

Date of meeting:	15 th March 2018
Title of report:	PRS FUNDING
Type of report: Delete as required	For discussion
Executive summary: Including reason for submission	To outline proposed savings of £250k to PRS Funding for 2018/19
Budget / Risk implications:	Proposed saving of £250k
Recommendations:	To endorse the proposed saving outlined in section 3
Voting requirements:	None
Appendices: To be attached	Appendix A: Proposed Individual PRU Allocations 2018-19
Report originator and contact details:	Melissa Hird
Presenting officer: If not the originator	Jane Le Sage, Assistant Director, Inclusion and Howard Emmett, Assistant Director, Strategic Resources

1.0 PURPOSE OF THE REPORT

1.1 To outline proposed savings to PRS Funding for 2018-19.

2.0 BACKGROUND

2.1 Place funding forms the core element of funding and all pre-16 AP places are funded at £10,000 per place. In addition, PRUs and AP academies receive top-up funding for specific pupils. In North Yorkshire, this equates to a flat amount of £9,000 per commissioned FTE. PRUs and AP academies also receive additional funding for 'discretionary' commissioned services based on a local formula which looks at deprivation, free school meals, prior attainment etc.

2.2 Recent discussions with PRS Heads has identified that the current funding arrangement does not appear to provide sufficient stability to be able to efficiently respond to pupil numbers and, therefore, staffing requirements. This can lead to inefficient use of resources. In addition, accumulated balances as at 31st March 2017 stood at £1.4m for 4 PRU's – an average of £355k. This does not include the AP Academy or two outreach units. This is considered a healthy overall balance and represents 26% of the anticipated expenditure in 2017/18.

3.0 PROPOSAL

3.1 Given the financial pressure within the High Needs Block, the aims of this proposal are to:

- provide some level of saving pending a more in-depth review;
- provide greater stability in budgets for PRU's in 2018/19;
- take account of relatively high PRU accumulated surplus balances

3.2 The current overall budget is £5,440k. A proposed saving of £250k is proposed for 2018-19 which represents just 4.6% of the overall spend. A 'discretionary commissioning' budget is proposed of £2,837k

3.3 Total commissioned places are expected to be 126 from September 2018 with FTE commissioned places for the financial year at 110. This gives total proposed place funding at £1,102k. Estimated Element 3 Top-up funding has also been included in the calculation below. A small contingency of £260k (5.0% of the 2018/19 budget) has been retained to allow flexibility in managing changes to commissioned places and/ or demand for Top-up funding.

	£k
Total 2017/18 Budget	5,440
Proposed 2018/19 Saving	(250)
Total 2018/19 Budget	5,190
Less Proposed Place Funding	(1,102)
Less Estimated Statutory Top-up Funding	(991)
Less Contingency	(260)
Total Discretionary Budget	2,837

- 3.4 Under this proposal, the total discretionary budget is calculated at £2,837k. This is then allocated to each PRU establishment using a formula which includes factors including: pupil numbers, % Free School Meals, LAC, IDACI and Youth Justice.
- 3.5 **Appendix A** includes the proposed individual PRU allocation including a comparison against 2017/18 budgeted allocations. It is proposed that in order to provide stability, the discretionary funding will be paid in instalments over the course of 2018-19 and will match the budgeted figure, thereby providing certainty in budget allocations. This will enable individual PRU's to respond to local preventative requirements pending a more in-depth review of PRU funding arrangements. A small contingency is retained to enable the local authority to respond to specific, emerging or urgent issues, potentially develop pilot arrangements and/ or review how to address the identified increasing rate of exclusions in North Yorkshire.
- 3.6 Two methods of calculating the discretionary formula have been developed – Method One that is unchanged from previous years and based on commissioned place. Method Two simply prorates the 2017-18 allocation. In order to minimise any funding loss to 5%, approximately £100k would be reinvested from the contingency to limit any in-year funding reduction, pending the wider review.
- 4.0 RECOMMENDATIONS
- 4.1 Members of the North Yorkshire Education Partnership are asked to note and comment on the proposal for PRU funding outlined in section 3.

