



Northern Ireland  
Assembly

# Research and Information Service Briefing Paper

Paper 32/16

3<sup>rd</sup> March 2016

NIAR 71-16

**Caroline Perry**

## Special school funding

### Summary

This Briefing Paper is prepared to support the Committee for Education's consideration of special school funding. The evidence points to a trend towards delegating more responsibilities to schools for special educational needs (SEN) provision, in line with a wider trend towards giving schools greater autonomy in general.

However, there is great variation in approaches to special school funding across jurisdictions. In Northern Ireland, the Education Authority (EA) allocates funding to special schools, based on historical funding patterns. Often, schools must discuss and agree staffing decisions with the EA.

In England, special schools receive a set amount of base funding for each place, together with top-up funding to meet the needs of students with a statement. All schools have high levels of financial autonomy. Special schools in Wales receive funding through delegated budgets, with around 70% of SEN expenditure delegated to schools.

A more centralised approach is in place for all schools in the Republic of Ireland, whereby the Department of Education and Skills pays staff salaries directly. Schools have autonomy around spending capitation funding (provided for the day-to-day running of the school), and special schools receive enhanced capitation grants.

In the Netherlands, children with SEN receive their own allowance, and their parents may choose to spend it in a mainstream or a special school. This is known as “backpack” funding, and parents have a role in deciding how the funds will be spent. However, the government is now moving away from this approach, as it has led to an increase in referrals to special education.

## Introduction

This Briefing Paper is prepared for the Committee for Education to support its consideration of funding for special schools. Research suggests that there is wide variation in approaches to funding special education internationally. Funding is managed at a range of levels, using a variety of control mechanisms.<sup>1</sup>

The paper initially considers special school funding in Northern Ireland, and subsequently discusses approaches in England, Wales and the Republic of Ireland, in order to give an indication of funding approaches in nearby jurisdictions. It then considers special school funding in the Netherlands and the United States (US), to highlight a range of possible approaches to funding special education. Finally, it considers trends around school autonomy more widely.

## 1 Special school funding in Northern Ireland

Special schools in Northern Ireland do not receive funding through the Common Funding Formula, which determines the funding for all other grant-aided schools (excluding hospital schools). The Department for Education (DE) holds funding for special schools outside the General Schools Budget.<sup>2</sup>

Instead, the Education Authority (EA) determines funding for each special school. The EA considers historical funding patterns, adjusting them to take account of changing pupil numbers. Additionally, pupils may have particular resource needs identified within a statement of special educational needs (SEN).<sup>3</sup>

Responsibility for some areas of expenditure in relation to goods and services are delegated to the school, although often special schools must discuss and agree staffing decisions with the EA.<sup>4</sup>

### Consistency of special school funding

An independent panel responsible for reviewing the Common Funding Scheme in 2013 stated that it did not have sufficient information to assess the consistency in funding

---

<sup>1</sup> Rix, J., Sheehy, K., Fletcher-Campbell, F., Crisp, M., Harper, A. (2013) *Continuum of Education Provision for Children with Special Educational Needs: Review of International Policies and Practices* Meath: National Council for Special Education

<sup>2</sup> Department of Education (2015) *Common Funding Scheme 2015/16* [online] Available at: <https://www.deni.gov.uk/publications/common-funding-scheme-201516>

<sup>3</sup> Department of Education (2013) *An Independent Review of the Common Funding Scheme* Bangor: DE

<sup>4</sup> Department of Education (2013) *An Independent Review of the Common Funding Scheme* Bangor: DE

levels across special schools in Northern Ireland, or to determine the suitability of funding levels to individual schools.<sup>5</sup>

The panel recommended that, as a “*first step*,” consistent financial management information should be recorded for all special schools to allow for benchmarking, noting that this would be essential in ensuring consistent funding for each special school. It noted that such information may allow greater delegation of budgets to special schools, and recommended a specific review of special school funding at that stage.<sup>6</sup>

## 2 England: base and top-up funding approach

The Department for Education introduced changes to funding for special schools in April 2013. Prior to this, maintained special schools received full funding for a set number of pupil places, regardless of whether each place was filled.<sup>7</sup>

Under the current approach, each pre-16 maintained and non-maintained special school, each special academy and special unit, receives advance base funding of £10,000 for each planned place. The Education Funding Agency (EFA) provides funding to special academies and non-maintained schools, while the commissioning local authority funds maintained schools.<sup>8</sup>

Subsequently, local authorities provide top-up funding for each pupil based on the needs outlined in their statement. The aims of this approach are to:<sup>9</sup>

- Ensure equivalence across special school settings and with mainstream settings; and,
- Provide some funding stability.

