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TO: ALL MEMBERS OF THE SCHOOLS' FORUM

March 1, 2019

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Notice of Meeting – Schools' Forum

A meeting of the Schools' Forum will be held on **March 14, 2019 in the Council Chamber, Civic Centre**. The Agenda for the meeting is set out below.

AGENDA

1.	Welcome and apologies
2.	Minutes of the meeting held on January 17, 2019 including matters arising
3.	Schools' forum membership update – confirmation of representation
4.	DSG budget monitoring 2018/19 – Claire White
5.	Central School Services budget 2019/20 – Claire White
6.	Early Years budget 2019/2020 – Corinne Dishington
7.	SEND strategy update – Sonia Aulak
8.	High Needs budget 2019/2020 – Sonia Aulak
9.	Schools' Forum meetings 2019/20 – Claire White
10.	Agenda items for future meetings (standing item) DSG outturn 2018/19 Maintained school balances 2018/19 and budgets 2019/20 Schools' Forum Constitution update
11.	Any other business Update on Scheme for Financing Schools

Next Meeting: June 27, 2019 at 5pm Civic Centre – Council Chamber



Peter Kayes
Chair of Reading Schools' Forum

Civic Offices, Bridge Street, Reading,
RG1 2LU

Minutes of Schools' Forum Meeting

January 17, 2019

Present

Jo Budge – Head Teacher of Blagdon Nursery, Cathy Doberska – Head of English Martyrs, John Cosgrove – Head of Christ the King, Tonia Crossman – Head of Emmer Green, Peter Kayes – Governor at Ridgeway (Chair), Stieve Butler – Head Teacher of Meadow Park, Ann McDonnell – Business Manager at Blessed Hugh Faringdon, Isabelle Sandy – Business Manager at Kendrick, Ashley Robson – Head Teacher of Reading School, Annal Nayyar – Finance Director of Bayliss Trust (Reading Girls), Ali McNamara – NEU, Mandy Wilton – Head Teacher at Cranbury College, Cllr Ashley Pearce – Lead Member for Education, ,

Apologies

Ita McGullion – Manager of Kennet Day Nursery, Justin McMinn – Head Teacher of E P Collier, Richard Rolfe – Governor at Micklands, Karen Edwards – Head Teacher of The Heights, Simon Utleby – Head Teacher of Blessed Hugh Faringdon, Rachel Cave – Head Teacher of Highdown, Andrew Johnson – Head Teacher of Maiden Erlegh (Reading), Tracey Green – Avenue Finance Director, Stephen Kitchman – Director of Children's Services

In attendance

Claire White – Interim Education & Schools Business Partner, Mark Fowler – Interim Head of Education, Sonia Aulak – Service Manager SEND & CYPD, Rhiannon Schoepe – Minute Taker

#	Item	Notes
1	Welcome and apologies	The Chair welcomed everyone to the meeting. Mark Fowler was introduced to the meeting as Interim Head of Education for Brighter Futures for Children. Apologies were noted.
2	Minutes of the meeting held on 6th December 2018	Minutes were agreed from 6th December 2018. Item 2 - SEND strategy – additional funding for schools with



		<p>high numbers of pupils with EHCPs. An email was circulated on 22nd December 2018 confirming the methodology and that the additional funding payments are to be made this month.</p> <p>Item 3 – Action on Nursery vacancy. Jo Budge has not had anyone register their interest in the position to date. She will share the open position with other Nurseries.</p> <p>Item 4 – Early Years funding. £366k c/f from 2017/18 available – It was raised that maintained nurseries are in danger of closing in March 2020 if there is no government funding available to maintain the nursery school lump sum. £330k per year current funding. An announcement regarding this has been delayed; it is expected to come in Summer/ Autumn 2019.</p> <p>Item 4 – Top up funding. Sonia Aulak has made a request to neighbouring authorities for information regarding average top up funding costs in order to have a comparison with Reading. Sonia is currently awaiting replies.</p> <p>Item 6 – Growth Fund. An agreement on points 2.2 and 2.4 was deferred after further discussion from Schools Forum members. An email regarding this was sent on 13th December 2018 from Claire White to schools and a decision on funding will be taken in Item 7.</p>
3	Schools Forum Membership Update	<p>There are still currently four vacancies outstanding as well as two members' whose term of office has expired (Tonia Crossman & Joanne Harper).</p> <p>Secondary Academies are still required to decide which five representatives are official School Forum members. Other Secondary Academy representatives are able to either act as a substitute or attend the Forum as an observer (additional attendees cannot vote). This can be any senior leader from the school and does not necessarily have to be the Head. It was mentioned that regular attendees should be named as priority.</p> <p>There are still vacancies for nursery, maintained primary, academy primary & maintained special schools.</p> <p>Out of the available 23 positions within Schools Forum, 19 are currently filled.</p>
4	DSG Budget Monitoring 2018 - 2019	<p>Claire White presented.</p> <p>Table 1 shows the revised DSG allocation for 2018/19 as of the end of December 2018.</p> <p>A reduction in Schools Block funding is due to the in-year</p>



	<p>academy conversions of Christ Church and St Marys and All Saints. Funding is now paid direct to the schools by the ESFA.</p> <p>Additional government High Needs funding has been included in the DSG figures. The 2018/19 additional allocation is £384k with the same amount allocated for 2019/20.</p> <p>High Needs Block funding has been reduced due to import/export adjustment and the increase in funded academy places which is deducted from the allocation. The £77k net additional funding will go towards offsetting the deficit.</p> <p>Early Years funding has been reduced in line with the January 2019 census. This should only impact if take up of places is greater than the January average.</p> <p>Table 2 summarises the 2018/19 expenditure. This shows a more positive position compared to November 2018. The overall deficit for 2018/19 now sits at £1.885m (compared to £2.402m last month). It is assumed the additional allocation in the Early Years Block will go towards offsetting the deficit, with the underspend in Schools Block going towards the growth funding shortfall in 2019/20. The current High Needs deficit being carried forwards to 2019/20 is therefore currently £2.081m.</p> <p>Schools Block should only be subject to variance if Business Rates bills vary from the budget. Due to some revaluations taking place, there is likely to be a small under spend.</p> <p>Central Schools Block should have no variance as the majority of budgets are classed as contributions. Copyright licences are agreed in advance and are subject to a national contract.</p> <p>Early Years block funding is dependent on the January 2019 census which takes place today. Schools Forum will know the outcome on the budget by next meeting; it is currently assumed there will be no variance. The maintained nursery grant within the DSG has been reduced by £53k due to a reduction in pupil numbers; however this will not be clawed back from the nursery schools. It is currently assumed that a reduction in take up and overall expenditure will offset this.</p> <p>High Needs block is currently forecasting an overspend of £2.4m (down from £3.3m reported last month) due to the additional DSG allocation alongside the delayed removal of August leavers from the EMS database which were still included in the previous month's figures. External placement charges have also been renegotiated to reduce inflationary increases. Top up funding is overspending by £1.8m as the number of pupils receiving funding has risen by 103 so far this</p>
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		<p>financial year.</p> <p>Overall, at least £0.9m of brought forwards deficit should be repaid in 2018/19 with £1.885m DSG overspend to be carried forwards to 2019/20. There should not be any further significant increases to the High Needs Block this financial year.</p> <p>Table 3 shows the DSG deficit year on year since 2014/15, with an overall positive trend. The deficit peaked in 2016/17 at £3.4m, however it has significantly reduced over the last two years due to increases in funding and transfers from under spending blocks to the High Needs block.</p> <p>Table 4 shows the recovery plan for the DSG. Across the next three years it is assumed that the Schools, Early Years and Central Schools Services Blocks will balance; with the High Needs Block spending less than the in-year grant allocation. Based on this, it is expected that the deficit will be repaid by 2022/23 and investment can start being made in provision by 2023/24.</p> <p>The report was noted.</p>
5	DSG Settlement for 2019 – 2020	<p>Claire White presented.</p> <p>The DSG allocations for 2019/20 were published on the 17th December 2018; these are shown in Table 1 alongside the revised allocations for 2018/19. Appendix 1 shows the allocation in further detail.</p> <p>The figures for the Schools and Central Schools Services blocks are final; however a small proportion of the High Needs block is subject to change due to the import/ export adjustments and changes to place funding which will be confirmed in March 2019. An adjustment for the Thames Valley free school will be included as this is now within the local authority allocation.</p> <p>There will be a transfer of 0.5% (£447k) from Schools Block to High Needs Block after the agreement at the December 2018 meeting.</p> <p>Early Years Block budget is to be based on the January 2019 census and a detailed budget plan will be brought to Schools Forum in March 2019 for approval.</p> <p>The additional government capital funding for ‘little extras’ will be paid in the current financial year. This is provided to the Diocese for voluntary aided schools.</p> <p>Teacher pension increases for 2019/20 will receive a separate</p>



		<p>grant. The DFE are currently consulting on this increase. It has been confirmed that the teachers' pay grant will continue for academic year 2019/20.</p> <p>It was noted that going forwards, there is currently no plan for schools to have pension increases and other cost of living increases added to the formula funding. Currently there is no inflationary increase to funding provided by the government. Schools' Forum will monitor this position.</p> <p>The final decisions on the de-delegations will be taken at tonight's meeting under Item 8.</p> <p>Central Schools Services Block is expected to balance. The final decision on this will be brought back to Schools Forum for the March 2019 meeting.</p> <p>High Needs Block will be further discussed in Item 10.</p> <p>A list of other funding announcements is listed in point 7.1.</p> <p>The report was noted.</p>
6	Growth Fund 2019 - 2020	<p>Claire White presented.</p> <p>This is an update on the previous paper presented at December's Schools Forum.</p> <p>At the December 2018 Schools Forum meeting, it was agreed that the falling rolls fund would be removed and the financial difficulty de-delegated fund would be considered for reintroduction at maintained Primary level. A decision on the Growth Fund was deferred until this meeting as schools wished to give this request further consideration.</p> <p>The new formula for allocating Growth Funding to local authorities from 2019/20 is set out in point 4.3. Protection has been applied so that no local authorities' growth allocation will fall by more than 0.5% of their overall 2018/19 Schools Block funding. Reading's allocation through the new methodology for 2019/20 will be £1.119m. This is a reduction on 2018/19's allocation of £2.092m, however as the funding floor applies, the allocation is therefore £1.658m. Overall, this is a reduction of £434k.</p> <p>Point 5.6 sets out the criteria and funding agreed by Reading Schools Forum in 2017/18 and 2018/19. The revised criteria for 2019/20 are set out in point 5.7.</p> <p>Claire White wrote to all schools on 13th December 2018 after concerns were raised at the last Forum regarding the future funding commitment to expanding schools. 9 responses were received; out of these, 7 said they believed that Growth Funding would be continued at the current rates until the end of the expansion period.</p>



		<p>Although it is clear that funding should continue, Schools Forum minutes from January 2017 are unclear as to whether the actual funding rates would be continuous for expanding schools. Schools who have previously been receiving Growth Funding feel the rates should be honoured.</p> <p>The three options available to Schools Forum are set out under point 5.8:</p> <p>Option A – offers same per pupil rates as 2018/19 for proposed new class sizes.</p> <p>Option B – offers a basic entitlement funding rate for proposed new class sizes.</p> <p>Option C - £65k/ £85k (Primary/ Secondary) of funding per additional class x 7/12. A one off lump sum of £5k will also be paid for set up costs.</p> <p>Options B and C are used by most local authorities.</p> <p>A comparison of these options is shown in point 6.2. Options B and C will reduce the level of growth funding allocations and leave a small balance to allocate out to all schools through the formula. Option A will require a top slice from the Schools Block so will impact more on the overall funding available to allocate to schools.</p> <p>Appendix 1 gives further details of the new and existing growing schools alongside one off set up costs for a new Primary school opening in September 2020. The table shows classes based on numbers of 30 rather than the actual number of pupils on role. There is no contingency included in these options as it may not be needed.</p> <p>The agreement taken today would be for another year of funding. This would need to be revisited prior to 2020/21.</p> <p>The decision was deferred until after the presentation of Item 7 on the Agenda, the School Funding Formula for 2019-20. After the discussion Schools Forum decided unanimously to accept the Option A with a move to Option B to be considered for 2020/21, giving schools a year's notice of the need to plan for a lower allocation of growth funding in future years. (14 for, none against, no abstentions)as explained in minute 7 below.</p> <p>The report was noted.</p>
7	<p>Finalisation of School Formula Proposals for 2019 – 2020</p>	<p>Claire White presented.</p> <p>This is an update on the previous paper presented at December's Schools Forum.</p> <p>During the December 2018 Schools Forum meeting, it was agreed to transfer 0.5% of Schools Block funding to the High Needs Block to go against the deficit. Underspend in the growth and falling rolls</p>



