

Ms Nina Dohel  
Director of Education  
Southwark Council  
Children's & Adult Services  
Tooley Street  
London.

Item 8 Appendix 3



Southwark Inclusive  
Learning Service  
2 Davey Street  
London SE15 6LF  
T: 020 7525 1150  
F: 020 7525 1190  
E: admin@sil.s.  
southwark.sch.uk  
www.silsschools.org

8<sup>th</sup> May 2017

Dear Nina,

### **RE: Reassessment of SILS Funding**

As part of the ongoing dialogue with you and Southwark LA, this paper outlines a case for reassessment of the funding arrangements for SILS, in light of potential loss of £270k from the budget for 2017-2018.

### **Summary of Current Financial Position**

The projected expenditure for SILS in 2017-2018 is £2,731,682, a 2.3% saving on 2016-17 expenditure; but £400k in excess of the projected income of £2.33 million.

After absorbing the carry forward of £277,817 into the budget for 2017-18, we will still be unable to set the budget for the financial year, as we still project a deficit of £123,865 with all reserves exhausted.

You may be aware that from 2014 when SILS became a maintained school and the current date, the SILS budget had consisted of £2.1 million received from the LA for 100 commissioned places, plus approximately £50k of Pupil Premium funding and roughly £180k traded income from schools for dual and day 6 placements (*subtotal of £2.33 million*).

In addition SILS had also received grants approved by Schools Forum of between £200 and £270k for:

- Non statutory preventative work and dual / day 6 placements by schools, which is recognised as a key strategy for reducing permanent exclusions (2014, 2015, 2016); and
- The establishment of a nurture group for more vulnerable pupils at KS3 (2015, 2016) described at Schools Forum as *"to support a multi-disciplinary approach at SILS3"*

These additional grants delegated from the high needs block represent approximately 10% of the schools funding; and it is the possible withdrawal or lack of guarantee of these grants that has placed the SILS budget and the very existence of the school under enormous stress.

### **Dual and Day 6 Placements**

As previously indicated, SILS achieves an annual revenue of £180 from charges levied at schools for dual and day 6 placements. However as the charge does not fully meet the costs of the placements, the £200k grant from the LA is used to augment the costs of delivery.



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As the continuation of this award is under threat, SILS is now looking to recover the 'lost revenue' by increasing charges to schools. As we consider what would be a fair and equitable upward adjustment to charges for dual and day 6 placements, we are mindful of the negative impact that a straightforward doubling of current charges may bring.

Our records show that the opportunities for schools to place some of their most at risk students on dual or EHCP assessment placements at SILS, reduces permanent exclusion rates in the borough. Of the 17 pupils on dual registration in 2015/2016, none "have subsequently been permanently excluded"<sup>1</sup>; which implies that SILS offer tangible alternatives and provides a positive service to the wider community.

To simply double the charge for a KS3 dual placement from the current £3k per term to £6k, or from £9k to £18K per annum may be a step too far. Our worry is that this may not only negatively impact demand, but may subsequently lead to a spike in permanent exclusion rates. In spite of these reservations, we have been exploring *increases to charges and their effects are modelled in appendix 3 for reference.*

### The KS3 Nurture Group

The Nurture Group which was part funded with a schools forum grant of £70k in 2015, has been a successful innovation at SILS.

The local authority review of SILS in Dec 2016 found that *"Effective programmes for more socially / emotionally vulnerable students, developed since the last inspection, are a very strong feature of SILS – ACE in KS4 and a Nurture Group in KS3. We observed excellent teaching and learning in these rooms and a culture of trust and respect... Students in the [KS3] nurture group are making consistent and at times accelerated progress in basic skills and apply them consistently across the curriculum."*

Similarly, an earlier external consultant commissioned to assess quality of provision had advised an expansion of this provision<sup>2</sup>.

When the Schools Forum approved the delegation of £70k towards the costs of this provision, the word *pilot* was used but it was not made clear that this was effectively seed funding to be terminated after just one year. The primary trained teacher recruited to run the provision delivers outstanding practice to the group of students, most of whom have maintained regular attendance in spite of their complex social emotional and mental health needs.

