

Schools Forum High Needs Sub Group

Schools Forum

Task Group Report

Task Group Members

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Warwick Tomsett	Head of Targeted Services and Joint Commissioning
Keith Martin	Children With Complex Needs Service Manager
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1. Recommendations

- 1.1 That the Schools Forum:-
- i. Agree to no longer add back any of £6,000 matrix funding that was withdrawn last year
 - ii. reduce the funding to the collaboratives by £300k
 - iii. agree to the funding adjustment of £2,000 to Abbey Manor College top up rate which will keep the overall funding at the same level as 2014/15.
 - iv. To agree to the continuation of the work of sub group for a further year
 - v. To extend the brief of the group to incorporate the home to school transport budget
 - vi. To agree to the work plan as detailed in appendix A of this report

2. Background

- 2.1 The Task Group was set up by the Schools Forum to review the costs of funding high needs pupils. Specifically the group were asked at the start of 2013 to reduce the on-going costs of the high needs pupils by £0.5m in 2014/15 and £2m in 2015/16. A reduction in the financial support for matrix children was agreed last year for 2014/15 to deliver a saving of £0.5m with an indication that a further reduction should take place to meet the shortfall unless alternative funding for high needs block was identified.
- 2.2 The latest indication is that cost reduction required in 2015/16 is £2.1m.

3. Special Schools Funding

- 3.1 The funding system operates by giving each special school £10,000 for a place commissioned prior to the start of the year. This is regardless of the number of pupils attending the special school. For each pupil who attends the school during the year an additional sum or top-up is given. It is this top-up rate that varies for each school in 2013/14 and as part of the proposals endorsed by the Schools Forum all top up rates were merged for each type of designated need.

3.2 There is one exception; New Woodlands, which if their funding rates were brought into line with other special schools, would have suffered a loss of £250k. It was decided to freeze the funding rates for New Woodland this year until further analysis was undertaken.

The current funding rates for special schools are

Table 3.1

	Merged rate	New Woodlands School
	£	£
MLD1	-	-
MLD2, SLD1, ASD1, BESD1	3,104	4,294
SLCN Cog	4,991	-
HI/VI1, Med/Phys + Cog	6,621	-
SLD2, ASD2, BESD2	7,402	10,241
PMLD1, SLD3 - Aut/BEHR	19,222	-
HI/VI2	18,344	-
PMLD2 Hi Care	23,396	-
SLD4, SLD Hi Care, ASD3	28,726	-

Key of abbreviations

ASD	Autistic Spectrum Disorders
MLD	Moderate Learning Difficulties
SLD	Severe Learning Difficulties
BESD	Behavioural Emotional And Social Difficulties
SLCN	Speech, Language & Communication Needs
HI	Hearing Impaired
VI	Visually Impaired
PMLD	Profound And Multiple Learning Disabilities

3.3 MLD1 – This does not have a top up rate as the base funding of £10k covers the costs assessed. Some boxes are blank for New Woodlands as the school does not have pupils within these bands.

3.4 Further consideration was given to the bandings. In the table above it can be seen that in the special school sector there are usually three banding levels for each need and there are considerable differences in funding for each of these levels. For example a band 1 ASD attracts £3,041, a band 2 £7,251 and a band 3 £28,141. While these are large differences currently there is no evidence to say that these differentials are still valid. Initial discussions with schools indicate that there is a difficulty in deciding which bandings pupils exactly fall in and the local authority, as commissioner of the places, needs a process in place to ensure that these band allocations are correct.

3.5 The current process for funding special schools involves schools submitting details of their pupils and which bands they believe the pupils belong in. There is limited capacity within the Local Authority to robustly monitor and challenge all the pupils across the SEN sector. The view of special schools is that it difficult to allocate each child into a band and an element of judgement is needed. In reviewing this year's return, one special school believed the needs of its pupils were such that additional funding of over £1m would be needed by the school.

3.6 With both the funding differential and moderation issues, set out above, it was felt that a different approach was needed. Further, the merger of funding rates were considered but not felt desirable unless it sat alongside a complete review of the banding structure.

3.7 A banding system based on need/ provision rather than the current diagnostic system would seem to address these issues. Salford City Council operate such a system and an exercise is being undertaken to match a sample of pupils in Lewisham to the bands. The funding amounts, attached by Salford to their banding, do not seem appropriate in relation to Lewisham schools and would need revising. The work to date indicates that the work involved to apply the Salford approach will be significant for existing statements but less so where a EHC is in place.

