

**Subject:** Consultation for Special School funding

Good morning Clare, I hope you are well and I fully appreciate the challenges that this consultation will be posing you and your team. I met with Pauline Killoran on Monday and she encouraged me to pass on information as part of the consultation process around context and implications of this special school funding proposal, as we talked Pauline suggested a wider understanding of my schools is necessary and the impact of the proposals if adopted need to be known. I really hope that you sharing this wider as part of the consultation process will help form discussion and appetite for an alternative proposal that ensures we all continue to offer the best possible provision for all students across our SEN special school sector.

I have also added a few questions, I know its short notice although Richard is meeting with our CLASS group on Friday at 8.30am so would really appreciate a response for this meeting. I have grouped the questions as there are a few themes although it would be really useful if each is answered separately to help clarify some really worrying concerns I have around this proposal, many thanks Chris;

Dear all,

I am writing to you with reference to the Leicester Special schools banding proposal. I have worked within the city for over 20 years and I am privileged to be the Executive Headteacher of two outstanding SEMH schools within Leicester.

However, as we enter into this period of forced change we go beyond austerity. The funding proposal will result in a 22% cut at one school and a 8% cut in funding at the other. This means that in real terms, there will be over £1.6m loss in funding across both schools in 6 months' time.

I must respectfully challenge the process, the decision and the proposed outcome of this review, as whilst I understand that there is 'one cake' and that this is not a 'fund cutting exercise', it does demonstrate a limited understanding of special needs and the resources required to deliver the EHC outcomes, of which we are held to account.

Over the past 18 months all special schools, LPS and the Primary PRU have been producing SEN grade descriptors that considers student's SEN, the level of provision required and associated costs. The LA then only used the staffing element of the banding descriptors and removed all of the other needs based sections of the banding. As schools we were then asked to submit the numbers and names of our current students (at that time) and place them in the bands. This was followed by a sample moderation process conducted by an independent party employed by the LA.

However, any evidence collated during that time has been disregarded and whilst this process, that we are going through now, has been called a banding review, it has not taken account of any special needs a young person has, but linked purely to staff numbers in its lowest denominator.

The result of this is that we are subject to the only banding system that does not link to special needs, to changing profiles, EHCPs, specialists, resources or risks.

This process therefore cannot be deemed fit for purpose and consequently this banding exercise is not the fair distribution of money but a money moving exercise that primarily benefits only one school. Furthermore its transparency can be challenged because it has not been equally and simultaneously applied to the Ashfield Academy and LPS, who will also have EHCP students.

These issues in themselves are challenging but when tied to the unpredictable way that LCC allocate funding each year, which sits outside of a regulated process, it makes it insurmountable.

In explanation of the above statement is the supporting evidence:

- The methodology by which LCC allocates future funding at both Keyham Lodge and Millgate School changes each year. One year it will be based upon census points and the next it is based on termly numbers. The impact of this is long ranging and forces financial instability. This is further compounded by the following facts:
  - Reaching capacity in January 2021 at Millgate is unattainable. The building will not be ready to move into in January due to delays. The staff have been employed in readiness for the ASD and CI provision but there is no guarantee of funding. We were told to recruit and given a small proportion of funding to support this. However, without the students on roll our position is uncertain and people's livelihoods are left in the balance of uncertainty.

This current financial picture is one built upon layers of changes as set out below:

**Historical position, 2013-2020;**

- In 2013 an average weighted student top up fund was created by LCC although it was not supported by any special school in 2013; Special School Headteachers designed a banding model of funding that could be reactive to individual needs and was in line with government guidance being developed.
- All schools accepted that they had no choice, as there were no reductions and no increases of in year revenue funding at any city special school, an agreement to proceed as long as we had a review every two/three years.
- The 2-year review of funding never took place and we have been in a constant flux of SEND reviews ever since.
- No special school has had any increase in per pupil funding in any year since 2013, special schools were faced with an impossible task to meet rising cost themselves and soon were forecasting deficit budgets.
- Keyham Lodge initially, but now Millgate too were only able to manage these increasing costs through increasing numbers on roll, both schools were extremely lucky as the demand for SEMH was rising and there was an acknowledgement from LCC that they could reduce out of city costs, stop the escalated drain from high needs block, if we developed city special school SEMH provision.
- Not once have we asked or challenged the level of funding, we have just done things differently, in successive years Millgate School has been in deficit, last year as we increased 104 on roll we had a year with a small carry forward surplus budget.
- This year is the year that Millgate is not facing an in-year deficit because they have increased numbers.

