

SCHOOLS FORUM

Meeting date: 11 March 2021

**From: Dan Barton
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PUPIL REFERRAL UNIT BUDGETS 2021-22

1.0 EXECUTIVE SUMMARY

- 1.1 *This report updates the Schools Forum on the progress of the PRU funding review and the proposed PRU budgets for 2021-22.*
- 1.2 *It is a requirement that the Schools Forum are consulted on the use of PRUs, the number of places commissioned and the arrangements for top-up funding.*

2.0 STRATEGIC PLANNING AND EQUALITY IMPLICATIONS

- 2.1 *Ensuring that Cumbrian schools are funded appropriately is supportive of the Council Plan outcome that ‘People in Cumbria are healthy and safe.*

3.0 RECOMMENDATION

- 3.1 *The Schools Forum is asked to:*

- * note the report and the proposed PRU budgets for 2021-22.*

4.0 BACKGROUND

- 4.1 The three PRUs have had delegated budgets since 2014-15 and are responsible for all financial decisions necessary to manage and spend budgets effectively in the same way as mainstream schools. Their budgets are fully funded from the High Needs Block of the Dedicated Schools Grant.
- 4.2 The PRU budgets comprise of three main elements – Short Stay PRU, HHTS and AP/SEMH provision. A report was presented to Schools Forum on 3 July 2020 detailing the funding arrangements for the PRUs for 2020-21 including the temporary funding arrangements ahead of the opening of the two new

Alternative Provisions centres and the areas of the budgets to be reviewed in three phases.

- 4.3 Phase 1 – entailed a review of the Short-Stay and HHTS elements and was largely completed in 2020-21 and resulted in a levelling up of funding across the three PRUs resulting in 50 funded short stay places at each PRU and the top-up factors increasing by 4%. The HHTS budgets were increased by at least 8% in line with the additional Hospital Education funding received in the HN Block funding. The redistribution of funding has resulted in an increase in the budgets for the North and South PRUs and a reduction against the West. In order to protect the West budget their funding was protected at the 2019-20 level.
- 4.4 Phase 2 - aimed to ensure that the basis and calculation of EHCP top-up funding is consistent across the three PRUs and to clarify the process for applying for additional funding where needs cannot be met from the existing PRU core budgets.
- 4.5 Phase 3 – concerned the funding for the two new AP Centres. The charging policy for the use of the PRU, AP and the HHTS was to form part of this review. Different funding arrangements existed across the 3 PRUs in 2020-21 with the West being funded on a historically agreed basis of £45,000 per SEMH and £22,000 per AP place whilst the North and South PRUs were funded temporarily on the actual cost of additional staff required to support those pupils to enable the PRUs to increase their capacity ahead of the new AP centres opening.

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- 4.6 For 2021-22, it is proposed the number of Short Stay (PRU), AP and SEMH places available remains unchanged, as follows:

	Short Stay (PRU)	AP	SEMH	Total
North	50	15*	25*	90
South	50	15*	25*	90
West	50	25	10	85
Total	150	55	60	265

* with effect from September 2021 (North) and January 2022 (South)

- 4.7 Places are funded on a full time equivalent basis, this means that a full-time place may be occupied by more than one pupil attending on a part-time basis (for example a place may be filled by a child who attends for 2 days a week from one school and 2 days a week from another school with no pupil present for 1 day a week etc).
- 4.8 The proposed PRU budgets for 2021-22 are shown at Appendix 1. As required by the DfE the PRU places must be funded at £10,000 per place.

The top-up factors, for which the local authority has discretion to decide upon, an inflationary increase of 4% has been applied across all factors except for the lump sum factor which has been increased by 3% in line with mainstream schools. The allocation methodology of the factors also remains unchanged compared to 2020-21 except for the calculation of the KS1/2 and KS3/4 factors. Formerly, these have been funded on an historic split based on the number of places funded which does not reflect the actual make up of pupils in the PRU. From 2021-22 it is proposed that the allocation of this factor is based on the actual number of KS1/2 and KS3/4 pupils as per the October 2020 census date pro-rated to reflect that the funding is based on places rather than actual pupils to more closely align to the composition of the actual pupils in the PRU.

- 4.9 The former Teacher Pay and Pension grants have been rolled into the High Needs Block from 2021-22 and have been allocated to the PRU budgets on the basis of the actual level of grants received in 2020-21 as this reflects how these former grants have been rolled into High Needs Block. Following the re-alignment of budget shares across the 3 PRUs transitional protection has been provided to the West PRU so that they are funded at least at the same level as for 2019-20. This represents a reduction in the amount of transitional funding required in 2021-22 which is expected to diminish over time.
- 4.10 The AP/SEMH funding, which is separate to the core PRU budgets, has been reviewed for the South and North PRUs. The AP centres are planned to become operational from September 2021 (North) and January 2022 (South). It is proposed that the temporary funding arrangements in place for 2020-21, which were based on the actual staff costs, will continue up until the centres planned opening dates and once operational will be funded of the basis of places.
- 4.11 The original business case supporting the creation of the new AP Centres back in July 2018 has been updated following slippage in the capital programme and to reflect the current cost of pupils currently in Independent Day Placements in the North and South of the County whose primary need is SEMH and to reflect the latest staffing models for the provision. The outcome of this work is summarised in the table below:

	2122	2223	2324	2425	2526	2627	2728
Annual Costs							
Total Cost to HN	1,204,249	2,944,986	3,022,457	3,102,253	3,184,443	3,269,099	3,356,294
Funded by:							
Existing PRU AP Budget	250,000	600,000	600,000	600,000	600,000	600,000	600,000
Saving against Independent day provision	206,866	790,543	1,402,649	1,814,677	2,128,616	2,462,307	2,682,619
AP Pupil charge	72,704	161,752	148,093	143,003	147,293	151,712	156,263
Total Funding	529,570	1,552,295	2,150,742	2,557,679	2,875,908	3,214,019	3,438,882
Net cost/ (saving) to HN	674,679	1,392,691	871,716	544,574	308,535	55,080	- 82,588

- 4.12 The modelling assumes that there will be a gradual flow of children with SEMH into the new centres as it assumes that those children currently placed in Independent Day Placements will remain in those placements for the remainder of their education. However, new children coming through the system will be directed to the new AP centres as appropriate based their needs as assessed by the SEND Inclusion Team. It might be the case that

some children would be able to transfer from existing Independent Day Placements following annual review of their provision but this is not assumed in the modelling.

- 4.13 The number of pupils with SEMH as their primary need as at December 2020 was 648, 17% of the total proportion of children with EHCPs and represents growth of 4% since July 2018. A total of 44 SEMH children in the North and South of the County are currently being educated in Independent Day Placements at an average cost of £67k (South) and £42k (North). This figure excludes children in Extra District placements or those where alternative provision been provided by the local authority, such as private tuition services, for which a place at one of the new AP Centres could be a better option.
- 4.14 The HN recovery plan 'do nothing' scenario already assumes growth in the number of children placed in Independent Day Placements therefore, the new places available at the two new AP Centres will impact on the expected growth numbers in Independent Day Places rather than having a significant impact on the existing number of children currently in Independent Day Placements. Cautiously, in the first year of operation it is estimated that 10 children could be directed to the new centres rather than to Independent Day Placements or other education alternatives.
- 4.15 The SEMH places will be commissioned directly by the SEND Inclusion Team and where SEMH places are not fully utilised as the centres build their capacity these will be available for schools to commission AP places directly. Those AP places directly commissioned by schools will be subject to the PRUs charging policy which will be based on APWU values pro-rotta for the number of sessions commissioned. The modelling shows that there is a forecast net additional cost to the HN block due to the cautious prediction of a gradual transfer of SEMH pupils into the new provision, with a net saving to the HN Block anticipated by 2027-28.
- 4.16 The creation of this new in-house provision will, in addition to increasing capacity for the growing numbers of children with SEMH and demand for specialist places, will most importantly provide a better, higher quality provision than what's currently available within the Independent sector with a strong focus on raising pupil expectations, educational and life-long outcomes whilst also ensuring that children remain close to their home communities.
- 4.17 Based on the modelling, it is proposed that the AP places will be funded at £25,000 and the SEMH places at £40,000 reflective of the specialist nature and staffing required for this cohort of children. Included in the place funding is the base funding of £10,000 as stipulated by the DfE with the remainder of the place funding being made up of HN top-up funding. Whilst the funding for the two new AP centres is delegated to the PRUs, as the local authority is the commissioner of these places, the funding is ring-fenced for that provision and as such the PRUs, must prepare a financial statement annually showing how the funding has been used in support of the value of money assessment and impact against the Invest to Save business case as well as the evaluation of pupil outcomes.
- 4.18 The proposed place funding for the North and South AP centres is different to the current model used for the West PRU which is £45,000 per SEMH and

£22,000 per AP place, which was based on an historic decision. It is proposed that these levels remain unchanged in 2021-22 until an evaluation of the AP offer at the West PRU has been completed, after which the place funding values may be reviewed.

- 4.19 The core PRU budgets do not include EHCP top-up for individual pupils, this is because their baseline funding already takes account of the additional support costs needed for their cohort of pupils. Where a pupil takes up an AP or SEMH place no additional EHCP top-up funding will be available.
- 4.20 However, it is proposed that where a pupil with an EHCP takes up a PRU Short-Stay place on a longer term basis and there is no contribution from the excluding school and all places have been filled and where needs are in excess of Band 5 within the SEND Handbook, additional top-up funding may be available on a full time equivalent pro-rata basis subject to being evidenced and put to a county wide panel. But this is only expected to be in exceptional circumstances as going forward, the expectation is that children will not be taking up a Short-Stay place at a PRU on a longer-term basis. This proposal is still subject to further discussion with the PRU Heads, SENCOs and SEND Senior Manager.

5.0 OPTIONS

- 5.1 Schools Forum are asked to note the report notifying them of the progress on the PRU funding review and the proposed PRU budgets for 2021-22.

6.0 RESOURCE AND VALUE FOR MONEY IMPLICATIONS

- 6.1 Resource and value for money implications are considered throughout this paper. The PRU budgets are fully funded from the HN Block which as at 31st March 2020 had a deficit of £11.022m and this combined with a surplus of (£4.031m) against other DSG central budgets gives an overall DSG deficit of £6.991m.
- 6.2 An updated High Needs Recovery plan, which was discussed with the DfE on 23rd September 2020, sets out the Authority's plans to reduce the deficit on the High Needs Block through a number of savings and Invest to Save initiatives. As at Q2 the deficit on the HN block is forecast to increase to £15.131m.

7.0 CONCLUSION

- 7.1 This paper informs the Schools Forum of the PRU budgets for 2021-22 and the progress against the review.

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Appendices:

Appendix 1 – S251 PRU Budget Statements 2021-22