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TO: ALL MEMBERS OF THE SCHOOLS' FORUM

June 19, 2019

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Notice of Meeting – Schools' Forum

A meeting of the Schools' Forum will be held on **June 27, 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 March 14, 2019 including matters arising
3.	Schools' Forum membership update – confirmation of representation
4.	Schools' Forum constitution/terms of reference
5.	DSG outturn 2018/19 and DSG deficit recovery – Claire White and Mark Fowler
6.	DSG budget 2019/2020 – Claire White
7.	SEND strategy update – Mark Fowler
8.	Maintained school balances 2018/19 – Clare Warren
9.	Maintained School budgets / deficits 2019/20 – Clare Warren
10.	Agenda items for future meetings (standing item) <ul style="list-style-type: none"> • 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
11.	Any other business

Next Meeting: October 16, 2019 at 5pm Civic Centre – Council Chamber **(NOTE THIS IS ON A WEDNESDAY)**



Peter Kayes
Chair of Reading Schools' Forum

Civic Offices, Bridge Street, Reading,
RG1 2LU

Minutes of Schools' Forum Meeting

March 14, 2019

Present

Jo Budge – Head Teacher of Blagdon Nursery, Ita McGullion – Manager of Kennet Day Nursery , Justin McMinn – Head Teacher of E P Collier , 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), Richard Rolfe – Governor at Micklands, , Stieve Butler – Head Teacher of Meadow Park, Ann McDonnell – Business Manager of Blessed Hugh Faringdon, Isabelle Sandy – Business Manager of Kendrick, Annal Nayyar – Finance Director of Bayliss Trust (Reading Girls), Andrew Johnson – Head Teacher of Maiden Erlegh (Reading), Ali McNamara – NEU, Mark Hester – Business Manager of Cranbury College.

Apologies

Robert Howell – Head Teacher of Alfred Sutton, Karen Edwards – Head Teacher of The Heights, Simon Utley – Head Teacher of Blessed Hugh Faringdon, Ashley Robson – Head Teacher of Reading School, Rachel Cave – Head Teacher of Highdown, Phil Davies – Head Teacher of Prospect, Tracey Green – Avenue Finance Director, Mandy Wilton – Head Teacher of Cranbury College, Cllr Ashley Pearce – Lead Member for Education.

In attendance/Observers

Claire White – Interim Education & Schools Business Partner, Mark Fowler – Interim Director of Education, Corinne Dishington – Under 5's Service Manager, Steven Davies – Strategic Business Partner, Rhiannon Schoepe – Minute Taker, Jessica Wall – Governor at Caversham & Newbridge Nurseries, Lisa Bedlow – Head Teacher at Caversham & Newbridge Nurseries.

#	Item	Notes
1	Welcome and apologies	The Chair welcomed everyone to the meeting. Apologies were noted.
2	Minutes of the meeting held on 17th January 2019	Minutes were agreed from 17th January 2019. Jane Bunting was present at the last Forum, however was not noted on the minutes. Matters arising:

		<p>Action on Mark Fowler to report back to Heads Meeting in regard to the school improvements strategy. Heads confirmed that Mark had spoken at the meeting.</p>
3	Schools Forum Membership Update	<p>A vacancy at Maintained Primary level has been filled by Head Teacher of Alfred Sutton School, Robert Howell.</p> <p>Secondary Academies have decided on which five representatives are official School Forum members. These are; Kendrick, Reading, Highdown, Prospect & Reading Girls. Other Secondary Academy representatives are able to act as a substitute or attend the Forum as an observer.</p> <p>Tonia Crossman and Justine McMinn's memberships have been renewed for another year as of today.</p> <p>There are still currently three vacancies outstanding for nursery, academy primary & maintained special schools. Jessica Wall was attending with a view to filling the nursery governor vacancy.</p> <p>Out of the available 23 positions within Schools Forum, 20 are currently filled.</p>
4	DSG Budget Monitoring 2018 - 2019	<p>Claire White presented.</p> <p>This is an update on the previous paper presented at January's School Forum.</p> <p>Table 1 shows no change in the DSG allocation since the last Schools Forum report. There will be an adjustment at Year end for Early Years funding. This is based on 5/12ths of the January 2018 census and 7/12ths of the January 2019 census. Based on the draft January census, this is estimated to be a £270k reduction. This will only impact if take up of places is greater than the January average; this is not currently expected.</p> <p>The budget monitoring position (Table 2) has no significant changes. The forecasted outturn is £1.794m; this is less than the £1.885m as reported in January. Any overspend in the High Needs Block is offset by the contingency from Early Years and the underspend from Schools Block</p> <p>Currently Schools Block has a £71k underspend on delegated allocations due to backdated business revaluations. Other funding rates adjustments from variations on business rates bills have balanced out.</p> <p>The Growth Fund and Falling Rolls overall underspend of £196k will be carried forwards for growth fund allocations in 2019/20 as agreed at the last Forum.</p>