- Each year to survive Keyham Lodge and Millgate Schools' have had to increase in size which ensured economies of scale supported succession planning and growth in expertise to support of changing and more complex students with co-occurring needs.
- LA have annually asked us to increase the even more complex students and help reduce the £5,000,000 OOA spend which we did.
- Keyham Lodge reached capacity in numbers of students two years ago and now have had successive in year deficit.
- Keyham Lodge and Millgate Schools' are both being targeted for being over funded. The perception is that these two schools get more than other special schools although when compared nationally, this is untrue.
- LCC have recognised a need and asked Keyham Lodge and Millgate to take more students and ultimately improve their economies of scale, creating education provisions that are outstanding.
- There is no argument that special schools are underfunded and we need to organise how we allocate the entire high needs block, not ring fence the revenue for a small purposefully selected few.
- Keyham Lodge and Millgate in every review meeting over the past 18 months have supported a re-distribution of funding around all special schools' and PRU's.
- The largest increase as a result of this redistribution of ring-fenced funding is for the lowest complexity of need, some of these schools are also increasing in numbers on roll, as Keyham Lodge did 6 years ago, these schools will see a huge shift increase in revenue in both increasing size and also increasing per pupil funding.

### Implications around funding;

#### Millgate School

Financial Year	2020/21		2021/22		2022/23	
	In Year Balance	Revenue Balance	In Year Balance	Revenue Balance	In Year Balance	Revenue Balance
20/21 Working Budgets	£121,444.38	£102,822.38	£110,443.95	£213,266.33	£77,567.59	£290,833.91
2020-21 Working Budget Revised Funding	-£258,473.62	-£277,095.62	-£1,043,022.05	-£1,320,117.67	-£1,075,898.41	-£2,396,016.09

#### Keyham Lodge School

Financial Year	2020/21		2021/22		2022/23	
	In Year Balance	Revenue Balance	In Year Balance	Revenue Balance	In Year Balance	Revenue Balance
2020-21 Working Budget	£8,624.13	£72,726.13	-£145,703.45	-£72,977.31	-£268,266.85	-£341,244.17
2020-21 Working Budget Revised Funding	-£114,604.87	-£50,502.87	-£752,297.45	-£802,800.31	-£874,860.85	-£1,677,661.17

The impact of this reduction is identified in the tables above and although there is still work to be done with the Keyham Lodge 3-year forecast, it is evident how both are impacted negatively by this proposal. Using the national database, 'FFT schools like yours' a national comparison can be made against 50 SEMH schools across the country at random and these have an average leadership percentage greater than our two SEMH schools and also had an average mean income of £34,500, none of the SEMH settings in this comparison have a residential provision.

Millgate School's Residential Care has been completely omitted and yet it has achieved an outstanding residential Ofsted grade for the past 3 years.

At Keyham Lodge and Millgate Schools' we do recognise the need to halt the increasing high needs spend and we do encourage a fair and transitional style change that will be reviewed in two years.

- **Significant changes to revenue have a 'transitional weighted factor' applied in year 1 and year 2, ready for moderation of students needs ready for year 3.**
- **This will result in large increases and reductions being proportionate and fair while other special schools funding and additional strain on the HNB funding is considered**
- **Long-term implications and impact will be managed in a timely and appropriate fashion.**

AND/OR

- **Moderate bandings sent to LCC in all schools now, use agreed descriptors, create a process that is robust and make the funding reflect the needs of students on the ground, there is far too much lag and inaccuracy's using the proposed 'staffing allocation model'. It can be done if we do it together, also use the larger portion of the high needs block.**

OR

- **Consult the CLASS group as a whole and ask them to use the larger proportion of HNB including any additional income from DfE and create a joined up funding model and annual moderating process linked to students needs which is fair and equitable.**

This is what our CLASS group of headteachers believed to be the case when we started the whole process.

