



Schools Forum

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Venue: Shrewsbury
Training and Development
Centre

Paper

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Public

Funding Arrangements for Severndale Academy and Woodlands School

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Summary

At their meeting on 22 March 2018, Schools Forum received a paper on the final report from an independent specialist commissioned by the local authority to undertake a financial analysis and benchmarking review of the funding levels, from the High Needs Block, for the county's two special schools, namely Severndale Specialist Academy and Woodlands School.

Forum were informed that local authority officers would continue with separate discussions with the senior leadership in each of the schools to secure future funding arrangements that are affordable and sustainable. A verbal update was provided for Forum members at their meeting on 21 June 2018.

This paper provides an update, for Forum's consideration and comment, on the discussions with each of the schools.

Recommendations

To consider the planned funding arrangements for Severndale Specialist Academy and Woodlands School.

REPORT

Background

1. Schools Forum established a High Needs Task & Finish Group in March 2016 to undertake a review into high needs funding. An independent review of the banding system for Shropshire specialist schools was commissioned and a report considered by the group in May 2017 – a verbal report was provided for Forum members at their meeting on 8 June 2017.

2. The consensus of the group was that the report had not included sufficient evidence to support two of the key recommendations, that the funding for Severndale Specialist Academy should remain unchanged, and that the funding for Woodlands School should increase.
3. Schools Forum received a further report on 14 September 2017, informing them that the local authority was commissioning an independent consultant to undertake an urgent review and benchmarking exercise on the high needs funding arrangements for the two special schools. The review was a desktop exercise, undertaken over a total of four days.
4. The consultant's report was timetabled for consideration by Forum on 7 December 2017, but was withdrawn following concerns raised by the headteacher of Woodlands School, to allow time for detailed discussions with the school regarding these concerns. The same opportunity was extended to senior leaders from Severndale Specialist Academy.
5. The final report, approved by the two schools, was presented at the 22 March 2018 Schools Forum meeting. Following discussion, it was agreed that local authority officers would meet separately with the senior leaders in each of the schools, to work up and finalise the funding arrangements, with a view to securing arrangements that are simplified, provide consistency and clarity on future funding levels, and are sustainable both in terms of delivering the required provision in the schools and is affordable from the High Needs Block allocation.
6. Meetings were held over the summer with senior leaders in the two schools, with officers presenting funding models for discussion and comment. While the discussions are not concluded, Forum are being provided with an update on the proposed funding arrangements, noting that the local authority's duty is to consult on the proposals but has the responsibility for determining them.

Woodlands School

7. Forum are reminded of the funding position for Woodlands School, as outlined in the 22 March 2018 report. The school governing body has now set a budget plan for 2018-19 showing gross planned expenditure of £1.851 million across the main Woodlands site near Wem, and the two primary hubs in Oswestry and Bishop's Castle (excluding outreach provision). The provisional funding statement for 2018-19 has allocated £1.567 million for 74 commissioned places and top-ups across 4 bands for the current 59 pupils on roll (see Appendix A). This means there is a current funding gap of £0.284 million.
8. The provisional funding includes £150,000 for the 15 unfilled commissioned places. If these places were taken, the school would receive additional top-up funding, which would be related to the banding of the pupil. Based on an estimated average banding of £13,623 per pupil (£803,734 provisional top-up for 59 pupils), these 15 pupils would result in additional top-up funding of £0.204 million, which would push the overall funding up to £1.771 million. Based on the budget plan of £1.851 million, this would still result in a funding gap of £80,000. However, this does not account for the planned income from pupil premium (£34,950) and PE and sports grant (£10,000). After allowing for these the funding gap reduces to £35,050.

