Annex 4. Proposed Matrix Descriptors and Weightings

Category of Need	Strand	Descriptors	Staffing Ratio	Proposed Weighting
Learning and Cognition	A	Pupil will be working within the National Curriculum within "P" scales 0 to 3. Pupil will have: <ul style="list-style-type: none"> • profound and complex learning difficulties • will respond to stimuli but only with adult intervention and positive engagement. • will interact meaningfully with their environment when facilitated. 	Teacher:Pupil ratio = 1:6 Support staff:Pupil ratio = 1:3	2.5
	B	Pupil will be working within the National Curriculum within "P" scales 1 to 8 but mainly within 4 - 6. The pupil will have severe learning difficulties and significant difficulties in other areas (e.g. sensory, physical, behavioural etc.).	Teacher:Pupil ratio= 1:8 Support staff :Pupil ratio = 1:8	1.3
	C	Pupil will be working within the National Curriculum but working largely within P Scale 5 - NC Level 2 of the NC. Pupil will have moderate learning difficulties.	Teacher:Pupil ratio= 1:12 Support staff :Pupil ratio = 1:12	1.0
Autistic Spectrum Disorder	A	Responds to school environment in a very dangerous and highly anxious way. Highest concerns about safety of pupil, peers and adults. Severe and profound difficulties in areas of Triad of Impairment (Receptive language, Social understanding, Flexibility of thinking). All consuming interests/obsessions. Absolute need for routine; distressed by changes in the immediate environment. Severely impaired social interactions with peers/adults. Unaware of need of others and consequence of actions.	Teacher:Pupil ratio= 1:5 Support staff :Pupil ratio = 1: 2.5	3.0

Autistic Spectrum Disorder	B	<p>Responds to school environment in a dangerous and highly anxious way. Major concerns about safety of pupil, peers and adults.</p> <p>Severe and profound difficulties in areas of Triad of Impairment (Receptive language, Social understanding, Flexibility of thinking). All consuming interests/obsessions. Absolute need for routine; distressed by changes in the immediate environment.</p> <p>Few or poor social interactions with peers/adults.</p> <p>Unaware of need of others and consequence of actions.</p>	<p>Teacher:Pupil ratio= 1:8</p> <p>Support staff :Pupil ratio = 1: 5</p>	1.8
	C	<p>Has obvious difficulties in all 3 areas of Triad.</p> <p>Daily incidents involving inappropriate social interactions with peers. Needs routine and makes inflexible responses.</p> <p>Resistance to change; has obsessions or interests that are difficult to stop.</p>	<p>Teacher:Pupil ratio= 1:8</p> <p>Support staff :Pupil ratio = 1: 8</p>	1.3
	D	<p>Has obvious difficulties in all 3 areas of Triad.</p> <p>Frequent incidents involving inappropriate social interactions with peers. Prefers routine and makes inflexible responses</p> <p>Finds change hard to cope with. A gap between reading ability and understanding. Can learn facts – has good rote memory – but unable to use information meaningfully. Poor problem solving skills. Unable to deal with content of a social nature – feelings, thinking about others etc.</p> <p>Dislikes recording work on paper. Can tear up work if not perfect. Fear of getting things wrong.</p>	<p>Teacher:Pupil ratio= 1:10</p> <p>Support staff :Pupil ratio = 1: 10</p>	1.2
	E	<p>Some specific social interaction difficulties.</p> <p>Social Communication difficulties. Attention and listening skills significantly weak.</p> <p>Has interests or obsessions, which dominate thoughts – but can respond to requests to stop.</p> <p>Not understanding the task. Unable to start or finish task. Refuses to comply with teacher instructions.</p> <p>Unable to work co-operatively</p>	<p>Teacher:Pupil ratio= 1:12</p> <p>Support staff :Pupil ratio = 1: 12</p>	1.0

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Behaviour, Emotional and Social Difficulties	A	Sustained, serious, complex and extreme behaviours which result in adverse consequences for the pupil. Those behaviours may severely affect other pupils and adults in a detrimental way. Some difficulties may be identified by a medical diagnosis and medication may be prescribed. Progress on the National Curriculum is seriously affected.	Teacher:Pupil ratio= 1:8 Support staff :Pupil ratio = 1: 6	1.8
	B	Frequent, complex and disruptive behaviour which affects the learning of the child and others. Some difficulties may be identified by a medical diagnosis and medication may be prescribed	Teacher:Pupil ratio= 1:12 Support staff :Pupil ratio = 1: 12	1.0

Annex 5 – Published Admission Numbers Possible if Current Pupil Numbers Trends Continue

Reduction in Planned Places (from 755 to 679)

(greater of + 5% on actual or -10% on planned) (Assumes all pupil numbers as at October 2006)

<u>DfES</u> <u>SCHOOL</u>	7002 Brier	7005 Halesbury	7004 Old Park	7009 Pens Meadow	7008 Rosewood	7001 Sutton	7003 Woodsetton	Total
2006/07								
<u>Places available</u>	135	120	140	70	60	120	110	755
<u>Actual No pupils</u>	139	74	114	57	59	119	79	641
2007/08								
-10% planned	122	108	126	63	54	108	99	680
+5% on actual	146	78	120	60	62	125	83	673
Revised planned places	146	108	126	63	62	125	99	729
2008/09								
-10% planned	109	97	113	57	49	97	89	612
+5% on actual	146	78	120	60	62	125	83	673
Revised planned places	146	97	120	60	62	125	89	699
2009/10								
-10% planned	98	87	102	51	44	87	80	550
+5% on actual	146	78	120	60	62	125	83	673
Revised planned places	146	87	120	60	62	125	83	683
2010/11								
-10% planned	89	79	92	46	39	79	72	495
+5% on actual	146	78	120	60	62	125	83	673
Revised planned places	146	79	120	60	62	125	83	674

