

Meeting date: 10 January 2023

Report to: Solihull School Forum

Subject/report title: Alternative Provision Funding

Report from: Director of Children's Services and Skills

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Schools affected:

All Primary | All Secondary

Type of Report For Forum to express view to the Local authority

Forum Voting Whole of Forum

Public/private report: Public

1. Purpose of Report

- 1.1 To consider 2 issues relating to the funding of alternative provisions within Solihull:
- (a) a proposal for the local authority to subsidise places at Solihull Academy commissioned by secondary schools
 - (b) to consider the wider issue of schools contributions to alternative provision commissioned by the local authority from April 2023, specifically that schools make a contribution to the cost of provision when the pupil is on the roll of the mainstream school.

2. Decision(s) recommended

- 2.1 For School Forum to express a view on the proposal for the local authority to support the cost of school commissioned places at Solihull Academy.
- 2.2 For School Forum to express views on school contributions to other AP provisions from April 2023. The contribution to be based on calculation of the pupil specific funding the school receives for that pupil, pro-rata to up to 39 weeks on an academic year basis.

3. Matters for Consideration

- 3.1 There are 3 key drivers to review the current approach in Solihull:
- 3.1.1 The Alternative Provision Commissioning Strategy has identified a key action: "*Work with schools through School's Forum to clarify relative responsibilities in funding AP placements and review systems to eliminate double funding*".

- 3.1.2 The Delivering Better Value exercise has involved a review of expenditure and income recorded against the High Needs Block and has prompted officers to carefully examine the extent to which both expenditure is properly charged to the HNB, and income is collected.
- 3.1.3 At a recent commissioning meeting with Solihull Academy, some Headteachers indicated they felt top-up funding they needed to pay to Solihull Academy was too expensive and that exclusion is a cheaper option.

3.2 The current approach in Solihull:

- 3.2.1 **Solihull Academy** – created by Secondary Headteachers and funded on a basis schools decided whereby the local authority commissions, and funds, on behalf of all commissioners, an agreed number of places at Solihull Academy. Each place is funded at £10,000 in line with national arrangements and funded from the HNB. Solihull Academy, in consultation with commissioners sets the top-up rate, £8,500 in 2022-23, estimated £9,000 in 2023-24.
- 3.2.2 Where schools commission places at Solihull Academy, they “pre-agree” a number of places, and place pupils where they feel an alternative provision curriculum would better meet the pupil’s needs and is a key tool to prevent exclusions. Pupils are predominantly dual registered, main roll of the secondary school (but on some occasions the school elects to remove from roll). This enables the school to receive full pupil related funding each year (AWPU, FSM, IDACI, pupil premium etc) which significantly reduces the headline top-up cost to the school. The school pays the top-up for each year the pupil attends, for each place they have commissioned.
- 3.2.3 The local authority directly commissions about half of the places available at Solihull Academy, and the top-up is funded from the HNB.
- 3.2.4 Where a pupil is permanently excluded, secondary Heads have agreed a slightly modified version of the statutory guidance (which is allowed) whereby the exclusion deduction is made on academic year basis, and on the basis of the number of terms remaining in the academic year. The deduction is in line with the statutory guidance in that it includes all relevant pupil related funding, including pupil premium.
- 3.2.5 For the local authority, an excluded pupil must receive a suitable full-time education from day 6 of a permanent exclusion. This would normally be at the Saturn Centre (specifically purposed from September 2021 to provide 6th day education), who would then work with the pupil to identify a suitable permanent education provision – return to mainstream, specialist education, or long-stay alternative provision. The excluded pupil deduction partially offsets the cost to the local authority of this interim provision.
- 3.2.6 An excluded pupil deduction is made once only, and at the following census the pupil is no longer counted on the secondary school roll. Where a pupil is dual rolled, the school receives all pupil related funds annually, and pays the top-up funding to Solihull Academy annually.
- 3.2.7 Where the local authority needs to fund AP for a pupil not on a school roll, all of the pupil funding is lost to Solihull, there is no direct funding in the HNB national funding for AP pupils (so if AP pupils rise, there is no rise in HNB funding).

3.2.8 From the HNB Technical note: “*The number of pupils and students used to calculate the basic entitlement factor is determined using: (a) the number on roll at maintained special schools and special academies as recorded in the October school census, and (b) the number of pupils with special educational needs and disabilities (SEND) in independent schools as recorded in the January AP census*”. Meaning there is no count, or adjustment for AP registered pupils (unless they have an EHCP).

3.3 Other AP provisions

3.3.1 For all other AP provisions, the local authority pays 100% of the cost, place and top-up funding from the HNB, whilst receiving no direct funding from the HNB grant.

3.3.2 These provisions include:

	No of places	Top up cost 2022-23	Top-up Cost per week (39 weeks)
LA commissioned provisions		£	£
Cedars - Tudor Grange Yew Tree	8	11,152	286
Tudor Grange - Solihull (The Elms)	8	11,801	303
Refresh (LA operated)	18	11,164	286
Triple Crown	32	13,520	347
Saturn (6th Day provision)	20	20,000	513
Mercury – higher needs, no school	12	25,000	641
Pathfinder (KS3)	8	8,500	218
Daylesford AP Academy	12	25,000	641
Other - education other than at school / Home teaching			

3.3.3 The excluded pupil regulations, and High Needs operational guide do state that “*The (excluded pupil) provisions also apply to pupils who leave a mainstream school for reasons other than permanent exclusions and are receiving education funded by the local authority, other than at a school. The provisions also act independently of whether a particular pupil has been on the school census in the first place, and whether the school has, therefore, received funding for them.*”

3.3.4 So, a pupil does not have to be permanently excluded for the excluded pupil deduction to a school budget to be made. However, historically, Solihull has not implemented this consistently across settings. We also have the development of new kinds of settings – short term placements that act as interventions where the pupil is educated off-site with a view to returning to the mainstream school.