Millgate residential provision in 2013 was funded separately, however LCC finance decided to add the total amount of residential provision on to each student's average place value and this formed the difference between funding at Millgate and Keyham Lodge. Millgate residential care has been judged by Ofsted for the past three year as outstanding and makes a huge impact in our community, it is important to consider and share how important it is to maintain.

- **Complete an evaluation over the next two years, consider rationale, city need, impact along with agreed success criteria,**
- **The review and evaluation of the residential provision needs to be completed by an agreed wider group of professionals from social care and health alongside SEN and mainstream education, it is crucial we consider its impact and the resulting effect in our community if it is to close.**
- **Fund the residential provision as it used to be, on top of the present considered sums of high needs funding being distributed between the selective group of special schools. This will allow clarity in its purpose, cost effectiveness and success.**
- **Reach a decision whether to close or keep open for year start September 2024**

A ½ term to plan this amount of financial reduction is unrealistic. We will not be able to re-structure until at least May; notices will be tight for deadlines, voluntary redundancy, consultation, the list goes on, it's a far more expensive option....in some cases capital

pension payments for staff will be in excess of £150,000 for one support member of staff aged 56. If the only way is re-structure which will in the short-term cost the LA /school much more than we are trying to save, then we need to consider the above seriously as a group.

Furthermore I must stress the following:

**Numbers on role and place planning OOA risk mitigation and concern that OOA numbers will rise again;**

- March 2020 LCC informed schools' there was a need to commission additional places for 2020/21. An agreement was reached based on specific numbers and year groups. This led to an additional 24 places being commissioned, after complications between LCC finance and SES our schools' budget was not set until June 2020 for this financial year.
- This September, SES informed our school leaders that a DSP would be opening and accommodating only year 7's this year and we would not need the capacity built at Keyham anymore. These two class groups left a surplus of 18 Year 7 places at Keyham, leaving a year-end financial shortfall.
- There are 30 unplaced SEMH/ASD extremely complex young people in Years 10 and 11, SES are aware we have no capacity at either school. Keyham Lodge has started re-modelling the whole of their school to be prepared to take on as many of the KS4 students as possible in January 2021. This cost will be schools as has been for all other flexible adaptations to both schools' provision;

<b>LCC requests for increased places</b>	<b>OOA cost savings as a result</b>
Year 6's (8) – annual revenue cost saving for our LA	£200,000 (2015.2016) (x1 0.2)
Year 5's and 6's (16)	£400,000 (2016.2018) (x2 0.8)
Girls (8+)	£240,000 (2017.2020) (x 3 0.72)
Primary Yr3 – yr6 (30)	£600,000 (2018.2020) (x2 1.2)
<b>Total OOA saving since 2013</b>	<b>£2,920,000</b>

Average independent OOA SEMH is £55,000 (primary) and £62,000 (secondary) will range dependent on needs specified in EHCP.

Joined up planning with SES and flexible provision created at both schools has ensured we are making the right decisions by educating our students in their community in a provision that is outstanding and value for money;

- Additional in year costs in 2019.2020 for OOA placements would have reached £1,000,000
- **OOA Costs are predicted to return and increase further if we do not maintain our city most complex band 6 provision.**
- All other authorities are going through a review to increase this type of provision, not reduce.

**Millgate Expansion – huge financial pressure will be placed on this necessary provision at this crucial time, we are already battling with financial security;**

- Millgate was asked to expand their provision into the Knighton Fields Centre for opening in September 2019, build up expertise and knowledge to meet the increasing co-occurring needs in SEMH and ASD.
- Millgate was asked to recruit and be ready for 142 students arriving Spring 2021 – PAN is 86 but due to placement needs and crisis at LPS and mainstream, Millgate has already admitted 28, temporary and unsustainable places.
- March 2020 LCC and Millgate agreed each to add £120,000 to create one kitchen for the whole site to aide efficiencies rather than running two kitchens on one site, ongoing costs will outweigh this pulled initial investment as this is now not financially viable.
- Millgate School was asked to prepare orders for Furniture and IT for the expansion, but after this was completed LCC informed Millgate in September 2020, that the budget was limited. We have re-done this but any costs are sitting with the school as there is refusal to engage and consider student SEN needs.
- On Tuesday 13<sup>th</sup> October we have been informed by LCC that the completion date is now in March 2021. This will increase pressure on unplaced students, those SES and school have already agreed to place in January 2021 and the 28 students we already have on roll anticipating a transition into the expansion.