		<p>There is no change in Central Schools Block.</p> <p>The Early Years Block is forecasting a £30k difference between DSG funding due for the year and payments made to providers. Adjustments are still going through; therefore, this is subject to change. The maintained nurseries grant has been reduced by £53k due to a reduction in numbers. This overspend has been taken into account in the figures.</p> <p>The High Needs Block remains at £2.4m overspend as of the last meeting. The top up forecast has gone up, however this is offset by underspends in inclusion funding. Top up funding is overspending by £1.9m, with the number of pupils receiving funding up by 111 so far this financial year.</p> <p>The overall DSG position sees over £1m of the brought forward deficit repaid in current year, resulting in a £1.8m DSG overspend carried forward into 2019/20. This is made up of £2.4 High Needs Block less the £300k Early Years contingency and £300k underspend in the Schools Block.</p> <p>There should be no significant increases to the High Needs Block at this point in the financial year. Additional payments to Early Years providers will be met with the Early Years Block contingency. This contingency will be kept within the Early Years Block due to volatility of funding and maintenance of current hourly funding rates.</p> <p>Table 4 shows the year on year position of the DSG deficit which is showing a significant reduction. The recovery plan over the coming years is shown in Table 5. The deficit should be repaid by end of 2022/23; this is a year longer than the DFE had hoped. This is dependent on the success of the High Needs Strategy.</p> <p>The report was noted.</p>
5	Central Schools Budget 2019 - 2020	<p>Claire White presented.</p> <p>This is an update on the previous paper presented at December's School Forum.</p> <p>There has not been a lot of change since the last Schools Forum report. Table 1 looks the same with a reduction in spend in 2019/20. Allocation has reduced with an overall net reduction of £77k.</p> <p>Budgets are currently subject to change as these are currently at the working stage. The saving is all shown in statutory/regulatory services, but this may change after</p>

		<p>further work. However, the overall budget will not increase.</p> <p>Schools Forum is asked today to agree the overall spend of £1.330m in the block with a monitoring report coming back to Forum in the summer.</p> <p>A query was raised as to how BfFC recruitment and staffing costs affect schools. These costs are from the central education budget, not the DSG; any overspend is picked up by BfFC, not a cost transferred to the schools budget.</p> <p>A permanent Director of Education post is to be recruited to shortly.</p> <p>VOTE: all members approve spends as detailed in table 1</p> <p>The report was noted.</p>
6	Early Years Budget 2019 - 2020	<p>Claire White presented.</p> <p>The Early Years Funding Formula changed in 2017/18. New funding rates were established as well as new regulations for allocation of funding to providers. There is now a single Early Years Funding formula which requires all settings to be funded on the same basis. The first two years of this formula were transitional; from 2019/20 all providers are to be paid on the same rate. The new rates have been in place at Reading for the last two years.</p> <p>Early Years funding is based on 5/12ths of the previous year's January census and 7/12ths of the current year's January census. The ESFA will update the final allocation in the following July.</p> <p>Table 1 shows the difference between the January 2018 and 2019 censuses. The current budget will be set based on January 2019 figures due to the reduction in 3 & 4 year old places.</p> <p>The funding rates have not changed, these are still the same rates as in 2017/18, and no increase has been added for inflation. The minimum rate allocated to Local Authorities is £4.30 p/h for three and four year olds and £5.20 p/h for two year olds. As Reading has an area cost adjustment added as well as an additional needs allowance for three and four year olds, this raises the rates to £5.14 p/h and £5.74 p/h respectively. Due to the decrease in pupil numbers, the funding allocation for 2019/20 has decreased by £468k.</p> <p>From January 2018 to January 2019, the number of three and</p>

