



9 January 2015

To:  
All Members of the Schools Forum  
  
Other School Heads and Governors for  
information

Your contact is: **Russell Dyer - Financial Services (0118 937 2398)**

**NOTICE OF MEETING - SCHOOLS FORUM - 15 January 2015**

A meeting of the Schools Forum will be held on **15 January 2015 at 5pm** at **Tilehurst B, Avenue Centre**. *The meeting will be pre-ceded at 4.00pm by a Training Session in the Conwy Room for new and existing members (papers will be sent out separately).* The Agenda for the main meeting is set out below.

AGENDA

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1. WELCOME AND APOLOGIES	-
2. MINUTES OF THE MEETING HELD ON 11 DECEMBER 2014	-
3. MATTERS ARISING FROM THE MINUTES/ SCHOOLS FORUM MEMBERSHIP ISSUES (STANDING ITEM)	-
4. HIGH NEEDS BLOCK 2014-15 & 2015-16	-
5. EARLY YEARS BLOCK 2014-15 & 2015-16	-
6. SCHOOLS BLOCK & FORMULA 2014-15 & 2015-16	-
7. DE-DELEGATIONS AND CENTRAL RETENTIONS 2015-16	-
8. PROPOSED DATES/TIMES OF FUTURE MEETINGS	-
9. ANY OTHER BUSINESS	-

(DRAFT MINUTES TO BE AGREED AT NEXT SCHOOLS FORUM ON 15<sup>TH</sup> JANUARY 2014)  
Schools Forum Meeting held on the 11<sup>th</sup> December 2014 at The Avenue

PRESENT

Peter Kayes	Governor, Redlands - CHAIR
Eileen McElligott	Governor, English Martyrs
Charles Clare	Headteacher, Geoffrey Fields Junior
Viv Angus	Headteacher, Reading Girls School
John Cosgrove	Headteacher, Christ the King (RC) School
Karen Hillier	Governor, Caversham/Newbridge
Julie Kempster	Riverside Day Nursery
Anne Higginbotham	Headteacher, St Michaels
Mark Hester	School Business Manager, Cranbury College
Marianne Best	Headteacher, Cranbury College
Phil Davies	Headteacher, Prospect School
Lee Smith	Headteacher, Holybrook
Joan Boyd	NUT
Isabelle Sandy	School Business Manager, Kendrick
Rachel Cave	Headteacher, Highdown
Diana Heath	Headteacher, Norcot Nursery, on behalf of Lisa Bedlow
Justine McMinn	Headteacher, EP Collier
Joanne Harper	Principal, UTC Reading

RBC

Russell Dyer	Finance
Steve Davies	Finance
Kevin McDaniel	RBC
Chris Stevens	RBC SEN

Observer

Rob Dunford	Internal Auditor, RBC
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APOLOGIES

Sue Bourne	Headteacher, The Avenue School
Ashley Robson	Headteacher, Reading School
Cathy Doberska	New Christ Church
John Ennis	Lead Councillor, Education RBC
Nicola Maytum	Headteacher - JMA
Lisa Bedlow	New Bridge & Caversham Nurseries

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**1. WELCOME AND APOLOGIES**

- Welcome and introductions made.

**2. MINUTES OF THE MEETING HELD ON 16 OCTOBER 2014**

- Minutes agreed by Schools Forum

**3. MATTERS ARISING FROM THE MINUTES/ SCHOOLS FORUM MEMBERSHIP ISSUES (STANDING ITEM)**

- No other matters arising
- Justine McMinn has joined the Schools Forum
- Outstanding Academy memberships assumption made that representation will continue as agreed; RD advises will continue on with the existing arrangements; will continue to send agenda and minutes through to Meadow Park and All Saints

- The Heights have a right to be represented as well and RD will look into this
- Reading College (post 16 representation) is already included

#### 4. HIGH NEEDS BLOCK BUDGET MONITORING UPDATE 2014-15

Presented by Russell Dyer and Kevin McDaniel

- Forecasting an overspend of £1.3m
- Background is that it was noted in March 2013 that an overspend would mean a deficit rolled forward and could impact on schools budgets and top up values;
- significant overspend on special/resource for both RBC and non-RBC
- Clearly on DSG there are some flexibilities to fund the one off deficit; namely the £0.4m surplus from the previous year and the early years block carry forward of £1.3m
- Increase in number of places at special schools (due to increased need)
- High gross external placements and gaps in provision
- Analysis completed and attached to report; significant increases in costs & activity year on year
- Increase in the number of pupils placed in special schools; increase in the number of statements; increase pupils at independent special schools
- Percentages of Reading placements by types of schools appears high
- Unit costs risen with special schools (close to the Reading border and used quite heavily)
- National trends on special needs; Compare Reading experience to National experience - broadly similar
- The overspend last year was flagged and consultant was looking at this (Peter Gray)
- KMD recommends a system wide look
- PK - notes Reading growth is above the national average
- When referring to independent schools in document SD confirms that this is referring to independent special schools
- Suggest to set up a working group; needs something more reactive and responsive; - JC
- Suggestion to identify the children earlier
- Growth in ASD
- **Help at KS1 and look at how to encourage parents to engage with support services and schools at an earlier stage**
- The amount of overspend is an indication of the need
- Why is there an increase in Reading over the national trend?? What support is needed at mainstream level to support the students to remain where they are? CS highlights age for Brookfields entry is 5; Considerable costs come from students excluded from special schools at KS3
- Three separate issues 1) How to manage this 2) Level of cost associated with this issue 3) identifying why there is a bigger need (Is there genuinely a bigger need than the national average and therefore should be lobbying for more funding)
- High cost block is divided into 12/13 levels and high cost block will not be looked at till at least 2016 the earliest by EFA