### Questions;

1)

- a. **How will special schools funding be calculated in line with census dates, top up rates and commissioned places?**

2)

- a. **With this proposal and with financial responsibility as our local authority, LCC will be fully aware of the in-year £2,000,000 deficit for 2021.2022 across Millgate and Keyham Lodge, what plans have you already created as you knew this was going to happen 6 months ago when you kept the details confidential and away from our school leaders?**
- b. **Considering the huge reduction expected for both Keyham Lodge and Millgate, do LCC propose a minimum funding guarantee, something along the lines that was proposed by DfE in line with a minimum funding guarantee.**
- c. **How do you envisage our Millgate and Keyham Lodge Schools' managing this staggering reduction of £2 million for the next financial year, literally five months away?**

*HR have advised that just one member of staff could cost in excess of £180,000 as a one-off combination of capital pension and redundancy payment. The planned shift of finances from one school to another will cost the school as much as the reduction in the first full financial year to finance redundancy, pension payments and protected pay for either a full 2 or 3 years. The overall cost will increase and although intentions are to be cost neutral within a ring-fenced number of special schools the overall cost will increase.*

3)

- a. **When considering calculations for the modelling of this redistribution of special school funding why was leadership factor heavily weighted, schools are managed in extremely different way and considering mean pay is the same across all our**

**special schools it seems targeted to focus on the leadership percentage of a schools delegated budget?**

- b. **The methodology in calculating the revised funding rates are not representative of any student's individual need within any school, there has been no recognition of provision required as identified in EHCP's. Why was the work completed by Jane Friswell, an external advisor, commissioned for 18 months to carry out a funding review of high needs spend in relation to students needs and grade descriptors discarded for a simplified one designed by LCC officers.**

*Additional information; SEMH schools predominantly across the country organise their staffing structures to have leaders rather than expensive teachers who are limited to 1265 hours, this is because much of the work is done out of school hours, school leaders within an SEMH setting are predominantly needed around the school to manage extremely challenging behaviours. National statistics, (FFT – schools like yours) support this when you consider SEMH settings and particularly the outstanding specialist SEMH schools. It is widely evidenced that a high profile of leaders, working intrinsically with educational staff alongside students increase success in special schools – Tom Bennett / EEF (2017).*

**4)**

- a. **The rationale and modelling seem to be around shifting funds towards the lower bands of special educational needs, it seems that money is being moved away from the more complex, disadvantaged students with mental health issues, can you share your rationale and explain why there is this purposeful shift in funding?**
- b. **Why is there such a significant redistributing of funding, in excess of £1,000,000 from Millgate (band 5/6) to Ellesmere College (band 4), why is it not proportionate to complexity SEN and what is anticipated as a result with regard student outcomes, subsequent 4 years SEN place planning, OOA costs, NEET figures?**
- c. **This new modelling of special school funding is targeting the most vulnerable, disadvantaged and those from poverty-stricken families with complex mental health issues, can you reassure everyone that this reduction in funding and reduction in capacity and quality provision will not have a negative impact?**
- d. **While all other provisions remain within a 5%-7% difference from initial LA comparison funding our city MLD provision is over 20% higher than the average considered LA comparatives?**
- e. **Why is it that the only two schools facing a reduction are those who have submitted an academy order?**

**6)**

- a. **What were DfE initial comments when you approached as you said they have been considered?**
- b. **Ultimately the DfE have to approve any changes in schools' revenue, can I ask you to outline what the criteria is for this and how any decision is made?**

Kind regards, Chris.

Christopher M Bruce  
Executive Headteacher

Keyham Lodge and Millgate Schools' Federation