

Dudley Metropolitan Borough Council

Schools Forum, 20 March 2007

Report of the Director of Children's Services

Pupil Retention Funding

Purpose of Report

1. To inform Schools Forum of the methodology for allocating the Pupil Retention Grant (PRG) to secondary schools.
2. To seek their views on an interim increase in 'fines' for permanent exclusions from the existing £3,000/pupil to £6,000/pupil from 2007/08.
3. To agree alternative PRG funding arrangements in accordance with the DfES's drive towards 'Secondary School Partnerships for Behaviour'

Actions for Schools Forum

4. To consider whether the current methodology for allocating funds for pupil retention grant is still appropriate.
5. To agree interim financial arrangements in respect of permanent exclusions for 2007/08.
6. To consider alternative options for exclusions funding for 2008/09, as described in paragraph 15 of this report.

Attachments to the Report

7. Current methodology. See Appendix 1
8. Exclusions & Alternative Provision Data Sheet, See Appendix 2

Jon McCabe

Pupil Access Manager

5 March 2007

Schools Forum 20 March 2007

Report of the Director of Children's Services

Pupil Retention Funding

Purpose of Report

1. To inform Schools Forum of the current methodology for allocating the Pupil Retention Grant (PRG) to secondary schools.
2. To propose interim financial arrangements in respect of the escalation in the costs of placing pupils in alternative provision
3. To propose longer term financial alternatives that support the DfES mandate to develop 'School Partnerships to Improve Behaviour and Tackle Persistent Truancy' for all secondary schools by September 2007.

Background

Purpose 1: Pupil Retention Grant (PRG)

4. The PRG was initially a DfES standard fund grant initiative. When the DfES ceased to support the initiative several years ago, Schools Forum agreed to continue the initiative by utilising the local authority 50% matched funding budget, which previously supported the DfES standards fund grant.
5. The budget for 2006/07 is £730k and is a centrally retained budget held within the Schools Budget funded by the dedicated schools grant. The budget is fully allocated to the 22 secondary schools in accordance with the details in Appendix 1.
6. The basis of current allocation, as detailed in Appendix 1, has not been reviewed since its inception.

Purpose 2 – 'Exclusions'

7. Once a pupil is excluded from a secondary school a £3k 'pupil retention' fine is made to the school plus the school forfeits the remaining AWPU (Age Weighted Pupil Unit) for the year (maximum of £3k in a full year). If a child moves to another school then these funds

follow the pupil. If the child is placed with an alternative provider, external to the Council (i.e. not within a pupil referral unit) then the £3k fine and the AWPU is used to offset the full cost of the provision.

8. Dudley has service level agreements with providers such as Dudley College, Newhall College, St Thomas's Network, Stourbridge College, Wheels, Stephenson House. The total cost of this provision is £798k for 2006/07, which represents an increase of 18% on the previous year. The budget provides for 81 places (these figures include Rathbone which was used for the first term of this year). The current cost of each place with an alternative provider is between £6-28k, with an overall average cost of £10k/pupil. Clearly, the income recovered from schools will no longer meet this cost and therefore this is a contributory factor as to why the Schools Budget is facing an overspend in 2006/07; this pressure is projected to continue in 2007/08. There is a further issue, which as the pupils (very often year 10 or 11 pupils) are now remaining with the alternative provider for a substantial duration and not returning to mainstream school. There are no further 'fines' to recover from schools in the next financial year, the cost of the alternative provision then falls 100% on the centrally retained budget.
9. Schools Forum will be aware that the 2006/07 Schools Budget monitoring report shows a recurrent overspending in respect of payments to providers of alternative education. The reason for this overspending has been discussed at Schools Forum on a previous occasion and has been outlined above.
10. A further consideration with this issue is the introduction of the Hard to Place Pupil Protocol and the Managed Moved process from September 2007. This should result in less exclusions being made and will result in less income being recovered by the centre from schools as a fine will no longer be appropriate. In theory there should be a reduction in the need for alternative provision for Dudley pupils, however, there will be existing pupils in the system to provide for. An estimate of this transitional arrangement can be made during 2007/08 when the protocol is fully operational.

Purpose 3: Longer term financial alternatives.

11. Taking all of the above factors into account the Director is of the view that the allocation of PRG funds now needs reviewing in preparation for the 2007/08 financial year. A number of options have been discussed at HTCF Budget working Group on the 10 January 2007, as below:
 - a. Retain the full £730k PRG budget centrally and use this to pay for the costs of the alternative providers, estimated at £798k pa;
 - b. Allocate the PRG budget to secondary schools on the basis of a revised formula, for each exclusion made the fine will be £6k plus AWPU.

- c. Allocate to schools based on a township model.

It was generally felt that not enough detail was available for concrete decisions to be made at that point. Each of the options a- c needs further discussion. Plus transitional financial arrangements will need to be factored in for those pupils currently in placements where the Council has an obligation to fund the service level agreement.

12. Appendix 2 provides a summary of exclusion trends and funding over recent years.
13. A key date in this process is September 2007, by which time the DfES expects
 - a. All secondary schools to enter into 'School Partnerships to Improve Behaviour and Tackle Persistent Truancy',
 - b. 'All admissions authorities and Admissions Forums must have 'In-Year Fair Access Protocols in place that cover all secondary schools,
 - c. The 2006 Education and Inspections Act exclusions clauses come into effect.
14. The development of school partnerships should be based on sound design principles, and these must include: -
 - a. Minimal central prescription,
 - b. Shared vision and focus, with all pupils viewed as a collective responsibility
 - c. Governance – a need for documentation to describe the relationship between schools and the local authority.
 - d. Performance Management
 - e. Funding and External support, with links to ECM agenda.
15. From their experience of 37 'pathfinder' partnerships the DfES advises that a school partnership might comprise a group of secondary schools working together and linking with primary schools, FE Colleges, PRUs and other providers. Funding for 'behaviour' should be devolved by the local authority to the partnership; the partnership could if they wish, 'commission' a range of support and provision for pupils in and out of school. There should be minimal central prescription, building on existing partnerships and the Education Improvement Partnership.
16. Dudley is currently piloting a 'Hard to Place Pupil Protocol' in accordance with the design principles described in (13) above. The panels have been established on a 'township' basis and are currently experiencing varying degrees of success. .
17. Paragraph 11 (c) is seen as the preferred option for funding exclusions from 2008/09, in that it best fits with the above design principles As an interim measure it is the Director's opinion that the current rate of 'fines' for excluded pupils should be increased from £3,000 to £6,000. The rate has remained at £3,000 for the last 5 years and no longer reflects

the true cost of alternative provision.

Finance

18. The funding of schools is prescribed by the DfES through the School Finance (England) Regulations 2006.
19. From 1st April 2006, the Schools Budget is funded by a direct DfES grant: Dedicated School Grant (DSG).

Law

20. Councils' LMS Schemes are made under Section 48 of the School Standards and Framework Act 1998. The Education Acts 1996 and 2002 also have provisions relating to school funding and exclusions.

Equality Impact

21. The Council's Equal Opportunities Policy is taken into account when considering the allocation of resources.

Recommendation

22. Schools Forum consider the Director's recommendation to introduce interim funding arrangement for the year 2007/08 in respect of the PRG., i.e. that 'fines' for exclusions are increased from £3,000 to £6,000.
23. To agree longer term financial alternatives that support the DfES mandate to develop 'School Partnerships to Improve Behaviour and Tackle Persistent Truancy' for all secondary schools by September 2007, i.e. a re-distribution of the PRG away from individual schools to townships.



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