There are currently around 1500 pupils with high needs SEN in Lewisham and to map each one will take considerable resources and time. It is not felt that there will be sufficient time before the start of the financial year to give due diligence to such a large scale exercise and for this reason it is recommended not to make changes to the current bands at the start of the next financial year.

3.8 Realistically the work could be completed for an implementation date in September 2015. Any large scale changes to the funding system will create winners and losers. It may not be welcome to schools and especially special schools who receive the vast proportion of their funding linked to the banding system to see a change during the

financial year where there is limited time to formulate school re-organisations. It is for this reason that it is recommended that the earliest implementation of a change to the banding system is not undertaken until April 2016 and as a consequence the work of the sub group should be extended until this date. This would allow further work on the actual banding to be proposed in Lewisham and to be clear about the implementation issues.

4. Resource Bases

- 4.1 The resource bases operate on a similar funding methodology to Special Schools. There is an upfront payment of £10,000 for each place commissioned by the Local Authority prior to the start of the year. This is then topped up on the basis of the number of places within the unit that are filled. This is on a real time basis so that if a pupil leaves only top-up funding is removed. Current top-up funding rates are very different for children in resources bases and those with the same needs in special schools. This is partly attributable to the fact that start-up costs and expansion costs are built into the current funding rates for recently opened provision. The top up rates are more meaningful if all these adjustments are stripped out. The underlying rates are shown below.

Resource base top up (when unit full)		£
Rushey Green Primary School	HI	7,649
Deptford Green School	Dyslexia	7,877
Conisborough College	ASD	10,726
Tidemill Primary School	Speech and Language	8,600
Torridon Infants/Juniors	ASD	10,726
Athelney Primary School	ASD	10,726
Kelvin Grove	ASD	10,726
Cooper's Lane Primary School	Total Communication	10,863
Sedgehill School	Total Communication	11,087
Addey and Stanhope School	Speech and Language	11,389
Perrymount Primary School	Complex Physical & Medical Needs	12,934

- 4.2 This does raise a number of questions and in particular how these rates fit in with the special school rates. In theory, you would expect lower funding rates in the resource base as the needs of the pupil should be lower. In practice this may not be the case due to diseconomies of scale, as most resource bases are small and hence the management costs of the unit are spread over fewer children making the cost per pupil proportionally higher. Management costs are

higher as resource bases have been seen as discrete operations within their school.

- 4.3 It is felt though that any review of the banding system should include pupils in resources bases to get a better understanding of their needs.

5. Matrix Funding

- 5.1 The mainstream school funding for pupils having high needs is complex, with a variety of different sources. Some of which is more specifically identified than others. The sources of funding can include:

- Schools budget
- Collaborative funding
- Matrix funding

5.2 Schools Budget

- 5.2.1 The national funding reforms have been predicated on the basis that schools should be making a contribution of up to £6,000 for a high needs pupil from the school's budget. This figure is based on national averages of high needs funding following a report by PriceWaterhouseCoopers for the DFE. There is no specific element within the funding formula that determines the £6,000.

- 5.2.2 The first analysis was to consider this £6,000 and then to look at the matrix levels funding to see if there was an element of double funding that still existed.

- 5.2.3 The funding sources within the formula that make up the £6,000 are as follows:

- Primary FSM Ever 6
- Secondary FSM Ever 6
- Primary IDACI
- Secondary IDACI
- Foundation Stage Profile
- Key Stage 2 Results
- Primary Mobility
- Secondary Mobility

- 5.2.4 When considering this issue when the new funding reforms were introduced it was felt, some of the above funding should be applied to those pupils with needs lower than the current level of matrix 6, which

would likely be pupils who were at School Action or at School Action Plus. The needs of these pupils, the funding available and the actual spend by schools for these pupils is an area that needs greater understanding. For the purposes of this analysis the pupils have been allocated funding in these ratios:

School Action	0.5
School Action Plus	0.66
Statemented Pupils	1.00

5.2.5 The new SEN Code of Practice merged the two current categories of 'School Action' and 'School Action Plus' into one category 'Additional SEN Support'. In theory this should not change the calculation of the £6,000 for matrix children.

5.2.6 In coming up with these ratio's there is an element of subjective judgement. Not all pupils on school action will have spent on them exactly half that of statement child however it was thought to be around the correct funding level.

5.2.7 This results in the following allocation

Type of school	Average
Primary Schools	£6,129
Secondary Schools	£6,801

5.2.8 It would be misleading to indicate that all schools had this level of funding for each of their high needs pupils on matrix 6 and above as the £6,000 quoted is an assumed average. The ranges for primary schools are from £1,870 to £15,400 and for secondary schools £3,300 to £14,500 and reflect social deprivation led funding and numbers of statements.

