

# Agenda Item 7

## Regulatory and Other Committee

<b>NAME OF COMMITTEE:</b>	Lincolnshire Schools Forum
<b>DATE OF MEETING:</b>	13 January 2016
<b>SUBJECT:</b>	Alternative Provision Arrangements
<b>REPORT BY:</b>	Mark Popplewell (Head of Finance – Children's Services)
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<b>IS THE REPORT EXEMPT?</b>	No
<b>IS REPORT CONFIDENTIAL?</b>	No

### SUMMARY

The purposes of this report are to:

1. outline the Education Funding Agency high needs funding guidance arrangements for Alternative Provision; and
2. outline the Alternative Provision providers in Lincolnshire and their present funding arrangements.

### DISCUSSION

#### Background

The Schools Forum regulations outline that the arrangements for Alternative Provision (AP) funding are properly discussed at local level – with engagement not only from the Local Authority (LA), which carries the overall legal responsibility for securing suitable education for all children and young people in its area, but also from the mainstream schools and academies, pupil referral units (PRUs) and AP in academies and free schools.

In September 2015, the Education Funding Agency (EFA) issued high needs funding guidance for AP arrangements for children of compulsory school age.

There will be instances where a mainstream school is not reasonably able to provide suitable education for a child and AP support would be in the child's best interests. Where a pupil remains on roll of a mainstream school, then they are effectively acting as a commissioner of AP and retain accountability for the child's education.

The EFA has highlighted that it is in the interests of LA's, its schools and academies and institutions offering AP, to agree a referral process.

### **Funding Arrangements**

Place funding for AP providers are funded by the Dedicated Schools Grant (DSG), whether that is a Pupil Referral Unit (PRU), AP academy or AP free school. For PRUs and AP academies, place funding is an agreement between the provider and the LA considering demand for places. The EFA determine the AP free school places however, which is based on the free school plans and the number of pupils attending the free school.

It is important that the Schools Forum is engaged in discussions about where the funding comes from. Any increase in places would create a cost that would have to be funded out of Lincolnshire's DSG. There may need to be a discussion with schools and academies about whether such a cost or growth should be met by reductions in the schools' budget shares due to the financial capacity of the DSG. This will require schools and academies to think collectively about their use of AP, and how the full cost of provision, including the place funding, is to be met.

Cost transparency is an important feature of the new high needs funding arrangements. LA's, schools and academies should be aware of the full cost of AP in different institutions and be able to make placement decisions on the basis of the cost and quality of what is on offer. It is therefore important that Schools Forum discussions take place on how AP is funded; top up funding rates for AP institutions, and where the top up funding and place funding for AP comes from.

A standard top up funding rate is often set for each PRU, AP academy or AP free school, which reflects the overall budget needed to deliver the service for pupils and students attending.

The government has made it clear that LA DSG's high needs DSG block will not be funded for growth in AP placements; therefore the LA needs to ensure this area is closely monitored and controlled. Lincolnshire's DSG has limited financial capacity particularly with the growth in SEND out of county placements being made due to Lincolnshire schools unable to meet need, therefore there is a strong possibility that a growth in AP placements will need to be met through a reduction in schools delegated funding subject to minimum funding guarantee protection.

### **Lincolnshire's AP providers**

#### **Lincolnshire Teaching Learning Centre (LTLC)**

From September 2015, Lincolnshire DSG funds 110 places at LTLC for pupils permanently excluded (£1.100m). Top up funding for LTLC is £10,380 p.a.

The LTLC funding uses the special schools funding formula principles and cost drivers, and was built up from a zero-based budget review led by the LA. LTLC is subject to the top up adjustment process for pupils accessing the provision across the four sites.

The LA commissions LTLC to provide Key Stage 4 education provision for permanently excluded pupils. From September 2015, 142 places have been agreed with education providers along with 44 places being made available for schools to access through area panels to support inclusion and to prevent pupils being excluded. The place costs are £10,000 with an indicative top up of £2,194 p.a.

The funding formula is reviewed on a regular basis, and place numbers are agreed by the LA and LTLC on an annual basis prior to the academic year. Funding will continue to be met from Lincolnshire's high needs DSG block.

The LA is developing a strategy to support the inclusion of pupils in mainstream schools, and the LTLC will be an integral part of this plan.

### Pilgrim School

A review led by the LA has been undertaken on the delivery model of the Pilgrim school with engagement with the school.

The Pilgrim school provides education provision for those pupils with diagnosed medical needs where mainstream schools are unable to meet their needs. The pupils tends to be dual registered and are offered up to 25 hours education subject to their needs.

The review however identified that a number of mainstream schools were accessing the Pilgrim school without a LA referral process, although Pilgrim has its own referral process. The increased demands through this channel have resulted in cost pressures beyond its agreed funding of £1.001m determined through the agreed funding formula.