Each post-16 special provider receives funding based on the national 16-19 funding formula (in line with mainstream schools), plus £6,000 per high needs pupil annually, based on data from the last academic year.<sup>10</sup>

---

<sup>5</sup> Department of Education (2013) *An Independent Review of the Common Funding Scheme* Bangor: DE

<sup>6</sup> Department of Education (2013) *An Independent Review of the Common Funding Scheme* Bangor: DE

<sup>7</sup> Independent Parental Special Education Advice (2013) *School funding reform: SEN funding after April 2013* [online] Available at: <https://www.ipsea.org.uk/file-manager/news/News2013/sen-funding-after-april-2013-public-briefing.pdf>

<sup>8</sup> Department for Education (2013) *School funding reform: Arrangements for 2013/14* [online] Available at: [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/244364/school\\_funding\\_reform\\_-\\_final\\_2013-14\\_arrangements.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/244364/school_funding_reform_-_final_2013-14_arrangements.pdf)

<sup>9</sup> Department for Education (2013) *School funding reform: Arrangements for 2013/14* [online] Available at: [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/244364/school\\_funding\\_reform\\_-\\_final\\_2013-14\\_arrangements.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/244364/school_funding_reform_-_final_2013-14_arrangements.pdf)

<sup>10</sup> Department for Education (2013) *School funding reform: Arrangements for 2013/14* [online] Available at: [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/244364/school\\_funding\\_reform\\_-\\_final\\_2013-14\\_arrangements.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/244364/school_funding_reform_-_final_2013-14_arrangements.pdf)

## Delegation of funding

All schools and academies in England have high levels of financial autonomy, with most financial and management functions delegated to headteachers and governing bodies, including responsibility for staff salaries.<sup>11</sup>

The European Commission notes that there has been an increasing delegation of resources to those working closely with children who have SEN in England, as a result of evidence highlighting the benefits of this approach.<sup>12</sup>

## Views on the reformed approach

Research by Isos Partnership, commissioned by the DfE, finds that the new arrangements have introduced greater consistency and placed greater emphasis on planning specialist places.<sup>13</sup>

However, the report also highlights a number of challenges relating to this approach. For example, there is a lack of clarity regarding the process for planning and commissioning specialist places. To address this, the DfE proposed that local authorities, in collaboration with schools, would play an explicit commissioning role in local planning and commissioning (the EFA currently plays a part in managing the process).<sup>14</sup>

The research also notes that some small, highly-specialist special schools, as well as those with very mobile pupil populations, reported challenges in relation to the new arrangements. It recommended that local authorities use flexibilities to support small specialist providers so that they do not become unviable due to short-term changes in pupil numbers.<sup>15</sup>

## 3 Wales: large proportion of funding delegated to schools

The Welsh Government provides funding to local authorities within the Revenue Support Grant (RSG) to cover all their areas of responsibility. Local authorities then decide how to allocate the spending across services, including education, and subsequently on SEN provision, providing they meet their statutory duties.<sup>16</sup>

Local authorities provide funding to special schools through delegated budgets. Under the School Funding (Wales) Regulations 2010, local authorities must allocate the

---

<sup>11</sup> Eurypedia (2015) *United Kingdom (England) Early Childhood and School Education Funding* [online] Available at: [https://webgate.ec.europa.eu/fpfis/mwikis/eurydice/index.php/United-Kingdom-England:Early\\_Childhood\\_and\\_School\\_Education\\_Funding](https://webgate.ec.europa.eu/fpfis/mwikis/eurydice/index.php/United-Kingdom-England:Early_Childhood_and_School_Education_Funding)

<sup>12</sup> European Commission (2013) *Support for children with special educational needs (SEN)* European Commission

<sup>13</sup> Parish, N., Bryant, B. (2015) *Research on funding for young people with special educational needs* London: DfE

<sup>14</sup> Parish, N., Bryant, B. (2015) *Research on funding for young people with special educational needs* London: DfE

<sup>15</sup> Parish, N., Bryant, B. (2015) *Research on funding for young people with special educational needs* London: DfE