	<p>funding in 2018/19 can be carried forward to add to the resources available in 2019/20. This is shown in Table 2; £89.3m available to allocate.</p> <p>Point 7.2 sets out the changes in factor values which will now be move closer to the National Formula Factors as previously agreed. The increase in the minimum per pupil level has been honoured and both Primary and Secondary levels have been increased, a minimum funding guarantee has been applied of 0.5% and no cap has been applied to schools gaining funding as very few schools gain more than the 3% NFF funding cap.</p> <p>By applying these formula values and using the October 2018 census data, alongside the estimated pupil numbers for the new schools receiving growth funding and using estimated business rates for 2019/20, this is affordable. Any additional funding left over will depend on which growth fund option is selected, as shown in Table 3.</p> <p>If the growth values remain the same as 2018/19 (Option A), there will be a small amount of additional funding available. This can be allocated out by increasing the lump sum, this will increase funding for most schools (unless they are on minimum funding levels). Appendix 3 shows this scenario on school by school basis. If options B or C are chosen, additional funding can be allocated through other factors. Table 4 shows ways of allocating this additional funding.</p> <p>Discussion:</p> <p>Schools Forum had some discussion around the options available to them for the funding formula. Three options were presented A, B and C. Firstly, it was recognised that Option B would bring Reading much closer to national formula values and was within current means. It was raised that Option A appears to be a false economy due to a smaller balance being available. The main agreement lies with Option B; however this option does goes back on previous growth fund expectations. Schools Forum decided to agree upon Option A this year with a possible move to Option B in future years as Option A is not sustainable. Option A fulfils a moral obligation based on previous promises made regarding the growth funding for schools.</p> <p>These options would primarily affect Primaries rather than Secondary's. Only three school expansions continue beyond next year – two Primaries for a following two years and one Secondary for a further three years. The schools would need to be made aware that this is a decision for one year only.</p> <p>Schools Forum were happy to accept the option A for the financial year 2019/20 only, with the decision returning again to Schools Forum for 2020/21 and confirmed the choice of Option A for the growth fund payments in 2019-20 only (14 for, none against, no abstentions).</p>
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		The report was noted
8.	De-delegations & Central School Services Budget 2019 – 2020	<p>Claire White presented.</p> <p>The services to be de-delegated in 2019/20 are to be agreed by phase amongst the maintained schools.</p> <p>Table 1 shows the current de-delegations and associated costs in 2018/19. These services are all current other than Equality Services which ceased in July 2018. Paragraphs 5 to 9 give further details on each of the de-delegations.</p> <p>Table 2 shows the de-delegations proposed for 2019/20 with a breakdown per school provided in Appendix 3.</p> <p>Schools in Financial Difficulty was being re-offered as a de-delegation for 2019/20. It was not agreed how the funding was to be used in previous years. Schools therefore received the funding on a ‘first come, first served’ basis. It was raised that this is potentially unfair to those schools who may require the support later on in the year. Schools Forum could decide on a lower amount and set its own criteria, for example just set aside a smaller amount to provide schools with professional support in making budget savings.</p> <p>A vote was held on each of the de-delegations. Maintained schools representatives took decisions on whether to delegate, with primary and secondary schools voting separately. The outcomes were as follows:</p> <p>Behaviour Support: 6 in favour, none against, no abstentions (Primary schools only)</p> <p>Schools in Financial Difficulty: none in favour, 5 against, 2 abstentions (Primary schools only)</p> <p>Union Duties: 6 in favour, none against, no abstentions (Primary schools only)</p> <p>School Improvement: 6 in favour, none against, no abstentions (Primary)</p> <p style="padding-left: 40px;">1 in favour, none against, no abstentions (Secondary)</p> <p>General Duties: 6 in favour, none against, no abstentions (Primary)</p> <p style="padding-left: 40px;">1 in favour, none against, no abstentions (secondary)</p> <p>Mark Fowler undertook to report back on the School Improvement Strategy to the Heads’ meeting</p> <p>Table 3 showing the budgets funded from the Central School Services Block (DSG Allocation) is currently for information at this time. A decision on each of these will be made at the March meeting. Paragraph 11.3 lists details on each of these services</p> <p>Appendix 4 gives a breakdown of the National Copyright Licenses as agreed for 2019/20.</p>

		<p>The report was noted.</p>
9.	SEND Strategy Update	<p>Sonia Aulak presented.</p> <p>This is an update on the previous paper presented at December's Schools Forum.</p> <p>The Expressions of Interest made in regards to the specialist provision are currently being processed and reviewed; this is in partnership with Mark Fowler. No bids were received from either North or South Reading, with two bids from the West.</p> <p>Following the review, the next step of the process will be meetings with stakeholders and the opening up of the consultation process.</p> <p>There has been no formal update from the DFE in regards to the Special Free School bid. From the information available currently, there have been 56 expressions of interest. It is assumed that all bids are likely to go through.</p> <p>The report was noted.</p>
10.	High Needs Budget for 2019 – 2020	<p>Sonia Aulak presented.</p> <p>The allocation for the High Needs Block was announced on 17th December 2018, including additional funding for pressures. For Reading, this is £384k in both 2018/19 and 2019/20. An additional £447k is available from the decision to transfer 0.5% funding from Schools Block to High Needs Block.</p> <p>The breakdown of allocation for 2019/20 is shown in point 5.3. The total net allocation including the transfer from the schools block is £18,428,010.</p> <p>The table in point 6.1 shows the latest forecast position for 2018/19 and the financial strategy to repay the deficit across the next four years. ESFA expect that the deficit will be repaid within the next three years and will require a report from any LA with a deficit of more than 1% as of 31st March 2019 to detail how it plans to bring the DSG into balance.</p> <p>The table in point 7.1 sets out the current budget and forecast for 2018/19 alongside the proposed budget for 2019/20. The current forecast is £20.839m which is £397k greater than the target budget of £20.442m. Points 8 onwards set out further information for each budget line.</p> <p>Work will continue to refine the budget further; comments are welcome from Schools Forum. A final review will be brought back to the March meeting.</p>



		The report was noted.
11.	Agenda Items For Future Meetings	The next meeting will be held on 14 th March 2019 (5pm) at the Civic Centre – Council Chambers. Finalisation of Central School Services Budget 2019 - 2020 High Needs Budget 2019 – 2020 Early Years Budget 2019 - 2020
12.	Any Other Business	N/A

Agenda Item 3:

SCHOOLS FORUM MEMBERSHIP					Mar-19			
Group / Sub Group	Votes	Position	Name	School	First elected / appointed to SF	Last elected / appointed to SF	Period of office as member	Due for re-election / appointment
Members								
Nursery (3)	1	Head teacher	Jo Budge	Blagdon Nursery	Jan-17	Jan-17	1 yr	Jan-19
	2	Governor	Vacant				4 yrs	
	3	PVIs	Ita McGullion	Kennet Day Nursery	Oct-17	Oct-17	On-going	n/a
Maintained Primary (7)	4	Head teacher	Robert Howell	Alfred Sutton	Mar-19	Mar-19	1 yr	
	5	Head teacher	Justine McMinn	EP Collier	Nov-13	Jan-17	1 yr	Jan-19
	6	Head teacher	Cathy Doberska	English Martyrs	Jul-18	Jul-18	1 yr	Jul-19
	7	Head teacher **	John Cosgrove	Christ the King	Oct-14	Jan-17	1 yr	Jan-19
	8	Head teacher	Tonia Crossman	Emmer Green	May-17	May-17	1 yr	May-19
	9	Governor *	Peter Kayes	The Ridgeway	Mar-07	Dec-16	4 yrs	Dec-20
	10	Governor	Richard Rolfe	Micklands	Dec-16	Dec-16	4 yrs	Dec-20
Academy Primary (3)	11	Member	Karen Edwards	The Heights	Jul-18	Jul-18	1 Yr	Jul-19
	12		Stieve Butler	Meadow Park	Jul-17	Jul-18	1 Yr	Jul-19
	13		Vacant				1 Yr	
Maintained Secondary (1)	14	Head teacher	Simon Utley	Blessed Hugh Faringdon	Jan-17	Jan-17	1 yr	n/a
Academy Secondary (5)	15 16 17 18 19	Member	Isabelle Sandy	Kendrick	Feb-12	Mar-18	1 Yr	Mar-19
			Ashley Robson	Reading	Feb-12	Mar-18	1 Yr	Mar-19
			Rachel Cave	Highdown	Feb-12	Mar-18	1 Yr	Mar-19
			Phil Davies	Prospect	Feb-12	Mar-18	1 Yr	Mar-19
			Laura Ellenor	John Madjeski	Jan-17	Mar-18	1 Yr	Mar-19
			Annal Nayyar	Reading Girls	Dec-17	Dec-17	1 Yr	Dec-18
			Joanne Harper	UTC	Dec-13	Dec-15	1 Yr	Dec-16
			Andy Johnson	Maiden Earlegh in Reading	Jan-18	Jan-18	1 Yr	Jan-19
The Wren					1 yr			
Maintained Special (1)	20	Head teacher	Vacant	Holybrook Phoenix			1 yr	
Academy Special (1)	21	Member	Tracey Green	The Avenue	Mar-18	Mar-18	1 Yr	Mar-19
Alternative (1)	22	Alternative	Mandy Wilton	Cranbury College			On-going	n/a
Trades Unions (1)	23	Trades Unions	Ali McNamara	Unions			On-going	n/a
Non Members								
Observer	-	RBC	Cllr Ashley Pearce, Lead Member for Education					
* Chair								
** Vice chair								



Reading Schools' Forum

March 14, 2019

Agenda Item 4

Dedicated Schools Grant (DSG)
Budget Monitoring 2018/19

For decision For discussion For information

SUMMARY

This report updates the latest in year financial position and the latest longer term view on reducing the overall deficit.

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VERSION

Version number 1

DATE

March 14, 2019

REVIEW DATE

None

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1. Recommendations

- 1.1 NOTE: The 2018/19 budget monitoring position, in particular the latest deficit position in the high needs block.
- 1.2 NOTE: The longer term financial plan to bring the DSG back into balance.

2. Background

- 2.1 The Dedicated Schools Grant (DSG) is a ring fenced grant and can only be spent on school/pupil activity, as defined by the School and Early Years Finance (England) Regulations (2018).
- 2.2 The DSG is split between four different funding blocks - schools, central school services, early years, and high needs. Each Council's allocation is largely based upon actual pupil numbers from the October pupil count proceeding the actual financial year. Although separate allocations are received for each block, transfers are allowed between blocks but subject to certain restrictions.
- 2.3 Most of the grant is allocated to schools – the Individual School's Budget (ISB) or delegated budget – this is mainly formula driven; the remainder is the Centrally Retained School's Budget – the non-delegated budget.
- 2.4 Overspends on the DSG are carried forward and are a first call on the new year's allocation of DSG. Underspends on the DSG are carried forward to support the future year's school's budget.
- 2.5 The Authority must ensure that DSG is correctly spent and has to report the outturn position to inform the impact upon the following year's budget position. The budget monitoring of the Authority distinguishes between how services are funded, namely by DSG or by the Local Authority.
- 2.6 The LA receives its DSG allocation gross (including allocations relating to academies and post 16 provision), and then the Education & Skills Funding Agency (ESFA) recoups the actual budget for these settings to pay them direct, leaving a net or LA allocation.

3. DSG Allocation 2018/19

- 3.1. DSG allocations will change in year due to academy conversions during the year and the ESFA will update the 2018/19 grant when conversions have been completed. Also, allocations in the Early Years and High Needs Block are updated in late July 2018 by the ESFA. The original and current allocation is summarised in Table 1 below, with a detailed breakdown of the calculations provided in Appendix 1.

