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**Schools Forum 9 July 2013**

**Report of the Director of Children's Services**

**Dudley's Pupil Referral Unit Service Review**

**Purpose of Report**

1. To provide Schools Forum with an update in respect of the review and restructure of Dudley's Pupil Referral Units (PRUs).

**Discussed at HTCF – BWG**

2. Yes –. 8 July 2013.

**Schools Forum Role and Responsibilities**

3. From 1 April 2006, the Schools Budget has been funded by a direct Department for Education (DfE) grant: the Dedicated School Grant (DSG).
4. The Forum is the 'guardian' of the local Schools Budget, and its distribution among schools and other bodies, and therefore must be closely involved throughout the development process
5. The Schools Forum Regulations 2012 include a section on the consultation on financial issues. Where the authority must consult the Schools Forum annually in respect of the authority's functions relating to the schools budget, in connection with the following:
  - arrangements for the education of pupils with special educational needs;
  - arrangements for the use of pupil referral units and the education of children otherwise than at school;
  - arrangements for early years provision;
  - administrative arrangements for the allocation of central government grants paid to schools via the authority.

The authority may consult the forum on such other matters concerning the funding of schools as they see fit.

**Actions for Schools Forum**

6. For Schools Forum to note the information update in the respect of the Pupil Referral Unit review and restructure.

**Attachments to Report**

7. None.

Karen Cocker  
Children's Services Finance Manager  
24 June 2013

**Schools Forum 9 July 2013**

**Report of the Director of Children's Services**

**Dudley's Pupil Referral Unit Service Review**

**Purpose of Report**

1. To provide Schools Forum with an update in respect of the review and restructure of Dudley's Pupil Referral Units.

**Background**

2. At the March 2013 Schools Forum meeting the Dedicated Schools Grant budget planning report outlined the requirement for the local authority to consult with Schools Forum in respect of those functions relating to the schools budget, and in particular, the arrangements for the use of Pupil Referral Units and the education of children otherwise than at school was discussed. It was agreed at the meeting that a further update be provided at the Summer term meeting in respect of the Pupil Referral Unit review and the additional financial support required.

**PRU Service**

3. The Dudley behavioural PRU provision of 52 places is located at two sites; The Mere for primary pupils and the Sycamore Centre Short Stay School for secondary pupils.
4. The Dudley emotional and medical Home and Hospital Tuition PRU, with 76 places, is located at the Cherry Tree Learning Centre.

**2013/14 School Funding Reforms**

5. As part of the national School Funding Reforms there have been a number of significant funding changes to affect PRUs.
6. From April 2013 they now have:
  - a. A similar autonomy over budget and staffing decisions to maintained schools and access to freedoms offered under Academy status. In particular:
    - The management committees of PRUs will have delegated budgets together with responsibility for all other financial decisions necessary to manage and spend budgets effectively, such as signing contracts and ensuring accurate accounts are maintained. They will have the power to carry forward deficit or surplus budget balances at the year end.
    - PRUs will have primary responsibility for all decisions about the recruitment and management of staff (including appointing, appraising, suspending or dismissing members of staff) and this responsibility will sit with the management committee of a PRU, rather than the local

authority. As with community schools, however, the local authority as the employer will carry out the actual appointments of staff, based on the Management Committee's decisions and the local authority will remain the employer of staff in PRUs and will continue to be responsible for agreeing pay and conditions.

- The PRU Management Committee will be required to meet the requirements of the Consistent Financial Reporting (England) Regulations 2012 and will be responsible to meet the Schools Financial Value Standard (SFVS).
- b. For the behavioural PRUS, all direct state-funded Alternative Provision institutions (including PRUs) now receive base funding of £8,000 per planned place, topped up by funding from the commissioning local authority or school for each pupil admitted to the PRU.
  - c. For the emotional and medical home and hospital education service, this is also funded on a planned place basis but the unit rate for 2013/14 has been protected at the 2012/13 service funded value; there is no top up funding.