Since its inception, up to **50% of students placed in the nurture group have undergone EHCP assessments** and have successfully moved on to appropriate specialist placements.

The uncertainties and shortfall in funding now places this innovative provision at risk.

### Place Funding and Top Up Rates

This funding mechanism for AP and special schools was introduced nationally in 2013. Initially, place funding in AP was fixed at £8,000 per place but in 2014 this was raised to £10,000 in line with special



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schools. The top up rates were simultaneously reduced such that the outcome was cost-neutral, as directed by the EFA.

In Southwark, it was decided that the local authority would commission up to 100 places in SILS and that the top up for each would be £11,000 (*place funding £10,000 + top up £11,000 = £21,000 per commissioned place*).

### Flat Rate versus Per-Child-Per-Day Top Ups

It was also decided in Southwark that top-ups would be paid for all 100 places ('flat rate') rather than on a per-child-per-day basis, as is the case in many other boroughs. The former has the advantage of guaranteeing income and removing the potential for volatility which is inherent in the latter system. However, should the number of pupils at SILS exceed 100, as has often been the case; the flat-rate system can lead to loss of income, as illustrated in Appendix 2.

Part A of Appendix 2 illustrates the situation as it is likely to be this financial year, with charges to schools unchanged and the grants removed. Part B shows that, if numbers of pupils are the same as they were in 2016-2017, then SILS would gain approximately £62k.

However, we recognise that changing to a per-child-per-day charging mechanism would create a significant amount of added administrative work both in SILS and at the local authority; and for this reason we will not be recommending a change to this model.

### Comparison with Other Boroughs and Schools

To fully gain a picture of AP provision across London, a consultant recently used a FOI request to ask all of the inner London boroughs for information on how they commission AP.

The responses from twelve of the boroughs contacted were varied, with many local authorities seemingly reluctant to reveal information about their commissioning rates; and those that did, revealed a **wide range in top up rates, from £8000 at the lowest end to £22,175 at the top end**.

This information therefore sets the cost per place in secondary AP across inner London at between £18,000 and £32,175, including Southwark at £21,000.

When ranked in order from highest to lowest, **the Southwark top up rate of £11,000 appears mid order behind Tower Hamlets £11,515, Islington £17,642, Hackney £18,512 and Camden at £22,175** (see Appendix 4).

Whilst the information obtained does not provide comprehensive data on all conceivable variables, the rank of the top up rates is comparable to the 2017-2018 DSG London Schools Block AWPU Funding, which has Southwark in third place, with only Tower Hamlets and Hackney placed higher.

**Question:** If Southwark is placed third on the DSG London Schools Block Funding, should the Southwark AP top up rates not be correspondingly similar to reflect acknowledgement of the deprivation in the communities served?

Similarly, it seems that it would be more valid to compare AP top up rates in Southwark with those paid to special schools in the borough, especially the two BESD schools, both of which have much higher top



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up rates than SILS (Newlands the top up rate is £20,247 and Beormund is £17,568).

A pupil referral unit and a BESD special school have a great deal in common, especially in relation to costs, as both require small group teaching, high levels of staffing and comprehensive pastoral / therapeutic input.

Over several years, SILS has worked effectively with children with similar patterns of social emotional mental health and learning needs; and many whom have long history of challenging behaviour and undiagnosed needs.

As we continue to take our responsibility seriously and commitment to our students seriously, we cannot but wonder about the inconceivable and unfair funding arrangements that expects us to maintain our high quality provision and standards for approximately two thirds of the cost of a place at a Southwark BESD primary and secondary school.

### The Way Forward

There are a number of variables which, if adjusted, would have a positive impact on SILS finances; and these are:

1. The **number of commissioned places** could be raised to reflect the fact that, in peak months, there are more than 100 students on roll.
2. The **top up** rate could be increased to a level that is comparable to that of best funded APs and in local BESD schools.
3. The **top up** rate could be paid on a per-child-per-day basis
4. An allowance to be given for **costs related to operating a split site** school
5. SILS could raise **charges to schools** for dual registered and day 6 placements

Steps are already being taken to make savings internally where we can. All areas of expenditure are under close scrutiny, with reductions of 10-15% applied to costs, which include learning resources, rewards and trips, staff training and development, support for students with school uniform and request for contribution to resources for teaching as in food technology.