Annex 6 – 2006/07 Existing Special Schools Budget by Formula Factors

Detail	2006/07 Budget 000's	%	Merge Budget in to Matrix Funding Model (Y or N)	Comments for New Funding Formula 2007/08
Planned Place Led Funding	3,453	46	Y	Matrix funding – see paragraph 27
Small Schools Protection	324	4	N	Separate formula see paragraph 45-48
Actual Places Statemented	2,085	28	Y	Matrix funding – see paragraph 27
Actual Places Age Weighted	433	6	Y	Matrix funding – see paragraph 27
Places with Additional Support	20	0.3	Y	Matrix funding – see paragraph 27
Unweighted Pupil Led	53	0.7	N	No changes proposed
Practical Learning Options	5	0.1	N	No changes proposed
Workforce Reform – primary strand	4	0.1	N	No changes proposed
Dudley Grid for Learning – pupil led	25	0.3	N	No changes proposed
Social Deprivation	187	2	N	No changes proposed
Premises: repairs and backlog	234	3	N	No changes proposed
Premises: area of grounds	20	0.3	N	No changes proposed
Insurance: liability	34	0.4	N	No changes proposed
Basic Allocation	190	2	N	No changes proposed
Dudley Grid –equal allocation	2	0.1	N	No changes proposed
Teachers Performance Pay	187	2	N	No changes proposed
Workforce Reform- 2005.06	206	3	N	No changes proposed
Minimum Funding Guarantee	71	1	Y	Matrix funding – see paragraph 27
Total Special Schools ISB	7533			
Growth Allocated outside of ISB	450			
Total Special Schools Funding 2006/07	7983			

Annex 7

**Special Schools Modelling based on 2006/07 funding applied to matrix forms as at October 2006, revised
Small schools protection and planned places**

DfES SCHOOL	7002 Brier £	7005 Halesbury £	7004 Old Park £	7009 Pens Meadow £	7008 Rosewood £	7001 Sutton £	7003 Woodsetton £
Total Funding 2006/07	1,452,712	928,557	1,607,302	1,078,350	790,804	1,099,632	1,027,608
2006/07 funding based on proposed model and PAN for 2007/08	1,481,923	870,161	1,659,662	1,087,245	948,439	1,170,778	1,036,752
Variance to Original Funding £	29,211	-58,396	52,361	8,894	157,636	71,146	9,144
Variance to Original Funding %	2%	-6%	3%	1%	20%	6%	1%
2006/07 funding based on proposed model and PAN for 2008/09	1,522,963	819,012	1,631,271	1,107,197	972,790	1,202,011	999,716
Variance to Original Funding	70,251	-109,545	23,970	28,847	181,987	102,380	-27,892
Variance to Original Funding %	5%	-12%	1%	3%	23%	9%	-3%
2006/07 funding based on proposed model and PAN for 2009/10	1,541,521	790,646	1,651,371	1,118,559	983,802	1,216,135	952,926
Variance to Original Funding	88,810	-137,911	44,070	40,208	192,999	116,504	-74,682
Variance to Original Funding %	6%	-15%	3%	4%	24%	11%	-7%
2006/07 funding based on proposed model and PAN for 2010/11	1,547,658	762,171	1,658,018	1,122,315	987,444	1,220,806	956,550
Variance to Original Funding	94,946	-166,386	50,716	43,965	196,640	121,174	-71,058
Variance to Original Funding %	7%	-18%	3%	4%	25%	11%	-7%

Annexe 8 Special School Budgets 2007/08 –New Delegations and Proposed Changes in the Resource Allocation Formula for Special Schools

Consultation Questionnaire

It is not necessary to answer every question. Complete only those on which you wish to register an opinion.

Question 1. Do you agree with the principles of the formula funding review?
(Paragraph 25)

Yes

No

Comment

Question 2. Do you agree with at least 80% of the special schools budget being distributed via the matrix? (Paragraph 27)

Yes

No

Comment

Question 3. Do you have any comments regarding the descriptors proposed for use with the matrix? (Paragraph 30)

Yes

No

Comment

Question 4. Do you agree with the proposed weightings? *(Paragraph 31)*

Yes No

Comment

Question 5. Do you have any comments regarding the proposed process of moderation?
(Paragraph 34)

Yes No

Comment

Question 6. Do you agree with the proposed annual revision to the special schools PAN?
(Paragraph 35)

Yes No

Comment

Question 7. Do you agree with the proposed methodology for the revision of the PAN?
(Paragraph 35)

Yes No

Comment

Question 8. Do you agree with the proposed PAN increase at Rosewood from 40 to 60 places from September 2007? (*Paragraph 36*)

Yes No

Comment

Question 9. Do you agree with the proposed implementation date of April 2007 for the formula funding review? (*Paragraph 44*)

Yes No

Comment

Question 10. Do you agree with the revised methodology for the proposed small schools protection? (*Paragraph 46-48*)

Yes No

Comment

Question 11. Do you agree that the other formula factors should remain unchanged for 2007/08? (*Paragraph 49*)

Yes

No

Comment

Question 12. Do you agree to the delegation of the: £450k growth allocated outside of ISB, to the special schools budget from April 2007? (*Paragraph 51*)

Yes

No

Comment

Question 13. Do you agree to the delegation of the £20k for school nurses, to the special schools budget for April 2007? (*Paragraph 52*)

Yes

No

Comment

Question 14. Do you agree to the delegation of the £50k for prior 1:1 support, to the special schools budget for April 2007? (*Paragraph 53*)

Yes

No

Comment

Other Comments

Responses to:

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