In January 2016, a robust initial referral gateway panel led by the LA will be implemented to enable all SEN / medical / emotional referrals to be assessed to determine the most appropriate pathway, and to provide advice and challenge to mainstream schools on support provided and further steps that could be taken to support pupils.

The Pilgrim school will have an agreed number of places available for short term assessment provision needs when the gateway panel agree a placement for a pupil. The Pilgrim school funding formula will be reviewed in light of the agreed delivery model, and the formula will continue to use the same principles adopted through the special schools funding formula. Funding will continue to be met from Lincolnshire's high needs DSG block.

It is the LA's statutory responsibility to transport pupils to their main school in line with the criteria outlined in the policy. For dual-registered pupils accessing AP provision (including the Pilgrim school), the LA has no duty to provide transport to an alternative provider. It remains the schools responsibility to source and pay for the transport and therefore, schools in future will need to source and pay for the AP transport with the LA giving a terms notice. No transport policy change is required.

The Pilgrim school will have the option to trade with schools when pupils do not meet the gateway panel's approval criteria; however a transparent charging protocol will need to be developed for schools that will include full placement costs and transport.

### Acorn AP Free School

The Acorn AP free school opened in Lincoln in 2013. EFA guidance outlines "alternative provision places in free schools will be funded from a central department budget for the first and second year the free school is open. From the third year the cost of the place funding will be met by deductions from the relevant local authorities' DSG", therefore the AP offered by free schools needs to be fully integrated into local planning and funding arrangements.

The places determined in AP free schools will be based on an assessment of the number of pupils from each LA, including those placed by schools and academies that have commissioned placed directly.

Lincolnshire received notification from the EFA outlining a funding deduction from its DSG of 29 full time places for the Acorn AP free school from September 2015 (at £10,000 per place) – full year

place cost of £290,000. The LA was not aware of the volume of funded places being accessed by Lincolnshire schools and academies at the Acorn AP free school, or whether a formal referral process by which the funded places could be accessed.

The place cost for the Acorn AP free school is an unplanned cost pressure to Lincolnshire's DSG. The LA has raised concerns to the EFA and Regional Schools Commissioner that prior to the EFA finalising place numbers, the LA is given sufficient information to understand and approve or challenge place numbers determined in line with practices adopted for other high needs institutions (namely, special maintained and academy schools, FE institutions etc.).

The LA presently has no control over the number of place numbers agreed increasing the risk of further cost pressures occurring in future years; no oversight of schools and academies placing in the Acorn AP free school; no transparency or an understanding of the Acorn AP free school's top up charging arrangements, and there is an inherent risk of double funding taking place due to the lack of oversight and visibility of the contractual relationship between the placing school and the AP free school since the LA is meeting the place costs for the Acorn AP free school from Lincolnshire's DSG in line with EFA high needs funding guidance and practice.

A letter was sent to the Acorn free school on the 26<sup>th</sup> November 2015 formally asking for the following information for inclusion within this report: total place numbers funded for; average FTE occupancy across the period, total income broken down by place funding, top up funding, one-off grants (revenue and capital), and other funding streams etc., however no information was forthcoming from the Acorn AP free school. Appendix A details the LA letter the Acorn AP free school.

It is therefore recommended that a robust initial referral gateway panel led by the LA is established for placement into the Acorn AP free school, which is consistent with other AP referral practices, namely the Pilgrim school and LTLC. This will provide a control mechanism in safeguarding the DSG financial position.

### **Conclusion and Next steps**

To ensure Lincolnshire's DSG and schools budgets are maximised effectively at a time where financial challenges exist, the LA wish to ensure Schools Forum understand the referral process and funding arrangements including having standard top up funding rates for each PRU, AP academy or AP free school, which reflects the overall budget needed to deliver the service for pupils and students attending.

The government has made it clear that LA DSG's high needs DSG block will not be funded for growth in AP placements, therefore the LA needs to ensure this area is closely monitored and controlled, and agreement is made with Schools Forum on how place number growth will be managed financially in future.

Next steps include:

- LA to work with schools to implement the behaviour outreach and support pathway.
- LA to implement a pre-exclusions referral process for AP placements.
- LA to communicate to schools that schools in future will need to source and fund transport for pupils on their roll if they attend an alternative provision place.

<b>RECOMMENDATIONS</b>
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The Schools Forum is asked to:

- a. Note the content of the report.
- b. Support the EFA's and LA's desire for transparency and openness of AP providers full costs across all institutions allowing LA's, schools and academies make placement decisions on the basis of the cost and quality of what is on offer.
- c. Support for the Pilgrim school delivery model, particularly the short term assessment provision approved through the referral gateway panel.
- d. Agree a consistent referral panel process for pre-exclusion places in AP.

<b>BACKGROUND PAPERS</b>
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The following reports were relied upon in the writing of this report.

<b>PAPER TYPE</b>	<b>TITLE</b>	<b>DATE</b>	<b>ACCESSIBILITY</b>

<b>APPENDICES</b>
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Appendix A: LA letter to the Acorn AP free school.

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