		<p>four year olds using the free universal entitlement have reduced by 160 (5.5%) however children accessing the extended entitlement have continued to rise. In addition to this, pupil premium and Disability Access Fund have been allocated to those pupils who require it.</p> <p>Maintained nurseries will continue to receive supplementary funding to protect funding at the 2016/17 funding rates previously received. This is paid as a lump sum and is equivalent to an additional £1.08 p/h.</p> <p>Prior to the National Funding Formula there were different rates for different provider types. Transitional funding came into place in 2017/18 to protect rates. There has not been a decision made on continuing transitional funding beyond the end of the academic year 2019/20.</p> <p>All providers are currently receiving a single base formula of £4.80 p/h for three and four year olds and £5.55 p/h for two year olds. Rates are to stay the same in 2019/20. The expected £300k carry forward must be kept as contingency if actual pupil numbers differ.</p> <p>The budget for 2019/20 is calculated on the previous 12 months of actual hours provision multiplied by the funding rates, as shown in Table 2.</p> <p>Maintained nurseries receive a supplement alongside the funding rate in order to protect them from the drop in rates. Table 3 estimates the 2019/20 funding for each of the maintained nursery providers. Any decreases are due to decreases in the number of hours of provision in 2018/19.</p> <p>A discussion was held around the potential for Reading to pay the Business Rates for maintained schools using the 300k contingency for Early Years. It was raised that other Local Authorities may pay Business Rates for schools; however local authorities are unable to treat providers in a different way. Any contingency cannot be used to pay maintained schools' Business Rates. The regulations do not allow for this as Rates is not in the criteria. Other authorities may be identifying rates separately as part of the lump sum to nursery schools, or are funding it from outside the DSG.</p> <p>It was noted that Reading has kept its use of supplements simple. Any increases in rates would need to be done across the board.</p>
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		<p>As part of the Centrally Retained Budget, the Local Authority can retain up to 5% of their three and four year old allocation. Schools Forum is asked to agree this figure for 2019/20; it is proposed that this will remain at £581,600. A breakdown of what this pays for is in point 7.2. (An error is in the agenda pack, point 7.2. Where the proposed Centrally Retained Budget is given as £556,600, this should be £581,600. Also, the costs for Early Years Team should be £375k, rather than £350k).</p> <p>The pass through rate compares the average three and four year old rate paid to providers to the actual hourly rate received. For Reading, this works out at £4.89 compared to £5.14. This is 95.2% and therefore above the 95% minimum requirement. Adding the contingency fund would increase this to 97.8%.</p> <p>Table 3 shows the overall position of the 2019/20 budget. It is currently over by £60k. It is proposed that this is met by the contingency. (An error is in Table 3. Where the Maintained Nursery Grant proposed figure is £251,350, this should be £251,530. The total expenditure is therefore £12,139,780 and the budget is over by £60,700).</p> <p>The hourly funding rates will remain the same as in 2018/19 as shown in point 8.4.</p> <p>Table 4 shows a comparison of Reading to other surrounding Local Authority rates. Reading has the highest rate for three and four year olds. One authority has a higher two year old rate.</p> <p>Appendix 1 gives a breakdown Early Years Entitlement Budget for 2019/20 across provider type and numbers of children receiving each entitlement. This also shows the current number of providers within each type.</p> <p>VOTE: all members approved the centrally retained Early Years budget for 2019/20 as detailed in point 7.2.</p> <p>The report was noted.</p>
7	SEND Strategy Update	<p>Mark Fowler presented.</p> <p>The SEND strategy looks to strengthen capability within schools to meet the SEN needs of their pupils. It is necessary for schools to identify, assess the required level of support within schools and to address the needs. This can be done by adaption of the curriculum and teaching etc., so improving the</p>

		<p>support open to pupils. After this, if further adaptation is needed, pupils can be assessed and put forward for an EHCP. Reading's number of EHCP's is currently higher than the national average. This is due to not enough support at an early stage, which leads to intensifying the difficulties and requiring more intervention – and more expensive intervention – later on.</p> <p>Reading is also looking to increase the provision of specialist school places at a local level, as we see more young people being educated out of borough. Reading was successful in its joint bid with Wokingham and West Berkshire to receive government funding to create a special school within borough. We are now looking to pursue a SEN special free school in Reading. This will have 150 places open to young people with ASD as well as social, emotional and mental health difficulties. The current timescale sees the school open in 2022. Procedures are currently starting with a stakeholder engagement event. Bidding will then be open for the regional schools commissioner to identify the right sponsor. The location of the school is yet to be confirmed.</p> <p>The need to identify specialist provisions inside schools is ongoing. This is in both North and West Reading. Three schools in the West have registered their interest. Helen Redding and Sonia Aulak are encouraging schools in the North to partake.</p> <p>Phoenix is looking into taking girls after it has relocated and expanded on another site.</p> <p>The report was noted</p>
8.	<p>High Needs Budget 2019 – 2020</p>	<p>Claire White & Corinne Dishington presented.</p> <p>This is an update on the previous paper presented at January's School Forum.</p> <p>There has been no change since the last Schools Forum report. Budgets are currently being looked at to ensure they align with the deficit repayment strategy as shown in line 4 of Table 2. Currently, the strategy expects expenditure to be £20.4m in 2019/20. Table 3 gives a total proposed budget for 2019/20 of £20,724m. Therefore, savings of £300k are required; however this depends on the final outturn position for 2018/19.</p> <p>Early Years are working to identify both pupils' needs and the necessary support earlier in the school environment. It is</p>

		<p>important to make use of Early Help and to work collaboratively with social care. It was noted that the EHC panel is working well to ensure there is a good level of discussion and focus around cases. A note to schools that only appropriate requests should be coming to panel.</p> <p>Cathy Doberska noted that English Martyrs is part now of a trailblazer scheme and as part of this, will receive additional funding.</p> <p>Appendix 1 has been submitted by Deb Hunter (Principal Child & Educational Psychologist). This discusses the Schools Inclusion Panel pilot and the redirection of the £50k funding agreed last year for a practitioner scheme to assist individual schools with implementing the Therapeutic Thinking Schools tools and ethos.</p> <p>In regards to the proposed budgets for 2019/20, top up funding will remain at the current rates. Resource unit places are funded at £6k for a filled place and £10k for an unfilled place as per pupil numbers on the October 2018 census.</p> <p>The report was noted.</p>
9.	<p>Schools Forum Meetings 2019 - 2020</p>	<p>Claire White presented.</p> <p>Schools Forum is required to meet four times per year. Reading's Forum has been meeting six times per year. It is proposed that this is reduced to five times per year, reducing the meetings being held in the summer term to just one, due to the reduction in the number of agenda items now coming through for this period.</p> <p>Table 1 shows proposed dates for 2019/20 with the key agenda items being listed in point 3.</p> <p>There were no objections to the proposed dates.</p> <p>It was requested that Schools Forum co-ordinate with Local Joint Forum in regard to dates as there are members who attend both meetings.</p> <p>The report was noted.</p>
10.	<p>Agenda Items For Future Meetings</p>	<p>The next meeting will be held on 27th June 2019 (5pm) at the Civic Centre – Council Chambers.</p>