#### Recommendation

- Set up a working group as soon as possible
- Funding & deficit approval to be reviewed again at the next meeting
- School Forum members put forward are JC, MB, CS, EM (and Prospect School to take away and advise if will be part of this working group)

#### 5. EARLY YEARS BLOCK UPDATE

Presented by Russell Dyer

- Update on Early Years block and noted there is a subgroup of which Karen and Julie are members
- Met in November 2014 to consider issues particularly funding on central retained services
- Update on 2 year old funding; from April 2015 funded on participation basis (currently on a placement basis) based upon January census and the risks flowing from that
- Drive up numbers by census day
- Risk going forward due to moving to participation basis for a shortfall in 15/16 year
- Increase level of take-up to fund non-eligible rising 3's (at the moment the eligibility are children from deprived backgrounds only)
- Review what funding is being carried forward next year to manage this and what can be released
- Nursery placements vary term by term

Discussion held around using 50k to fund non-eligible rising 3's. Having been consulted, Schools Forum agreed with the proposal

## **6. SCHOOLS FORMULA 2015-16**

Presented by Russell Dyer

- Summarising what was agreed at last meeting
- Estimate for headroom on DSG was not yet available
- As regards Authority's decision on the SEN notional budget was option (2) as highlighted in the report. This was previously discussed at Schools Forum 16<sup>th</sup> October but the vote was split. The decision brings the LA into line with the mid-range for other LAs in this area.
- Schools Forum meeting in January will discuss any headroom although it is likely that this may be committed to the high needs block

## **7. DE-DELEGATIONS AND CENTRAL RETENTIONS 2015-16**

Presented by Russell Dyer

- PK suggests that the meeting can discuss the report but defer any decision until the January meeting when all the information is known on available headroom
- Centrally retained expenditure will need approval but no increases are sought
- Equal pay claim will stay the same at £0.55m; if estimate reliable then there would be no extra provision needed for this beyond 2015-16
- Liability, based on estimates is £1.5m; annual provision not being asked to increase
- Growth fund - expanding school (expanding provision, bulge classes, falling rolls etc)
- Funding on an academic year basis and not a financial year basis explains some anomalies
- Early years centrally retained will be discussed at next early years funding group in January prior to the next Schools Forum
- Richard Tyndall report can be relied upon
- An overall approval sought for central retentions (no increases proposed)
- Defer decision to January 2015 meeting (all school members to vote)

## **8. DE-DELEGATIONS 2015-16**

- This is for maintained schools only to vote on, not academies
- Behaviour Support Services (well used and well respected service); the level of buy-back has been small which is concerning regarding continued provision of the service

- One of the options for local authority replaces 2<sup>nd</sup> half of buy-back with an insurance premium so to keep this service (insurance service cannot be on standby)
- In 10/11 there was no buy-back and the exclusion figures escalated
- MB - there will be no capacity to support at all if this team goes (behaviour issues will have to be dealt with in the schools); this provision has been highly successful in preventing exclusions
- EM - if this is a resource highly needed then suggest to completely de-delegate
- Academies would need to buy-in
- KMD - pragmatic suggestion to suspend the 2<sup>nd</sup> year of the Tyndall report and maintain base funding; IS and also to make sure that this is marketed properly and fully to the schools. Suggest keep at the same level and then the working group for high needs can pick up whether additional resources are needed to be de-delegated in 2016/17.
- Support for English as an additional language; This has been successful; some schools have used a lot other schools not at all; the council continues to fund the statutory minimum that needs to be funded
- Central funding for next financial year sees a reduction of £400k in government grant to the education team; a new request for a de-delegation to support maintained schools when in crisis (which the local authority can no longer fund directly on the reduced grant) a new fund of £200k is sought.
- Learning - Formal warnings and interim executive boards; propose fund of £50k to off-set structural costs and will be one-off for a school in these circumstances; the Chair declared an interest in this item as Chair of an IEB
- Facilities agreement continues for maintained members (common policy items, pay appraisals, changes to safeguarding policies, health and safety) - £51k. The LA supports this.
- Bring the de-delegations back to January 2015 meeting for voting.

