

MIDDLESBROUGH COUNCIL
SCHOOL MANAGEMENT FORUM

**REPORT ON ALTERNATIVE PROVISION – SCHOOL CONTRIBUTIONS TOWARDS THE
COST OF PERMANENT EXCLUSIONS AND INTERVENTION PLACEMENTS**

Wednesday 19th December 2018

1.0 PURPOSE OF THE REPORT

- 1.1 To provide the background to how the contributions are calculated with effect from September 2017.
- 1.2 To provide Members of the Schools Management Forum with details of the debt outstanding up to 31st March 2018 and the actions taken to-date by officers.
- 1.3 To provide an update of the arrangements put into place with effect from April 2018: -
 - (a) Letter sent to all schools notifying them of the revised arrangements with effect from April 2018;
 - (b) Summary as at 10th December 2018 of the total contributions to be collected from schools for the 2018-2019 financial year. To-date schools have only been invoiced for the summer term but notified of the estimates for the autumn 2018 and spring 2019 terms.
- 1.4 Proposed changes to be implemented as part of bringing the High Needs Block Budget back into a balanced position with effect from April 2019 Approved by the Executive Director and Executive Member for Children’s Services to ensure that the High Needs Block budget can be brought back into a balanced position by April 2022.

**2.0 BACKGROUND TO THE CONTRIBUTIONS TOWARDS PERMENANT EXCLUSIONS
AND INTERVENTION PLACEMENTS**

- 2.1 The Schools and Early Years Finance (England) Regulations set out the procedures that Local Authorities should follow in allocating funding to schools the procedure that should be followed to recover that funding when a pupil is permanently excluded.
- 2.2 Schools can directly arrange their own intervention placements for pupils and would fund this from their delegated budgets.
- 2.3 Where intervention placements are commissioned and funded by the Local Authority the intervention placements will be agreed between the Local Authority and the school. The Local Authority will recover funding from the school as a contribution towards the cost of providing the intervention placement.
- 2.4 Middlesbrough Local Authority has had financial arrangements in place since March 2016 to make these funding adjustments.
- 2.5 The DfE notified all Local Authorities in the autumn 2017 of changes they intended to make to the Regulations with effect from April 2018. Although the principal remained the same the wording within the document was clarified to ensure that it could not be misinterpreted. This mainly referred to the period of time a Local Authority could adjust the funding of a school. It now states that funding can only be adjusted for the remaining part of the Local

Authority financial year however if a pupil is in their final year of education at the education provision then the adjustment can only be made up to the end of the current academic year.

A report was presented to SMF in November 2017 to explain the implications of these arrangements and also provide details of the most up-to-date guidance on how to calculate the adjustment to be made

- 2.5.1 The School and Early Years Regulations are set to ensure that when a pupil is excluded, the excluded school is charged to support the payment to either the receiving school or the Local Authority if it is the LA making provision for the pupil. The funding recouped should represent the funding of a pupil with similar characteristics rather than the actual funding attributable to an individual excluded pupil or a pupil accessing an intervention place and represents the minimum requirement.
- 2.5.2 The Model Funding Agreement for Academies specifies that the Local Authority can make these charges to Academies.
- 2.5.3 Circumstances where Local Authorities enter into a voluntary agreement would generally be where all schools agree to pay an amount over and above the amount specified in the regulations with the intention of
 - (i) reducing permanent exclusions,
 - (ii) encouraging managed moves and also
 - (iii) better representing the true costs of an exclusion.

Any such agreement would need to be agreed by individual organisations rather than the Schools Forum rather than an amount that was less than specified in the regulations.

- 2.5.4 A number of schools had raised concerns with Local Authority officers about how the adjustment was calculated so it was proposed in the report that rather than using an annual figure to then make the funding adjustment the annual adjustment would be converted to a school daily rate so that a school could calculate for themselves the adjustment to be made based upon the number of school days and the figure appropriate to the phase of education.
- 2.5.5 Daily rates were calculated for the 2017-2018 financial year, presented to members of SMF in November 2017 and agreed by members of SMF to be implemented with effect from September 2017. However the minutes of the SMF meeting were not clear about the option that was agreed by the Members of SMF.
- 2.5.6 The Daily rates were then adjusted in April 2018 to reflect the fact that Middlesbrough Local Authority had moved to the national school formula. This meant that the AWPU for Secondary aged pupils reduced but a deprivation factor was then included. The basis of the calculation was checked with the DfE
- 2.5.7 The table below sets out the details of the school daily rates to be used in making adjustments to school funding for the 2017-2018 financial year with effect from September 2017 and the 2018-2019 financial year.