Table 1: RBC's original and revised (current) DSG allocations for 2018-19

BLOCK	ORIGINAL DSG ALLOCATION 2018/19			REVISED DSG ALLOCATION 2018/19 (December 2018)			CHANGE (£m)
	Gross DSG Allocations (£m)	Less Recoupment relating to Academies /Post 16 (£m)	Total LA DSG Allocations (£m)	Gross DSG Allocations (£m)	Less Recoupment relating to Academies /Post 16 (£m)	Total LA DSG Allocations (£m)	Total DSG (£m) Available
Schools Block	86.824	-39.877	46.947	86.823	-41.189	45.634	-1.313
Central Schools Block	1.305		1.305	1.305		1.305	0
Early Years Block	13.432		13.432	12.560		12.560	-0.872
High Needs Block	19.296	-1.618	17.678	19.511	-1.757	17.755	0.077
Total	120.857	-41.495	79.362	120.200	-42.946	77.254	-2.108
17/18 EY adjustment						0.366	0.366
Total Available						77.620	-1.742

3.2. There has been no change in the allocation since the last School Forum report, with the main in-year changes being as follows:

- The reduction in schools block funding is due to two primary school academy conversions in-year – Christ Church, and St Mary and All Saints. This funding is now paid direct to these schools by ESFA, and has no impact on the budget.
- High needs block funding reduced in July due to the import/export adjustment (additional pupils placed in settings outside Reading) and increase in the number of places funded in academies, which is deducted from our allocation. This adds to the deficit in this block, but has now been offset by the additional allocation of £384k announced by the Secretary of State for Education in December 2018. The net additional funding of £77k will go towards offsetting the deficit.
- Early years funding has been reduced in line with the January 2018 early years census. There is a final adjustment to come through (to be confirmed by the ESFA in July 2019) to take account of the January 2019 census. Based on draft January 2019 census data this is estimated to be a further reduction of £270k and this figure will be taken into account in determining the overall position in the early years block. This only has an impact if the actual take up of places is greater than the January average, which is not currently expected.
- The adjustment relating to the 2017/18 early years funding is due to the actual clawback being less than the provision made in the accounts, so this is additional

funding available in 2018/19 and is currently unallocated (though offsetting the overall DSG deficit).

- 3.3. Note that as part of the 2018/19 budget setting, it was agreed that there would be a transfer of £434k from the Schools Block to the High Needs Block towards the high needs deficit, plus central licences are being met from the Schools Block allocation.

4. DSG Budget Monitoring 2018/19 Update

- 4.1. Every Local Authority has to produce the Section 251 (S251) Budget and Outturn per year. The S251 Budget is uploaded onto the council website every April. Link: <http://www.reading.gov.uk/section251-budget-statements>. (Other Education and Children’s budget data are also within the S251 statement).
- 4.2. Appendix 2 contains the latest in year budget monitoring position for the DSG, split between the four funding blocks, and broken down by the reporting lines for the DSG section of S251.
- 4.3. Appendix 3 contains brief notes on what is included in each line of the budget report.
- 4.4. Table 2 summarises the current overall position per block as at the end of February 2019. The position has not significantly changed from the previous report (for December 2018).


Table 2: Summary Budget Monitoring Position – as at 28 February 2019

	ORIGINAL BUDGET (£m)	VIREMENTS £m	CURRENT BUDGET (£m)	FORECAST OUTTURN £m	VARIANCE £m
Schools Block	46.409	-1.313	45.096	44.829	-0.267
Central Schools Block	1.408	0	1.408	1.408	0
Early Years Block	13.432	-0.872	12.560	12.320	-0.240
High Needs Block	18.112	0	18.112	20.587	2.475
Sub Total – Net Expenditure	79.360	-2.185	77.175	79.144	1.968
DSG Allocation	79.362	-1.742	77.620	77.350	-0.270
Balance Over/(Under) Allocated	-0.002	-0.443	-0.445	1.794	2.238

- 4.5. The current forecast is that the year will close with a £1.794m deficit overall (compared to £1.885m reported last month), i.e. in-year expenditure plus pay back of brought forward deficit will not be met by the in-year allocation of grant. The over spend is all in the high needs block. The net underspend in the early years block (the unused contingency) will offset this deficit, but £196k of the underspend in the schools block is going towards funding the growth funding shortfall in 2019/20.

5. Variances

- 5.1. Schools Block (SB)
- There is a £71k under spend on primary and secondary school delegated allocations due to a business rate revaluation backdated to previous years. Other funding



adjustments for where actual business rates bills vary from the initial school formula allocation have virtually balanced out.

- The Growth Fund for 2018/19 was set at £900k; allocations confirmed total £804k with no requirement for the contingency set aside. The Falling Rolls fund of £100k will not be used. The overall under spend for these funds is £196k which will be carried forward for growth fund allocations in 2019/20.
- De-delegations are contributions to central services and unlikely to overspend as the LA would pick this up.

5.2. Central Schools Services Block (CSSB)

- Most of the central school services budgets are classed as contributions and the majority of areas will not be overspent as the LA would pick up any over spends. There will be no variance on copyright licences, as this is a national contract agreed in advance.

5.3. Early Years Block (EYB)

- The majority of Early Years Funding (97%) is relating to the free early year's entitlement for 2, 3 and 4 year olds. The budget is based on the hours funded in the previous financial year at the set hourly rates. The DSG funding due to be received is based on an average of the January 2018 and 2019 census numbers, so in theory, as expenditure is based on the actual uptake of entitlement for each term, any increase or decrease in numbers during the year compared to the January 2018 census should be funded, or funding will be clawed back (by the ESFA) in the following year if there has been an over allocation. This assumes that the January census represents a close average for the whole year.
- A forecast has now been made based on draft January 2019 census data and estimated payments to providers. The overall position is that there is a £30k difference between DSG funding due for the year (after claw back of £270k), and actual payments to providers. The Early Years adjustment to the DSG of £366k (referred to in paragraph 3.2) which is being held back as contingency and is offsetting the overall DSG deficit will therefore reduce by £30k.
- The majority of the in-year reduction in hours is in maintained nursery schools.
- The maintained nursery grant received within the DSG has been reduced by £53k (due to a reduction in numbers between January 2017 and January 2018), though this amount will not be clawed back from the nursery schools as it was an agreed lump sum as part of the budget setting. This over spend has been taken into account in the figures.
- Other budgets that pay for central spend are mainly contributions as agreed at the budget setting, and will not have a variance.

5.4. High Needs Block (HNB)

- The High Needs Block has been overspending for many years and the LA has introduced SEND projects (Strands) to implement future SEN processes/resource

building and help achieve the reduction of the DSG deficit that stood at £2.9m at 31st March 2018. Details of progress on these projects come under a separate report.

- The LA has also invested some funds to improve the SEND commissioning element that will review SEND placements/Contracts. This will complement the work that the Strands are doing.
- The over spend for 2018/19 is currently forecast to be £2.4m (same as reported last month) after also taking into account the actual deficit brought forward and the revised DSG allocation for the year.
- Although the top up forecast has gone up slightly, this is offset by an under spend on support for inclusion. No allocations out of the £50k set aside have been made by the panel, and the additional funding for schools with a higher than average percentage of pupils with EHCPs commenced in September, so is not for a full year.
- Top up funding is overspending by £1.9m, with the number of pupils receiving top up funding increasing from 1,175 in April 2018, to 1,279 in February 2019, an increase of 111 pupils so far this financial year.
- The current over spend position of the HNB is made up as shown in Table 3.

Table 3: HNB Over spend

Reason for HNB Overspend	£m
Difference between budgeted deficit b/f and actual deficit b/f	0.666
Top up funding – forecast over spend	1.899
Other net underspends	-0.090
Total Expenditure budget over spend	2.475
Less: net increase in DSG HNB allocation	-0.077
Total Over spend on HNB	2.398

5.5. Overall Position

- Over £1.0m of the brought forward deficit should be repaid in the current year, resulting in a £1.8m DSG overspend at the end of March 2019 to be carried forward to 2019/20. This is made up of £2.4m HNB less £0.3m contingency in EYB and £0.3m underspend in the SB.
- The HNB should not see further significant increases at this point in the financial year. Any additional payments to providers in the EYB should be met by the EYB contingency. The final under spend in the EYB and SB (other than the growth fund under spend to be spent in 2019/20) will offset the HNB deficit, though the EYB contingency should still be set aside as a contingency in this block due to the

volatility of funding and the need to maintain current hourly funding rates to providers.

- The DSG deficit peaked in 2016/17 at £3.4m as shown in Table 4, and is now showing a significant reduction in just two years. This is largely due to increases in funding and transfers from under spending blocks to the high needs block.

Table 4: DSG Deficit Year on Year

Year	£m
2014-15 Actual	0
2015-16 Actual	2.057
2016-17 Actual	3.397
2017-18 Actual	2.860
2018-19 Estimate	1.794

- Table 5 shows the latest view on bringing the DSG budget back into balance, which is likely to take at least a further three years. This is broken down by funding block and assumes that the SB, EYB and CSSB will each balance in year. The HNB will be spending less than the in-year grant allocation even with a small increase in expenditure in 2019/20 compared to the current year forecast. In 2020/21 expenditure will need to reduce by a small amount (£300k), followed by a further £100k each year which may be possible as the impact of the strategy takes effect, i.e. leavers from expensive provision being replaced by new placements in cheaper local provision. This reduction will need to be maintained until the deficit is paid off. It is assumed that the funding allocation for the HNB will increase by 0.5% each year. On this basis, the deficit will be repaid by 2022/23 and some investment in existing provision can start to be made in 2023/24. This does not, however, account for a significant increase in overall numbers of EHCPs, which could delay recovery of the deficit.

Table 5: DSG Recovery Plan

	2018/19 £m	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 £m
Expenditure by Block:					
Schools	44.829	44.275	44.520	44.520	44.520
Central Schools	1.408	1.330	1.330	1.330	1.330
Early Years	12.320	12.140	12.140	12.140	12.140
High Needs	17.727	18.000	17.700	17.600	17.500
Total Expenditure	76.284	75.745	75.690	75.590	75.490
DSG Income by Block:					
Schools	-45.098	-44.078	-44.520	-44.520	-44.520
Central Schools	-1.407	-1.330	-1.330	-1.330	-1.330
Early Years	-12.656	-12.079	-12.140	-12.140	-12.140
High Needs	-18.189	-18.428	-18.071	-18.161	-18.252
Total DSG Income	-77.350	-75.915	-76.061	-76.151	-76.242
In Year Deficit/(surplus):					
Schools	-0.268	0.197	0	0	0
Central Schools	0	0	0	0	0
Early Years	-0.336	61	0	0	0
High Needs	-0.462	-0.428	-0.371	-0.561	-0.752
Total Net Position	-1.066	-0.170	-0.371	-0.561	-0.752
Less B/F Deficit	2.860	1.794	1.624	1.253	0.691
Planned Year End Position	1.794	1.624	1.253	0.691	-0.061

- Note that from next year, the LA will be required to report deficits of 1% or more of the total DSG allocation to the DfE (by the end of June 2019). Recovery plans will need to be discussed with and agreed by the Schools' Forum. The DfEs expectation is that the DSG will be brought back into balance within three years.

