



Report to: Slough Schools Forum

Report by: The Specialist Education Trust

Subject: SEBD Outreach Service – 2014.15 SLA Charging Proposal

Date: 2nd July 2014

1. Introduction

1.1. This report looks at the charging mechanism that is in place for the provision of the SEBD Outreach Service (SEBDOS) to schools and Academies and provides a proposed change to the fee structure from September 2014.

2. Background

2.1. Prior to their Academy conversion to the Specialist Education Trust (SET) on 1st October 2013 Littledown School and Haybrook College took over management and delivery of SEBDOS from the Local Authority (LA).

2.2. As it is now, this service was funded by a number of funding streams comprising;

- De-delegated budgets from LA maintained mainstream schools
- Contribution from the Early Years Block
- Contribution from the High Needs Block
- Buy backs from Academy schools

2.3. The service for schools maintained by the Local Authority is 'free of charge' as those schools, via Schools Forum, have approved the de-delegation of budgets from their formula funding allocations in order to retain and access the current service provision. Similarly Special Schools and Early Years settings are able to access the service via the contributions made by their Dedicated Schools Grant (DSG) funding blocks.



2.4 The team provides a proactive multi-disciplinary service which supports schools with a range of skills, from operational to strategic support. This is provided by SEBDOS that looks to provide the specialist resource to complement the school based provision and is provided in a format that ensures individual schools gain the full effect of economies of scale that otherwise they could not achieve as a separate school entity.

3. Reason for change

3.1. The service for Academy schools is only accessible if they sign up to a Service Level Agreement (SLA) to purchase a set number of annual hours of support or via a 'Pay As You Go' (PAYG) arrangement.

3.2. Payment is made by settlement of invoices raised by SEBDOS, quarterly in advance for the SLA arrangement and immediately in arrears for PAYG.

3.3. Academies pay for this service as they retain this funding in their budget allocations that they receive directly from the Education Funding Agency (EFA). The approach to charging that is currently adopted by SEBDOS is based upon the school level funding schedule that was produced by the LA on the transfer of the service to SET. Fundamentally this has been determined by the incidence of two factors within a school, being;

- The level of low attainment
- The level of free school meals (Ever6) eligibility.

3.4. In essence the above factors are used as follows to allocate the mainstream element of the budget referred to in paragraph 2.2 above.

3.5. This is achieved by allocating a share of the mainstream funding element to each school phase (Primary and Secondary) and then splitting each phases' share equally between low attainment and free school meals so that for each phase a low attainment allocation and free school meals allocation has been identified. Then each of these allocations is divided down into school level allocations. The school level allocations are determined by the incidence of low attainment and free school meals eligibility within their individual school cohort as a proportion of the total incidence of each of these factors in their school phase, in other words a pro rata allocation is made.

3.6. Through this formulaic process a school level of funding is calculated which is attributed to the provision of SEBDOS. This data was then used to determine a charging mechanism



based on funding which was categorised into bands, which Academies will be familiar with as these are contained within the current SLA's. These are currently as follows;

Table1: Current pricing

Bandings of Support Provided	
Schools paying £0-£4,999	80 hours
Schools paying £5,000 – £11,999	100 hours
Schools paying £12,000 – £22,999	115 hours
Schools paying £23,000 – £37,999	125 hours
Schools paying £38,000 – £50,000	150 hours

3.7. A fundamental problem identified in table 1 above with this methodology of charging is that it produces significant inequalities in terms of value for money. Academies that purchase higher levels of support do not secure any economies for doing so, in fact the per hour cost increases, for example a school buying 80 hours for £4,999 is effectively charged c.£62 per hour whereas a school buying 100 hours for £11,999 is effectively charged c£120 per hour, broadly double the price.

4. Impact on the Service

4.1. This current approach also means that it is impossible to attract potential non Slough customers as there is no external pricing strategy that can correlate to the bandings described above.

4.2. The ability to attract schools outside of Slough, although not the driving factor, is an essential element that helps to protect future sustainability of the service and thus the continued availability of the service to slough schools as well as reducing the risk of an adverse financial impact on the service if a local school ceases or reduces its level of take up. Also this will create and opportunity for the team to work with Slough pupils who are educated in non-Slough schools who are often the pupils who feature in the permanent exclusion data for Slough.

4.3. The service must be able to protect itself as a going concern so that it utilises public funding as efficiently as possible and thus ensures value for money for those Academies who purchase the service.



4.4. Whilst the prime customers may be seen as Slough schools any income generation opportunities, without diluting the quality of service provided, will need to be considered. If expansion into a wider market can be achieved and largely utilising the existing cost base (i.e. current staffing levels) it may allow the service to drive out more efficiencies in future pricing that would thus benefit Slough Schools.