3.3.5 Schools routinely spend their own money on making alternative arrangements for a pupil’s education; AP providers, colleges, support services, and remote learning. However, Solihull local authority has not traditionally sought a contribution to AP that the local authority provides.

3.3.6 These provisions are currently 100% funded from the HNB, but Solihull has not received any additional HNB grant to fund them on an on-going basis. The mainstream school continues to receive full pupil related funding, together with a general expectation that schools will fund the first £6,000 of additional provision required for a pupil with (any) additional needs.

3.3.7 The Alternative Provision Commissioning strategy has identified that this is a real issue – there are inconsistencies of approach – for example secondary schools pay for a place at Solihull Academy but do not for a place at Triple Crown. There are now significant constraints on the authority’s ability to increase AP when the HNB is so overspent but commissioning more AP does not lead to additional HNB grant.

4. Solihull Academy

4.1 From the commissioning meeting with Solihull Academy, I have looked at the historical excluded pupil deduction and compared it to the cost of a place at Solihull Academy. Solihull Academy are likely to set a top-up level of circa £9,000 for 2023-24. A neighbouring authority has a top-up charge of circa £10,500.

4.2 Of 46 exclusions, the average deduction over a full year, updated to probable 2023-24 values was £7,709, with a maximum of £10,400 and a minimum of £4,801. 25 were greater than the average, 21 were below the average. The variation will relate to the time of year excluded, and the total value of the pupil specific funding.

4.3 However, the actual deduction, reflecting the time of year of the exclusion was an average of £4,850, max £9,393 and min £2,031.

4.4 Over a 2-year period (KS4), the average additional cost (compared to excluding) for a school would be $1 \times £1,300 + £4,150 = £5,450$ (the difference to the top-up cost of £9,000 over 2 years).

4.5 On the face of it, this appears to fall within the range of expected contribution a school could reasonably be expected to make (up to £6,000 per year for additional needs). However, obviously it will depend on the time of year of the exclusion and the funding associated with that individual pupil.

4.6 It is important to the local authority that, as far as possible, there should be no perverse incentives influencing choices of AP. By perverse incentive, I mean an unintended or undesirable financial consequence that would be a significant factor in determining appropriate provision for an individual pupil. It is proper that there are, for example, a range of provisions, at different costs that a school can consider when making AP commissioning decisions, and that is certainly not perverse. For example, a place at a neighbouring authority AP is understood to be £10,500 and will have its own curriculum offer.

4.7 On balance, I conclude that the local authority could consider a “subsidy” to the school commissioned place cost, say £1,000 per year for 2023-24 to examine if it could lower barriers to school commissioned use of Solihull Academy.

5. Other AP provisions – financial contribution

5.1 As stated above in paragraph 3.3.5, schools routinely make their own commissioning arrangements for AP (including Solihull Academy), and those arrangements are properly outside any consideration of provisions that the local authority commissions.

5.2 For this paper consideration of an AP contribution from schools refers to the provisions named in 3.3.2, and where the pupil is on the roll of a mainstream school. It does not refer to commissioning directly undertaken by a school and it does not refer to local authority high needs pathways, as these are not provisions.

- 5.3 Where a pupil leaves the roll of a school and the LA makes provision other than at a school, the statutory basis described in 3.3.3 should be applied. For consistency it seems sensible this is operated in the same way as for exclusions as described in 3.2.4 above, and this is consistent with the statutory guidance.
- 5.4 This method could also be considered for other provisions referred to in 3.3.2, which would provide consistency with statutory guidance. However, the amount would be different for each pupil. A further possibility is to consider a weekly/termly/ annual charge, along the lines that secondary schools currently commission from Solihull Academy.
- 5.5 However, as this report has described, a charge can be perceived as having its own problems, in that it may be seen as a barrier to schools access to a particular provision. I think there is also the issue that schools are not directly commissioning these provisions; the local authority is commissioning (by virtue of determining access to the provision) and is not necessarily seeking to recover the full cost, which as shown in table 3.2 is significant, and significantly above the funding a school would likely receive for a pupil.
- 5.6 Therefore, on balance, the application of an AP deduction, based on the funding the school receives for a pupil is the recommended approach. As a number of provisions are explicitly short stay, or for a maximum number of weeks this would need to be adjusted to be fair to schools.
- 5.7 Where a pupil attends a provision for, say, 20 weeks, then the AP contribution would be $20/39 * \text{the pupil specific funding the school has received in the funding formula}$.
- 5.8 This could be on an academic or local authority financial year (secondary Heads have previously indicated they prefer academic year).
- 5.9 Where a placement goes over a financial or academic year (whichever is agreed), then the contribution would continue for the time the pupil was attending the facility funded by the local authority.
- 5.10 For clarity, pupil level funding includes AWPU, FSM. Ever-6 FSM, IDACI, EAL, prior attainment, and pupil premium.

6. Finance Group view

- 6.1 The Finance Group considered these issues at their meeting on 10-01-2023 and the minutes record: *The WG agreed the proposal for schools to contribute pupil funding was reasonable approach.*