6. Appendices

Appendix 1 – DSG Allocations 2018/19 – December 2018 Update

Appendix 2 – Summary DSG Budget Monitoring Report – February 2019

Appendix 3 – Additional Information per Service

Appendix 1 – DSG Allocations 2018/19 – December 2018 Update

	December 2017 Notification		July 2018 Notification		December 2018 Notification	
Schools Block						
Pupil Numbers Primary	13,320.0		13,320.0		13,320.0	
Rate	£3,938.01		£3,938.01		£3,938.01	
Allocation		£52,454,293		£52,454,293		£52,454,293
Pupil Numbers Secondary	6,057.0		6,057.0		6,057.0	
Rate	£5,105.75		£5,105.75		£5,105.75	
Allocation		£30,925,528		£30,925,528		£30,925,528
Growth Funding		£3,443,696		£3,443,696		£3,443,696
Premises Funding						
Gross Allocation		£86,823,517		£86,823,517		£86,823,517
Academy Recoupment		-£39,876,799		-£40,604,564		-£41,189,240
actual funding rounding adjustment		-£18		£47		-£277
Schools Block Net Total		£46,946,700		£46,219,000		£45,634,000
Central School Services Block						
Pupil Numbers	19,377		19,377		19,377	
Rate	£32.27		£32.27		£32.27	
Allocation		£625,296		£625,296		£625,296
Historic Commitments		£680,000		£680,000		£680,000
actual funding rounding adjustment		4		-£296		-£296
Central School Services Block Net Total		£1,305,300		£1,305,000		£1,305,000
High Needs Block						
Formula		£20,156,112		£20,156,112		£20,156,112
Additional Allocation - announced Dec 18						£384,000
Place Numbers - Special Schools	215.0		215.0		215.0	
Place Numbers - Alternative Provision	41.0		41.0		41.0	
Rate	256.0		256.0		256.0	
Allocation	£4,208.94	£1,077,489	£4,208.94	£1,077,489	£4,208.94	£1,077,489
Import/Export Adjustment	-323		-351		-351	
Rate	£6,000.00		£6,000.00		£6,000.00	
Allocation		-£1,938,000		-£2,106,000		-£2,106,000
Gross Allocation		£19,295,601		£19,127,601		£19,511,601
Recoupment - academy/post 16 places		-£1,618,000		-£1,756,993		-£1,756,993
actual funding rounding adjustment		-1		£392		£392
High Needs Block Net Total		£17,677,600		£17,371,000		£17,755,000
Early Years Block						
3 & 4 year olds Universal - Schools	1,457.0		1,396.0		1,396.0	
3 & 4 year olds Universal - PVI	1,617.4		1,496.0		1,496.0	
3 & 4 year olds Additional - Schools	837.6		198.4		198.4	
3 & 4 year olds Additional - PVI			628.7		628.7	
Total	3,912		3,719		3,719.10	
Rate	£5.14		£5.14		£5.14	
Allocation - Universal - Schools		£4,268,719		£4,090,001		£4,090,001
Allocation - Universal - PVI		£4,738,746		£4,382,981		£4,382,981
Allocation - Additional - Schools		£2,454,000		£581,272		£581,272
Allocation - Additional - PVI		£0		£1,841,965		£1,841,965
2 year olds - schools	24.0		67.0		67.0	
2 year olds - PVI	424.4		314.1		314.1	
Total	448.4		381.1		381.1	
Rate	£5.74		£5.74		£5.74	
Allocation		£1,467,173		£1,246,883		£1,246,883
PPG - schools	271.7		226.0		226.0	
PPG - PVI	185.2		120.4		120.4	
Total	456.9		346.4		346.4	
Rate	£0.53		£0.53		£0.53	
Allocation		£138,020		£104,647		£104,647
DAF - eligible pupils	54.0		54.0		54.0	
Rate	£615.00		£615.00		£615.00	
Allocation		£33,210		£33,210		£33,210
Maintained Nursery Grant		£331,883		£278,895		£278,895
actual funding rounding adjustment		48		£145		£145
Early Years Block Net Total		£13,431,800		£12,560,000		£12,560,000
SUMMARY NET IN YEAR ALLOCATION						
Schools Block		£46,946,700		£46,219,000		£45,634,000
Central School Services Block		£1,305,300		£1,305,000		£1,305,000
High Needs Block		£17,677,600		£17,371,000		£17,755,000
Early Years Block		£13,431,800		£12,560,000		£12,560,000
TOTAL DSG ALLOCATION IN YEAR		£79,361,400		£77,454,999		£77,253,999
<i>(CHECK TO GRANT NOTIFICATION RECEIVED)</i>		<i>£79,254,000</i>		<i>£77,455,000</i>		<i>£77,254,000</i>
Grant Adjustments				£365,840		£365,840
Early years clawback for 2017/18 (difference in provision made)				-£434,000		-£434,000
Transfer from School Block		-£434,000		-£434,000		-£434,000
Transfer from School Block		-£102,300		-£102,300		-£102,300
Transfer to CSSB		£102,300		£102,300		£102,300
Transfer to HN Block		£434,000		£434,000		£434,000
DSG AVAILABLE						
Schools Block		£46,410,400		£45,682,700		£45,097,700
Central School Services Block		£1,407,600		£1,407,300		£1,407,300
High Needs Block		£18,111,600		£17,805,000		£18,189,000
Early Years Block		£13,431,800		£12,925,840		£12,925,840
TOTAL DSG AVAILABLE		£79,361,400		£77,820,839		£77,619,839

Appendix 2 – Summary DSG Budget Monitoring Report

Summary DSG Budget Monitoring Report - as at 28 February 2019							
Line Ref.	S251 Line	Description	Original Budget £m	Virements £m	Current Budget £m	Forecast Outturn £m	Variance £m
Schools Block							
1	1.0.1 (p)	Individual Schools Budget - Maintained Schools	44.930	-1.313	43.617	43.546	-0.071
2	1.4.5	Falling Rolls Fund	0.100	0.000	0.100	0.000	-0.100
3	1.4.10	Growth Fund	0.900	0.000	0.900	0.804	-0.096
4	1.1.2	Behaviour Support Services (de-delegation)	0.178	0.000	0.178	0.178	0.000
5	1.1.3	Support to UPEG and Bilingual Learners (de-delegation)	0.040	0.000	0.040	0.040	0.000
6	1.1.9	Staff costs supply cover (trade unions) (de-delegation)	0.045	0.000	0.045	0.045	0.000
7	1.1.10	School Improvement (de-delegation)	0.141	0.000	0.141	0.141	0.000
8	1.6.4	Statutory/regulatory Duties (ESG) (de-delegation)	0.075	0.000	0.075	0.075	0.000
9	Sub Total Schools Block Net Expenditure		46.409	-1.313	45.096	44.829	-0.266
10	Schools Block DSG Allocation		46.410	-1.313	45.098	45.098	0.000
11	Balance Over / (Under) Allocated		-0.002	0.000	-0.002	-0.268	-0.266
Central Schools Services Block							
12	1.4.1	Contribution to combined budgets	0.630	0.000	0.630	0.630	0.000
13	1.4.2	School admissions	0.215	0.000	0.215	0.215	0.000
14	1.4.3	Servicing of schools forum	0.020	0.000	0.020	0.020	0.000
15	1.4.7	Prudential borrowing costs	0.050	0.000	0.050	0.050	0.000
16	1.4.14	Other Items (copyright licences)	0.102	0.000	0.102	0.102	0.000
17	1.5.3	Statutory/regulatory Duties (ESG)	0.390	0.000	0.390	0.390	0.000
18	Sub Total Central School Services Block Net Expend		1.408	0.000	1.408	1.408	0.000
19	Central School Services Block DSG Allocation		1.408	-0.000	1.407	1.407	0.000
20	Balance Over / (Under) Allocated		0.000	0.000	0.000	0.000	0.000
Early Years Block							
21	1.0.1 (p)	Early Years Funding (free entitlement)	12.750	-0.872	11.878	11.638	-0.240
22	1.2.8 (p)	Support for inclusion	0.100	0.000	0.100	0.100	0.000
23	1.2.5 (p)	SEN support services	0.182	0.000	0.182	0.182	0.000
24	1.3.1	Central expenditure on early years entitlement	0.400	0.000	0.400	0.400	0.000
25	Sub Total Early Years Block Net Expenditure		13.432	-0.872	12.560	12.320	-0.240
26	Early Years Block DSG Allocation		13.432	-0.506	12.926	12.656	-0.270
27	Balance Over / (Under) Allocated		-0.000	-0.366	-0.366	-0.336	0.030
High Needs Block							
28	1.0.2 (p)	SEN placements (first £10k)	2.197	0.000	2.197	2.197	0.000
29	1.2.1	Top up funding - maintained schools	4.675	0.000	4.675	5.452	0.777
30	1.2.2	Top up funding - Academies, Free Schools and Colleges	3.900	0.000	3.900	4.997	1.097
31	1.2.3	Top up and other funding - non maintained & independent prov	2.900	0.000	2.900	2.924	0.024
32	1.2.4	Additional high needs targeted funding	0.192	0.000	0.192	0.192	0.000
33	1.2.5 (p)	SEN support services	0.370	0.000	0.370	0.370	0.000
34	1.2.6	Hospital education services	0.198	0.000	0.198	0.208	0.010
35	1.2.7/1.2.12	Other alternative provision services	0.292	0.000	0.292	0.292	0.000
36	1.2.8 (p)	Support for inclusion	0.750	0.000	0.750	0.650	-0.100
37	1.2.13	Therapies and other health related services	0.345	0.000	0.345	0.345	0.000
38	1.4.11	SEN Transport	0.100	0.000	0.100	0.100	0.000
39		Repayment of DSG deficit from previous year	2.193	0.000	2.193	2.860	0.666
40	Sub Total High Needs Block Net Expenditure		18.112	0.000	18.112	20.586	2.475
41	High Needs Block DSG Allocation		18.112	0.077	18.189	18.189	0.000
42	Balance Over / (Under) Allocated		0.000	-0.077	-0.077	2.397	2.475
43	Total All Blocks Net Expenditure		79.360	-2.185	77.175	79.143	1.968
44	Total DSG Allocation Available		79.361	-1.742	77.620	77.350	-0.270
45	Balance - Deficit / (surplus) In Year		-0.002	-0.443	-0.445	1.793	2.238
Memorandum - Budgets Recouped from Gross DSG Allocation							
46	1.0.1 (p)	Individual Schools Budget - Academies	39.877	1.312	41.189	41.189	0.000
47	1.0.2 (p)	SEN placements - Academies & Post 16	1.618	0.139	1.757	1.757	0.000
48	Total DSG Recouped		41.495	1.451	42.946	42.946	0.000

Appendix 3 – Additional Information for Appendix 2 Table

SCHOOLS BLOCK

Line 1 - Individual School Budget – Schools formula budget for maintained Primary's and Secondary's.

Line 2 – Falling Rolls Fund - The falling rolls budget, was originally set-up for Secondary schools that had more than 30 pupil reduction in Year 7 from one year to the next. This will be reviewed and adapted for Primary's with Schools' Forum.

Line 3 - Growth fund - The growth fund budget is for schools with exceptional pupil number growth in the autumn term and is allocated to schools based on the criteria set by Schools' Forum.

DE-DELEGATIONS – Maintained Primary or/and Secondary Schools Only:

Line 4 - Behaviour Support Services – Passported to Cranbury College to supply this service.

Line 5 - Support to UPEG and Bilingual Learners - Also known as Equality services. This service is closing down from July 2018.

Line 6 - Staff Costs to Supply Union Cover – Union support with supply cover for union duties.

Line 7 - School Improvement – To fund staff and Projects within the service.

Line 8 – Statutory/regulatory duties - formally known as the Education Services Grant, for duties carried out by the LA on behalf of all maintained schools.

CENTRAL SCHOOLS SERVICES BLOCK

Line 12 - Combined Budgets - cover areas such as Commissioning, school improvement advisors, MASH (Multi Agency Safeguarding Hub), virtual school for looked after children, Early Help – children action teams that covers family workers, Welfare, CAMHs and Education Psychology.

Line 13 - School Admissions – contribution towards Admissions for all Reading Schools.

Line 14 - Servicing of Schools Forum – Preparation for Schools forum.

Line 15 - Prudential Borrowing costs – Borrowing costs for schools capital programme has historically been and will be funded by borrowing over many years. This is a small contribution to the overall borrowing costs.

Line 16 – Other Items – Copyright licences – national contract, purchased on behalf of all schools.

Line 17 – Statutory/regulatory duties - formally known as the Education Services Grant, for duties carried out by the LA for all schools, including academies.

EARLY YEARS BLOCK

Line 21 - Early Years formula funding – 2,3 & 4 year old free entitlement funding including deprivation and early Years pupil premium and other early years grants relating to maintained nurseries and disability.

Line 22 - Support for Inclusion (combined with line 36) – Early Years Cluster funding and central staffing in Education department. Supports inclusion of children in early year's settings, supporting inclusive practices and resources that enable young children with SEND to have their needs met in these settings.

Line 23 - SEN Support Services (combined with line 33) – provision for early years settings.

Line 24 - Central Expenditure on Children under 5 – Early Years Team Staff and other central early years budgets.

