

SCHOOLS FORUM – 21st April 2016

Title of paper:	Alternative Provision Model 2016/2017
Director(s)/ Corporate Director(s):	Pat and Sarah Fielding, Directors of Education
Report author(s) and contact details:	Michael Wilsher, Inclusion Officer
Other colleagues who have provided input:	Kathryn Stevenson, Finance Analyst (Schools) – Resources Jon Ludford-Thomas, Senior Solicitor, Legal Services
Summary	
<p>This report is to consult Schools Forum on the detailed proposals to move to a new model for Alternative Provision for the 2016/17 financial year. This involves the devolution of high needs funding to maintained schools and academies (referred to as schools in this document) under a service level agreement (SLA) in order to support early intervention and make provision for pupils with challenging behaviour in schools.</p>	
Recommendation(s):	
1	To give a view on the proposal to devolve funds to individual secondary schools for the 2016/17 financial year in accordance with the formula specified in paragraph 5.4, under a Service Level Agreement (SLA).
2	To give a view on the proposal that under the SLA the charge for pupils that are permanently excluded be set at £15,000 per annum (pro-rata) for 2016/17.
3	To give a view on the proposal to pilot the devolution of funds to 1 or 2 clusters of primary schools as of September 2016.
4	To note that the implementation of this model will require £5.2m from the DSG reserve over the next 5 financial years. Of this, £0.825m is funding previously ring-fenced for relocation of the PRU which is now being re-allocated for this purpose.

1 REASONS FOR RECOMMENDATIONS

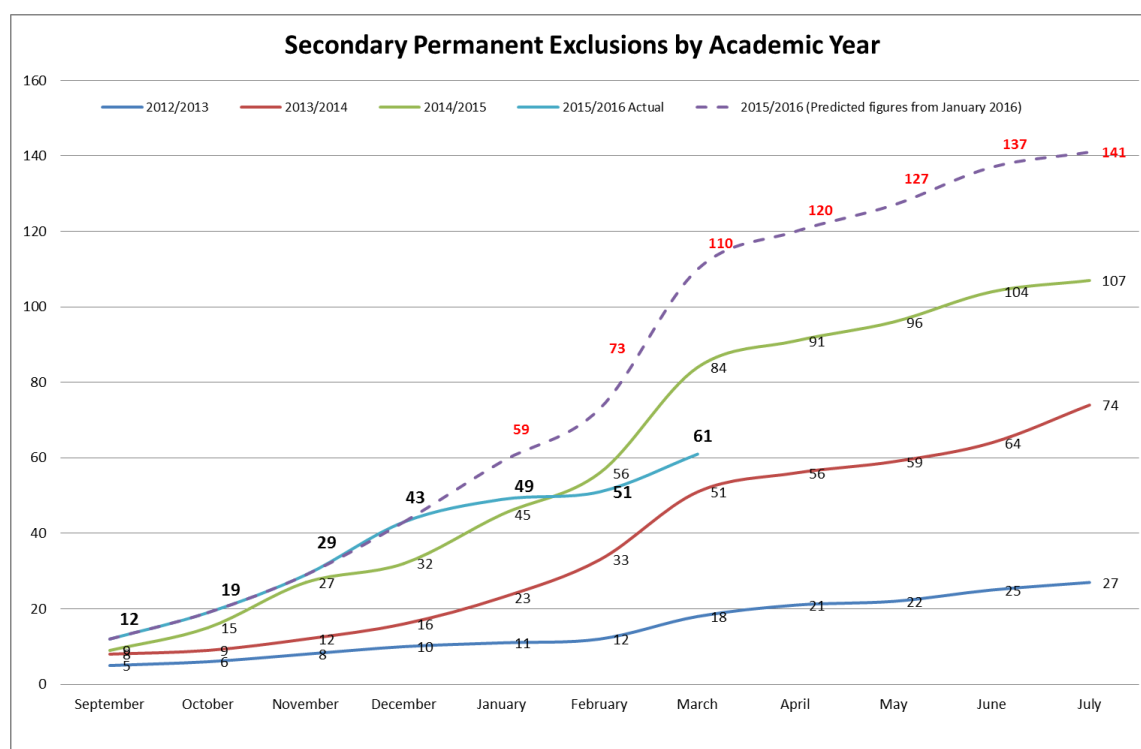
- 1.1 The current system is inequitable and is not financially sustainable.
- 1.2 The intention behind these recommendations is to put schools in charge of commissioning alternative provision to support pupils at risk of permanent exclusion in their schools. This is consistent with the national direction of travel as outlined in the White Paper and National Funding Formula and High Needs consultations.
- 1.3 It is envisaged that there will be improved educational outcomes as a result of this approach as outlined in paragraph 2.3.
- 1.4 The LA is required to consult Schools Forum over the arrangements for high needs pupils and alternative provision.

