

Why a new model is required

1. A new model has been developed by the special schools funding task group and shared with all special school headteachers at a January 2015 meeting. It aims to address two problems with the current special school funding arrangements:
 - Top up levels relate back to the 2012-13 budget shares and the data on which these were based (e.g. floor areas) is becoming increasingly out of date. There is now not a straightforward, reliable and consistent way of updating the data for all schools.
 - There are significant differences in top up levels between similar schools, due to the link back to the 2012-13 budget shares. In the context of the place plus funding system introduced nationally from April 2013, however, the reasons for these differences are not generally understood and are sometimes perceived as inequitable.
2. One of the reasons for differences between equivalent schools in the 2012-13 budget shares was that the sector banding percentages, which determined funding for classroom staffing, varied between schools in some sectors. That position has now changed; for example, the LD primary and LD secondary sectors have agreed that these differences between individual schools are no longer appropriate and that therefore all the schools in each of the two sectors (LD primary and LD secondary) should be funded for classroom staffing at the same rate. The new model is based on all schools in the same sector being funded at the same rate.
3. The Hertfordshire primary and secondary mainstream schools funding formula was dramatically simplified in 2013-14 as required by the DfE. The simplified formula includes pupil led funding, a lump sum and a London fringe uplift but not funding on factors such as floor or grounds area. The new special schools funding formula matches the simplified approach taken for mainstream schools as far as possible and appropriate.

Outline of the new funding model

4. The new model aims as far as possible to minimise funding differences between equivalent schools and make it relatively straightforward to understand why differences in top up levels arise. It reflects the simplifications now found in the mainstream schools funding formula and includes the following elements:

- a) Per place funding at £10k per place: this is a DfE requirement.
- b) A lump sum of £260k, set at this level to reflect the following elements of the old (2012-13) special school funding formula:
 - lump sum of £80k
 - lowest band of leadership and management of £184k.

This new lump sum is to reflect the fact that there are fixed costs in running a school regardless of its size. The increase in leadership and management costs associated with a larger special school as opposed to a smaller special school is still reflected in the formula: there is a leadership and management element in the per place funding.

- c) A London fringe uplift: we have kept the distinction between inner and outer fringe areas. A reason for its retention is that staff costs in the inner fringe area can be higher than in the outer fringe area due to recruitment and retention difficulties.
- d) Additional amount per place: the balance of the funding available is allocated through the additional amount per place. This has been set at a level for each sector so that the new model delivers the same amount of funding to each sector as the current system (i.e. there are winners and losers within each sector but no movement of funding between sectors).
- e) Split site factor: allocation for two secondary SEBD schools which have off-site PE facilities.
- f) Therapy pools: equal lump sum for the running and maintenance costs at eight schools with a therapy pool.
- g) Specialist schools funding: the specialist schools funding secured by the eight special schools will be distributed amongst all special schools with secondary pupils on a weighted secondary places basis.
- h) Vacancy uplift: this is already a part of the calculation of special school top ups and reflects the fact that occupancy levels will not always be 100%, for example as a result of referrals during the year.

Calculation of top up levels under the new model

5. Other than the basic £10k per place the rest of the funding under the new model has to be allocated through the top up. Top ups from April 2015 would be calculated as follows:

- additional per place allocation + London fringe allocation + lump sum + split site factor + therapy pool factor + specialist school funding (as applicable)
- divided by place number (based on 2014/15 academic year place numbers)
- plus vacancy uplift
- plus increase in respect of inflation and pension pressures
- plus new delegation of remaining centrally held revenue budget for capital maintenance
- equals new top up

The spreadsheet in annex B1 shows the draft 2015-16 top ups for each special school and the constituent elements of those top ups. These illustrative figures may change, for example if changes are made to place numbers.

6. There would thus be five reasons for differences in top up levels between Hertfordshire special schools:

- different types of school
- difference sizes of school (in terms of place numbers)
- different London fringe bands
- different phase (primary, secondary or all age)
- exceptional premises factors (i.e. split site or therapy pool)

Under this new model, two schools of the same type, phase and number of places, in the same London fringe band and without exceptional premises factors, would receive the same level of top up.