		<p>DSG Outturn 2019 – 2019</p> <p>Maintained Schools balances 2018 – 2019 and budgets 2019 – 2020</p> <p>Schools Forum Constitution update.</p>
11.	Any Other Business	<p>Update on Scheme for Financing Schools. The DFE has updated this with technical changes; Claire White to update the scheme held by Reading and put a version online in next few weeks.</p> <p>Reading is currently waiting for census data in order to set early years budgets. This is expected to come through in the next week. School deadline for budget returns is 31st May this year. Claire will look into how Reading can receive census data earlier next year.</p> <p>Ali McNamara from Unison encouraged Forum members to respond to surveys and engage with unions.</p>

Agenda Item 3:

SCHOOLS FORUM MEMBERSHIP	Jun-19
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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-19	1 yr	Jan-20	
	2	Governor	Jessica Wall	Caversham & New Bridge Nurserie	Jun-19	Jun-19	4 yrs	Jun-23	
	3	PVIs	Ita McGullion	Kennet Day Nursery	Oct-17	Oct-17	4 yrs	Oct-21	
Maintained Primary (7)	4	Head teacher	Robert Howell	Alfred Sutton	Mar-19	Mar-19	1 yr	Mar-20	
	5	Head teacher	Justine McMinn	EP Collier	Nov-13	Jan-19	1 yr	Mar-20	
	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-19	1 yr	Jan-20	
	8	Head teacher	Tonia Crossman	Emmer Green	May-17	Mar-19	1 yr	Mar-20	
	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	Member	Stieve Butler	Meadow Park	Jul-17	Jul-18	1 Yr	Jul-19	
	13	Member	Vacant				1 Yr		
Maintained Secondary (1)	14	Head teacher	Simon Utley	Blessed Hugh Faringdon	Jan-17	Jan-19	1 yr	Jan-20	
Academy Secondary (5)	15	Member	Isabelle Sandy	Kendrick	Feb-12	Mar-19	1 Yr	Mar-20	
	16	Member	Ashley Robson	Reading	Feb-12	Mar-19	1 Yr	Mar-20	
	17	Member	Rachel Cave	Highdown	Feb-12	Mar-19	1 Yr	Mar-20	
	18	Member	David Littlemore	Prospect	Feb-12	Mar-19	1 Yr	Mar-20	
	19	Member	Annal Nayyar	Reading Girls	Dec-17	Mar-19	1 Yr	Mar-20	
			Observer/Substitute	Laura Ellenor	John Madjeski				
			Observer/Substitute	Jonathan Nicholls	UTC				
			Observer/Substitute	Andy Johnson	Maiden Earlegh in Reading				
			Observer/Substitute	Jo Broadhead	The Wren				
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					
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* Chair

** Vice chair



Reading Schools' Forum

June 27, 2019

Agenda Item 4

Schools' Forum Constitution
2019/20

For decision For discussion For information

SUMMARY

This report sets out changes required to the composition of the membership to comply with the regulations, and proposes a formal constitution document to be adopted.

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VERSION

Version number 1

DATE

June 27, 2019

REVIEW DATE

None

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1. Recommendations

- 2.1 AGREE: The Schools' Forum constitution for the 2019/20 financial year (Appendix 1).
- 2.2 AGREE: The revision to the membership as shown in Table 1.

2. Background

- 2.1 The Schools' Forum is a statutory and public meeting. The 'Schools Forums (England) Regulations 2012' govern the composition, constitution and procedures. The respective roles of Schools Forums, local authorities and the Department for Education are summarised in the document 'schools forum powers and responsibilities'¹.
- 2.2 It is good practice for school forums to set its own constitution following the guidelines contained in the regulations and operational guide. This will include documenting the local arrangements for:
 - Terms of Reference
 - Membership – size and composition
 - Procedures
- 2.3 There is no current document for Reading Schools Forum, so a draft document for approval is provided in Appendix 1. Once adopted, this will then be updated on an annual basis, mainly for any membership changes required and if any changes to the regulations require a revision.

3. Membership for 2019/20

- 3.1. An annual review is required to ensure that the composition of the membership is still meeting the statutory requirements as follows:
 - There is no maximum or minimum size. There needs to be a balance between keeping it to a manageable size and ensuring all the various types of schools are represented. The average size is 20 to 25 members.
 - All types of schools must be represented – with at least one head teacher (or their representative) and at least one Governor overall.
 - Mainstream academies, special academies, and AP academies must each be represented if a school of this type exists in the LA. There is no requirement to have members from both primary and secondary academies.
 - Must have a representative from 16-19 providers.
 - Must have a representative from early years PVI providers.
 - School and academy representatives must comprise of at least two thirds of the school forum membership.
 - Maintained primary schools, maintained secondary schools and academies must be broadly proportionately represented on schools forum, based on the total number of pupils registered at them.
 - Additional non-school members may include diocese representatives, trade unions, and other professional associations.

