



Report to: Schools Forum

Date: 18th June 2020

Subject: Three Towers Alternative Provision Academy – Review of Top Up

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Summary: For Forum to consider the request for an increase in Top Up to TTAPA.

Recommendation(s): For Schools Forum to consider the request and agree an increased top-up or to continue with the current level or to propose an alternative

Implications:

*What are the **financial** implications?* Recorded within the report.

*What are the **staffing** implications?* n/a

Risks: n/a

1. Introduction

Three Towers AP Academy (TTAPA) has approached the local authority with a request to increase the top up rate.

AP Places are funded by £10,000 Base Funding as per the funding regulations and then a Top-Up rate determined by the local authority currently £6,025. The base rate is fixed at £10,000.

2. Summary

Currently the local authority commissions 193 places for which £1.93m is paid direct to TTAPA via the DFE and top sliced from our High Needs allocation. The top-up is paid by the local authority for 189 places and schools then commission the other 4 places direct. This is a further £1.138m.

It is important to note that the amount paid is for the full allocation of places whether these are occupied or not. In some local authorities payments are based on occupancy levels. This is the primary reason why the top up rate average is higher at £8k. The amount paid is £6,025 for all types of place.

Type of place	Number of places	Referral Process
Primary	4 x Key Stage 1	Direct commissioning from the school, prioritised by Wigan Council's Targeted Education Support Service (TESS). Commissioning school is responsible for the 'top up' for these places.
	24 on site Key Stage 2	Referral by Wigan Council (TESS or Pupil Inclusion Team)
Key Stage 3	32	Referral by Wigan Council (Pupil Inclusion Team)
	8 onsite medical needs	Referral by Wigan Council (Pupil Inclusion Team) with appropriate supporting evidence
Key Stage 4	103 including onsite medical needs	Referral by Wigan Council (Pupil Inclusion Team) with appropriate supporting evidence
	22 including outreach, medical needs, hospital ward and e-learning places	Referral by Wigan Council (Pupil Inclusion Team) with appropriate supporting evidence. These full-time equivalent places are allocated flexibly dependent on need. As capacity allows this may be 1 child per place or more to accommodate part time places.

The authority recognises the financial pressures faced by all our school provision including our alternative provision and has offered the average increase for a secondary school as per the formula for the last 2 years – 2.5% and 4.15%. This would increase the top-up to £6,432 (£78k a year). The request from TTAPA is for a top up of £7,224 this would equate to an increase of £226k per year.

There has been a further request to fund FSM. There is no allocation in the funding formula for FSM as a direct allocation. FSM is used as a proxy indicator for deprivation in the NFF for both the mainstream schools formula and high needs. The top-up therefore includes provision for free school meals provision. This is a common misinterpretation of the funding allocations.

There is also a request for an annual uplift to the top-up which the local authority would support in principle. The local authority have asked for details from other authorities in the NW and the only response to date was an uplift relating to the NFF which is 1.84% in 2020/21.

It needs to be noted that the high needs block overspent by £2.9m in 2019/20. An update on the projected outturn for 2020/21 will be an agenda item in September.

TTAPA have submitted a business case which is detailed in appendix 1 at the end of this report. Appendix 2 and 3 show the current budget and staffing information.

Options – Top Up Rate

1. To agree to the proposal outlined which would result in an unfunded pressure of £132 for 20/21 (Full year cost is £226k)
2. To agree to a reduced provision with a top up of £6,432 which would still result in an unfunded pressure of £46k for 20/21 (Full year cost is £78k). There would be a change in offer as per appendix 1 – This is was the initial offer proposed but rejected.
3. No uplift
4. To propose a change to the top up based on occupancy not on a fixed place agreement and to review the rate for each stage and/or type of provision. Please note this would require a more in-depth piece of work.
5. Other

Options – Annual Uplift

1. In line with the NFF MFG uplift (20/21 this was 1.84%)
2. In line with inflation based on the ONS Retail Price Index (RPI) available on September 1st of each Contract Year
3. Average Secondary School Per Pupil Uplift – 20/21= 2%

Recommendations

- Forum to agree to one of the options above or suggest an alternative

- Forum to agree to in principle to an annual uplift based on one of the methods outlined
- Forum to note that agreement to extra funding will be an unfunded budget pressure

Appendix 1

Three Towers APA - Business case

June 2020

Overview

Currently Wigan LA commission 193 alternative provision places from Three Towers. The current top up of £6025 per place was agreed in 2018 for the 2018/19 and 2019/20 academic years. The school receives a transport grant but does not receive funding for students eligible for free school meals.

With the increase in costs being experienced by all schools Three Towers, at the current level of funding, cannot continue to offer the LA the provision that they currently benefit from. Discussions started in January 2020 with the Rowan Learning Trust about the value of the top up for the 2020/21 academic year and beyond.

The national average 'top up' for an AP provider is currently £8000. Since the current top up of £6025 was agreed in 2018 secondary schools in Wigan have received an average increase of 2.5% in 2019/20 and will receive 4.15% in 2020/21. Some Wigan schools, with greater levels of deprivation and a demographic similar to TTAPA, have received a much higher percentage increase (see table 1).

Table 1

All Wigan Secondary Schools (Average)		
	Percentage increase through NFF	TTAPA funding (if % increase had been applied)
2018/19		£16,025
2019/20	2.5%	£16,425
2020/21	4.15%	£17,107
High School A		
2018/19		£16,025
2019/20	8.4%	£17,371
2020/21	3.25%	£17,935
High School B		
2018/19		£16,025
2019/20	10.9%	£17,771
2020/21	8.3%	£19,239

Occupancy levels

The LA currently commission all places, annually. This, when compared to commissioning places at the national average cost on a pro rata basis saved the LA approximately £190,000 in 2018-19 (last full year information is available). This funding model also enables students to start mid-term, as staffing is in place, which is not common practice in other AP providers.