5.2.9 These ranges are created by the way the current funding is operated. The formula has various factors that reflect SEN and deprivation within a school. In the more affluent areas of Lewisham say around Blackheath, proportionately, schools receive lower levels of support through their budget for SEN and deprivation. If these schools still have a high number of statements then on average they receive a lower level of funding per pupil. Conversely, the opposite happens in the more deprived areas around say New Cross.

5.2.10 The detailed calculations that this is based on are shown in Appendix B to this report.

6. Matrix Funding

6.1 The matrix funding acts as a top-up to the £6,000. This funding does not form part of the funding formula but is allocated to schools on the basis of the number of statements the school has and the level of the pupils' needs. The funding for this is given to schools on a real time basis. If a pupil with a statement leaves the school then the funding is

removed. Conversely if a pupil with a statement joins the school the appropriate level of funding is given to the school.

6.2 The level of funding depends on the Matrix level which relates to the needs stated within the statement. The funding levels are shown in the table below.

Table 7.2

Matrix level		LSA hrs per week	Pre 16
Below 19 hours of additional support through collaborative funding and the school budget share	3	7.0	
	4	10.0	
	5	16.0	
	6	19.0	£9,659
	7	22.5	£11,659
	8	27.5	£14,517
	9	32.5	£17,374
	10	35.0	£18,803

6.3 For those pupils below level 6 no funding is given in this way. Support is funded through the school's budget and through collaborative funding.

6.4 The matrix top up levels for the surrounding Local Authorities are as follows:

	25
	Hours
	£
Greenwich	£7,082
Southwark	£12,715
Bexley	£6,512

Bromley	£6,220
Lewisham	£13,088

- 6.5 For 2014/15 the Schools Forum agreed to take away the full funding of £6,000 from schools. The Forum did agree for 2014/15 only that a sum of £4,800 would be passed back to schools for each pupil on Matrix 6 and above. This would be subject to review depending on the finances, but it was assumed that as the projected shortfall for 2015/16 was rising to £2m then no funding could be given back to schools
- 6.6 It is the view of the group that the reduction should be fully applied. This will yield a saving of £1.8m
- 6.7 Consideration was given to a different approach whereby rather than reduce the top-up funding, funding could be removed from the Individual Schools Budget by reducing the value of the relevant formula factors to achieve the cost reduction of £2m. The result of modelling this option is shown in Appendix C. There are a number of odd results where some schools with no statements lose money and vice versa. These unexpected outcomes relate to the operation of the minimum funding guarantee (MFG).

The minimum funding guarantee (MFG) protects the per-pupil funding of schools from one year to the next against significant changes in the funding formulae or changes in data not directly related to pupil numbers. The MFG has been set at minus 1.5% per pupil since 2013-14. Oddly if a school role rises they are likely to receive protection despite the extra pupils creating extra resource. If a school has a falling roll it is often the case that protection is lowered. The reason for this is that protection operates at the funding per pupil level and not the school level.

For these reasons the Group recommends that reduced spending of £2m is mainly achieved by a reduction in the matrix top up and not from the delegated budget of the schools. However this can only contribute £1.8m of the total projected pressure for 2015/16.

7. Collaborative Funding

- 7.1. As detailed above, this funding is for pupils with low level special educational needs, determined as being below matrix level 6. The funding forms part of the Dedicated Schools Grant and is allocated to each collaborative based on a formula. This formula is made up of free school meals eligibility, prior attainment, mobility and pupil numbers.

The total amount of the funding across Lewisham is £1.8m, the individual allocations are shown in Appendix B to this report.

7.2 The collaborative funding was created when it was agreed to not issue statements for children with needs covered in the range of matrix 1 to 5. The funding linked to those former statements was then used to create the collaborative funding allocations. This would therefore be the equivalent of the £6000 assumed to be in the delegated budgets of schools for pupils with needs equivalent to the old matrix 1-5.

7.3 The collaboratives generally use this funding in two ways; they either pass it back to the schools within the collaborative on the same basis as the formula allocation or they use the funding to employ specialists such as speech therapists, which are then used by the schools across the collaborative. A recent consultation with Primary Strategic on the continuation of this arrangement for funding on balance favoured its

continuation, but this was not an overwhelming view. Next year the Group will look at the way some collaboratives utilise their funding in order to promote and share good practice.

7.4 As the reduction of matrix top up funding by £6k per pupil only generates £1.8m the Group considered where the balance might be identified from. It considered the Collaborative funding as well as schools delegated budgets. For the reasons set out above, delegated budgets route was not favoured and instead the Group concluded Collaborative Funding would be more appropriate to meet the shortfall.