HIGH NEEDS BLOCK

Line 28 - SEN Placements – Placement funding for pre 16 maintained Resources (first £6k), special Schools (first £10k), and alternative provision (Cranbury College).

Line 29 - Top-up funding for maintained providers - EHCP top-ups for maintained early years, primary, secondary, special and alternative provisions within any LA that has a Reading financial responsibility for the EHCP. This also includes Pupils without EHCPs in Pupil referral units

Line 30 - Top-up funding for Academies and Colleges - EHCP top-ups for Academies, free schools and colleges within the Early years, primary, secondary, special, alternative and college provisions within any LA that has a Reading financial responsibility for the EHCP

Line 31 - Top-up funding and other funding – non maintained and Independents - EHCP Top-ups for Independent and non-maintained special schools.

Line 32 - Top-up funding additional – Includes Nursery Provision (Snowflakes) and some projects relating to pupils.

Line 33 - SEN Support Services (combined with line 23) – This includes Sensory Consortium (joint arrangement with other Berkshire LAs), Portage and ASD Outreach commissioned to Christ The King.

Line 34 - Hospital Education Services – This includes Hospital Education unit at Royal Berkshire Hospital and Education for Pupils in Tier 4 CAMHs specialist independent mental health hospital provision which is commissioned by NHS England

Line 35 – Other Alternative Provisions – this includes Cranbury Post 16 provision and Dingley Contract.

Line 36 - Support for Inclusion (combined with line 22) – New Inclusion fund, and central staffing (2 posts) in Education department, one for statutory functions including monitoring exclusions and one for ASD advisory support. Includes Manor inclusion project, hard to place and cluster funding. Also traveller education and virtual school children looked after.


Line 37 - Therapies and other Health Related services – Contribution towards Speech and Language, Occupational and Physio therapy. Jointly funded with the Clinical Commissioning Group.

Line 38 - SEN Transport – Contributions to SEN School Travel

Line 39 – Repayment of deficit (17-18 C/FWD) - Overall £2.860m deficit has been reported to the DfE as Reading's carry forward on DSG. This is where the £2.193m deficit budget sits that includes minus 0.5% reductions from schools in 16-17 and 17-18 and 0.5% lump sum removed from Schools block in 18-19.

RECOUPMENT

Line 46 – Individual School Budget – School formula budgets recouped for primary and secondary academies.

 Line 47 - SEN Placements – Placement funding recouped for post 16 places (at £6k per place), and academy resource unit places (£6k) and special school places (£10k).



Reading Schools' Forum

March 14, 2019

Agenda Item 5

Central Schools Services Budget
2019/20

For decision For discussion For information

SUMMARY

This report sets out the budgets to be paid for from the central schools services DSG block.

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1. Recommendations

- 1.1 AGREE: The centrally retained budgets as set out in Table 1.

2. Background

- 2.1 In 2018/19, the central school services block was introduced, which includes most of the centrally retained budgets that were previously funded from the schools block. This block now has its own funding allocation and is no longer a top slice from the schools block. The block pays for services that local authorities are responsible for providing for all schools, maintained and academy.
- 2.2 The funding for this block is partly based on mainstream pupil numbers (although the services relate to all pupils). The allocation for 2019/20 based on pupil numbers is £650k (19,728.5 pupils x £32.97 funding rate), plus an allocation of £680k is given for historic commitments, a total of £1,330k. The historic commitment element is allocated at the same level as in 2018/19. However this is likely to reduce from 2020/21 as it is the ESFAs expectation that the budgets will reduce over time as contracts and other commitments reach their end points.
- 2.3 Schools' Forum approval is required for most services funded by this block.

3. Budget Proposals

- 3.1. Table 1 sets out the services Reading currently fund from this block, and the budget for 2018/19 alongside the proposed budget for 2019/20. This is a net reduction of £77k which has been required in order to balance this block back to the funding allocation.
- 3.2. It has not been possible to identify at this stage under which service(s) the reduction will fall, and at the moment it is all shown under statutory services (which is the most likely). This is due to the move to Brighter Futures for Children and the realignment of budgets which is currently in progress. A detailed review will therefore be complete by the end of the summer, and Schools' Forum will be informed of any changes to the budgets in this block if this happens (as part of the budget monitoring report). Any changes will not increase expenditure above the DSG allocation for this block, and will not therefore impact on any other services or funding blocks.
- 3.3. Schools Forum is therefore asked to agree to the budget allocations for 2019/20 as shown in Table 1. The paragraphs that follow provide more detail on each of the budget lines.

Table 1: Central School Services Budget 2018/19 and 2019/20

SERVICE	2018/19 BUDGET (£'000)	2019/20 BUDGET (£'000)	APPROVAL REQ'D BY SCHOOLS FORUM	RESTRICTIONS
Admissions	215	215	Yes	None
Servicing of Schools' Forum	20	20	Yes	None
Copyright Licences	102	107	No	None
Statutory/Regulatory services e.g. finance	390	322	Yes	None
Prudential Borrowing (historic commitment)	50	50	Yes	Cannot exceed previous budget & no new commitments
Contribution to Commissioning (historic commitment)	15	15	Yes	Cannot exceed previous budget & no new commitments
Contribution to School Improvement (historic commitment)	116	102	Yes	Cannot exceed previous budget & no new commitments
Contribution to Early Help Services (historic commitment)	224	224	Yes	Cannot exceed previous budget & no new commitments
Contribution to Children's Social Care (historic commitment)	136	136	Yes	Cannot exceed previous budget & no new commitments
Contribution to LAC Education (historic commitment)	139	139	Yes	Cannot exceed previous budget & no new commitments
TOTAL	1,407	1,330		


3.4. Admissions.

This funds the staffing for the statutory admissions service for primary and secondary coordinated admissions and for all in year applications.

3.5. Servicing of Schools' Forum.

This relates to Local Authority officer time to research and prepare reports, arrange and attend meetings, plus cost of room hire, contribution to the website for publishing papers etc. The total budget of £20,000 is a contribution towards this cost. Most other local authorities charge significantly more.

3.6. Copyright Licences.



The DfE has agreed with various agencies to purchase a single national licence managed by the DfE, which means that local authorities and schools no longer need to negotiate individual licences. The DfE recharges the cost to the local authority, who has the option to pay for it out of the central school services budget rather than charge individual schools from their delegated budget.

3.7. Statutory/Regulatory Services

These services were previously funded through the Education Services Grant, and the funding for them is now included within this block, though based on the new formula (so not like for like). The main services covered are:

- Director of Children’s Services and planning for the education service as a whole.
- Revenue budget preparation, monitoring, and year end accounts.
- School formula review and preparation.
- Administration of payments to schools, including SEN & early years.
- External audit relating to education/DSG.
- Provision of information to the DfE e.g. Section 251 returns.
- Education welfare service.
- Asset management, including management of the education capital programme.

3.8. Prudential Borrowing.

“Prudential borrowing” means borrowing money for the purpose of facilitating the modernisation and rationalisation of the school estate, where the revenue savings that will be achieved are equal to or more than the expenditure that will be incurred in borrowing the money.


Historically Reading has included a small ‘notional’ amount within the main schools block for prudential borrowing which reflects the fact that a significant element of the ongoing schools capital programme has historically been and will be funded by borrowing over many years, which represents a significant cost to the Authority. The cost included here will be more than matched by revenue savings and/or offset the opportunity costs accruing from these projects. The charge is very small compared to the annual costs of servicing the debt associated with borrowing costs on major schools capital projects. If this were to be unfunded then it is likely that the capital programme would need to be scaled back.

3.9. Commissioning.

This funding has enabled additional hours to be added to the Children’s commissioning team (Access to Resources Team – ART) in order that the team can support the process of securing external SEN placements with good providers with increased value for money. Due to the growing numbers of external placements being used this funding is critical and supports the investment that the LA is doing within Commissioning. This has a vital part to play within the SEN strategy.

3.10. School Improvement.

This has been used to support schools with significant issues regarding standards to support additional staffing. It also supports additional staffing costs if schools require greater leadership capacity. This funding helps to support head teachers new to the post and those



new to Reading. This fund is connected to the de-delegation element and a detailed schedule was provided at the previous meeting of the Schools' Forum.

3.11. Early Help Services.

This contribution goes towards a range of Early Help services (which includes, notably family support, mental health, youth, EWOs, EPs, Troubled Families, TP, YOS, drug & alcohol) which the vast majority of schools in the borough access.

3.12. Children's Social Care & Children Looked After.

This contribution goes toward children's safeguarding more generally including the Multi Agency Safeguarding Hub, as well as funding for the Virtual School for looked after Children.



Reading Schools' Forum

March 14, 2019

Agenda Item 6

Early Years Budget 2019/20

For decision For discussion For information

SUMMARY

This report sets out the early years DSG block funding and budget proposed for 2019/20.

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1. Recommendations

- 1.1 NOTE: The basis used to determine the funding budget for 2019/20 (paragraphs 3.2 & 3.3).
- 1.2 NOTE: The early years funding rates to be paid to providers in 2019/20 (paragraphs 8.4).
- 1.3 AGREE: The centrally retained early year's budget for 2019/20 (as set out in section 7).

2. Background

- 2.1 The Early Years Block of the Dedicated Schools Grant (DSG) provides funding to support delivery of the early years entitlements in all early year's settings, including private, voluntary & independent settings (PVI), maintained nursery schools, and nursery classes in infant and primary schools. The early years entitlements are:
 - 15 hours entitlement for disadvantaged two year olds
 - Universal 15 hours entitlements for all three and four year olds
 - Additional 15 hours entitlements for eligible working parents of three and four year olds.
 - Early Years Pupil Premium for eligible three and four year olds
 - Disability Access Fund – for children in receipt of the Disability Living Allowance - to support disabled children's access to the entitlements for three and four year olds, e.g. to support providers making adjustments to their settings.
 - Maintained nursery school supplementary funding
- 2.2 A new formula for distributing the funding to local authorities was introduced in 2017/18 which established new funding rates, alongside new regulations for allocating this funding to providers. There is now a single early year's national funding formula (EYNFF), which means that all settings, irrelevant of type, have to be funded on the same basis i.e. same hourly rate. The first two years were transitional, but from 2019/20 all providers have to be paid on the same rate.
- 2.3 The Early Years arrangements for 2019/20 were published by the ESFA in November 2018 and can be found on the webpage <https://www.gov.uk/government/publications/early-years-national-funding-formula-allocations-and-guidance>.
- 2.4 This report sets out the funding to be received in 2019/20, and sets out the EYNFF and overall early year's budget for 2019/20 based on the funding likely to be available. Schools' Forum agreement is required for the centrally retained budget.

3. Early Year's Block Funding 2019/20

- 3.1. Early year's funding is largely based on the numbers of two, three, and four year olds recorded in the January census – 5/12 from the January falling in the previous financial year (January 2019), and 7/12 in the January falling in the current financial year (January 2020). The assumption is therefore that January numbers reflect the average position for the year, with lower numbers in the autumn, building up to the highest numbers in the summer term; this is because the free entitlement commences the term following the child's birthday. Providers receive funding based on their actual take up each term, so it is unlikely that the DSG funding received will ever match the actual spend, and this needs to be carefully managed. Pressure on this block will occur if the January census data is not close to the average take up for the whole year. The same methodology applies to early years pupil premium grant (EYPPG) funding and the disability access fund (DAF).

- 3.2. The breakdown of the 2019/20 allocation is shown in Table 1, with the first two columns replicating the notification received from the ESFA in December 2018 based on January 2018 census data, and the second two columns based on the January 2019 draft census data – the ESFA will update the allocation to these figures in July 2019, though only 5/12 of the final allocation for the year will be based on this. For the purpose of setting the budget, the 2019 January census is used at 100%, with the assumption that any decrease or increase in take up between now and next January will be replicated by an adjustment to the grant.
- 3.3. The funding rates for 2019/20 have not changed, and are still the same rates as in 2017/18 - no increase has been added for inflation. The minimum rate allocated to a local authority is £4.30 per hour for three and four year olds and £5.20 per hour for two year olds. Each local authority has an area cost adjustment added if relevant, and for three and four year olds an additional needs allowance, both of which Reading benefits from. For Reading, the rates for 2019/20 remain at £5.14 for three and four year olds and £5.74 for two year olds. To arrive at the funding allocation these rates are multiplied by the number of part time equivalent (PTE) children (1 PTE = 15 hours attendance) in the relevant census multiplied by 15 hours for each week and multiplied by 38 for the number of weeks in the year. As numbers have generally decreased, the funding allocation for 2019/20 has decreased by £468k.