JANE LE SAGE
Assistant Director, Inclusion

HOWARD EMMETT
Assistant Director, Strategic Resources

Appendix A: Proposed Individual PRU Allocations 2018-19

Summary 2018-2019									
	Scarborough Area PRU	The Grove Academy PRU	Hambleton / Richmondshire Area PRU	North & South Craven Area PRU	Selby Area PRU	Ryedale Alternative Provision	Whitby Alternative Provision	LA Contingency	Total
Statutory Places									
2017-2018 Academic Year	17	20	17	8	13	6	4	3	88
2018-2019 Academic Year	30	25	26	15	18	5	5	2	126
2018-2019 Financial Year	25	23	22	12	16	5	5	2	110
Statutory Place Funding 2017-2018 AY	70,833	83,333	70,833	33,333	54,167	25,000	16,667	12,500	366,667
Statutory Place Funding 2018-2019 AY	175,000	145,833	151,667	87,500	105,000	29,167	29,167	11,667	735,000
Total Place Led Funding 2018-2019 FY	245,833	229,167	222,500	120,833	159,167	54,167	45,833	24,167	1,101,667
Estimated Statutory Top-up Funding 2017-2018 AY	63,750	75,000	63,750	30,000	48,750	22,500	15,000	11,250	330,000
Estimated Statutory Top-up Funding 2018-2019 AY	157,500	131,250	136,500	78,750	94,500	26,250	26,250	10,500	661,500
Estimated Statutory Top-up Funding 2018-2019 FY	221,250	206,250	200,250	108,750	143,250	48,750	41,250	21,750	991,500
Sub-total Statutory	467,083	435,417	422,750	229,583	302,417	102,917	87,083	45,917	2,093,167
Discretionary Funding (Method 1)	438,703	788,177	480,230	268,268	407,010	191,938	96,655	165,854	2,836,834
Total Funding (Discretionary method 1)	905,787	1,223,594	902,980	497,851	709,426	294,854	183,738	211,771	4,930,001
Discretionary Funding (Method 2)	553,854	639,149	544,660	266,213	421,032	185,093	124,362	102,470	2,836,833
Total Funding (Discretionary method 2)	1,020,938	1,074,566	967,410	495,796	723,449	288,010	211,446	148,386	4,930,000

Summary 2017-2018

	Scarborough	Harrogate	Ham/ Rich	Craven	Selby	Ryedale	Whitby	LA Contingency	Total
Statutory Places	19	20	17	8	13	5	4	2	88
Statutory Place Funding	178,333	200,000	170,000	80,000	130,000	55,833	40,000	25,833	880,000
Estimated Statutory Top-up Funding	160,500	180,000	153,000	72,000	117,000	50,250	36,000	23,250	792,000
Sub-total Statutory	338,833	380,000	323,000	152,000	247,000	106,083	76,000	49,083	1,672,000
Discretionary Funding	656,542	757,652	645,643	315,571	499,094	219,410	147,420	121,468	3,362,801
Total Funding	995,376	1,137,652	968,643	467,571	746,094	325,494	223,420	170,551	5,034,801

Year on Year difference

	Scarborough	Harrogate	Ham/ Rich	Craven	Selby	Ryedale	Whitby	LA Contingency	Total
Statutory Places	6	3	5	4	3	0	1	0	22
Statutory Place Funding	67,500	29,167	52,500	40,833	29,167	-1,667	5,833	-1,667	221,667
Statutory Top-up Funding	60,750	26,250	47,250	36,750	26,250	-1,500	5,250	-1,500	199,500
Sub-total Statutory	128,250	55,417	99,750	77,583	55,417	-3,167	11,083	-3,167	421,167
Discretionary Funding (Method 1)	-217,839	30,525	-165,414	-47,303	-92,084	-27,473	-50,765	44,386	-525,967
Total Funding (discretionary method 1)	-89,589	85,942	-65,664	30,281	-36,668	-30,639	-39,682	41,219	-104,800
% Variance to 2017-2018 Budget	-9.00%	7.55%	-6.78%	6.48%	-4.91%	-9.41%	-17.76%	24.17%	-2.08%
Discretionary Funding (Method 2)	-102,688	-118,503	-100,984	-49,358	-78,062	-34,317	-23,058	-18,999	-525,968
Total Funding (discretionary method 2)	25,562	-63,086	-1,234	28,226	-22,645	-37,484	-11,974	-22,165	-104,801
% Variance to 2017-2018 Budget	2.50%	-5.87%	-0.13%	5.69%	-3.13%	-13.01%	-5.66%	-14.94%	-2.13%