5. New Proposal

- 5.1. The Specialist Education Trust wish to revise the pricing structure to one that continues to provide the service that Local schools want and appreciate but one that varies directly with the support that is provided and thus moving towards one that is more equitable, transparent and provides the service with the 'real' competitive opportunity to make itself available to a client base outside Slough.
- 5.2. Continuing to use the existing methodology does not adhere to the fundamental principles of an equitable pricing mechanism that reflects costs of delivery, equity and thus value for money.
- 5.3. The pricing structure that is proposed is based on recovery of cost but also one which includes a sliding scale of charges, thus enabling schools signing up for a larger package of hours to benefit from a reduced hourly equivalent cost, securing economies of scale.
- 5.4. Schools wishing to purchase via a PAYG arrangement can still do so although this would equate to a higher hourly rate than an SLA arrangement.
- 5.5. Packages comprise a total number of hours of support that comprise travel, report writing and contact time plus a fixed cost element reflecting the cost of training, admin and management. An indicative pricing table based on packages in increments of 50 hours per year is set out over the page. Prices for package sizes of 10 hour increments between those shown in 50 hour increments are available. Greater economies available from larger packages can be clearly seen.

Table2: Proposed Pricing

Package Time			Total Package Price £	PAYG Equivalent Price £
Travel and Report Writing (hrs)	Contact Time (hrs)	Total Package Time (hrs)		
18 hrs	32 hrs	50 hrs	£6,960	£8,352
35 hrs	65 hrs	100 hrs	£9,860	£11,832
53 hrs	97 hrs	150 hrs	£12,760	£15,312
70 hrs	130 hrs	200 hrs	£15,660	£18,792
88 hrs	162 hrs	250 hrs	£18,560	£22,272
105 hrs	195 hrs	300 hrs	£21,460	£25,752
123 hrs	227 hrs	350 hrs	£24,360	£29,232
140 hrs	260 hrs	400 hrs	£27,260	£32,712
158 hrs	292 hrs	450 hrs	£30,160	£36,192
175 hrs	325 hrs	500 hrs	£33,060	£39,672
193 hrs	357 hrs	550 hrs	£35,960	£43,152
210 hrs	390 hrs	600 hrs	£38,860	£46,632
228 hrs	422 hrs	650 hrs	£41,760	£50,112
245 hrs	455 hrs	700 hrs	£44,660	£53,592

5.6. In the table above packages in 50 hour increments have been identified and it can be seen that if a school took out a 200 hour package at £15,660 it would cost them £78 per hour but if they were to double the package size to a 400 hour package at £27,260 this would equate to £68 per hour which clearly delivers savings via economies of scale that the previous charging methodology did not.

5.7. This proposal is further extended to those schools that form part of a Multi Academy Trust (MAT), who can purchase a combined MAT package and thus obtain further financial benefits which can be passed onto an individual school level. This works as follows;



Table3: MAT Price comparison

Customer	Package Time			Total Package Price £
	Travel and Report Writing (hrs)	Contact Time (hrs)	Total Package Time (hrs)	
Individual School 1	53 hrs	97 hrs	150 hrs	£12,760
Individual School 2	53 hrs	97 hrs	150 hrs	£12,760
Individual School 3	53 hrs	97 hrs	150 hrs	£12,760
Total Cost	158 hrs	292 hrs	450 hrs	£38,280
MAT	158 hrs	292 hrs	450 hrs	£30,160
Total Cost	158 hrs	292 hrs	450 hrs	£30,160
Saving				-£8,120

5.8. What can be seen from the table above is that individually schools 1, 2 and 3 each buying a package of 150 hours, i.e. a consolidated total of 450 hours, would cost in total £38,280. However a MAT consisting of 3 schools buying the same amount of hours as a single package would pay £30,160 and save £8,120, which equates to an additional 75 hours service.

6. Moving Forward

6.1. This proposal asks School Forum to note that this new charging model will be implemented from September 2014. Charges based on the current methodology are being recovered for the period April 2014 to August 2014 and then will be ceased from that point.

6.2. Academies with existing SLA's will be written to explain the changes and the new pricing methodology and invited to terminate their existing SLA and take up the new offer from September 2014

6.3. Invoicing will continue to take place quarterly in advance for Academies signing up to an SLA and for a MAT agreement a single quarterly invoice will be sent to the lead school in that arrangement.



6.4. Agreements will look to be secured on a 3 year basis with an option to withdraw or reduce a package size with 12 months written notice. Increases in package sizes will be accommodated the term immediately after they are requested. This will enable the service to protect itself as a going concern and also provides academies with some certainty over financial commitments.