DAILY RATES CALCULATIONS TO BE USED WITH EFFECT FROM SEPTEMBER 2017 FOR PERMANENT EXCLUSION AND INTERVENTION PLACEMENTS

	Primary Daily Rate		Secondary Daily Rate	
	17-18 £	18-19 £	17-18 £	18-19 £
Permanent Exclusions with effect from the 6 th Day	£33 per day	£31 per day	£45 per day	£43 per day
Intervention Places with effect from day 1	£33 per day	£31 per day	£45 per day	£43 per day
Places at Lingfield Farm	£0	£0	£40	£40 for summer term
Places at Lingfield Farm			wef Autumn 2018	£43 per day

3.0 DETAILS OF THE DEBT OUTSTANDING UP TO 31st MARCH 2018 AND ACTIONS TAKEN TO DATE BY OFFICERS

3.1 Appendix 1 to this report provides details of the historical outstanding invoices relating to two schools a total of £59,561.08. The amount owed by Trinity Catholic College has been put into a repayment agreement with the School which will be repaid over the course of the next couple of years.

3.2 Following MC leaving the Local Authority Trevor Dunn has investigated the background to the queries and is in the process of trying to arrange meetings with the two schools concerned to resolve any outstanding issues to enable agreed payments to be made to the Local Authority.

3.2 Appendix 1 also provides details of invoices raised in this financial year but relate to the previous financial year £516,912.73. Queries are still coming in from schools and Alternative Provision colleagues are following them up and adjusting the invoices were necessary.

4.0 FINANCIAL ARRANGEMENT PUT INTO PLACE WITH EFFECT FROM APRIL 2018

4.1 TO assist Alternative Provision colleagues in calculating the financial adjustment for schools a spreadsheet has been set up that once the pupil details have been input will calculate the adjustment due on a termly basis for the remaining part of the financial year. It will provide a statement to be sent out to individual schools so they can check against their records and will also provide them with an estimate of the financial adjustment for the remaining terms in the financial year to assist schools in the budget planning and monitoring.

4.2 The spreadsheet also provided a summary of all adjustment to be made during the course of the financial year to assist Alternative Provision Colleagues with budget monitoring of the High Needs Block Budget. The current position as at 11th December 2018 is set out in Appendix 2 to this report

Permanent Exclusion adjustments for 2018-2019	£164,569
Intervention adjustments for 2018-2019	£460,357
Total adjustments for 2018-2019 Fin Year as at 11 th Dec 18	£624,926

4.3 Appendix 3 to this report is a copy of the letter that was sent to all schools to inform them of the adjustments to be made with effect from April 2018.

5.0 PROPOSED CHANGES TO BE IMPLEMENTED AS PART OF THE HIGH NEEDS BLOCK STRATEGIC BUDGET RECOVERY PLAN

5.1 At the last meeting of SMF on 7th November 2018 the High Needs Block Strategic Budget Recovery Plan was supported that included proposals regarding the level of adjustment to be made for intervention placements with effect from September 2019.

5.2 No adjustments will be made to Permanent Exclusion adjustments as these are determined by the DfE Early Years and School Financial (England) Financial Regulations so unless these regulations change the basis of the adjustment will remain the same.

5.3 Primary intervention placement contributions will increase from £31 per FTE pupil per school day to £41 per FTE per school day.

5.4 Secondary intervention placements contributions will increase from £43 per FTE per school day to £63 per FTE per school day.

5.5 Secondary pupils currently accessing vocational provision will have their provision reduced from 3 days per week to 2.5 days per week.

5.6 Although not part of the Strategic Budget Plan at present if the Local Authority continues to have problems in collecting the school contributions then they may have to consider what actions can be taken as this will seriously impact on the achievements of the required budget savings. One option may be to not allow schools to access intervention placements if they do not pay the required contributions.

5.7 As many Local Authorities are also trying to recover budget deficits on their High Needs Block Budgets some are considering not funding intervention placements. This is not the case in Middlesbrough. It is felt that intervention placements provide an essential part of providing support to schools in moving forward to implementing the Inclusion Strategy but it has to ensure that it is equitable for all schools in Middlesbrough.

6.0 RECOMMENDATIONS

6.1 To note the background to the financial adjustments to be made to schools for Permanent Exclusions and Intervention Placements

6.2 To formally support the school daily rates to be used in the adjustment to schools with effect from April 2018 to ensure that there is a formal note in the minutes of a SMF meeting.

6.3 To note the up-to-date position on outstanding debt and the actions been taken.

6.4 To note and support the arrangements that have been put into place with effect from April 2018 and the current total funding to be invoiced to schools as at 11th December 2018.

6.5 To note the proposed changes to be made to the level of adjustments for intervention placements as part of the strategic budget recovery plan with effect from September 2019.