Additionally, we have given notice to withdraw teaching and learning responsibility points from subject leaders and we have commenced revision of the SLA charge for dual and day 6 placements, with a view to introducing the revised rates in Sept 2017.

We propose that Southwark LA works with us to demonstrate its commitment to preserving the quality and standards of AP provision at SILS by

1. Revising the top up rates for commissioned places upwards to between £15k and £18k, in line with rates for BESD schools in Southwark and AP rates for top boroughs in London; and
2. Securing funding to support strategy for reducing exclusions, through delegation of approximately £200k annually from the high needs funding block

These adjustments will help to secure the future of SILS for the young people of Southwark (*examples of anticipated changes to funding is modelled in Appendix 3*).

Finally, should these first stages of adjustments not deliver the required savings, or should anticipated support from the LA still leave the SILS finances in a precarious position, we will then have no choice but to consider implementing the much harder options detailed below in spite of our reservations and



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anxieties about the negative impact that the actions may have on the quality of our provision and outcomes for young people.

As a last resort, we understand that SILS would have to consider making further savings through

- Restructure and **reduction in staff numbers**
- **Reduction in curriculum breadth** and the length of the school day
- **Cessation of non-statutory services** (dual and/or day 6 placements)
- **Disbandment of the nurture group and ACE at KS4**, with students with complex needs re-referred to Virtual school for specialist AP
- Increase in the class sizes, where accommodation /space allows

I sincerely hope that due consideration will be given to the points raised and a resolution which will not adversely affect the quality of SILS provision and outcomes for young people of Southwark can be found.

With best wishes



Yomi Adewoye  
Headteacher

Cc: Chair of Management Committee,



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Name of School: .....

Name of Headteacher / Bursar: .....

Purchase Order Number: ..... (essential)

**We would like to commission the following package (please ✓ selected option):**

- Package 1: Day 6 provision package of 50 days** **£4,500**  
Max. 5 weeks per pupil, charged @ £90 / day
- Package 1b: Day 6 provision top up package of 20 days** **£2,000**
- Package 2: Day 6 provision, on the spot purchase** **£225 / day**  
for schools without an SLA or specialist one to one placements
- Package 3: KS3 managed interventions (dual placement)** **£1,500 per place**  
Per half term (or £300 / week)

Student (s): .....

- Package 4: KS4 managed intervention (pro rata for half a term)** **£4,000 (autumn term)**  
inclusive of off-site vocational offer **£3,500 (spring term)**  
**£3,500 (summer term)**  
**£10,000 per annum**

Student (s): .....

- Package 5\*: EHCP Statutory Assessment or** **£1,050 per pupil**

Student (s): .....

**Notes:**

- \*Package 5 may be purchased with any of 1 to 4
- Referrals are accounted for in whole days and confirmed referrals are accepted as commitment to purchase for accrual purposes.
- A one off administration fee of £195.00** will be charged to schools each financial year to cover SLA and commissioning costs.

Signed: ..... Designation: .....

Date: .....

Please return completed form to: [yomi.adewoye@southwark.gov.uk](mailto:yomi.adewoye@southwark.gov.uk)



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## Appendix 2 - The current situation

Part A shows projected income for 2017-2018 under the existing flat rate structure. The numbers of pupils in dual registered and day 6 placements are estimates based on previous years' experience. Part B imagines a per-child-per-day payment structure in which numbers on roll are equal to those of 2016-2017. These demonstrate that, whichever method is used, a large deficit is to be expected if no changes to revenue streams are made.