¹ <https://www.gov.uk/government/publications/schools-forums-operational-and-good-practice-guide-2015>

- 3.2. Table 1 provides a breakdown of the current membership and the proposed revision in order to comply with the regulations.

Table 1: Current and Proposed Membership Breakdown

	Current Representation				Revised Representation			
	Head Teacher	Gover nor	Total	%	Head Teacher	Gover nor	Total	%
School Members:								
Primary	5	2	7	43.8	5	3	8	53.3
Secondary	1		1	6.2	1		1	6.7
Academy			8	50.0			6	40.0
Sub Total			16	100.0			15	100.0
Other School Members:								
Nursery	1	1	2				2	
Special Maintained	1		1				1	
Special Academy	1		1				1	
Alternative Provision	1		1				1	
Total School Members			21				20	
Non School Members:								
Early Years PVI			1				1	
16-19 Provision							1	
Trade Union			1				1	
Total Non-School Members			2				3	
TOTAL MEMBERSHIP			23				23	
Proportion of School Members (at least 66.7%)				91.3%				87.0%

- 3.3. The current pupil number percentage breakdown for the purpose of determining the proportional representation of school members is shown in Table 2.

Table 2: Pupil Number Breakdown

January 2019 Census (Headcount all year groups including nursery and 6 th form)	Pupil Numbers	%
Primary Maintained	10,556	56.2
Secondary Maintained	815	4.3
Academy	7,413	39.5
Total Pupil Numbers	18,784	100.0

- 3.4. Based on this split, the number of academy representatives needs to reduce by two for the school members to be broadly in proportion. As there is currently a primary

academy vacancy, this can be removed, and one of the secondary academy representatives would need to become a substitute. Maintained primary membership needs to increase by one and it is proposed that nominations are sought from primary Governors. If no nominations are put forward, then the position will be opened up to primary head teachers.

- 3.5. We currently have no 16-19 provider representatives, and a member needs to be sought from this sector. Reading College was previously the nominated representative but no-one ever attended. The Post-16 Partnership Forum is being re-established and it is proposed that a representative comes from this group.
- 3.6. This would maintain the total membership at a total of 23.
- 3.7. The draft constitution in Appendix 1 contains these changes. Schools Forum members are required to approve its constitution for 2019/20.
- 3.8. Note that the ESFA has a team who scrutinise the proceedings of every local authority's Schools' Forum to ensure compliancy with the regulations.

4. Appendices

Appendix 1 – Reading Schools' Forum Constitution 2019/20



Reading Schools’ Forum Constitution

The Schools’ Forum is a decision making and consultative body in relation to matters concerning schools’ budgets as defined in the School and Early Years Finance (England) Regulations 2018. The Schools Forum Regulations 2012 govern the composition, constitution and procedures of Schools’ Forums.²

This document is divided into 3 sections:

- A. Terms of Reference for the Reading Schools’ Forum
- B. Membership of the Reading Schools’ Forum
- C. Operating Conventions of the Reading Schools’ Forum

Further information, including the Schools’ Forum Operational and Good Practice Guide published by the Education and Skills Funding Agency (ESFA) can be found on their website.³

² These Regulations can be accessed at: <http://www.legislation.gov.uk/uksi/2012/2261/made>

³ <https://www.gov.uk/government/publications/schools-forums-operational-and-good-practice-guide-2015>

A. TERMS OF REFERENCE OF THE READING SCHOOLS' FORUM

Status of the Schools' Forum

The Schools' Forum is established in accordance with Sections 47(1) 47A of the School Standards and Framework Act 1998 and The Schools Forums (England) Regulations 2012.

Annual Consultation on School Funding

The authority must consult the Schools Forum annually in respect of the authority's functions relating to school funding including:

- Changes to the primary and secondary funding formula (only school members plus the early years PVI representative can vote).
- The allocation of the Dedicated Schools Grant (DSG), including movements between blocks (except for movement from the schools block – see below).
- Contracts where the LA is entering into a contract to be funded from the schools budget.
- Funding arrangements for pupils with special educational needs, in particular the places to be commissioned by the LA and schools, and the arrangements for paying top up funding.
- Funding arrangements for the use of Pupil Referral Units and the education of children otherwise than at school in particular the places to be commissioned by the LA and schools, and the arrangements for paying top up funding.
- Central spend on children and young people with high needs.
- Funding arrangements for early year's provision.
- Central spend on licences negotiated centrally by the Secretary of State.
- Administrative arrangements for the allocation of central government grants paid to the schools via the authority.
- Changes to the Minimum Funding Guarantee and any other changes from the regulations which the local authority intends to submit to the DfE for approval.
- Any other matter concerning the funding of schools as the Schools' Forum sees fit.

