

Dudley Metropolitan Borough Council**Schools Forum – 6 December 2005****Report of the Director of Children's Services****Dudley Special School's Formula Funding Review****Purpose of Report**

1. The purpose of this report is to inform Schools Forum of the progress made to date regarding the review of the special schools funding formula.

Background

2. A report was presented to Schools Forum on 13 July 2005 giving details of the proposed review of the special schools funding formula.
3. Dudley has seven special schools. Table 1 details the planned place designations. The delegated budget for 2005/06 is £6.9m and caters for 735 places.

Table 1 – Planned Place Designations Dudley Special Schools

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

MLD	Moderate Learning Difficulties.
L&C	Special Language and Communication problems.
CN	Additional Complex Needs.
PMLD	Profound and Multiple Learning Difficulties.
SLD	Severe Learning Difficulties.
BESD	Behavioural, Emotional and Social Difficulties

4. The planned place designation for the seven Dudley schools has remained unchanged for at least ten years; it now fails to reflect the changing profile of pupils in special schools. There is a significant increase in pupils with emotional and behavioural difficulties (EBD) together with an increased complexity in intake of pupils in special schools in the last five years in line with the national inclusion agenda; this trend will continue to increase until this is reflected in all year groups. Conversely, statistics indicate that the number of statemented pupils in mainstream schools as a percentage of total pupils in all sectors has not increased significantly in the last five years.
5. The 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 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."
6. The DfES: SEN Adviser Team: 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."
7. Special schools maintained by Dudley local authority are funded by the LMSS (Local Management Special Schools) formula. This differs to the formula in place for mainstream schools in that 51% of the funding is allocated on a planned place basis and 36% based on a pupil led basis. The planned place formula element reflects historical weightings as identified in the DfES circular 11/90. This circular which was introduced in December 1990 and has not been updated. Table 2 indicates the number of class groups in each year recommended within circular 11/90.

Table 2 – Typical Occupancy Levels for Staff and Pupil Groups

Typical occupancy levels for staff and pupil groups	
Type of SEN	Pupil number in a class For one teacher
BESD	6 – 8
PD	6 – 8
VI	6 – 10
HI	6 – 10
SLCN	6 – 10
MLD/complex needs	6 – 10
SLD	6 – 8
ASD	1 – 8
MSI	5 – 7
PMLD	5 – 7

Source: DfES Circular 11/90 Staffing for Pupils With Special Educational Needs - 13 December 1990”

8. In Dudley special schools there is a high incidence of class sizes in excess of those recommended in Table 2; this is understated due to the surplus places available in some special schools at this time. Some surplus places are necessary in order to absorb the continual movement of pupils within special schools sector during the year. Since 1990, there has been an increasing demand of more complex pupils for one to one support which is not factored into the recommended class sizes shown in Table 2. If this is not managed internally within the special schools then this could result in alternative provision being sought ‘out of the borough’.

9. The current LMSS formula has not been reviewed since the early 1990’s; the mainstream formula was reviewed for 2003/04. The local authority intended to review the special schools formula during 2004/05 but this did not happen and as a consequence, any available growth since that date has remained targeted to mainstream schools.

10. Special schools have experienced financial difficulties in balancing their budgets since 2004/05, due in part to the lack of allocation of growth and in part to the trends identified in respect of the changing profile of pupils in special schools. An additional £300,000 was identified and allocated to the seven special schools in 2005/06 to assist in addressing these issues.

11. The authority is also experiencing, along with the national trend, continuing growth and high cost in placements for pupils with special needs in other local authority special schools or within the independent sector. Currently the Directorate of Children's Services spends in excess of £5 million on this area. This covers approximately 110 places out of the borough all with varying special needs. However, this is not significantly different than levels of spend by our statistical neighbours.
12. DfES section 52 benchmarking data for 2004/05 indicates that out of eleven statistical neighbours the aggregate Individual Schools Budget (ISB) spend per pupil for Dudley is £2,632 which ranks as 7th out of 11 local authorities. The disaggregated data between sectors is shown in Table 3.