The occupancy levels in the previous two years have been 60-65% in September, 88-94% by February (half way through the academic year) and 100% before the end of May. The 2020-21 academic year will start with an occupancy level of at least 63%.

The funding for 2 of the 193 places is used to provide education for students on Rainbow ward. This provides education for many students not included in the calculation above. It consists of face to face sessions on the ward 4 days per week and eLearning for all children. The remaining 191 place are split as follows: 4 KS1, 24 KS2, 40 KS3 and 123 KS4.

Three Towers Financial position

The school set a deficit budget in 2019-20 and is predicting significant in year deficits in future years. Appendices 1 and 2 show the information used by the school, trust and SRMA.

An SRMA deployment has been conducted and the report produced for the Trust and the ESFA. John McDonald has been in touch with the SRMA who completed the deployment to discuss the process and the findings. A summary is below:

- The school is predicting significant in-year deficits and is based on £10K place funding and top-up funding of £6,025 per pupil.
- At £6432 there will be an in-year deficit in each of the next 3 years
 - 2020-21 -£140,000
 - 2021-22 -£250,000
 - 2022-23 -£330,000
- At £7224 2020-21 would balance and there will be an in-year deficit the following two years. Although this is not taking an annual rise into account. We are projecting that an annual increase from a starting point of £7224 will mean that the provision is sustainable.
 - 2020-21 £17,000
 - 2021-22 -£77,000
 - 2022-23 -£135,000

- The Trust is now in negotiation with the LA in readiness for September. The national average top-up for alternative provisions is approximately £8K.
- The school is organised over two sites. This means that the running costs are naturally higher than a single site school.
- Pupil to Teacher Ratio (PTR) and Pupil to Adult Ratio (PAR) highlights that staffing is lean.
- PTR is above the thresholds for both special schools, 6-7 and alternative provision, 5-6 and recorded as 8.85 for all three years.
- PAR is also just above thresholds of 1.7-2 for special schools and 2-3 for the alternative provision and determined to be 3.15 for all three years, 20/21, 21/22 and 22/23.
- All staffing costs of a percentage of income are in excess of benchmark thresholds of 80% and calculated to be 86.1% for 20/21, 89.4% in 21/22 and 92.6% for 22/23. This is not due to excess staffing but because funding is £1,975 per pupil below the national average. With the national average top up applied to the budget staffing costs are within the benchmarking thresholds.
- Senior leadership costs are within thresholds of 9-12% for all three years and management costs of 11%-14%.

SRMA Recommendation

A reduction of £75K per year is suggested in curriculum support staff. This is not a reduction in the number of staff but could involve looking at contracts of employment, hours worked, and weeks per year as some staff members are paid more than the teaching week.

Trust Response:

- £75K of savings is based on FTE places of 18 hours (which is the FTE for AP provision) Three Towers offer FTE places on 25 hours. Therefore, this saving can only be achieved with a change to the curriculum offer.
- A change to the outreach work with medical needs students both at home and on Rainbow Ward would also be required as an extended day, Monday to Thursday, is currently used to facilitate this provision.
- A small proportion of these savings can be achieved without a change to the current offer and this is being worked on in preparation for September 2020.

Funding request

The Rowan Learning Trust will not allow the school to set a deficit budget for 2020-21 therefore either funding is increased or the provision will have to change.

The Rowan Learning Trust submitted the following request to the LA in January 2020.

- An increased top up for the 2020/21 year.
- Rather than an annual / bi-annual commissioning conversation for 2021/22 and beyond to mirror the average increase, if there is one, of the secondary schools in the LA.

The school can maintain its current offer for Wigan LA with a top up of £7,224 in 2020-21, and an annual increase, for future years, in line with the average increase for Wigan secondary schools. In addition, free school meals funding is required for those students eligible. This is estimated at £28,500 per year.

Current LA offer

An uplift on the top up in line with an average increase across secondary schools. This would equate to a top up of £6,432.

Trust Response:

With the £78,000 increase in funding this would provide for 2020-21 the school is still looking at an in year deficit of over £200,000. If the top up is subject to an annual increase, in line with the average increase that Wigan secondary schools, the offer for 2020-21 will be as follows:

- The number of places at each key stage can remain the same.
- FTE places can remain at 25 hours rather than 18 hours which is the FTE for AP provision
- The education for children in rainbow ward and medical needs can be maintained.
- **From September 2020 students in Y9 and 10 will receive, at least, 1 day of e-learning as part of their package.**
- Students currently in year 10 would continue with their current provision unless their need changes.
- We are requesting that Three Towers receives FSM funding for those eligible each year, in addition to the top up. The school currently does not receive any funding for free school meals.
- **From September 2021 students in Y9, 10 and Y11 will receive, at least, 1 day of e-learning as part of their package.**

If the annual increase isn't applied in future years then the offer will have to be amended in or places commissioned to other local authorities / schools which will reduce the places available to Wigan LA.

Summary

The school would like to maintain and continue to improve its current offer for Wigan students which was judged as Outstanding by OfSTED. For this to be sustainable a top up of £7,224 is required in 2020-21, and an annual increase, for future years, in line with the average increase for Wigan secondary schools. In addition, free school meals funding is required for those students eligible. This is estimated at £28,500 per year.