

# SCHOOLS' FUNDING FORUM

<b>SUBJECT:</b>	High Needs – Proposals for Uplift in 2021-22
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<b>SUMMARY OF REPORT:</b> This paper outlines the proposal to uplift the Special Schools formula funding rates by 3% in line with NFF proposals for primary and secondary schools along with changing the underlying formula for pupils with SEMH needs. The SFF are asked to comment on these proposals.	
<b>FOR:</b>	Recommendation

## 1. Introduction

- 1.1 Government announcements have confirmed the High Needs budget in Kent is expected to increase by £19m to a total of £245m in 2021-22. This is an increase of 8%. This is set in the backdrop that there is anticipated to be an in-year shortfall for 2020-21 of over £30m.
- 1.2 In response to growing concerns over the sustainability of special schools. A review of the Special Schools formula was agreed. Several meetings have been held which have identified a need for a short term solution to the immediate needs raised by both Special School Headteachers and the Council in lieu of a more fundamental review which cannot be implemented until April 2022 at the earliest. It is proposed to continue with the current formula for 2021-22 but to make two changes:
  1. Increase all formula factors within the existing formula by 3% in line with NFF for primary and secondary schools.
  2. Remove the lower rate for SEMH need type and fund all SEMH need types at the higher SEMH rate

## 2. Proposal to increase Special Schools Formula Factor Rates by 3%

- 2.1 In 2020-21 the rates within the Special Schools Funding Formula (SSFF) were increased by 4%, this mirrored the mainstream general rate increases in the National Funding Formula (NFF). This was the first rate increase that had been applied to the SSFF since 2015 and only the second time since the introduction of the place plus methodology in 2013. Prior to 2020-21, Special Schools had been reliant on Teachers Pay Grant and Teacher Pension Employee Contribution Grant to help support the increasing costs of teachers. There had also not been any additional funding to help towards the annual cost increases of support staff on the Kent Pay Scheme, of which Special Schools have a higher proportion of staff than Mainstream schools. The ESFA has continued to set the Minimum Funding Guarantee (MFG) for Special Schools at 0%.
- 2.2 It is important to note that the 4% uplift applied in 2020-21 did not equate to a 4% uplift in the overall rate for most special schools as a large proportion of the schools were subject to the MFG and so did not see the full benefit. The current SSFF was designed to include an economy of scale factor whereby the average cost of place would reduce with the more places provided. However, the SSFF was also designed on the assumption that it would receive an annual uplift which would effectively counter the economy of scale factor which did not happen and therefore a greater number of schools had fallen onto the MFG over the years (whereby the historic rate had been protected).
- 2.3 Taking account of the impact of previous years uplifts it is proposed to uplift the Special Schools funding formula rates by a further 3%. It is estimated this will cost £2.8m.

### **3. Proposal to remove the lower rate for SEMH need type**

- 3.1 The SSFF includes separate school led and pupil led elements. The pupil led element is based on an assumed staff structure for each need type. For SEMH there are two different rates for the pupil led element. A lower rate was originally based on the assumption an average class to support SEMH would require two teaching assistants whilst the higher rate is based on an average class requiring four teaching assistants. The pupil led element for the lower rate is £11,220 per place whilst the higher rate is £15,286 per place.
- 3.2 A Schools SEMH rate is dependent on the type of school (summarised below). The proposal is to remove the lower rate and pay all schools at the standard higher rate. This is in response to increasing financial pressure on behaviour and learning schools to support children with SEMH. The total cost of the proposal is approximately £1.4m however it is anticipated that the

number of requests for Exceptional Pupil Need (EPN) will reduce as schools will be given a more sustainable base budget. EPN is given in exceptional circumstances; it is hoped the increase proposed will enable the school to appoint additional staff as part of their operating model. It is hoped this will lead to less escalation of behaviours amongst pupils and more flexibility to support pupils during transition into the school. It is estimated there could be as much as a £0.8m revenue saving to offset these extra costs. In addition to possible other ad-hoc savings relating to repairs.

The table below summarises the currently calculation of the SEMH pupil led element for different school types:

School Type	SEMH Pupil led element calculation
SEMH (2 schools)	90% of their pupil led element is based on the higher rate & 10% is based on the lower rate
Behaviour & Learning (5 schools)	A mixed rate is calculated based on 25% of primary aged pupils receiving the higher rate & the remainder receiving the lower rate
All other schools	Lower rate

#### **4 Consultation and Recommendation for Comment**

- 4.1 Both proposals have been shared with the Special Schools Formula Review working group, SEMH headteachers meeting and the KSENT meeting. The proposals have been generally well received however concerns have been raised as to the expectation that requests for EPN will reduce for this cohort of children. It is recognised that in some instances the additional funding made available through the budget will still not be sufficient to meet all EPN requests and that some additional funding will still be required. This will be reviewed as part of the annual review and when new requests are received.
- 4.2 The SFF are asked to comment on the proposals to:
1. Increase all formula factors within the existing formula by 3% in line with NFF for primary and secondary schools.
  2. Remove the lower rate for SEMH need type and fund all SEMH need types at the higher SEMH rate