#### **9. PROPOSED DATES/TIMES OF FUTURE MEETINGS**

- Next Schools Forum is on the 15<sup>th</sup> January at 5.00pm at The Avenue
- Training session will be available at 4.00pm at The Avenue on the 15<sup>th</sup> January prior to schools forum, unless otherwise notified.

#### **10. ANY OTHER BUSINESS**

- None noted
- PK (chair) reminds members that they can put items on the agenda for future meetings by contacting either officers or the Chair in advance.

READING BOROUGH COUNCIL

REPORT BY FINANCIAL SERVICES

<b>TO:</b>	<b>READING SCHOOLS FORUM</b>		
<b>DATE:</b>	<b>15 JANUARY 2015</b>	<b>AGENDA ITEM:</b>	<b>4</b>
<b>SUBJECT:</b>	<b>HIGH NEEDS BLOCK 2014-15 &amp; 2015-16</b>		
<b>SERVICE:</b>	<b>EDUCATION, ADULT'S &amp; CHILDREN'S SERVICES</b>	<b>WARDS:</b>	<b>All</b>
<b>AUTHOR:</b>	<b>RUSSELL DYER/ KEVIN MCDANIEL</b>	<b>TEL:</b>	<b>0118 937 2398</b>
<b>JOB TITLE:</b>	<b>CORPORATE FINANCE BUSINESS PARTNER/ HEAD OF EDUCATION</b>	<b>E-MAIL:</b>	<b>russell.dyer@reading.gov.uk</b>

**1 PURPOSE OF REPORT**

- 1.1 This report aims to update the funding arrangements for the high needs block in 2014-15 and in 2015-16. As noted at the last meeting there is a forecast overspend of £1.3m on the high needs block which needs to be funded. In addition, there is likely to be a significant budget gap for the 2015-16 financial year in the high needs block which will also need addressing.
- 1.2 The report identifies the need to finalise funding of the 2014-15 deficit at the March meeting and also identifies the expected 2015-16 deficit, following the settlement, which will need to be addressed by the sub group set up at the last meeting with any proposals being brought back by the March meeting.

**2. RECOMMENDED ACTION - TO NOTE**

- 2.1 The 2014-15 deficit on the high needs block is forecast to be £926k and the funding of this deficit will need to be determined at the March meeting (LA decision). Some possible options for funding the deficit, namely early years block savings and schools balances, have been identified within the report.
- 2.2 The residual budget gap on the high needs block for 2015-16 is estimated as £876k which will need to be addressed by the Authority and the working group set up at the last Schools Forum, and/or by further representation to the EFA. An update report will be made to the March meeting of Schools Forum on this issue.

### 3 BACKGROUND

- 3.1 At the last meeting a forecast overspend on the high needs block of £1.3m in 2014/15 was reported and the underlying reasons were considered. In addition we considered potential measures to fund the deficit on a one off and ongoing basis. It was agreed that a working party would be set up to consider potential ongoing measures to address pressures. That working party has not yet met however the Authority needs to consider how the in year deficit will be funded and how the ongoing budget gap can in part be funded, in particular in the light of further funding information for 2015/16 being made available since the last meeting.

### 4 FUNDING OF THE 2014-15 DEFICIT

- 4.1 At the last meeting we considered a potential proposal for funding the deficit, whereby the 2013/14 surplus was applied and the residual deficit was carried forward into 2015/16 to be funded from a combination of DSG headroom 2015/16, high needs block savings 2015/16 and from any early years block surplus funds. Having re-considered this method we believe that it would be more prudent to fund the deficit in year, thereby freeing up headroom 15/16 and savings measures on the high cost block 15/16 to fund any budget gap on the 2015/16 high cost block. The feasibility of an additional measures including potentially a target for clawbacks on surplus schools balances above threshold will also be reviewed, although the decision on that would rest with Schools Forum.
- 4.2 The Authority will need to make a decision at the March meeting to fund the 2014/15 deficit. Whilst this is a Local Authority decision we need to consult with Schools Forum on this. The financial information is presented in the table below:

	£000
Overspend reported at December 14 meeting	1,347
Less DSG surplus 13/14 applied	(371)
Less Schools Block in year surplus forecast 14/15 (see Schools Block Report)	(50)
Measures to be agreed at the March 15 meeting	(926)
<b>BALANCE</b>	<b>0</b>

### 5 BUDGET GAP 2015-16

- 5.1 Following the grant settlement information published on 18 December and allowing for the latest information for financial commitments going forward, the high needs block and the associated budget gap is set out in the table below.