### **2013/14 Funding**

7. Behavioural PRUs - due to the small number of places commissioned, the school funding reforms have had an adverse impact on the funding arrangements for 2013/14 onwards which will make the transition from a centrally funded service to a delegated place led provision more challenging financially.
8. Emotional and Medical Home and Hospital Tuition PRU - the DfE has protected the 2013/14 funding at 2012/13 budget levels so this has allowed an easier transition for Cherry Tree Learning Centre to embrace the autonomy over budget and staffing decisions. Furthermore, the DfE have just announced that this funding arrangement will be in place for 2014/15, pending a review of the service provision nationally.

### **Financial Support for PRUs**

9. The DfE accepted and advised local authorities as part of the school funding reforms that it may take a longer time than April 2013 to bring some PRU provision in line with the revised funding arrangements. They will therefore allow local authorities to provide additional financial support to PRUs on a contingency basis over and above the place plus top up funding approach.

### **Dudley's Behavioural PRU Review**

10. It is estimated that, under the new funding arrangements, the shortfall of funding for Dudley's behavioral PRU service will be approximately £0.266m. This compares to the cost of the centrally provided service in 2012/13 of £1.161m and a place plus top up provision of £0.895m in 2013/14. A maximum budget of £0.266m has been earmarked for this purpose from the Dedicated Schools Grant. Careful monitoring of the PRU budget is underway to ensure that the shortfall is minimised. The behavioural PRUs budget position for 2013/14 outturn will show a nil position for rollforward purposes.

11. A significant reason for the funding shortfall relates to the disproportionate fixed costs experienced by smaller providers together with the outreach service provided to Dudley schools, particularly at Key Stage 1. For example, senior leadership is required in both primary and secondary provision and as the outreach service is not defined as place led then the local authority is unable to allocate any funding under a place led model.
12. To accommodate this funding shortfall there is a structural and accommodation review underway, to ensure that the provision is fit for purpose, both in terms of the new funding arrangements and also to provide for the changing behavioural needs of the pupils both within the PRU and in schools.
13. Staffing changes to date include the retirement of the Head at the Mere and the deputy from the Sycamore Centre. A further review of staffing and accommodation is underway with the PRU Manager and the Directorate Strategic Leadership Team.
14. In order to ensure that the outreach provision can continue and be sustainable, discussions are also underway with Primary Headteachers to agree a service specification and to explore funding options.
15. The Director of Children's Services has set a target date of September 2014 for the PRU behavioural service to be fully restructured and financially viable, at which point full delegation of budget can be agreed.

### **Home and Hospital Education Service**

16. Funding allocated to the Cherry Tree Learning Centre for 2013/14 is £1.125m. This equates to a place led cost of £14,800 for each of the 76 places.
17. There is no financial requirement for the Centre to restructure in 2013/14 as a result of the school funding reforms. However the Centre will continue to assess the educational needs of the pupils and provide a service to meet these needs, as commissioned by the Director of Children's Services. Therefore Cherry Tree Learning Centre is now in a position to be responsible for the delegated budget for 2013/14.

### **Next Steps**

18. It is proposed that a further update is provided to Schools Forum in the Autumn term.

### **Finance**

19. The funding of schools is prescribed by the Department for Education (DfE) through the School and Early Years Finance (England) Regulations 2012.
20. Schools Forums are regulated by the regulated by the Schools Forums (England) Regulations 2012.
21. From 1<sup>st</sup> April 2006, the Schools Budget has been funded by a direct grant; Dedicated School Grant (DSG).

### **Law**

22. 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.

### **Equality Impact**

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

### **Recommendation**

24. Schools Forum to note:

- the work underway in respect of the behavioural pupil referral unit service review; and
- that a further update will be provided in the Autumn term.

A handwritten signature in black ink, appearing to read 'R. J. Porter', with a horizontal line underneath.

### **Director of Children's Services**

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