### Part A

Place Funding and Top Up				
No. Places	100	(@ £10,000)		
Top Up	£ 11,000.00	(per place)		
		<b>Total Top-up</b>	£ 1,100,000.00	
		<b>Place Funding</b>	£ 1,000,000.00	
		<b>Total Income</b>	<b>£ 2,100,000.00</b>	
Dual Reg. and Day 6 Placements				
	Average No. Pupils/day	Charge to Schools		
DR (KS3)	9	£ 9,000.00	p.a.	£ 81,000.00
DR (KS4)	3	£ 10,000.00	p.a.	£ 30,000.00
D6	4	£ 95.00	per day	£ 72,200.00
		<b>Total Income</b>	<b>£ 183,200.00</b>	
Other Revenues				
		Pupil Premium	£ 50,000.00	
		Grant 1 (DP/D6)	£ -	
		Grant 2 (Nurture)	£ -	
		<b>Total</b>	<b>£ 50,000.00</b>	
		<b>GRAND TOTAL</b>	<b>£ 2,333,200.00</b>	
		<b>Projected Expenditure 2017-2018</b>	£ 2,731,682.00	
		<b>Surplus/Deficit (in year)</b>	<b>-£ 398,482.00</b>	



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## Part B

Place Funding and Top Up - Per Child Per Day				
No. Places	<b>100</b>	(@ £10,000)		
Top Up	<b>£ 11,000.00</b>	per pupil p.a. (	£ 57.89	per pupil per day)
	No. on Roll	Days (190)	Pupil Days	Top-up Income
Apr-16	120	18	2160	£ 125,052.63
May-16	120	15	1800	£ 104,210.53
Jun-16	120	20	2400	£ 138,947.37
Jul-16	120	15	1800	£ 104,210.53
Aug-16	80	0	0	£ -
Sep-16	75	20	1500	£ 86,842.11
Oct-16	80	15	1200	£ 69,473.68
Nov-16	90	20	1800	£ 104,210.53
Dec-16	98	15	1470	£ 85,105.26
Jan-17	110	20	2200	£ 127,368.42
Feb-17	110	15	1650	£ 95,526.32
Mar-17	123	17	2091	£ 121,057.89
<b>Total Top-up</b>				<b>£ 1,162,005.26</b>
<b>Place Funding</b>				<b>£ 1,000,000.00</b>
<b>Total Income</b>				<b>£ 2,162,005.26</b>
Dual Reg. and Day 6 Placements				
	Average No. Pupils/day	Charge to Schools		
DR (KS3)	<b>9</b>	<b>£ 9,000.00</b>	per annum	£ 81,000.00
DR (KS4)	<b>3</b>	<b>£ 10,000.00</b>	per annum	£ 30,000.00
D6	<b>4</b>	<b>£ 95.00</b>	per day	£ 72,200.00
<b>Total Income</b>				<b>£ 183,200.00</b>
Other Revenues				
Pupil Premium				<b>£ 50,000.00</b>
Grant 1 (DP/D6)				£ -
Grant 2 (Nurture)				£ -
<b>Total</b>				<b>£ 50,000.00</b>
<b>GRAND TOTAL</b>				<b>£ 2,395,205.26</b>
Projected Expenditure 2017-2018				£ 2,731,682.00
Surplus/Deficit (in year)				<b>-£ 336,476.74</b>



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## Appendix 3 – Possible Solutions

The following models are all based on a flat rate structure for the payment of top ups.

**Model 1:** Number of Places and top ups unchanged: charges to schools doubled. As well as being quite an unrealistic proposition, this still results in an in-year deficit of more than £2k.

Place Funding and Top Up				
No. Places	100	(@ £10,000)		
Top Up	£ 11,000.00	(per place)		
			<b>Total Top-up</b>	£ 1,100,000.00
			<b>Place Funding</b>	£ 1,000,000.00
			<b>Total Income</b>	<b>£ 2,100,000.00</b>
Dual Reg. and Day 6 Placements				
	Average No. Pupils/day	Charge to Schools		
DR (KS3)	9	£ 18,000.00	p.a.	£ 162,000.00
DR (KS4)	3	£ 20,000.00	p.a.	£ 60,000.00
D6	4	£ 190.00	per day	£ 144,400.00
			<b>Total Income</b>	<b>£ 366,400.00</b>
Other Revenues				
		Pupil Premium		£ 50,000.00
		Grant 1 (DP/D6)		£ -
		Grant 2 (Nurture)		£ -
		<b>Total</b>		<b>£ 50,000.00</b>
			<b>GRAND TOTAL</b>	<b>£ 2,516,400.00</b>
		<b>Projected Expenditure 2017-2018</b>		£ 2,731,682.00
		<b>Surplus/Deficit (in year)</b>		<b>-£ 215,282.00</b>



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**Model 2:** Number of AP commissioned places raised to 120; top ups and charges to schools unchanged. This results in a £21k in-year surplus.