8. The Funding Of Pupil Referral Units

8.1 The DFE are bringing the commissioned place led funding for PRUs into line with special schools. Lewisham's only designated PRU is Abbey Manor College and for each place next year the funding will have to increase from the current £8,000 to £10,000. To offset this it is recommended that the Forum agree to reduce the college top up by £2,000. This will mean the change will have a neutral effect. The review of bandings, discussed elsewhere in the paper will also cover the college.

9. School Transport

9.1 The School Transport budget is funded by the General Fund. At the end of last year the budget was overspent by £659k. A saving was also agreed of £500k which was to be achieved by increasing independent travel by students and reducing the unit costs of taxis. The last

tendering around for taxi provision resulted in some reduced costs in line with the budget proposal however there has been little progress on the increased use of independent travel.

- 9.2 The rising pupil population has placed extra pressure on the transport budget. To reduce the use of costly out of borough placements, the needs of pupils are being met in borough to reduce both overall placement and transport costs.
- 9.3 It is expected that the new tendering arrangements will make some savings during the remainder of the year but these cannot be quantified at this stage.
- 9.4 The current number of children being provided with travel is as follows

	Pupils	Average per client	
		Per Year	Per Week
Door 2 Door	415	£5,516	£145.15
Taxi's	224	£8,116	£213.58
Direct Payments	5	£2,000	£52.63
Total	644	£6,393	£168.23

- 9.5 The underlying pressure remains and further work on reducing the costs of travel assistance for 2015/16 continue to ensure the original saving proposal can be achieved.
- 9.6 Current proposals to manage the overspend include
- a. Parent Responsibility (£281k) – through expecting parents of children who are under 7 with less complex needs to accompany their children to school.
 - b. Independent Travel (£102k) – for the over 14's
 - c. Direct Payments (£528k)
 - d. Independent travel training pilot (£74k)
- 9.7 If these proposals are implemented successfully the budget, while remaining overspent this year, would balance next year. However it is expected that the growth in pupil numbers would still need to be managed and assuming that the increase in numbers is 3% a further saving of £100k will need to be found to balance the budget next year.

- 9.8 The implementation of these savings will not impact on schools but will require their support to achieve. The Schools Forum are asked that the remit of the sub group be extended to cover this issue due to the close links with spend on the high needs block within the DSG.

10. Procurement of Independent Special School placements with other London Borough's

- 10.1 The Council is working with a number of other boroughs to introduce a procurement framework to reduce costs. The aim is to work more collaboratively on the commissioning of good quality SEN placements in the non-maintained/independent sector.
- 10.2 The objectives of the Framework are to achieve the best outcomes for an increasing number of children with SEN, to achieve efficiency savings through negotiations with providers and to develop market intelligence and good practice to assist commissioning.
- 10.3 Most boroughs do not have formal contracting arrangements; typically placements are spot purchased, which creates a variation in the price per student. The work across a number of boroughs will help reduce the level of work involved in procuring services.

Schools Forum High Needs Sub Group Action Plan

Objective	Action	Outcome	Person Responsible	Sub group role	Success Measurement	Timescale	Status
Review Current Banding Structure	LA to work with Schools to review the current banding structure and to put in place a new structure	An appropriate banding structure is implemented that is consistently applied across the LA and all schools, that will enable schools to receive the appropriate level of funding to be able to meet the needs of individual children with SEND	Keith Martin / Dave Richards	To advise and help shape recommendation to Forum	New Banding structure is implemented. Lewisham Schools are able to meet the needs of children with SEND with the finances available within the banding.	Fiscal year 16/17	Green
Review Commissioning Of Independent School Provision	LA to undertake a business case analysis (this will include consultation	Reduction in costs of ISP's	Keith Martin / Caroline Doyle	To advise and help shape recommendation to Forum	Reduced spend within the Out of Borough Placement Budget	April 2015	Green

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	with neighbouring authorities) to establish the potential to develop a commissioning strategy or Preferred Provider Framework for ISP's						
School Transport	To consider the implementation of independent travel and direct payments	Establish transparency across the LA and schools	Keith Martin	To analyse and support	That we achieve zero overspend	2015/16	Amber
Audit Of SEN Spend	To undertake a review of total SEN spend to establish how this resource is being used to meet the needs of children with SEN	Establish transparency across the LA and schools in relation to how the DSG is meeting the needs of children with SEN	Keith Martin / Dave Richards	To analyse and support	That we achieve zero overspend against the Dedicated Schools Grant	December 2014	Green

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