Annual Decisions on School Funding

School Forum Members must decide (usually annually) on the following proposals made by the LA:

- Movement of up to 0.5% from the schools block to other blocks.
- The amount of expenditure the local authority can centrally retain from the school budget, including growth fund, falling rolls fund, admissions service, servicing of schools forum, contributions to responsibilities that local authorities hold for all schools, contributions to combined budgets, prudential borrowing costs, and central spend on early years.
- The criteria for allocating funding from the growth fund and falling rolls fund.
- The de-delegation from mainstream maintained schools budgets for allowable central budgets, to be decided by the schools representatives of the relevant phase on behalf of all the schools they represent. This includes the general duties (support services) for maintained schools.
- Carry forward of over/under spend on central expenditure to the next financial year.
- Revisions to the authority's Scheme for Financing Schools.
- Elects the Chair of Schools' Forum, and determines the voting procedures.

B. MEMBERSHIP OF THE READING SCHOOLS' FORUM

Composition

The Schools' Forums regulations 2012 state that maintained primary schools, maintained secondary schools and academies must be broadly proportionately represented on the Schools' Forum having regard to the total number of registered pupils, though there must be at least one representative for each type of school. There must also be at least one representative of head teachers and one representative of governors among the school members. Schools and academies members must number at least two-thirds of the total membership

Reading Schools' Forum shall in total comprise of 23 members being 20 school members (including academies) and 3 non-school members. The school members shall be Headteachers, Governors or Early Years representatives drawn from the schools / provisions in the Reading Borough Council Local Authority area. The Primary and Secondary Headteacher members groups may also include representatives of head teachers - senior members of staff, such as School Business Managers.

School Members

The current number of representatives in each phase is as follows:

- a) **Maintained Primary Representatives**
8 representatives from primary schools of which at least 50% must be head teachers and at least 2 are governors.
- b) **Maintained Secondary Representatives**
1 representative from secondary schools.
- c) **Maintained Special School Representatives**
1 representative from special schools.
- d) **Nursery School Representatives**
2 representatives from the nursery schools, 1 head teacher and 1 governor.
- e) **Academy Primary & Secondary School Representatives**
6 representatives from the academies, of which at least 1 must be from the primary sector and at least 1 from the secondary sector.
- f) **Academy Special School Representatives**
1 representative from academy special schools.
- g) **Alternative Provision Representatives**
1 representative from the Pupil Referral Unit.

Election of Schools Members

The primary school and secondary school head teacher representatives shall be elected by their respective Heads Forum.

The primary school governor representatives shall be elected by all primary governors through a ballot process.

Academy representatives shall be decided by the Academies proprietors.

The special school representatives shall be decided by the relevant schools.

The nursery school representative shall be elected by mutual agreement between them.

The pupil referral unit representative shall be decided by the school.

The Clerk of the Schools' Forum must make a record of the process by which the constituents of each group elect their nominees to the Schools' Forum. An election scheme must take into account the following factors:

- The process for collecting names of those wishing to stand for election.
- The timescale for notifying all constituents of the election and those standing.
- The arrangements for dispatching and receiving ballots.
- The arrangements for counting and publicising the results.
- Any arrangements for unusual circumstances, such as only one candidate standing in an election or where there is a tie between two or more candidates.
- Whether existing members can stand for re-election.

If an election does not take place by any date set by the Authority or any such election results in a tie between two or more candidates the Authority will appoint the schools member.

Non-School Members

In addition to the 20 school members a representative of the following groups will have full voting rights within the Schools' Forum except for voting on the funding formulae where only the Early Years PVI Provider representative can vote:

- Trade Union
- Early Years PVI Provider
- Non school Post 16

The representative will be elected by their group and the record of the appointment process will be held by the Clerk of the Schools' Forum.

Substitute Members

Representative groups may nominate permanent substitutes who have sufficient experience and knowledge of schools funding to attend meetings.

and/or

A stand-in substitute who attends as a full voting member if a headteacher or permanent substitute is unavailable. Stand-in substitutes may attend some meetings as an observer to gain an insight into the work of the Forum.

The clerk must be notified writing 24 hours before the start of the meeting that a substitution will be required. Substitute members will have full voting rights when taking the place of the substantive member for whom they are the designated substitute.

Participation of Observers

Observers shall be invited to attend Forum meetings. Observers may participate in the debate but will not have voting rights should any business of the Forum require a vote. The following groups shall be asked if they would like to nominate an observer (and a named substitute) to the Forum:

- The Education & Skills Funding Agency (ESFA)

Council Officers and Elected Members

Officers may attend and speak at the Schools' Forum meetings in an advisory capacity only. The following or their representatives will be invited to attend the Forum meetings:

- Director of Education or their representative
- Head of Finance or their representative
- Lead Member for Education
- Any person invited by the Schools' Forum to provide financial or technical advice

Terms of Office

The term of office for members of the Forum is three years. The same members can be reappointed providing they are re-elected by the group that they represent. This also applies to any permanent substitutes.

As well as the term of office coming to an end, a schools member ceases to be a member of the Schools' Forum if he or she resigns from the Forum, giving at least one month's written notice, or no longer occupies the office which he or she was nominated to represent. An election should be held within the outgoing members electing group to nominate a successor. The Clerk will then inform the Forum members of the result of the election within one month.