<sup>16</sup> Dauncey, M. (2015) *Special Educational Needs (SEN)/ Additional Learning Needs (ALN) in Wales* Cardiff: National Assembly for Wales

Individual Schools Budget to schools in the form of budget shares, using locally determined funding formulae.<sup>17</sup>

In 2014/15, local authorities delegated 70% of SEN expenditure to schools across Wales. Each of the past five years has seen a rise in the rate of delegation to schools.<sup>18</sup>

## 4 Republic of Ireland: direct payment of staff salaries

In the Republic of Ireland a more centralised approach to school funding is in place. The Department of Education and Skills (DES) directly pays teacher and staff salaries and provides schools with capitation grants to cover the day-to-day running of schools.<sup>19</sup>

Within special schools, the DES allocates class teachers on a pupil-teacher ratio basis, based on an assessment of the profile of needs of children enrolled. It applies staffing ratios with some flexibility, in order to meet the needs of children with complex SEN.<sup>20</sup>

The capitation mechanism, based on school enrolments, aims to give Boards of Management autonomy in how they use and target grant money.<sup>21</sup> Capitation funding may be used for general running costs, caretaking and secretarial services, and Boards of Management may allocate it according to their own priorities.<sup>22</sup>

Pupils attending special schools attract special rates of capitation funding. For example, a pupil under 12 years of age with a specific learning disability at a special school receives €563, in comparison to €452 for their counterparts in mainstream education.<sup>23</sup>

Special schools receive further funding through the Ancillary Services grant. This is based on the number of teaching staff (ranging from €11,100 for one teacher to a maximum of €92,500 for 16 teacher), and aims to provide for secretarial and caretaking costs.<sup>24</sup> Special schools receive further funding through grants for special equipment and assistive technology.<sup>25</sup>

<sup>17</sup> Dauncey, M. (2015) *Special Educational Needs (SEN)/ Additional Learning Needs (ALN) in Wales* Cardiff: National Assembly for Wales

<sup>18</sup> Dauncey, M. (2015) *Special Educational Needs (SEN)/ Additional Learning Needs (ALN) in Wales* Cardiff: National Assembly for Wales

<sup>19</sup> OECD (2013) *Education policy outlook: Ireland* Paris: OECD Publishing

<sup>20</sup> Rix, J., Sheehy, K., Fletcher-Campbell, F., Crisp, M., Harper, A. (2013) *Continuum of Education Provision for Children with Special Educational Needs: Review of International Policies and Practices* Meath: National Council for Special Education

<sup>21</sup> Eurypedia (2015) *Ireland: Early Childhood and School Education Funding* [online] Available at:

[https://webgate.ec.europa.eu/fpfis/mwikis/eurydice/index.php/Ireland:Early\\_Childhood\\_and\\_School\\_Education\\_Funding](https://webgate.ec.europa.eu/fpfis/mwikis/eurydice/index.php/Ireland:Early_Childhood_and_School_Education_Funding)

<sup>22</sup> Department of Education and Skills (2013) *Circular Letter 0005/2013 Capitation Grants 2012/13* Athlone: DES

<sup>23</sup> Department of Education and Skills (2013) *Circular Letter 0005/2013 Capitation Grants 2012/13* Athlone: DES

<sup>24</sup> Department of Education and Skills (2013) *Circular Letter 0005/2013 Capitation Grants 2012/13* Athlone: DES

<sup>25</sup> Rix, J., Sheehy, K., Fletcher-Campbell, F., Crisp, M., Harper, A. (2013) *Continuum of Education Provision for Children with Special Educational Needs: Review of International Policies and Practices* Meath: National Council for Special Education

## 5 Netherlands: “backpack” policy

Until 2003, the Netherlands allocated funding to special schools on the basis of the number of children placed. In 2003, the Dutch government changed its approach to link funding for special services to the individual student, regardless of schooling type.<sup>26</sup>

Students eligible for additional SEN support receive their own allowance (“backpack” funding) which their parents can choose to spend in a mainstream or special school. Their parents then take part in a decision-making process regarding how the funds will be spent to best meet the students’ needs.<sup>27</sup>

However, it is now moving away from this approach as the opportunity for additional funds within mainstream education has led to a growing number of referrals to special education, resulting in an increase in expenditure.<sup>28</sup>

## 6 United States: variation in funding approaches

At the state level, a formula determines the funding allocated to each state for special education. States may receive up to 40% of the country’s average per-pupil expenditure, adjusted for changes to population and levels of disadvantage, multiplied by the number of children identified as having a disability.<sup>29</sup>

