

**DERBYSHIRE COUNTY COUNCIL
SCHOOLS FORUM
25 June 2020**

**Report of the Executive Director for Children's Services
SUPPORT CENTRE FUNDING**

1. Purpose of the Report

To seek Schools Forum views regarding a proposal to amend the funding arrangements in respect of Support Centre provision from September 2020.

2. Information and Analysis

2.1 Background

There are three maintained Support Centres - formerly known as Pupil Referral Units, or PRUs – in Derbyshire operating over eight sites. The Centres are:

South Derbyshire;
Amber Valley and Erewash; and
North East Derbyshire.

Between August 2018 and August 2019 the Support Centres converted to academy status and now are all part of the Esteem Multi Academy Trust. The Trust also includes seven special schools in Derbyshire, Derby, and Staffordshire.

The Support Centres work with vulnerable pre 16 children at Key Stages 2, 3 and 4, that have either been permanently or temporarily excluded from mainstream schools with the aim of re-integrating them into school or college settings.

2.2 Current funding arrangements

Support Centres' delegated budget shares are funded out of the High Needs Block of the Dedicated Schools Grant (DSG). Individual centre funding is determined by a combination of the number of places commissioned, at £10,000 per place, plus a site-specific Element 3 top up value. The places and top up rates for 2020-21 were approved by Cabinet at its meeting on 16th March 2020 and are set out in Table 1 overleaf:

Table 1 - September 2020 places, top up rates and allocations

Support Centre	Site	Places	Places funding	Actual NOR	Site top up	Top up funding	Total place/top up funding
			£		£	£	£
Amber Valley & Erewash	Kirk Hallam	12.0	120,000	15.3	12,733	194,702	314,702
	Sawley	48.0	480,000	29.1	2,303	67,014	547,014
	Bennerley	21.0	210,000	20.8	10,000	208,122	418,122
	AP	75.0	750,000	71.7	3,314	237,645	987,645
South Derbyshire	Newhall	26.0	260,000	23.3	19,448	453,953	713,953
North East Derbyshire	Barrow Hill	4.0	40,000	11.0	7,518	82,850	122,850
	Hasland	71.0	710,000	68.6	3,033	208,145	918,145
	Chapel	15.0	150,000	11.4	5,113	58,374	208,374
	Buxton	10.0	100,000	14.0	21,850	305,455	405,455
Total		282.0	2,820,000	265.3	-	1,816,258	4,636,258
Total ex AP		207.0		193.6		1,578,613	

The place-plus model has been in place since 2013-14, when the centres first received both formula budgets and delegated spending powers. The £10,000 place value is a nationally set multiplier, whilst the top up rates have been derived locally based on historic spending levels at each site.

Following conversion to academy status the Centres are no longer part of the Local Authority. Given the change in legal status it would be timely to review the financial relationship between the LA and Esteem, for several reasons, including:

- (i) The Element 3 top up values are historic and thus unlikely to reflect current costs;
- (ii) The calculation of top ups is unnecessarily complicated and based on the costs of the operations at each site rather than the needs of children;
- (iii) The range of top up values from £2,303 to £21,850 is too broad and has the potential to skew where provision is delivered;
- (iv) The above range also makes estimating spend by the LA, and likely income levels for Esteem, more challenging;
- (v) A more predictable rate across the provisions allows for Esteem to plan a stable staffing and curriculum offer, providing greater consistency for children and young people who are often struggling to maintain routine; and
- (vi) The current arrangements do not have any link to performance by the Support Centres and/or the outcomes of the students attending.

There are other strategic considerations that support the need for a review. The first is the overall position of Derbyshire's DSG which reported a £3m deficit in its general reserve at 31st March 2020. All elements of provision supported by the high needs block need to be reviewed to ensure that they are effective and continue to deliver value for money; this includes out of school provision by support centres.

A second consideration is the longer term need to review the balance of responsibility for funding exclusions between the high needs block and schools'

delegated budgets. This will be informed by any national changes following the DfE's Call for Evidence in 2019.

The Authority has been in dialogue with Esteem over reviewing support centre funding and as a result proposes a two staged approach.