	<b>£000</b>
Funding allocation after adjustments	<b>14,626</b>
Less:	
Centrally Retained Services – Contracts	<b>839</b>
Central Retained Services – Departments	<b>1,008</b>
Mainstream	<b>1,300</b>
Cranbury College	<b>2,222</b>
Resources Units & Special Schools	<b>7,310</b>
Post 16 FE Provision	<b>491</b>
Non Maintained Special & Alternative Provision	<b>2,800</b>
<b>TOTAL BUDGET GAP</b>	<b>-1,344</b>

- 5.2 As noted above the budget gap in 2015/16 is forecast as £1.3m, however this is before any element of demand growth is included. Our proposal to fund the gap is to use the £477k of remaining headroom on the Schools Block (that report refers) and transfer that to the High Needs Block. The use of headroom and its transfer is a decision for the Local Authority, however we are required to consult with the Local Authority on this decision. Therefore Schools Forum is asked for its views on this proposal (reference is also made to this in the Schools Block report separately on the agenda.)
- 5.3 Even with the proposed use of headroom, as noted above there will still be a budget gap of £867k in 2015/16, not taking account of any growth as noted above. We would propose that the working group set up at last month's meeting be tasked with developing proposals for making savings on the high needs block to fund that gap in line with the options put forward by the Local Authority and its independent consultant by the March 2015 Schools Forum meeting and in time for implementation by September 2015 or earlier if possible. In the meantime the Authority proposes to implement the management actions agreed at the last meeting being informed as necessary by an internal audit review currently being undertaken.
- 5.4 **If funding is not found to bridge the funding gap in 2015-16 then any budget headroom in 2016-17 (which would include potentially the equal pay provision annual contribution of £0.6m) will need to be diverted away from the schools block 2016-17 and be transferred to the high needs block to fund any funding deficit in 2015-16. This position would not be financially sustainable going forward and would affect the budget of all schools in the borough.**
- 5.5 Regarding any demand growth in 2015/16 in line with the views of the last meeting the Authority will seek to forecast this by March and make representations via Schools Forum as appropriate to the EFA should these appear to exceed levels reasonably expected to be funded by the DSG in line with current guidelines.



READING BOROUGH COUNCIL

REPORT BY FINANCIAL SERVICES

<b>TO:</b>	READING SCHOOLS FORUM		
<b>DATE:</b>	15 JANUARY 2015	<b>AGENDA ITEM:</b>	5
<b>SUBJECT:</b>	EARLY YEARS UPDATE		
<b>SERVICE:</b>	EDUCATION, ADULT'S & CHILDREN'S SERVICES	<b>WARDS:</b>	All
<b>AUTHOR:</b>	THERESA SHORTLAND/ RUSSELL DYER	<b>TEL:</b>	0118 9372957 0118 9372398
<b>JOB TITLE:</b>	HEAD OF EARLY YEARS/ CORP FINANCE BUSINESS PARTNER	<b>E-MAIL:</b>	theresa.shortland@ reading.gov.uk russell.dyer@reading.gov.uk

**1 PURPOSE OF REPORT**

1.1 To update Schools Forum on the key issues with regard to the early years block.

**2. RECOMMENDED ACTION**

2.1 To note the contents of the report.

2.2 **FOR DECISION OF ALL SCHOOLS FORUM:** To approve any decisions taken at the EYSFF meeting on 13 January as regards an increase in central retentions by £100k for the purposes outlined within the report.

2.3 To note the forecast outturn position on the Early Years Block of a £2.1m underspend and to note the work that will be done for the March Schools Forum identifying a proposal to carry forward funding within the early years block for contingency/commitments with regard to 2 year olds in officers professional judgement, thereby releasing a sum to be determined to transfer to the high needs block to help offset the 2014/15 deficit which has arisen.

**3 EARLY YEARS BLOCK 2015-16**

3.1 The indicative allocations on the early years block are shown in Table 1 below. The final early years allocation will be notified to the Local Authority in March.

Table 1: Early Years Block 2015-16 Indicative Allocations

Description	£ 000
Maintained Nursery Budgets	1,700
Primary School Early Years Classes	1,700
3 & 4Year old Funding	3,821
2 Year old Funding (Direct Allocation)	1,596

3 Year old project - F/T	50
New Central Retention	100
Equal back-pay claims	19
Speech and Language Contract	105
School Kitchens (Includes Primary Nursery)	39
School Kitchen Management	2
Early Years SEN Funding (1:1 Support)	30
Early Years Pupil Premium	167
Central Establishment Charges + Schools Forum	5
<b>Total Early Years Block</b>	<b>9,334</b>

### 3 EYSFF GROUP

3.1 The group is due to meet on 13 January 2015 and will consider the central retentions and rates payable under the EYSFF for 2015/16. A verbal update will be given of the outcome of the meeting at Schools Forum.

### 4 RATES PAYABLE IN 2015/16

4.1 At the EYSFF group meeting on 13 January we will propose the funding rates as noted in the Table 2 below. The rates are

**Table 2: Early Years Funding Rates 2015-16 (3 and 4 year olds)**

Provider type	SFF hourly rates 2014-15	Deprivation supplement -	Rate including deprivation supplement
Maintained Nursery	5.42	1.20	6.62
Newbridge Nursery	5.78	1.20	6.98
Primary classes	3.30	1.20	4.50
Private and Voluntary settings	4.00	1.20	5.20
Independent Schools	3.56	1.20	4.76