Place Funding and Top Up				
No. Places	120	(@ £10,000)		
Top Up	£ 11,000.00	(per place)		
			<b>Total Top-up</b>	£ 1,320,000.00
			<b>Place Funding</b>	£ 1,200,000.00
			<b>Total Income</b>	<b>£ 2,520,000.00</b>
Dual Reg. and Day 6 Placements				
	Average No. Pupils/day	Charge to Schools		
DR (KS3)	9	£ 9,000.00 p.a.		£ 81,000.00
DR (KS4)	3	£ 10,000.00 p.a.		£ 30,000.00
D6	4	£ 95.00 per day		£ 72,200.00
			<b>Total Income</b>	<b>£ 183,200.00</b>
Other Revenues				
		Pupil Premium		£ 50,000.00
		Grant 1 (DP/D6)		£ -
		Grant 2 (Nurture)		£ -
			<b>Total</b>	<b>£ 50,000.00</b>
			<b>GRAND TOTAL</b>	<b>£ 2,753,200.00</b>
		<b>Projected Expenditure 2017-2018</b>		£ 2,731,682.00
		<b>Surplus/Deficit (in year)</b>		<b>£ 21,518.00</b>



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**Model 3:** Top up rate raised to £15,000, number of commissioned places and charges to schools unchanged. This results in a very small in-year surplus.

Place Funding and Top Up				
No. Places	100	(@ £10,000)		
Top Up	£ 15,000.00	(per place)		
			<b>Total Top-up</b>	£ 1,500,000.00
			<b>Place Funding</b>	£ 1,000,000.00
			<b>Total Income</b>	<b>£ 2,500,000.00</b>
Dual Reg. and Day 6 Placements				
	Average No. Pupils/day	Charge to Schools		
DR (KS3)	9	£ 9,000.00 p.a.		£ 81,000.00
DR (KS4)	3	£ 10,000.00 p.a.		£ 30,000.00
D6	4	£ 95.00 per day		£ 72,200.00
			<b>Total Income</b>	<b>£ 183,200.00</b>
Other Revenues				
		Pupil Premium		£ 50,000.00
		Grant 1 (DP/D6)		£ -
		Grant 2 (Nurture)		£ -
			<b>Total</b>	<b>£ 50,000.00</b>
			<b>GRAND TOTAL</b>	<b>£ 2,733,200.00</b>
		<b>Projected Expenditure 2017-2018</b>		£ 2,731,682.00
		<b>Surplus/Deficit (in year)</b>		<b>£ 1,518.00</b>



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**Model 4:** Charges to schools increased by 50% and top ups raised to £14000, resulting in a small but manageable in-year deficit.

Place Funding and Top Up				
No. Places	100	(@ £10,000)		
Top Up	£ 14,000.00	(per place)		
			<b>Total Top-up</b>	£ 1,400,000.00
			<b>Place Funding</b>	£ 1,000,000.00
			<b>Total Income</b>	<b>£ 2,400,000.00</b>
Dual Reg. and Day 6 Placements				
	Average No. Pupils/day	Charge to Schools		
DR (KS3)	9	£ 13,500.00	p.a.	£ 121,500.00
DR (KS4)	3	£ 15,000.00	p.a.	£ 45,000.00
D6	4	£ 140.00	per day	£ 106,400.00
			<b>Total Income</b>	<b>£ 272,900.00</b>
Other Revenues				
		Pupil Premium		£ 50,000.00
		Grant 1 (DP/D6)		£ -
		Grant 2 (Nurture)		£ -
			<b>Total</b>	<b>£ 50,000.00</b>
			<b>GRAND TOTAL</b>	<b>£ 2,722,900.00</b>
		<b>Projected Expenditure 2017-2018</b>		£ 2,731,682.00
		<b>Surplus/Deficit (in year)</b>		<b>-£ 8,782.00</b>



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