Table 1: Early Year's Block Funding 2019/20

	2019/20 – December '18 Notification		2019/20 – LA Estimate to base budget on	
	PTE NUMBER (Jan 18 census)	FUNDING £	PTE NUMBER (Jan 19 census)	FUNDING £
3 & 4 year olds - universal @ £5.14 x 15 hours x 38 weeks	2,892	8,472,982	2,731.6	8,003,042
3 & 4 year olds – extended entitlement @ £5.14 x 15 hours x 38 weeks	827.1	2,423,238	847.1	2,481,833
2 year olds @ £5.74 x 15 hours x 38 weeks	381.1	1,246,883	377.7	1,235,759
PPG @ £0.53 x 15 hours x 38 weeks	346.4	104,647	303	91,536
DAF @ £615	54	33,210	25	15,375
Maintained nursery grant		266,555		251,534
Total Allocation		12,547,515		12,079,080

- 3.4. Between January 2018 and January 2019 the numbers of three and four year olds accessing the free universal entitlement has reduced by 160 or 5.5%, though children accessing the extended entitlement have continued to rise. Two year old numbers have remained stable.
- 3.5. In addition, there are allocations for pupil premium (PPG) and the Disability Access Fund (DAF) for the number of eligible pupils.
- 3.6. Local authorities with maintained nursery schools continue to receive supplementary funding in 2019/20 in order to protect the 2016/17 funding rates that these schools received. This is based on an additional hourly rate (£1.08 in 2019/20), and overall this

additional grant has decreased due to the reduction in the number of children in these settings.

4. Early Year's National Funding Formula (EYNFF)

- 4.1. New regulations came into force from 1st April 2017 for distributing funding to providers for three and four year olds. There has been a two year transitional period, and from April 2019 there must now be a single funding rate (including the same base rate and supplements) for both the universal and additional 15 hours for all types of provider, including maintained nursery schools.
- 4.2. Other regulations include:
 - LAs must pass on at least 95% of their three and four year old funding directly to providers.
 - May continue to use lump sums to distribute the additional supplementary funding to maintained nursery schools.
 - Must use a deprivation supplement in the three and four year old formula, and any other supplements must fall within one of the allowable categories.
 - Must not channel more than 10% of funding for three and four year olds through supplements.
 - Must provide a Special Educational Needs Inclusion Fund for three and four year olds.
 - Must pass on Early Years Pupil Premium in full to providers of eligible three and four year olds.
 - Must pass on Disability Access Fund funding in full to providers of eligible three and four year olds.
- 4.3. All Reading providers are already receiving a single base formula rate of £4.80 per hour for three and four year olds. The current two year old rate paid to providers is £5.55 per hour. When setting the provider funding rates any deficit or surplus from the previous year must be taken into account (i.e. this could arise if the January census on which the funding is based does not reflect the actual census counts and thus payments during the year).
- 4.4. In order to set the budget, a decision needs to be made on how many hours are to be paid to providers during the year ahead. It is usual to base it on the actual take up during the previous financial year, as long as the current January census data is not significantly different (as this is what the funding is based on).
- 4.5. Using the previous 12 months actual hours of provision multiplied by the current funding rates gives an annual budget as shown in Table 2. Appendix 1 gives this breakdown by type of provider.
- 4.6. The only supplement used by Reading is for deprivation, and this will continue to be paid on the same eligibility criteria as the PPG at £0.47 per hour, bringing the total funding through this factor up to £1.00.

Table 2: Early Years Entitlement Budget Calculation for 2019/20

	TOTAL HOURS in 2018/19	FUNDING RATE £	ANNUAL BUDGET £
3 & 4 year old - universal	1,557,295	£4.80 per hour	£7,475,020
3 & 4 year olds – extended	479,926	£4.80 per hour	£2,303,650
2 year olds	219,865	£5.55 per hour	£1,220,250
Pupil Premium Grant/Deprivation	192,363	£1 per hour	£192,360
Disabled Access Fund	25 (children)	£615 per child	£15,370
			£11,206,650


5. Maintained Nursery School Supplementary Funding

- 5.1. The Government expects the supplementary funding received for maintained nursery schools to be used to protect nursery schools with the funding rate they received in 2016/17. The lump sum amount received is adjusted if number of hours of provision change (as it is based on the relevant hourly rate multiplied by the hours of provision), and for 2019/20 the total amount has gone down due to nursery school numbers falling.
- 5.2. The nursery schools will be paid this funding by the same method on which it is received – i.e. at a supplement of £1.08 per hour of provision.
- 5.3. It is not known whether this funding will continue beyond 2019/20, and news about the future funding of maintained nursery schools is waiting to be received from the Government.
- 5.4. Table 3 sets out the amount of supplementary funding received by each of these schools – the actual in 2018/19 and the estimate for 2019/20 (to be confirmed once the detailed 2019 census data is available). The reason some schools are seeing a significant decrease is due to significant decreases in number of hours of provision in the last 12 months. The local authority continues to engage with the schools to review and discuss alternative operating models with the aim of making savings. However, they wish to have their concerns about their funding raised at the Schools Forum.

Table 3: Maintained Nursery Schools Supplementary Funding

Nursery School	Allocation 2018/19 £	Estimate for 2019/20 £
Blagdon	91,001	57,259
Blagrove	48,481	43,101
Caversham	50,909	37,794
New Bridge	67,263	54,523
Norcot	74,228	58,858
TOTAL	331,883	251,534

- 5.5. The schools have made a request to have their business rates paid as per prior to the introduction of the new formula. As the current lump sum protects their funding at the



2016/17 level, this already includes a payment for their rates. Other than the allocation of this supplementary funding to the nursery schools, under the current regulations all providers have to be treated equally, and this kind of payment does not meet the criteria of supplements.

- 5.6. Whilst it is not helpful to the nursery schools that no announcement has yet been made by the Government about their future funding, their viability without supplementary funding will need to be continually reviewed with plans prepared to address the reduction in funding if this does in fact happen.

6. Early Years SEN Inclusion Fund

- 6.1. Local authorities are required to have SEN inclusion funds for three and four year olds with lower level or emerging special educational needs who are taking up the free entitlement, regardless of the number of hours taken. Children with more complex needs and/or in receipt of an Education Health and Care Plan (EHCP) continue to receive funding from the high needs budget.
- 6.2. The fund for 2019/20 will remain at £150,000, which includes £50,000 allocated from the high needs block. Funding is allocated to providers on a case by case basis through a panel which meets monthly. The majority of funding is passed directly on to providers, with part going towards the cost of Educational Psychologists who carry out work with providers for children with more complex needs who are likely to need a statutory needs assessment.
- 6.3. Settings can apply for additional funding to support them to meet the child's SEND needs. The requests are made in line with the Early Years Graduated Response Guidance; support is provided to settings to complete SEN audits and paperwork if needed.
- 6.4. Communication and Interaction difficulties are the greatest area of need in settings. Therefore, a proportion of the Early Years Inclusion Fund is to be used to provide Intensive Interaction training and Attention Autism training to settings to support them.

7. Centrally Retained Early Year's Budget Proposal

- 7.1. The local authority can retain up to 5% of their three and four year old allocation for central expenditure; this is calculated on the planned (budgeted) spend i.e. the overall average hourly rate to be paid to providers has to be at least 95% (the pass through rate) of the funding rate received.
- 7.2. Schools' Forum is asked to agree the proposed amount to be retained in 2019/20. It is proposed that this will remain at £556,600. This budget pays for the following services:
- Early Years Team £350,000 – this is the management and administrative costs involved in delivering the free entitlement. It includes the following posts and activities:
 - Early education manager 1.0 FTE
 - Early years data, sufficiency and performance officer 0.8 FTE
 - 2 year old Project Officer 1.0 FTE
 - Compliance officer 1.0 FTE

- Early years data Officer 1.0 FTE
- Early years advisory teacher 1.0 FTE
- SEND support worker (proposed)
- Early years compliance and welfare requirements Officer 1.0 FTE
- Training, marketing, and Open objects software

- Early Years Portage Team £181,600 – Early intervention home visits. It includes the following posts and activities:
 - 6 x workers
 - Manager
- Dingley Contract £15,000 (plus £25,000 from high needs block) will provide Family Support Programme, Providers Advisory Support Service (PASS). Dingley’s Promise provide a suitable environment for further assessment and therapy from Social Care, Education and Health professionals to advance the children’s prospects.
- Central Establishment Charges £10,000 – contribution to central costs such as HR, finance, office accommodation, ICT.

7.3. The pass through rate compares the equivalent average three and four year old rate paid to providers (including any contingency funding set aside, the deprivation supplement and inclusion funding paid to providers) to the actual hourly rate received. This works out at £4.89 (excluding any contingency fund) compared to £5.14 which is 95.2% and above the 95% minimum requirement. Adding the contingency fund would increase the percentage to around 97.8%. The proposed centrally retained budget is therefore within the requirements.

8. Overall Budget for 2019/20

- 8.1. Table 3 sets out the overall budget for 2019/20, compared to the 2018/19 budget and estimated funding.
- 8.2. The funding in 2018/19 includes a contingency which was an under spend brought forward from 2017/18, and is shown as under spend in 2018/19. It is expected that £30k of this will be required to meet the net forecast overspend in 2018/19, leaving £336k to carry forward. Note that these are only estimates, and the final figures could vary depending on the significance of any further payments to be made in March.
- 8.3. The 2019/20 budget is over by £60k, and rather than reduce any budgets, it is proposed that this is met from the contingency funding to be brought forward. This would leave £275k in contingency, which is needed to cover against a large variance occurring between DSG funding received and actual payments to providers. It would not be prudent to allocate this out to providers by increasing the hourly rate, only to have to reduce the rate in a subsequent year.

Table 3: Early Years Block Budget 2018/19 and Proposed Budget for 2019/20

	2018/19 BUDGET £	2019/20 PROPOSED £
Three & Four Year old funding - universal	7,879,910	7,475,020
Three & four Year old funding – extended entitlement	2,260,940	2,303,650
Two Year old funding	1,198,310	1,220,250
Maintained nursery grant	278,910	251,350
Pupil Premium & Deprivation	227,030	192,360
Disabled Access Fund	33,200	15,370
Inclusion Fund	100,000	100,000
Centrally Retained	581,600	581,600
Total Expenditure	12,559,900	12,139,600
Total Funding	12,925,840	12,079,080
Over/ (Under)	(365,940)	60,520

8.4. The hourly funding rates will therefore remain the same as in 2018/19, as follows:

Three and four year olds - £4.80

Two year olds - £5.55

Deprivation - £0.47 (added to £0.53 for pupil premium)

8.5. Table 4 provides a comparison of hourly rates paid to Reading providers, compared to other neighbouring local authorities in 2018/19. This is the base rate only and does not include any supplements. This information has been obtained from the published Section251 budget statements.

Table 4: Local Authority Comparison of 2018/19 Hourly Rates

Local Authority	Two Year Old Rates	Three & Four Year Old Rates
Reading	£5.55	£4.80
Wokingham	£5.54	£4.39
Bracknell Forest	£5.46	£4.31
West Berkshire	£5.45	£4.30
Windsor & Maidenhead	£5.70	£4.30
Oxfordshire	£5.52	£4.08

8.6. It can be seen that Reading pays a significantly higher rate than our neighbours for the three and four year old entitlement, and pays a higher rate for the two year old entitlement in all but one of our neighbours.