4.2 The 2 year old hourly funding rate will be proposed to remain at £5.36 per hour

4.3 The proposals for rates in 2015/16 were based upon the following:

- A benchmarking exercise, the results which of which are to be discussed at the EYSFF meeting
- A consideration of whether there was any duplication between the deprivation supplement and the pupil premium. the results which were that any decision regarding changes would be delayed until later in the year (with any change being implemented from the 2015/16 financial year) pending the arrangements for pupil premium becoming clearer
- The current level that 2 year olds are funded at £5.36 per hour so the rate should remain at that level

### 5. 2 YEAR OLDS

5.1 As noted at the last meeting, from April 2015 the funding for two year olds will be part of the EYSFF and will be based upon participation. The January 2015 headcount will be used to calculate the funding awarded to Reading for

2015/16. Therefore, it will be in the interests of the Authority and providers to ensure that there is the maximum number of eligible children in place by the census day. Presently eligible funded take up is at a rate of around 60% against a target of 100% (numbers in the Autumn term have doubled since the Summer term). The movement to participation based funding will represent a risk to funding going forward as funding will be based upon 15 January 2015 headcount but actual participation from April 2015 onwards will increase leading to a potential funding shortfall during the 2015/16 financial year. Officers expect to be able to set aside a sum for contingency from unused 2 year old funding to be carried forward into 2015/16 to mitigate that against risk. This calculation will be completed after headcount day in January 2015 and will be reported to Schools Forum in March.

- 5.2 The Authority continues to implement a range of measures to increase the levels of take up and to improve the supply of places. A team has been focused on this since September 2014. This team has contacted all the eligible families on the DWP list. The family Information Service is providing advice and information on the availability of places, and the team has visited those parents that have said they do not want to take up the offer to encourage them to use other services in the Children's Centres. The impact of these measures has been to increase in participation rates referred to above. An amount of funding to be determined will be carried forward to continue to sustain this promotion activity and this will be notified to Schools Forum at the March meeting.
- 5.3 As agreed at the last meeting the funding of non-eligible rising 3s attending nursery classes in schools in the Autumn 2014 and Spring 2015 terms was agreed in order to enhance the availability and supply of places for 2 year olds in schools. The impact of this decision is being monitored.

## **6. EARLY YEARS PUPIL PREMIUM**

- 6.1 As noted at the last meeting, funding for eligible children has been confirmed as £300 per eligible pupil with the borough expected to receive £167,000 in 2015/16. The premium will be offered on an hourly rate and will be based on the participation and take up of the child. Not all children take the full entitlement, so those children taking reduced hours will receive less than the estimated £300 per child per annum.
- 6.2 We are still awaiting finalised details on how the arrangements for funding will work, there are pilots currently being undertaken at a number of Local Authorities. In order to resource this activity a related proposal has been made with regard to central retentions in the section below.

## **7 CENTRAL RETENTIONS**

- 7.1 In addition to the existing central retentions, there is a proposal to fund an additional £50k from this block as a contribution towards the central running costs of the early years service within the local authority, particularly in relation activities for pupil premium and high needs. In addition a further £50k is required to fund rising 3's as agreed at the last meeting of Schools Forum which although will ultimately be passported to providers needs to be treated as a central retention in the first instance. Both areas can be funded by a

combination of headroom, resources being carried forward and some savings being made to be agreed with the EYSFF group.

7.2 The DSG regulations for early years set a limit of 10% of the block being centrally retained and at present we are well within that limit and as noted within the recent 2013/14 S251 benchmarking the spend in this area is low relative to other local authorities (£13 per head compared to £18 per head average). The criteria for qualifying expenditure is as follows:

- Cannot use centrally retained DSG for funding areas like quality assessment and provider training
- Can continue to use central DSG spend on activities intended to support the important local authority role of improving access and support for disadvantaged children (given the implementation of pupil premium) and those with SEN (given the need the need to invest early to head off current issues on the high needs block) and other additional need

7.3 We are satisfied that the proposal meets the conditions for qualifying expenditure. This proposal will be going for approval to the EYSFF meeting on 13 January 2015 and a verbal update will be given at School Forum on the status of this. Subject to the advice of the EYSFF (three of whom are on Schools Forum) this is a matter for decision at this Schools Forum meeting.

## **8 FINANCIAL FORECAST**

8.1 We are presently forecasting that the early years block will have an underspend of £2.1m at the 2014/15 year end, largely flowing from trajectory and place funding for 2 year olds. As noted above the amount which is committed for the purposes outlined above and a suitable contingency will be determined by the March meeting of Schools Forum to be carried forward. This will allow for a balance to be determined to be released from this block which the Authority intends to be transfer to high needs block to set off against the deficit which has arisen within that block as has been referred to within that the report.

8.2 Whilst the above will be decision of the Local Authority at the March meeting we will be required to consult Schools Forum on this. We intend to have a meeting of the EYSFF prior to the March meeting to seek views on this and to inform Schools Forum.

8.3 With regard to capital the expected outturn on this will be considered as part of the revenue exercise above as will the extent to which any commitments will need to be carried forward.

8.4 Clearly at the moment all of the figures are estimates and may be subject to change. A further update will be given to the next meeting of Schools Forum in March.