Subsequently, states allocate money to school districts using their own funding formulae, and local governments provide the remaining funding. The funding formulae vary, using one or more of the following approaches:<sup>30</sup>

- **Flat grant:** a fixed amount of funding per special education student;
- **Pupil weights:** assigned to each student depending on the nature of their disability;
- **Census-based:** a fixed amount, allocated based on the total number of students within the district, rather than the number of special education students;
- **Resource-based:** the state allocates funding around a calculation of resource needs based on student disabilities;

<sup>26</sup> Pijl, S., J. (2015) “Fighting segregation in special needs education in the Netherlands: The effects of different funding models” *Discourse: Studies in the Cultural Politics of Education* and NCSE Working Group (2014) *Delivery for students with special educational needs: A better and more equitable way* County Meath: National Council for Special Education

<sup>27</sup> NCSE Working Group (2014) *Delivery for students with special educational needs: A better and more equitable way* County Meath: National Council for Special Education

<sup>28</sup> Pijl, S., J. (2015) “Fighting segregation in special needs education in the Netherlands: The effects of different funding models” *Discourse: Studies in the Cultural Politics of Education* and NCSE Working Group (2014) *Delivery for students with special educational needs: A better and more equitable way* County Meath: National Council for Special Education

<sup>29</sup> McCann, C. (2014) *The Evolution of Federal Special Education Finance in the United States* Washington DC: New America Education Policy Program

<sup>30</sup> McCann, C. (2014) *The Evolution of Federal Special Education Finance in the United States* Washington DC: New America Education Policy Program

- **Percentage reimbursement:** states reimburse school districts for special education, either at the full cost or as a reduced percentage; and,
- **Variable block grant:** states provide funding, at least in part, in line with set base funding, expenditures or enrolment.

The pupil weighting approach is most commonly used in the US; however, there is wide variation across states in practice.<sup>31</sup> Indeed, research suggests that other approaches, including allocating a base amount of funding, or providing funds based on the total number of students rather than those with SEN, are likely to be challenging for districts with higher proportions of students with SEN (often higher poverty districts).<sup>32</sup>

## 7 Financial autonomy: international trends

In Europe there is a “*clear and widespread*” trend towards decentralisation of responsibilities in SEN provision. The European Commission notes that the devolution of responsibilities and funding to a local level in special education can enhance inclusive practices.<sup>33</sup>

Indeed, the wider research points to an international trend towards giving schools more autonomy over a wide range of operations, including financial responsibilities, with a view to improving performance. The idea is that schools are best placed to determine how to allocate resources to meet the particular needs of their pupils.<sup>34</sup>

The evidence indicates that schools with greater autonomy in relation to resource allocation tend to perform better than those with less autonomy, provided the school system has good accountability arrangements in place (for example, the publication of results).<sup>35</sup>

## 8 Conclusion

This Briefing Paper has highlighted an international trend towards greater delegation of financial responsibilities to schools in relation to SEN provision. It also noted a range of approaches to determining funding to special schools across jurisdictions, including: providing base and top-up funding; a “backpack” funding allowance for students with SEN; and funding based on pupil weights, according to the nature of their SEN.

<sup>31</sup> McCann, C. (2014) *The Evolution of Federal Special Education Finance in the United States* Washington DC: New America Education Policy Program

<sup>32</sup> McCann, C. (2014) *The Evolution of Federal Special Education Finance in the United States* Washington DC: New America Education Policy Program

<sup>33</sup> European Commission (2013) *Support for children with special educational needs (SEN)* European Commission

<sup>34</sup> OECD (2013) *PISA 2012 Results: What Makes Schools Successful? Resources, Policies and Practices (Volume IV)*, PISA Paris: OECD Publishing

<sup>35</sup> OECD (2013) *PISA 2012 Results: What Makes Schools Successful? Resources, Policies and Practices (Volume IV)*, PISA Paris: OECD Publishing

However, in Northern Ireland, the EA decides how much funding to provide to special schools, and schools often need to agree staffing decisions with it. In this regard, consideration could be given to the EA's approach to funding, particularly the effectiveness of its use of historic data to determine funding amounts, and whether financial benchmarking data will be available to assess consistency across special schools.

Further consideration could also be given to the level of funding delegated to special schools, in light of practice elsewhere and evidence around the benefits of school autonomy.