9. Appendices

Appendix 1 – Breakdown of Early Years Entitlement Budget 2019/20

Appendix 1 – Breakdown of Early Years Entitlement Budget 2019/20

Entitlement By Type of Provider	Actual Hours Paid 2018/19				2019/20 Funding Rate	2019/20 Budget £	Equivalent No. of Children PTE
	Summer 18	Autumn 18	Spring 19	TOTAL			
	14 weeks	13 weeks	11 weeks				
3 & 4 year old UNIVERSAL - maintained nursery schools	100,590	60,840	67,419	228,849	£4.80	£1,098,475.20	401
3 & 4 year old UNIVERSAL - primary schools	219,450	132,795	150,645	502,890	£4.80	£2,413,872.00	882
3 & 4 year old UNIVERSAL - PVI	355,209	222,100	248,248	825,556	£4.80	£3,962,671.15	1,448
TOTAL	675,249	415,735	466,312	1,557,295		£7,475,018.35	2,732
3 & 4 year old EXTENDED - maintained nursery schools	28,812	22,503	25,707	77,022	£4.80	£369,705.60	135
3 & 4 year old EXTENDED - primary schools	17,640	14,820	18,975	51,435	£4.80	£246,888.00	90
3 & 4 year old EXTENDED - PVI	154,430	93,724	103,315	351,469	£4.80	£1,687,052.78	617
TOTAL	200,882	131,047	147,997	479,926		£2,303,646.38	842
2 year old - maintained nursery schools	10,080	12,870	9,075	32,025	£5.55	£177,738.75	56
2 year old - primary schools	1,050	975	1,320	3,345	£5.55	£18,564.75	6
2 Year Old Funding - PVI	65,572	64,514	54,409	184,495	£5.55	£1,023,944.59	324
TOTAL	76,702	78,359	64,804	219,865		£1,220,248.09	386
Disability Access Fund - maintained (No. of children)	5	3	2	10	£615.00	£6,150.00	10
Disability Access Fund - PVI (No. of children)	7	2	6	15	£615.00	£9,225.00	15
TOTAL	12	5	8	25		£15,375.00	25
Early Years Pupil Premium - maintained	60,690	24,570	26,235	111,495	£0.53	£59,092.35	196
Early Years Deprivation - maintained	60,690	24,570	26,235	111,495	£0.47	£52,402.65	196
Early Years Pupil Premium - PVI	34,751	22,073	24,044	80,868	£0.53	£42,860.04	142
Early Years Deprivation - PVI	34,751	22,073	24,044	80,868	£0.47	£38,007.95	142
TOTAL	95,441	46,643	50,279	192,363		£192,362.99	337
						£11,206,650.81	

Current Number of Providers	
Maintained Nursery Schools	5
Maintained/Academy Primary Schools	22
PVI - Private Nurseries & Pre Schools	59
PVI - Childminders	28
TOTAL	114



Brighter
Futures for
Children

Reading Schools' Forum

March 14, 2019

Agenda Item 8

High Needs Budget 2019/20



For decision



For discussion



For information

SUMMARY

This report sets out a breakdown of the high needs block funding allocation and budget for 2019/20, taking into account the brought forward deficit to be repaid.

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1. Recommendations

- 1.1 NOTE: The high needs block funding for 2019/20 (paragraph 3.3).
- 1.2 NOTE: The proposed budgets for the high needs block in 2019/20 (section 5).

2. Background

- 2.1 The High Needs Block (HNB) supports the delivery of the Council's Special Educational Needs and Disability (SEND) Strategy (2017 – 2022). The Strand 1 work stream which includes representative members of Schools Forum incorporates the analysis of data and information, including financial information, to inform future provision and joint commissioning.
- 2.2 The HNB is currently in deficit, and the monitoring of this position is updated in a budget monitoring report brought to each meeting of the Schools' Forum. The Forum also receives regular reports on the progress of the strategy. As the current year budget monitoring shows, although the deficit is going down, pressures in this block have not yet slowed down, with the number of pupils receiving EHCPs which the Council is legally obliged to fund, continuing to grow, and the inflationary increases applied by external providers continuing to rise at a much greater rate than the increase in funding received. It is hoped that the high needs strategy in place will start to curb this growth and possibly start reducing spend.
- 2.3 In setting the budget for 2019/20, a realistic estimate of continuing pressures against the savings arising from the strategy need to be taken into account, whilst also endeavoring to reduce the overall deficit.
- 2.4 The local authority decides the high needs budget, but welcomes comments and suggestions from the Schools' Forum.

3. High Needs Block Funding

- 3.1. The HNB element of the Dedicated Schools Grant (DSG) for 2019/20 was announced on 17th December 2018. This includes additional funding for high needs in response to the pressures that most local authorities are experiencing. For Reading, this is an allocation of £384,000 in both 2018/19 and 2019/20. All local authorities are to receive this additional funding, which is based on population of 2 – 18 year olds rather than actual need.
- 3.2. At the December 2018 meeting of the Schools' Forum, it was agreed to transfer 0.5% of funding from the schools block to the high needs block, in order to help pay back some of the brought forward deficit. This amounts to £447,000.
- 3.3. The allocation for 2019/20 is broken down as shown in Table 1 (also comparing to the 2018/19 allocation).

Table 1: High Needs Block Allocation 2018/19 and 2019/20

HIGH NEEDS BLOCK	2018/19 ALLOCATION	2019/20 ALLOCATION
High Needs Formula	£20,156,112	£20,321,292
Hospital Allocation		£182,810
Additional Allocation	£383,946	£384,000
Special School Census (includes TVFS in 2019/20)	£1,077,489	£1,317,398
Import/Export Adjustment (not yet known but 2019/20 adjusted for TVFS)	-(£2,106,000)	-(£1,782,000)
Gross High Needs Allocation	£19,511,547	£20,423,500
Top sliced for Academies (recoupment) to pay academies direct (2019/20 is an estimate and includes TVFS)	-(£1,756,993)	-(£2,442,490)
Net High Needs Allocation after ESFA recoupment	£17,754,554	£17,981,010
Add 0.5% from school block	£434,000	£447,000
Total High Needs Block	£18,188,554	£18,428,010

- 3.4. The import/export adjustment is not yet known as it will be based on the 2018/19 academic year to be informed by July 2019. This is the high needs places provided in Reading to other LAs less high needs places accessed by Reading pupils in other LAs (for Reading this is a deduction in funding).
- 3.5. The allocation for Hospital education is under review with the intention to replace the current historical spend with a formulaic factor – the allocation for this factor may therefore change, but no LA will see a reduction .
- 3.6. Special Free Schools are now included in the initial allocation, so for Reading the allocation includes funding for Thames Valley Free School (TVFS). In theory this should have a neutral impact in the first year, as funding is included in the census line and import/export line, and then deducted in the academy top slice (recoupment). Any future increases in places will however need to be met from the overall formula allocation.
- 3.7. Overall, the funding available in the high needs block has increased by £239k, or £623k including the additional funding announced in December for 2018/19.

4. High Needs Block Deficit

- 4.1. Table 2 shows the latest forecast position for 2018/19 (before recoupment of academy places) and the financial strategy for the next four years. It is in this context that the budget for 2019/20 is to be set, aiming to cap expenditure at the given levels each year. It is assumed that funding will increase by 0.5% each year (on top of the additional allocation received in 2018/19 and 2019/20. Part of the expenditure increase is due to the inclusion of Thames Valley Free School, which is offset by the increase in funding.

Table 2: High Needs Block Deficit Repayment Strategy

HIGH NEEDS BLOCK BUDGET	2018/19 FORECAST (£m)	2019/20 ESTIMATE (£m)	2020/21 ESTIMATE (£m)	2021/22 ESTIMATE (£m)	2022/23 ESTIMATE (£m)
Base Budget	19.484	20.442	20.442	20.442	20.442
Less in year savings			-0.300	-0.400	-0.500
Expenditure prior to repayment of deficit	19.484	20.442	20.142	20.042	19.942
Add: Repayment of previous year deficit	2.860	2.052	1.624	1.253	0.692
Total Expenditure	22.344	22.494	21.766	21.295	20.634
DSG in year allocation	19.512	20.423	20.513	20.603	20.694
Transfer from other blocks	0.434	0.447			
Possible under spends in other blocks to offset	0.346				
Total Funding	20.292	20.870	20.513	20.603	20.694
Net Position deficit (surplus)	2.052	1.624	1.253	0.692	-(0.060)

- 4.2. The expectation from ESFA is that the deficit will be repaid within the next three years, and they will require a report from any LA that has a DSG deficit of more than 1% as at 31 March 2019, to explain how it plans to bring the DSG account back into balance.
- 4.3. But the repayment plan will depend on how soon the strategy takes effect, and whether the numbers of pupils requiring support continue to increase – a significant year on year increase in EHCPs could delay recovery of the deficit.

5. Proposed High Needs Block Budget

- 5.1. Table 3 sets out the current budget and forecast for 2018/19 and the proposed budget for 2019/2020. The paragraphs that follow set out further information for each budget line.

Table 3: High Needs Budget 2018/19 and 2019/20

REF to PARAGRAPH BELOW	DESCRIPTION	BUDGET 2018/19 £	FORECAST 2018/19 £	PROPOSED BUDGET 2019/20 £
6	Centrally Retained Budgets	922,300	822,300	847,300
6.1	Inclusion support posts (2 x fte)	140,700	140,700	140,700
6.2	Inclusion support – schools with higher than average no. of pupils with EHCPs	250,000	200,000	250,000
6.3	Inclusion Support – Therapeutic Thinking	50,000	0	60,000
6.4	Inclusion Support – ASD outreach (Christ the King)	40,000	40,000	40,000
6.5	Inclusion Support - Manor	100,000	100,000	50,000

6.6	Travellers Education contribution	35,000	35,000	0
6.7	Virtual School – Children looked after	127,600	127,600	127,600
6.8	Transport contribution	100,000	100,000	100,000
6.9	Central overheads	79,000	79,000	79,000
7	Hospital & Medical	167,500	177,500	167,500
7.1	Cranbury hospital funding	147,500	147,500	147,500
7.2	Medical hospital tuition (Tier 4)	20,000	30,000	20,000
8	Central Contracts/SLAs	645,000	645,000	645,000
8.1	Sensory consortium	300,000	300,000	300,000
8.2	Speech/language & occupational	345,000	345,000	345,000
9	Further Education	700,000	781,830	940,000
9.1	Further education colleges top ups	700,000	781.830	940,000
10.1	Special school/resource/alternative provision - place funding	4,290,490	4,290,490	5,052,830
10.2	Maintained Schools	2,631,500	2,631,500	2,643,000
	Cranbury College pre 16 (100 places)	1,000,000	1,000,000	1,000,000
	Cranbury College post 16 (32 places)	245,000	245,000	245,000
	EP Collier (12 places)	88,000	88,000	76,000
	Christ The King (21 places)	142,000	142,000	138,000
	Blessed Hugh Farringdon pre 16 (22 places)	178,500	178,500	148,000
	Blessed Hugh Farringdon post 16 (3 places)	18,000	18,000	18,000
	New ASD resource from Sep 19 (10 places)			58,000
	Holybrook special school (32 places)	320,000	320,000	320,000
	Phoenix College special school pre 16 (56 places)	560,000	560,000	560,000
	Phoenix College special school post 16 (8 places)	80,000	80,000	80,000
10.3	Academy Schools (top sliced)	1,658,990	1,658,990	2,409,830
	Prospect (30 places)	200,000	200,000	188,000
	Highdown (from 5 to 6 places from Sept. 19)	46,330	46,330	36,000
	The Avenue (from 150 to 175 places from Sept. 19)	1,396,660	1,396,660	1,645,830
	Other post 16 places	16,000	16,000	
	Thames Valley School (54 places)			540,000
11	Alternative Provision	652,000	652,000	652,000
11.1	Cranbury College top up funding	652,000	652,000	652,000
11.2	Other independent alternative placements			0
12	EHCP Top Ups	10,122,900	11,939,623	12,244,160
12.1	Mainstream schools	1,175,000	1,301,180	1,442,560
12.2	Special Schools	5,497,900	7,115,413	7,563,160
12.3	Resource units	550,000	598,970	634,220
12.4	Independent & non maintained special schools	2,900,000	2,924,060	2,604,220
13	Early Years	175,000	175,000	175,000
13.1	Snowflakes	100,000	100,000	100,000

13.2	Early years inclusion funding	50,000	50,000	50,000
13.3	Dingley	25,000	25,000	25,000
	TOTAL HIGH NEEDS BLOCK	17,675,190	19,483,743	20,723,790

- 5.2. The current forecast for 2019/20 is £20.724m, which is £0.282m greater than the target budget of £20.442. Therefore savings of around £300k during the course of the year will be required, depending on the final outturn position for 2018/19.