READING BOROUGH COUNCIL

REPORT BY FINANCIAL SERVICES

<b>TO:</b>	Reading Schools Forum		
<b>DATE:</b>	15 JANUARY 2015	<b>AGENDA ITEM:</b>	6
<b>SUBJECT:</b>	SCHOOL BLOCK & FORMULA 2014/15 & 2015/16		
<b>SERVICE:</b>	Education & Children's Services	<b>WARDS:</b>	All
<b>AUTHOR:</b>	Steve Davies	<b>TEL:</b>	0118 937 4161
<b>JOB TITLE:</b>	Education & Schools Accountant	<b>E-MAIL:</b>	Steven.Davies@reading.gov.uk

**1. PURPOSE OF REPORT**

- 1.1 The report notifies the Schools Forum of the 2014/15 forecast position on the Schools Block. In addition the position on headroom availability in 2015/16 is identified as is the Authority's key consideration for its use.
- 1.2 We also note the impact of the changes to the schools formula for 2015/16 and consider how any significant changes can be mitigated.

**2. RECOMMENDED ACTION: TO NOTE**

- 2.1 The position on the 2014-15 forecast outturn position for the schools block which is estimated as a £50k surplus overall.
- 2.2 The level of headroom on the Schools Block is £0.5m and its intended use by the Authority is to transfer this to the High Needs Block to part fund the funding gap on that block of £1.3m for 2015-16. Schools Forum is asked for its views on this proposal.
- 2.3 To further discuss any options with regard to significant losers under the 2015/16 formula and possible measures to mitigate.

**3. 2014-15 SCHOOLS BLOCK BUDGET MONITORING**

- 3.1 The current position on the schools budget overall is expected to be a forecast outturn of an in year £50k Surplus. Any underspend will be added to the surplus and used to offset the pressure on the high needs block.

#### 4 2015-16 HEADROOM & PRIORITIES

- 4.1 We reported an estimate of headroom at the last meeting of £1m although we were still awaiting an announcement from the EFA on the overall level of DSG for 2015/16. The actual headroom available on the Schools Block following the settlement announcement on 18 December is just under £0.5 m as is shown in the table below. Within the table we also reconcile the difference between our initial estimate and the settlement position, giving reasons for the changes.

	£000
Estimated Headroom	1,000
Less:	
Business Rates adjustments (Including 141k increase in Katesgrove)	116
Minimum Funding Guarantee through formula changes	197
Reduction in Guaranteed Unit of Funding	124
Increase in National Copyright contracts (de-delegations report Appendix 2 refers)	50
Estimation errors / Data changes	36
<b>TOTAL REMAINING HEADROOM</b>	<b>477</b>

- 4.2 As noted on the report on the High Needs Block it is the Authority's intention to use this headroom as a transfer from the Schools Block to the High Needs Block to part fund the 2015/16 budget gap. Whilst it is the Authority's decision, we are required to consult Schools Forum on the proposal. Therefore Schools Forum is asked for its views on this proposal.
- 4.3 It may be possible to create more headroom by capping and scaling gainers under the schools formula for 2015/16. However if such a scheme were implemented the Authority would be recommending that any such headroom created would be transferred to the High Needs Block.

#### 5 FORMULA 2015/16

- 5.1 We have populated the formula following the agreed revisions using the data provided by the EFA and have identified the main gainers and losers between years after the Minimum Funding Guarantee (MFG) has been applied. It should be noted that there may be other reasons for gains/ losses, for example changes in pupil numbers. At present the figures cannot be published until a submission is made to the EFA following this meeting and they have confirmed the figures for individual schools. However, we will be in contact with any schools affected by significant reductions to offer meetings to discuss this in more detail.
- 5.2 With regard to schools losing significant funding after MFG the only option would be to implement a voluntary transitional protection scheme similar to a scheme implemented in 2013/14 (the last change in the formula) by asking gainers to provide assistance to losers by capping and scaling gains on a voluntary basis. Schools Forum has observed reservations about the 2013/14

scheme noting that whilst assistance was given to schools with significant reductions, a number of schools gaining chose not to participate. Schools Forum is asked for its views on this area noting that such a scheme would need to be agreed at the March meeting of Schools Forum. However as in 2013/14 this could only operate on a voluntary basis.

- 5.3 An area of concern that we have identified is a marked reduction in some primary schools in the numbers of children registered for free school meals which we believe may be connected with the implementation of universal infant free school meals which may have led to a reduction in the level of registrations. The Authority will work with affected schools to ensure that this issue is being addressed to ensure that funding at those schools can be secured for future years.

## **6 FINALISATION OF BUDGETS**

- 6.1 The EFA will require a final submission on the formula by 20 January 2014 following this meeting.
- 6.2 It is anticipated that following the final submission to the EFA, finalised budgets for 2015-16 will be with schools by early February 2015. Academies and Free Schools operate on an academic year basis and are on a separate timetable as notified by the EFA.