Appendix 2

- 1.5 Consultation has been undertaken with all schools over these proposals. The Nottingham City Secondary Education Partnership (NCSEP) has indicated the agreement of secondary head teachers to the devolution proposals. Interest has been expressed by a couple of groups of primary schools in piloting the new approach in their areas.

2 **BACKGROUND (INCLUDING OUTCOMES OF CONSULTATION)**

- 2.1 Within the 2015/16 high needs budget; £2.815m is set aside to fund Denewood and Unity Learning Centres. However, the update presented at Schools Forum on 24 September 2015 outlined the requirement to supplement this budget by up to £1.655m from the DSG reserve.
- 2.2 The annual overspend will continue to grow if the number of permanent exclusions remains in line with the average for the last 3 academic years. Modelling suggested that the cumulative overspend over the next 5 years could reach £14m, which is clearly not affordable.
- 2.3 This academic year (2015/2016) has already seen secondary permanent exclusions above the average for the last 3 years as shown in the graph below. It is important to note that primary permanent exclusions have also risen significantly over the last 3 years including at Key Stage 1.



- 2.4 The proposal is to move to a model of devolution of alternative provision funding to schools.

Under this model, schools have all the funding and make the choice of provision for their pupils. Educational benefits of the new approach are expected to be:

Appendix 2

- Additional funding available to schools to support early intervention and provide for the needs of pupils.
- Schools can work together to develop good practice and shared resources.
- Funding and resources to support links between primary and secondary to develop transition support.
- Better outcomes for pupils accessing quality education and provision through schools.
- More flexibility to avoid exclusion and speed of support.

2.5 Funding will be devolved to schools based on calculations outlined in paragraphs 5.4 to 5.7.

2.6 This funding will be attached to conditions outlined in a Service Level Agreement (SLA). This will include the requirement for schools to meet the ongoing costs of provision for all pupils including those that they permanently exclude. Devolved funding will be adjusted to reflect a charge for any pupils permanently excluded after 1st April 2016. The proposal is for this charge to be £15,000 (pro-rata) in 2016/17 whilst PRU unit costs are being managed downwards. In future years the charge will be aligned to the full cost.

2.7 Secondary heads are in the process of reviewing and providing feedback on the detailed contents of the SLA. It will not be possible to release funding until there is an agreed SLA and all schools have signed up. Equally, from a Local Authority perspective the proposals will require formal approval at the May Executive Board.

2.8 Whilst there will be a slight delay due to the above, the LA is proposing that the devolved funding allocations once released will represent the full April – March financial year 2016/17 funding and the terms of the SLA will state that the allocation is adjusted for a charge on any exclusions from April 1st 2016. Delays to the implementation date risk the affordability of the model which has been consulted on.

2.9 There have been 12 secondary permanent exclusions between 27th January (which is the cut off data used in the modelling used for consultation with schools) and 31st March. The model has been updated to reflect these resulting in an £0.xm additional cost to DSG and £0.xm in reduced allocations to the schools concerned. *[note: this work still to be completed and will be incorporated into the final report]*

3 OTHER OPTIONS CONSIDERED IN MAKING RECOMMENDATIONS

3.1 The proposals have been revised considerably as a result of feedback from schools during the period of consultation.

4 OUTCOMES/DELIVERABLES

4.1 A model which can be taken forward for formal approval and implementation.

5 FINANCE COMMENTS (INCLUDING IMPLICATIONS AND VALUE FOR MONEY/VAT)

5.1 Under the proposed new approach, £2.815m funding that has previously been budgeted for Denewood and Unity PRUs will in future be devolved to schools by formula with the requirement for schools to agree as part of the associated SLA to meet all the costs of provision including those pupils they permanently exclude.

Appendix 2

High level needs top-up funding for secondary pupils with Social, Emotional and Mental Health issues will be added to the quantum to be devolved by the same formula.

- 5.2 In the transition to the new approach, the high needs budget will need to continue to support costs of provision at the PRUs for pupils previously permanently excluded as well as devolved funding for schools. New devolved allocations will therefore be reduced initially to reflect the costs attributed to these pupils.
- 5.3 This paper recommends the devolution of funding to individual secondary schools from April 2016. The secondary model is based on 75% of the behaviour PRU quantum, (£2.111m) plus £0.127m which represents the 2016/17 SEMH top-up allocations that would otherwise have been delegated to schools.
- 5.4 The following formula will be used to calculate individual secondary school shares of devolved funding for 2016/17:

A		B		C		D		E	F	G
School A % share of total Ever 6 FSM secondary pupils * £1.679m	+	School A % share of total secondary pupils * £0.660m	=	School A full devolved share	-	Total PRU pupils excluded from School A * projected cost/pupil at each PRU for 2016/17	=	School A 2016/17 devolved share before floor protection	Floor is 43% of full share (C)	School A devolved funding equals higher of E or F