Review of the Membership

Membership will be a standing item on the agenda for each meeting of the Schools' Forum, to review the current list of members which will include which group they represent and their term of office.

The proportionality of the membership will be reviewed annually (in June/July) so that elections if required can be held by the end of the summer term ready for the new academic year.

C. OPERATING CONVENTIONS OF THE READING SCHOOLS FORUM

Ordinary Meetings

An ordinary meeting of the Schools' Forum shall be held, at a minimum, four times a year.

Administration of Meetings

Meetings of the Schools' Forum shall be convened by the Local Authority, who will arrange the clerking and recording of meetings. The cycle of annual meetings are based on the financial year. All the meeting dates for the next financial year are set by the end of March every year.

Items for consideration by the Schools' Forum shall be submitted to the Clerk no later than 10 working days prior to the meeting. The agenda and working papers should be circulated a week in advance of the meeting date. Every effort should be made to circulate minutes to Forum members within 10 working days of the meeting.

The Chair and Vice Chair

The Chair and Vice-Chair shall be elected from within the membership of the Schools Forum (but may not be either an elected member or an officer of the local authority).

Quorum

The Schools' Forum shall be quorate if at least 40% of the total membership is present (this excludes observers and vacancies). If the Schools' Forum is not quorate the meeting can proceed and the members present can give advice to the local authority, but the authority is not obliged to take that advice into consideration. Decisions on the schools budgets may not be taken unless 40% of the school members are present.

Voting

Each member shall only have one vote. Voting shall be by show of hands. If there are equal numbers of votes for and against, the Chair will have a second or casting vote. There will be no restriction on how the Chair chooses to exercise a casting vote.

When the vote is on the schools funding formula only the schools members and the Early Years PVI Representative are eligible to vote.

Sub-Committees and Working Groups

The Schools' Forum may have sub-committees or working groups. The Schools' Forum shall receive reports from the sub-committees or working groups to approve formally.

Declaration of Interest

Any member of the Schools' Forum who has an interest in any proposal beyond the generality of the group that they represent or in which they might have a personal or prejudicial interest shall declare the interest at the beginning of the relevant item. The member can explain any issues to the meeting and then must leave the meeting until the item has finished. The member cannot vote on that item.

Where it is clear that a decision in which a member has an interest is likely to arise at a particular meeting, the meeting concerned may invite a substitute member (with no interest to declare) in accordance with the constitution to attend the meeting in their place.

Elected members are subject to the governance of the Council's Code of Conduct.

Status of Reports

All report authors will be responsible for informing the clerk in advance of the status of reports to be included in the agenda i.e. confidential or non-confidential.

Expenses

The Local Authority shall maintain a budget for the reimbursement of all reasonable expenses relating to the operation of the Forum and charge these expenses to the Schools Budget. The Local Authority shall reimburse expenses of members of the Schools' Forum when members submit appropriate claims, in connection with attendance at the meetings. Supply cover should only be claimed when it has been necessary to employ a supply cover teacher to enable the Headteacher to attend the Forum.

Interpretation of the Constitution

The Chair or person residing at the meeting shall be the final arbiter regarding the interpretation of the Schools' Forum's constitution. The constitution shall be interpreted in conjunction with the relevant provisions contained in the legislation relating to the Schools' Forum's proceedings. The requirements of legislation will prevail in the event of there being any inconsistency between the legislation and the constitution.

Amendment of the Constitution

With the exception of matters subject to legislative provision or approval by the authority, the Schools' Forum may vary its constitution by a simple majority vote by the members provided that prior notice of the nature of the proposed variation is made and included on the agenda for the meeting.

Publicity relating to the Schools Forum

The Schools Forum is a public meeting and the Local Authority is responsible for putting the Schools' Forum papers, minutes and decisions promptly on the Reading Borough Council website and generally draw schools attention to forthcoming Schools' Forum meetings and agendas and the minutes of Schools' Forum discussions.

Document approved by the Reading School's Forum on 27 June 2019



Reading Schools' Forum

June 27 2019

Agenda Item 5

Dedicated Schools Grant (DSG)
Outturn 2018/19

For decision For discussion For information

SUMMARY

This report details the final outturn of the DSG in 2018/19 and the overall deficit to be carried forward to 2019/20.

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1. Recommendations

- 1.1 NOTE: The overall 2018/19 DSG carry forward of £1.6m deficit.
- 1.2 AGREE: The carry forwards as follows:
- Schools Block £233k underspend to support the 2019/20 growth fund budget.
 - Schools Block £40k underspend on de-delegation of equality service to be repaid to schools in 2019/20.
 - Early Years Block £366k underspend to support 2019/20 early years budget (£60k) and the balance (£306k) to remain in contingency.
 - Early Years Block £241k underspend to go towards the high needs block deficit.
 - High Needs Block £2,484k overspend less £241k from early years block to be repaid from the high needs block allocation in 2019/20 (net total £2,243k).
- 1.3 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 Outturn 2018/19

- 3.1. The DSG accounts for 2018/19 have now been closed. Table 1 summarises the overall final position compared to the original and revised budget.
- 3.2. Appendix 1 provides more detail for each funding block.
- 3.3. The overall final position is a carry forward deficit of £1.605m (i.e. in-year expenditure plus pay back of brought forward deficit has not been met by the in-year allocation of grant). This compares favourably with the last budget monitoring report brought to Schools' Forum (month 11) which reported a £1.794 overall deficit. This position is after the repayment of the brought forward deficit from 2017/18 which totalled £2.860m. Thus the deficit has reduced by £1.255m in year.