**READING BOROUGH COUNCIL -  
REPORT BY FINANCIAL SERVICES -**

<b>TO:</b>	<b>READING SCHOOLS FORUM</b>		
<b>DATE:</b>	<b>15 JANUARY 2015</b>	<b>AGENDA ITEM:</b>	<b>7</b>
<b>TITLE:</b>	<b>CENTRAL EXPENDITURE AND DE-DELEGATION</b>		
<b>SERVICE:</b>	<b>EDUCATION &amp; CHILDREN'S SERVICES</b>	<b>WARDS:</b>	<b>ALL</b>
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**1. - PURPOSE AND SUMMARY OF REPORT**

- 1.1 - The report identifies the key decisions for Schools Forum on centrally retained expenditure and on de-delegations and provides the background information to allow these decisions to be taken.
- 1.2 - This decisions were consulted upon at the last meeting and the report largely reflects the discussion at the last meeting.

**2. RECOMMENDED ACTION FOR SCHOOLS FORUM**

- 2.1 - **DECISION FOR ALL SCHOOLS FORUM:** To approve the continued central retentions in Section 4 of the report (advice will be given line by line on which retentions require approval)
- 2.2 - **DECISION FOR MAINTAINED SCHOOLS FORUM REPRESENTATIVES BY PHASE:** To de-delegate line by line the de-delegations in Section 5 of the report.

## CENTRAL EXPENDITURE AND DE-DELEGATIONS

### 3 - CENTRALLY RETAINED EXPENDITURE 2015-16

- 3.1 - The only areas of centrally retained expenditure funded by the Schools Block which can be increased are for equal pay and growth fund. An update on these areas in the following paragraphs.

#### *Equal Pay Claims*

- 3.2 - At present the Schools Budget makes an annual contribution to an equal pay provision for Schools of £0.55m pa. Presently by the end of this current financial year there will be a £0.95m provision in place to meet any liabilities associated with schools, including academies. At present the total liabilities associated with schools are estimated to be £1.5m based upon current information. Therefore a further year of this £0.55m contribution is required to ensure that the full liability can be met. Therefore we do not propose to increase the annual provision from the present level.

#### *Growth Fund*

- 3.3 - We have included at Appendix 1 to this report the anticipated Growth Fund in 2015/16 flowing from the previous year's decisions. The cost of this in 2015/16 is £1,027k, the same as 2014/15. As well as school expansions, this also includes provisions for various contingencies including infant class sizes, free schools and exceptional circumstances. In addition, we have also made some provision for schools with falling rolls as funding can be retained centrally for falling rolls where a population bulge is expected in the future but where a good and necessary school or academy currently has surplus places and faces an unmanageable funding shortfall in the short term.

#### *Early Years Centrally Retained Expenditure*

- 3.4 - The decision regarding additional central retention is included in the early years block report which is a separate report at this meeting.

### 4 - RESIDUAL CENTRALLY RETAINED EXPENDITURE 2015-16

- 4.1 - Following the issues identified above and the recommendations contained in Richard Tyndall's report (which was re-circulated prior to the December meeting), the Schools Forum (including Academy Members) is asked to approve the following areas of central expenditure in 2015/65 line by line. All expenditure is in line with prior year approved levels unless otherwise stated.

Growth Fund (schools block) - £1,027k (as noted in para 3.3 above)

Historic Liabilities (all blocks)

## CENTRAL EXPENDITURE AND DE-DELEGATIONS

- Equal Pay Claims - £550k (as noted in para 3.2 above)
- Prudential Borrowing - £50k
- Termination of Employment Cost - £25k
- Copyright Licensing Agreement and Music Publishers Association (further detail is given at Appendix 2) - £80k (although it should be noted that this amount is determined by EFA and no specific approval is required by Schools Forum)

### Statutory Costs (all blocks)

- Admissions - £109k
- Servicing Schools Forum - £20k

### Combined Services (schools block only)

- Children's Social Care - £275k
- Children's Action Teams - £224k (as endorsed by the Tyndall report)
- School Improvement - £116k
- Commissioning Support - £15k

### Other (all blocks)

- Schools Kitchens (Capital from Revenue) - £197k. While there was a large investment in kitchens during the summer of 2014, this was related to expansion for infant meals. This budget could reduce to £150k in reflection of what is planned to do next, however regulations prevent the future increase of this line and a reduction may present future risks.

## 5 - DE-DELEGATIONS 2015-16

5.1 - Following the Tyndall report to Schools Forum (as circulated prior to the December meeting) and the matters raised at the October & December 2014 meeting, maintained Schools Forum Members (by phase) are asked to vote to de-delegate the following areas:

- *Existing:* Behaviour Services - When the Tyndall report was written it was asserted that such was the value of the service that "we need not fear for its presence". That is not proven to be true as in the last financial year, when the de-delegation halved, the optional purchases were negligible. In 2011 when schools didn't buy on the pay as you go basis, there was no service used and the level of exclusion and poor behaviour rocketed. We know the pressure on the High Needs block is growing as the apparent rate of more challenging behaviour increases for all schools. If the Forum do not agree a continued de-delegation, the service will offer an insurance-based buyback. If the level of commitment does not meet the current funding level of £135k

## CENTRAL EXPENDITURE AND DE-DELEGATIONS

required for an emergency intervention service then the service will cease and all schools will have to make individual provision for the services. At the last meeting the consensus was to continue to support the de-delegation for a further year given the importance of the service and for consideration to be given to a further de-delegation from 2016-17 by the group being set up on high needs funding matters.