9. A focus of the discussions between officers and the school's leaders was on assessing the option of moving to a two band structure with the aim of simplifying the funding arrangements and providing the school with greater consistency, stability and clarity on future funding. Officers met with senior school leaders on 13 July 2018.
10. Officers remodelled the funding statement to replace top-up bands A to C with a single band, while retaining band D. The new banded value was calculated by averaging the weighted totals across the three bands, across all three sites, based on the pupil numbers in each band. This produced a new top-up value of £12,219 per pupil. In recognition of the projected funding gap in the school's budget plan, the top-up value was uplifted by 3% to a value of £12,585 per pupil. Appendix B illustrates the impact of this model, which delivers a revised allocation of £1.598 million, an increase of £31,000 over the original provisional funding statement.
11. A second model looked at applying different banding values for the main Woodlands site and the primary hub provision, which delivered average top-up funding for the new band of £13,632 per pupil at the Woodlands site and £9,444 per pupil at the Oswestry and Bishop's Castle sites.
12. The model has sought to baseline the funding for Woodlands School at a level that meets their current costs. The move to two top-up bands reduces the year on year fluctuations in funding due to changes in pupil numbers across the three main bands, and provides some degree of stability and certainty in funding going forward. The school has been reminded, as is the case with mainstream schools funded via the Schools block, that consideration in uplifting banding values in future years may only be possible in the event that the government passports additional funding for inflation through the Dedicated Schools Grant.
13. A response from the headteacher and chair of governors to the options presented was received on 23 August. After due consideration, they do not feel able to recommend to their governing body acceptance of either of the options presented and instead to continue with the 'status quo'. They recognise that there may be a requirement for further discussions as a consequence.
14. They are concerned that the averaging of the banding, with a modest uplift in 2018-19, is simply a mechanism for delivering the current levels of funding. They have stated that they have identified a reduction in the average value of the bands in recent years, which means that if the average top-up value from several years ago was applied to the model, they would be better funded. They are also concerned about the unfunded pressures on their budget and the availability of funding for a contingency to meet unplanned needs.
15. The local authority will continue discussions with the school to understand and address the issues raised by the school, in particular the evidence of a reduction in the average band value (which is not the view of the local authority), and will report back to Forum if there is any revision in the proposal that puts additional demands on the High Needs block.

Severndale Specialist Academy

16. The current provisional funding position for the academy, based on 405 commissioned places at a cost to the High Needs block of £6.688 million, was appended to the 22 March 2018 Forum report and is reattached to this paper at Appendix C. Officers have met with senior managers from the academy twice over the summer - on 24 May and 15 June.
17. The initial focus has been to look at the pattern in the banding of pupils across the four top-up bands currently used for allocating funding across the 14 year groups in the school. The graph attached at Appendix D was presented, which highlights a clear and significant shift in the banding of pupils towards the lower bands A and B, particularly in Years 0 to 3. It was agreed that this shift was not a reflection in the complexity of need of the pupils entering the school but rather a change in the process of determining the band based on the banding categories of need. The process of determining a pupil's band when they enter the school is no longer driven by the academy.
18. The outcome of the shift in bands is a reduced level of top-up funding provided to the academy over the last four years, while their costs of meeting the needs of the pupils will not have reduced.
19. Officers presented two proposals for determining future top-up funding. The first model calculated top-up banding based on the current four bands, using agreed teacher/teaching assistant ratio costs and oncosts, as at April 2013 (to reflect the fact that the High Needs block has not increased in inflationary terms since this date). Funding for other 'overhead' costs (including leadership, administration, resources, premises etc) was set at 12.5% of the total top-up. This equates to an average top-up rate for overheads of £2,407 per pupil. This compares to an equivalent figure in a large Shropshire secondary school of £1,550 per pupil. The model additionally built in an uplift to the band A top-up to a value of £1,000 – it is currently £0. This model is attached at Appendix E.
20. An alternative model was also presented, which looked at the impact of reducing the number of bands from four to three by merging bands A and B, while retaining bands C and D for pupils with more complex needs. Following discussion, it was agreed to go with the model appended to this paper, which retains the four bands.
21. Following the meetings, the academy advised officers that they believe an overheads rate of 13.2% should be applied to the model on the following grounds:
 - their premises are more highly adapted than a mainstream setting, therefore the costs of installation and maintenance are higher
 - the resources required to support their pupils are more specialised, with expensive equipment that is not essential in mainstream settings
 - the complexities of their pupils require a higher ratio of administration and support staff than in mainstream settings.

22. The view of the local authority is that the model provides an additional £857 per pupil in overheads funding when compared to a large Shropshire secondary school and together with the absence of any details or material evidence of the actual costs to the academy over a period of years, it is not proposed to amend the 12.5% figure.
23. The additional demand on the High Need block from the proposed model is an additional £216,296 in a full year. It is recognised that this puts additional pressure on the High Need block, which is already under significant pressure. However, the model is believed to be fair and appropriate. The views of Schools Forum are invited.