6. Centrally Retained Costs

- 6.1. **Inclusion support posts (£140,700)** – this budget includes the cost of two posts retained by the Local Authority. One carries out a range of statutory functions relating to monitoring exclusions, part time timetables and other issues relating to vulnerable pupils, and the other delivers the ASC Advisory Support.
- 6.2. **Inclusion support budget (£250,000)** – This is funding to support schools with a higher proportion of pupils with EHCPs than the statistical neighbour average in order to support inclusion in mainstream schools. The methodology for its allocation was agreed at the July 2018 meeting of the Schools’ Forum following the recommendation of a SEND working group, and will be reviewed at the end of the first year of its operation (July 2019).
- 6.3. **School Inclusion Panel (Therapeutic Thinking Approach) (£60,000)** – Appendix A sets out details on how this budget is proposed to be spent in 2019/20, namely on the therapeutic thinking schools approach.
- 6.4. **ASC Outreach (£40,000)** is provided by Christ the King School.
- 6.5. **Inclusion Support – Manor Project (£50,000)** – This project provided additional support to pupils with MLD who attended the school for specific sessions. The £100k initially allocated is now to be reallocated to meet the changing needs of SEND pupils i.e. towards additional places for pupils with more complex needs, as per the SEND strategy. £50k is still to be allocated to Manor in 2019/20 as transitional funding; in 2020/21 there will be no funding allocated to the school for this purpose. The school can however charge other schools who wish to access any support they can offer.
- 6.6. **Traveler Education (£0)** – This previously formed part of the Equalities Service which has now been decommissioned. The budget has been transferred to inclusion support.
- 6.7. **Virtual School Children Looked After (£127,600)** - This contributes adds to the 136k from the schools block (combined services) for the Virtual school.
- 6.8. **SEND transport contribution (£100k)** - This contributes to the total SEND Transport spend of £1.993m
- 6.9. **Central overheads (£79,000)** - This contributes towards the cost of council overheads.

7. Hospital and Medical

- 7.1. **Hospital Education (£147,500)** - This budget funds a teaching team at the Royal Berkshire Hospital and is hosted by Cranbury College. It is required to support pupils from any Local Authority area who are in hospital in Reading.
- 7.2. **Other hospital funding (£20,000)** - This budget funds the cost of pupils' education while they attend tier 4 specialist independent mental health hospital provision which is commissioned by NHS England. This is demand led and cannot be predicted. Annual costs in recent years have ranged from £20k to £30k.

8. Central Contracts

- 8.1. **Sensory Consortium (£300,000)** – This is a joint arrangement with Windsor and Maidenhead and other Berkshire Local Authorities.
- 8.2. **Speech and Language (SALT) and Occupational Therapy (OT) Contract (£345,000)** - The contract value will be adjusted once we receive confirmation from the Clinical Commissioning Group regarding their contribution to this contract.

9. Further Education

- 9.1. **Further Education Colleges (£940,000)** – There has been a continued increase in demand for college placements. Strand 4 of the SEND Strategy are looking at integrating the transition into adulthood work for young people with SEND, and working with key partners to align this with other post 16 pathways into FE, employment, apprenticeships etc.

10. Place Funding

- 10.1. **RESOURCE UNIT/SPECIAL SCHOOL/ALTERNATIVE PROVISION PLACE FUNDING** - this funds the place element for each place regardless of how many pupils are on roll. Resource units receive £6k per place plus the school formula funding for the actual number of pupils in the unit on October census day (or post 16 formula funding); Pre 16 vacant places as on October census day are funded at £10k per place. Special schools and pupil referral units receive £10k per place.
- 10.2. **Maintained school place funding (£2,718,000)** – Previously, the post 16 place funding was top sliced by the ESFA to pay the school direct. From August 2019 this will remain with the Local Authority to pay the school direct. This budget includes places at a new resource unit from September 2019. Cranbury College is funded for 32 places in their Post 16 provision (Called “vision).
- 10.3. **Academies place funding (£2,409,830)** – This is top sliced by the ESFA from the Local Authority High Needs Block allocation to fund places in Academies based on the LA High Needs Block return which is submitted in November of the previous year. From 2019/20 this includes Free Special Schools, so the budget includes the places at Thames Valley School. It also includes an additional 25 places at The Avenue from September 2019. No allowance has been made at this stage for the proposed new free special school as it is assumed this will be funded by the DfE in its first year if it gains approval.

11. Alternative Provision Top Ups

- 11.1. **Cranbury top up funding (£652,000)** was previously paid as a lump sum. From 2019/20 Cranbury will receive the top up element of their funding only for pupils on roll as per the funding regulations.
- 11.2. **Other independent alternative placements (AP) (£0)** – there has been an increase in the number of pupils attracting additional support for AP on short term alternative packages either through their school or through the Council. Where schools place pupils who are already receiving top up, they are now responsible for this payment to avoid double funding.

12. EHCP Top Ups

- 12.1. **EHCP Top ups in mainstream schools (£1,442,560)** – this is based on the January 2019 profile of actual placements. No change to the top up rate is proposed.
- 12.2. **Special School Top Up (£7,563,160)** – This also adds an increase in numbers compared to the January 2019 actual placements profile, and an allowance has been made for the additional places at The Avenue from September 2019. No allowance has been made at this stage for the new free special school. No changes to the top up rates are proposed.
- 12.3. **Resource Unit Top Ups (£634,220)** - This reflects the January 2019 profile of actual placements, plus additions for the new resource places from September 2019. No changes to the top up rates are proposed.
- 12.4. **Out of Authority (OOA), Independent and Non Maintained Special Schools (NMSS) (£2,604,220)** – This budget has been set as per the profile of January 2019 placements and a small increase in placements. It does not include any allowance for inflation, but as the new local provision meets the needs of more children and young people locally, including developing the plan to improve accommodation at some of the special schools in Reading, costs should start to go down.

13. Early Years

- 13.1. **The Snowflake Centre (£100,000)** is based at New Bridge Nursery School and supports nursery age children with additional complex needs.
- 13.2. **Early Years Inclusion Fund (£50,000)** - this is a contribution to a larger budget funded from the Early Years Block (£150k in total). It supports inclusion of children in early years' settings. Work has been undertaken to move away from 1:1 funding to identify and support inclusive practices and resources that enable young children with SEND to have their needs met in these settings.
- 13.3. **Dingley's Promise SEND Provision (£25,000)** - The total cost of the provision is £40k, with £15k contributed from the Early Years DSG block.

14. Appendices

Appendix 1 – School Inclusion Panel

Appendix 1 – School Inclusion Panel

1.0 Purpose

- 1.1 To feedback to Schools Forum on the Schools Inclusion Panel pilot, and to propose what is considered a more effective mechanism of support for schools, based on the Therapeutic Thinking Approach, for the next financial year.
- 1.2 As no funding was used in the two pilot panels, it is proposed that of the £50,000 under spend in the current year, £10,000 is added to the £50,000 budgeted for 2019-20, in order to embed the Therapeutic Schools Approach.

2.0 Summary

- 2.1 The School Inclusion Panel was set up in November 2018, and ran two panels as a pilot in December and January. The Panel objective was to support schools in meeting the needs of children and young people who were at risk of exclusion, being excluded or on a part-time timetable. The Panel had £50,000 to support this work.
- 2.2 The cases that schools brought to the two pilot panels were highly complex and, whilst the Panel members were able to offer some suggestions for support and management strategies, in the whole the cases were clearly at a level that would be appropriate for a statutory needs assessment.
- 2.3 The Education Strategy has the Therapeutic Thinking Schools approach at its heart as an ethos and tool to reduce exclusion and respond differently to behaviour in schools. The Reading schools have embraced the training and our proposal is that we develop a team of practitioners from the Educational Psychology Service, Cranbury College and Holy Brook, to support schools systemically, at management level, individual child and group level in implementing this approach. We have listened to schools telling us they would like support in implementing the approach and to support them with children whose externalising behaviours are challenging to the school system.

3.0 Conclusion / Recommendations

- 3.1 Therefore it is suggested that the £60,000 (£50,000 plus £10,000 from this year) is used towards establishing a small team of practitioners, who would be able to work with individual schools in implementing the Therapeutic Thinking Schools tools and ethos.

4.0 Further information

- 4.1 The Therapeutic Thinking Approach to behaviour management aims to reduce the risk of exclusions by ensuring we have the right support for children in the right place, at the right time. The approach is fully inclusive and recognises that children's experiences and unique neurology result in feelings and behaviours that can be challenging for schools. The approach has a number of tools to embed the school's commitment to this ethos, such as how to measure the child's internalising and externalising reactions, and a unique Planning tool that is multi-disciplinary in its approach.
- 4.2 This approach links closely with guidance from the DfE "Mental health and behaviour in schools 2018", the mental health trailblazer project and Reading's Schools Link mental health project, all based on national research. It links closely with being trauma

informed and the training will be shared not only with schools, but with CSC, Health, and partners.

4.3 We envisage that the support team will be accessed via an Emotional Well-Being Triage.

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Reading Schools' Forum

March 14, 2019

Agenda Item 9

Schools' Forum Meeting Dates
2019/20

For decision For discussion For information

SUMMARY

This report proposes the dates and agenda items for the 2019/20 financial year.

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1. Recommendations

- 1.1 AGREE: The Schools' Forum dates and agenda items for the 2019/20 financial year

2. Proposed Dates

- 2.1 The Schools' Forum is a statutory and public meeting, which is required to meet as a minimum four times a year. In Reading, the Forum has in recent years met six times a year. It is proposed to change this to five times a year, meeting just once in the summer term, due to the reduced number of agenda items in this period, and the timing of information being available. The dates previously set for summer 2019 were provisional.
- 2.2 The meetings need to be scheduled at appropriate points in the year to tie in with decision making deadlines in relation to the setting of the School budget, and release of key data and information from the Education & Skills Funding Agency (ESFA). The frequency and timing of meetings need to be agreed in advance of each financial or academic year.
- 2.3 Based on 2018/19, the dates in autumn and spring have tied in well, so it is proposed to keep to similar dates in 2019/20, assuming ESFA deadlines will remain much the same. The meetings will continue to be held on Thursday's at 5pm in the Civic Centre (subject to confirmation of availability of the Council Chamber, otherwise an alternative venue will be found), and scheduled for two hours.
- 2.4 The dates proposed are set out in Table 1. The agenda and papers need to be dispatched one week in advance and published on the website so that all interested parties can access the papers and have the opportunity to make representations to Schools' Forum Members.

Table 1: Proposed Schools' Forum Dates 2019/20 Financial Year

MEETING DATE	DISPATCH OF AGENDA
June 27, 2019	June 20, 2019
October 17, 2019	October 10, 2019
December 5, 2019	November 28, 2019
January 16, 2020	January 9, 2020
March 12, 2020	March 5, 2020

3. Agenda Items

- 3.1. The key agenda items for each meeting are set out below. Other ad hoc reports will be added as and when, for example to discuss school funding based national announcements or consultations launched by the ESFA.
- 3.2. June meeting agenda items:
- DSG outturn 2018/19
 - Maintained school balances 2018/19 and budgets 2019/20
 - Review of the Schools' Forum constitution
 - High needs strategy update



- Budget monitoring 2019/20 month 3
- 3.3. October meeting agenda items:
- DSG budget setting strategy for 2020/21
 - Initial proposals for school funding formula for 2020/21
 - High needs strategy update
 - Budget monitoring 2019/20 month 6
- 3.4. December meeting agenda items:
- DSG budget overview for 2020/21
 - Final proposals for school funding formula for 2020/21
 - Agree growth fund for 2020/21
 - High needs strategy update
 - Budget monitoring 2019/20 month 8
- 3.5. January meeting agenda items:
- DSG actual funding settlement for 2020/21
 - Agree school funding formula for 2020/21
 - Agree de-delegations for 2020/21
 - First draft of central school services budget for 2020/21
 - First draft of high needs budget for 2020/21
 - High needs strategy update
 - Budget monitoring 2019/20 month 9
- 3.6. March meeting agenda items:
- Agree central school services budget for 2020/21
 - Agree high needs budget for 2020/21
 - Agree early years budget for 2020/21
 - High needs strategy update
 - Budget monitoring 2019/20 month 11
 - Agree Schools' Forum meeting dates for 2020/21