- *Existing:* Support for EAL and Underachieving Groups - The funding provides the core service elements of:
  1. -advice, guidance and central training on issues relating to equality, languages and achievement
  2. -first language assessments for any bilingual pupil where learning difficulties are suspected
  3. -up to 10 hours first language support from community language assistant and 10 hours teaching support for any newly enrolled beginner in English

The £85k represents just 4% of the EAL budget delegated to maintained schools via the funding formula. An additional “insurance based” SLA will need to be supported to the same budget level for the service to be continued in any form. Given success in raising standards for EAL pupils in recent years, it is strongly recommended that this service has to be maintained as a Reading-wide resource and a de-delegation is a certain way to achieve that continuity and success.

- *New:* School Improvement - £250k de-delegation. The Education Support Grant (ESG) paid to the local authority for 2015-16 has fallen by £400k. The Local Authority has asked Education to find budget reductions of £183k, with the remainder being prioritised from other council funding. In 2014-15, £132k of LA money was added to the existing “schools causing concern” £116k centrally retained (see 5.1 above) and all of the £248k has been spend to improve standards in maintained schools requiring support.
- *New:* Schools in Financial Difficulty - £50k de-delegation. When the local authority has issued a formal warning notice, removed delegated powers or replaced a governing body it is often the case that the school is already in a parlous state. The interim measures that have to be taken often incur further, one off costs to correct position for the future. These one-off exceptional costs (not including debts amassed prior to intervention) then add additional burden to the school.

5.2 - We also ask for Maintained Schools Forum Members (by phase) to vote to de-delegate the following in line with previous years:

- *Existing:* Union Facilities Agreement - £51k (this includes funding for union staff and cover for union representatives in schools)

## CENTRAL EXPENDITURE AND DE-DELEGATIONS

### Appendix 1 - Growth Fund

#### Expanding school allocations 2015-16

School Name	Expanding/bulge class	Funded number of children	Year group(s) as @ Sept 15	In-year allocation
Katesgrove	Expanding	30	Yr 5	56,459
Wilson	Expanding	30	Yr 5	56,459
St Johns	Expanding	22	Yr 4	41,403
Alfred Sutton	Expanding	30	Yr 3	56,459
St Michaels	Expanding	30	Yr 3	56,459
Geoffrey Field Infant	Expanding	20	Yr 3	37,639
New Town	Expanding	30	Yr 3	56,459
Southcote	Expanding	30	Yr 2	56,459
EP Collier	Expanding	30	Yr 2	56,459
The Ridgeway	Expanding	30	Yr 2	56,459
St Martins	Expanding	6	Yr 2	11,292
Churchend	Expanding	30	Yr 1	96,787
Micklands	Bulge 1 <sup>st</sup>	30	Yr 2	56,459
Coley	Bulge 2 <sup>nd</sup>	30	Yr 1	56,459
The Hill	Bulge 2 <sup>nd</sup>	30	Yr 1	56,459
Micklands	Bulge 2 <sup>nd</sup>	30	Yr R	56,459
		<b>378</b>		<b>808,170</b>
Contingency				90,830
Falling Rolls Fund				78,000
Infant Size Class funding			Estimated	50,000
<b>Total Growth Fund</b>				<b>1,027,000</b>

NB: Churchend amount is more as funded for a longer period given academies funded on an academic year basis plus some additional funds to ensure that schools are funded equally (same per pupil per school day)

## CENTRAL EXPENDITURE AND DE-DELEGATIONS

### Appendix 2

#### National copyright licences

The DFE has agreed with the following agencies to purchase a single national licence managed by the DFE for all state-funded schools in England:

- Christian Copyright Licensing International (CCLI) **(new for 2015 to 2016)**;
- Copyright Licensing Agency (CLA);
- Education Recording Agency (ERA);
- Filmbank Distributors Ltd. (for the PVSL);
- Mechanical Copyright Protection Society (MCPS) **(new for 2015 to 2016)**;
- Motion Picture Licensing Company (MPLC);
- Newspaper Licensing Authority (NLA);
- Performing Rights Society (PRS) **(new for 2015 to 2016)**;
- Phonographic Performance Limited (PPL) **(new for 2015 to 2016)**;
- Schools Printed Music Licence (SPML).

This means that local authorities and schools will no longer need to negotiate individual licences. The Department will pay the cost to the agencies and will provide this as a service to local authorities.

These arrangements will cover academies as well as maintained schools, and we will allow local authorities to hold this money centrally rather than include it in school budgets.