Appendix C1

PRUs and Alternative Provision

C1 When the DfE introduced the new high needs funding arrangements in 2013 it said that it would keep the level of funding for PRUs and Alternative Provisions (PRU/AP) places under review. Two years on they have reflected on whether the current level of place funding provides the right balance between stability for institutions offering PRU/AP places and flexibility for commissioners to identify the right provision for an individual pupil.

C2 Subject to consultation on the draft regulations that specify the amount per place for PRUs/AP, they now intend to increase the funding of AP places, from £8,000 to £10,000 per place per annum, from September 2015. This new funding level should be applied to all PRU/AP places.

C3 This funding is, of course, base funding only and PRUs and Alternative Provisions can receive top-up funding for specific pupils, and will usually receive additional funding for commissioned services.

C4 If the increase in place funding is confirmed in the final regulations, the DfE expects to see reductions in the commissioned top-up funding which, in the case of the LBWF, is made by schools to support the Hawkswood group of PRUs and Alternative Provision.

C5 Therefore, the central proposal in this paper is to use this planned increase in funding to reduce the amount of the top up commission made by schools to support the Hawkswood group of PRUs and Alternative Provision.

C6 For 2014-15, schools including academies contribute **£0.856m** towards PRUs through commissioning fees. The net effect of the above recommendations would reduce the cost to **£0.614m** in 2015-16 – a net saving of **£0.242m** or 28%. In a full year the savings will be even larger at **£0.414m** or 48%

C7 The report on the High Needs Block explains that there are considerable cost pressures from a number of sources to funding in 2015-16. The cost pressures are currently forecasted to be **£1.543m** against identified reserves of only **£1.373m**. The increase in place-led funding for all Alternative Provision in 2015-16 accounts for **£0.265m** of that cost pressure **(£0.454m** in a full year). This includes the increase in the cost of places of **£0.140m (£0.240m** in a full year) at Forest Pathways which is being met in full from the HNB. These are students who have not attended schools in Waltham Forest.

C8 The LA believes that it is reasonable that part of the cost pressure is met by schools that will benefit from the reduction in commissioning fees. Therefore, it is proposing that schools contribute **£0.125m (£0.214** in a full year) towards these costs. This still leave schools with a net gain of 28% reduction in commissioning cost.

C9 The Hawkswood Group propose that Schools agree a formula to determine the individual schools contribution to the cost of commissioning PRU/AP. This will total

£0.489m in the financial year 2015-16. This is made up of academy contribution of **£0.172m** and maintained schools contribution of **£0.317m**.

C10 Further to this, schools may wish to consider simplifying the commissioning funding process in 2016-17 by agreeing a block transfer to offset schools commissioning costs for PRU placements.