Table 3 - Section 52 2004/05. Dudley Per Pupil Spend By Sector Compared With Statistical Neighbours

Local Authorities	Primary per pupil	Rank	Secondary per pupil	Rank	Special per pupil	Rank
Dudley	£2,270	5/11	£2,930	6/11	£9,338	11/11
Average statistical neighbours	£2,268	6/11	£2,930	6/11	£11,515	6/11

13. If Dudley special schools were funded in line with the average statistical neighbour identified in Table 3, then a differential of £2,177 per pupil would equate to additional funding across the special sector in Dudley of approximately £1.5million.
14. Of the eleven statistical neighbours included in Table 3, Dudley is one of four authorities included in the 'F40' group; these are the lowest funded local authorities in England. Table 4 sets out comparative data with Dudley's F40 statistical neighbours.

Table 4 – Section 52 2004/05. Per Pupil Spend By Sector Compared With Statistical Neighbours Within F40 Group

Local Authorities	Primary Per Pupil	Rank	Secondary Per Pupil	Rank	Special Per Pupil	Rank

Bury	£2,240	8th	£3,061	2nd	£15,381	1st
Dudley	£2,270	5th	£2,930	6th	£9,338	11th
North Tyneside	£2,174	11th	£2,555	11th	£11,515	6th
Wigan	£2,281	4th	£3,057	3rd	£13,584	4th

15. In order to meet the changing needs of pupils identified within special schools, other authorities have moved away from place led funding and introduced funding models that identify individual needs of individual pupils i.e. a matrix model. Appendix 1 lists a selection of statistical and local neighbours who are funding special education needs via a matrix model.
16. A fundamental principle of matrix funding is the audit of pupils needs based on type of need and/ or attainment level. 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.
17. The review of the Dudley special schools formula has concentrated on the development of a matrix-funding model for the special schools. To-date all seven schools have invested a significant amount of time and have completed records to identify for each pupil a range of needs to which relative weightings will be applied. It is planned that between 80-90% of the available funding to special schools will be distributed via the matrix model.
18. The original date for implementation of the matrix model was April 2006, however it has become apparent that further validation and moderation of the base data is required before the matrix can be fully used as a basis for funding the seven special schools. A period of consultation would be required after the validation and moderation exercise has been completed, therefore, this will take the process beyond April 2006.
19. There are other factors which will influence the special schools formula review:
 - The rebuild of Old Park special school. The DfES announced in October 2005 a targeted capital funding of £4.2 million; this rebuild forms part of the SEN (Special Education Needs) strategy as agreed at Council in July 2005.
 - SEN pupils in 'out of borough' placements. There is increasing demand and cost pressures as a result of the placement of SEN pupils in 'out of borough' placements. This strategy will be reviewed in light of the

Children Services Agenda.

20. The revised implementation date for the special schools formula is now planned to be April 2007.

Proposal

21. It is proposed that Schools Forum note the contents of this report in particular the timetable for the special schools formula review and the current financial difficulties experienced by this sector of schools in providing adequate levels of pupil support to meet more complex needs.
22. It is further proposed that Schools Forum consider in principle an allocation from any available growth to be directed into the special schools sector for 2006/07. Further financial details will be presented to Schools Forum in February 2006 once the indicative DSG is announced and the level of any growth is established.
23. Schools Forum note that the special schools formula review is still ongoing.

Finance

24. The funding of schools is prescribed by the DfES through the Financing of Maintained Schools Regulations (England) 2004 and the LEA budget, Schools Budget and Individual Schools Budget (England) Regulations 2004. From 2006 it will be amended to the school Finance (England) Regulations 2005.
25. 1st April 2006, the Schools Block will be funded by a direct DfES grant: Dedicated Schools Grant (DSG)

Law

26. Council's LMS Schemes are made under Section 48 of the School Standards and Framework Act 1998. The Education Acts 1996 and 2002 also have provisions relating to school funding.

Equal Opportunities

27. The Council's Equal Opportunities Policy is taken into account when considering the allocation of resources.

Recommendations

28. Schools Forum is invited to receive the report and advise the Director of Children's Services in respect of the proposals set out in the report.



Handwritten signature of John Freeman in black ink.

John Freeman
Director of Children's Services

Contact Officer:
Karen Cocker, Education Finance Manager
Karen.cocker@dudley.gov.uk Tel: 01384 815382

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		Bolton	
Gloucestershire		Bury	
Herefordshire	Yes	Enfield	Yes
Sandwell	Yes	Havering	
Shropshire		North Tyneside	
Solihull		Stockton on Tees	
Staffordshire		Stoke on Trent	
Walsall	Yes	Tameside	No
Warwickshire	Yes	Wigan	
Wolverhampton	Yes		
Worcestershire	Yes		