The first step would be to simplify the current top up rates, moving away from a site based factor to one linked to pupil numbers. In parallel with this would be a Commissioning Agreement which puts the funding and service delivery specification on a more formal footing. The Commissioning Agreement is currently under discussion with Esteem and will link the funding of placements to key indicators which evidence performance of the Support Centres in improving outcomes for children and young people

The second step would be to review, and possibly revise, the responsibilities for meeting the costs of supporting pupils excluded, or at risk of exclusion, from mainstream provision. Currently most of the costs of both permanent and temporary exclusions are met by the High Needs Block. The review could potentially place more responsibility on schools, either individually or in clusters, for commissioning and contributing to the costs of support for such pupils. This would give schools the opportunity to intervene earlier to meet need, allowing schools to support the first signs of disengagement and de-escalate problems associated with challenging behaviour, so avoiding high numbers of young people educated outside mainstream provision. This second stage would be subject to an extensive consultation with schools, academies, providers and other stakeholders, including the Schools Forum. Given the consultation requirements, it is not envisaged that major changes would take effect before April 2022.

2.3 Proposed funding arrangements for September 2020

Based on the figures in Table 1, the cost of the annual top ups, excluding Alternative Provision, is £1.579m in respect of 193.6 fte students, equivalent to £8,155 per pupil. Alternative Provision (AP) has been excluded from the calculation as this provision is different in nature being largely off site. The use of the term Alternative Provision (AP) in this context refers to additional provision commissioned by the Support Centres away from the Support Centre sites, such as college provision, or vocational courses. AP will remain funded at £10,000 per place plus a £3,314 top up and the value of rates will be included in future discussions.

The simple per pupil model for Support Centre provision could have been refined to reflect the age profiles of the children supported i.e. by weighting the funding by key stage. However, such a refinement would add limited value to the funding process and Esteem have indicated their preference for a single rate across all ages in all settings.

A simple pupil led model would result in variations to the allocations for each site as shown in Table 2 overleaf:

Table 2 – Impact of pupil led allocations

Support Centre	Site	19-20 NOR	Site top up	Top up funding	Pupil driven allocation	Diff
			£	£	£	£
Amber Valley & Erewash	Kirk Hallam	15.29	12,733	194,702	124,699	-70,003
	Sawley	29.10	2,303	67,014	237,336	170,322
	Bennerley	20.81	10,000	208,122	169,716	-38,406
	AP	71.71	3,314	237,645	237,645	0
Sth Derbyshire	Newhall	23.34	19,448	453,953	190,344	-263,608
North East Derbyshire	Barrow Hill	11.02	7,518	82,850	89,872	7,022
	Hasland	68.62	3,033	208,145	559,548	351,403
	Chapel	11.42	5,113	58,374	93,099	34,726
	Buxton	13.98	21,850	305,455	113,999	-191,455
Total		265.29	-	1,816,258	1,816,258	0

Management of the impacts arising from the re-distribution of funding would be a matter for Esteem, either by reallocating funding differently across the Trust, reducing costs or reshaping delivery including, if necessary, de-commissioning some elements of provision. However, the Trust would still be required to meet its service obligations to the LA under a Commissioning Agreement.

The transport costs associated with provision are not reflected in the above rates and are instead funded from a central High Needs Block budget. No changes to this practice is proposed at this time. However, the longer term arrangements are subject to ongoing discussions with Esteem, the aim being to encourage more independent travel as part of the offer for young people.

The financial arrangements for the use of pupil referral units and the education of children otherwise than at school, including the arrangements for paying top-up funding, are all matters for the LA. However, local authorities are expected to consult their Schools Forum on these arrangements and take into account the views expressed. The above proposals are due to be considered by the Authority's Cabinet at its meeting on 30 July. The views of the Schools Forum are welcomed and will be reported to Cabinet.

- 3. Other Considerations** - In preparing this report, the relevance of the following factors has been considered: - prevention of crime & disorder, equality of opportunity, and environmental, health, social value, human rights, human resources, property and transport considerations.
- 4. Background Papers** - Files held within Children's Services Finance.
- 5. Officer's Recommendation:** That the Schools Forum offers its views to Cabinet on the proposed changes to the funding arrangements.

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