- 5.5 The above formula devolves 75% of the funding based on Ever 6 FSM pupils and 25% based on pupil numbers. This approach is consistent with the proposal to use both deprivation and population factors in distributing funding to LAs for Alternative Provision in the proposed new high needs funding arrangements currently under consultation.
- 5.6 This paper recommends that up to £0.399m be made available for clusters of primary schools interested in conducting a pilot project to test and evaluate a collaborative approach to behaviour during 2016/17. This has been calculated as 25% of the behaviour PRU quantum (£0.703m) less the estimated attributed cost for 2016/17 of the primary pupils currently on roll at Denewood PRU (£0.304m).
- 5.7 The maximum amount available to each primary cluster will be the sum of the individual shares of participating schools based on the 75%:25% Ever 6 and pupil number formula applied to the £0.399m.
- 5.8 Devolved funding will be paid in termly instalments. Secondary schools and participating primary clusters will be responsible under the SLA for meeting costs associated with any pupils they permanently exclude. For 2016/17 it is proposed that the charge against the devolved funding will be £15,000 (pro-rata). This is below full cost and a temporary measure whilst PRU costs are being reduced. In future years the charge will be equivalent of the full PRU cost/pupil.
- 5.9 Devolved funding from 2017/18 will also be reduced to reflect a charge for placing pupils in provision where the high needs budget incurs a £10k per place cost. This includes AP Free school academies after the first 2 years of opening. The pro-rata

Appendix 2

place cost of pupils accessing the provision during the period April 2016 – March 2017 will be deducted from the 2017/18 devolved formula share.

- 5.10 The projected full cost of pupils in Denewood Learning Centre for 2016/17 is £21,568 and in Unity Learning Centre £18,177. This is reliant on the Learning Centres making significant in-year cost savings. The Schools Forum sub-group had the opportunity to scrutinise the assumptions underpinning these unit costs at the meeting held on 10th March. Members of the sub-group wished to record their concerns about uncertainty around the strategy to ensure adequate availability of appropriate provision in the City for these pupils.
- 5.11 Based on the current numbers indicative 2016/17 budgets of £1.541m and £1.920m respectively have been issued to Denewood and Unity Learning Centres.
- 5.12 Top-up funding paid to the PRUs for any pupils permanently excluded after 1st April will be paid for mostly from the £15,000 deduction to devolved funding from the excluding school. A contingency of £0.133m to support any shortfall has been created from re-allocation of high level needs funding arising from the closure of Beckhampton PRU.
- 5.13 Modelling shows that the proposals will require an estimated additional £5.165m from the DSG reserve over the next 5 years, of which £2.2m will be required in 2016/17. This reserve requirement is on top of the annual £2.815m budget for the behaviour PRUs. There is £0.825m previously ring-fenced in the reserve for the relocation of the PRU which it is proposed to re-allocate to support these proposals.
- 5.14 This will leave a total of £3.7m un-earmarked in the DSG reserve. [*Note – For final report need to consider a recommendation to ear-mark some extra to cover potential risks*]
- 5.15 The proposals are costly due to the need to simultaneously provide new devolved funding to schools to operate the new arrangements, as well as funding the provision of pupils permanently excluded under the current system. However these proposals will bring the costs back under control. Recent trends in permanent exclusions suggest that the continuation of the status quo would cost significantly more. It is considered that the commissioning of AP directly by schools will lead to higher quality, value for money provision. These proposals would also align in preparation with recent government proposals of schools having a greater involvement with pupils permanently excluded and their outcomes and responsibility for alternative provision (Educational Excellence Everywhere, March 2016).

6 LEGAL AND PROCUREMENT COMMENTS (INCLUDING RISK MANAGEMENT ISSUES, AND LEGAL, CRIME AND DISORDER ACT AND PROCUREMENT IMPLICATIONS)

6.1 Advice to be provided

7 HR ISSUES

7.1 Advice to be provided

8 EQUALITY IMPACT ASSESSMENT

Appendix 2

8.1 Has the equality impact of the proposals in this report been assessed?

No

An EIA is not required because:
(Please explain why an EIA is not necessary)

Yes

Attached as Appendix 1, and due regard will be given to any implications identified in it.

9 LIST OF BACKGROUND PAPERS OTHER THAN PUBLISHED WORKS OR THOSE DISCLOSING CONFIDENTIAL OR EXEMPT INFORMATION

9.1

10 PUBLISHED DOCUMENTS REFERRED TO IN COMPILING THIS REPORT

10.1 Provision and Services for Pupils with Behavioural, Emotional and Social Difficulties in Nottingham City - An Independent Review, Peter Gray 2015

Educational Excellence Everywhere, March 2016