Table 1: Summary Outturn Position – 2018/2019

	ORIGINAL BUDGET (£m)	VIREMENTS £m	REVISED BUDGET (£m)	ACTUAL OUTTURN £m	VARIANCE £m
Schools Block					
Expenditure	46.409	-1.313	45.096	44.825	-0.271
DSG Income	46.410	-1.313	45.098	45.098	0
Over/(Under)	-0.002	0	-0.002	-0.273	-0.271
Central Schools Block					
Expenditure	1.408	0	1.408	1.408	0
DSG Income	1.408	0	1.408	1.408	0
Over/(Under)	0	0	0	0	0
Early Years Block					
Expenditure	13.432	-0.872	12.560	12.169	-0.391
DSG Income	13.432	-0.506	12.926	12.776	-0.150
Over/(Under)	0	-0.366	-0.366	-0.607	-0.241
High Needs Block					
Expenditure	18.112	0	18.112	20.673	2.562
DSG Income	18.112	0.077	18.189	18.189	0
Over/(Under)	0	-0.077	-0.077	2.484	2.562
Total – All Blocks					
Total Expenditure	79.360	-2.185	77.175	79.075	1.900
Total DSG Income	79.362	-1.742	77.620	77.470	-0.150
Balance Over/(Under) Spent	-0.002	-0.443	-0.445	1.605	2.050

- 3.4. The deficit all falls in the high needs block, and is offset by underspends in other blocks. Some of these underspends will be required within their respective blocks, so will not all be used towards repaying the deficit in the high needs block. Further details on each block are set out in the following paragraphs.

4. Variances

4.1. Schools Block (SB)

- The schools block is under spent by £273k, mainly due to the growth and falling rolls fund not all being utilised, and a school rating revaluation backdated for previous years. £196k has already been earmarked in the 2019/20 budget setting to go towards the growth fund in 2019/20 which has a shortfall in funding. At the January 2019 Schools Forum it was agreed that this amount would be carried forward and added to the funds available.
- The de-delegation for the equality service underspent by £40k – this is because the service ceased in 2018/19, and the planned use for these funds did not materialise. It is proposed that this sum is carried forward and repaid to the schools that paid into this fund (it cannot be used for other purposes). Schools may wish to then consider pooling this funding for a similar purpose.
- This leaves £37k, which is proposed to also go towards the growth fund budget shortfall.

4.2. Central Schools Services Block (CSSB)

- There were no variances in this block; most of the central school services budgets are contributions to larger budgets as agreed as part of the budget setting and any variance falls on the LA.

4.3. Early Years Block (EYB)

- The expectation was that this block would underspend, with a budgeted contingency of £366k. The end position was an underspend of £607k, the difference of £241k made up of provider payments relating to the free early year's entitlement for 2, 3 and 4 year olds reducing by £291k but offset by reduced grant (estimated claw back based on January 2019 census) of £150k, and central costs reduced by £100k.
- The 2019/20 budget assumed that £60k would be required from the contingency. It is proposed that the full contingency of £366k is carried forward, with £306 to remain as a contingency in this block in 2019/20. This will leave £241k to go towards paying off the high needs deficit. As this is "one off" funding this could not be used for increasing the early years funding rates in future years – this would require a permanent and ongoing increase to the funding.

4.4. High Needs Block (HNB)

- The High Needs Block has been overspending for many years, which stood at a deficit of £2.860m at the end of 2017/18. Details of progress on the projects to reduce the DSG deficit come under a separate report.
- The over spend at the end of 2018/19 is £2.484m after also taking into account the actual deficit brought forward and the revised DSG allocation for the year. This is a small increase (£86k) to the forecast position reported at the last Schools' Forum (month 11). Overall, there is an in year reduction to the deficit of £0.376m.

- The breakdown of the end of year position is shown in Table 3.

Table 3: Summary of HNB Over spend

Reason for HNB Overspend	£m
Difference between budgeted deficit b/f and actual deficit b/f	0.666
Top up funding – over spend	2.061
Other budgets - net underspends	-0.166
Total Expenditure budget over spend	2.561
Less: net increase in DSG HNB allocation	-0.077
Total Over spend on HNB	2.484

- It is proposed that this will reduce by £0.240m by utilising the remaining early year’s surplus, requiring £2.244m to be repaid over future years.
- The main overspending budget is top up expenditure, which continues to increase due to the numbers of pupils receiving top up funding increasing. In year, the numbers increased from 1,168 in March 2018, to 1,285 in March 2019, an increase of 117 pupils (10%) within the financial year.
- The relatively small underspends within this block in the year mainly related to 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 was not for a full year.

5. DSG Deficit Recovery Plan

- 5.1 Due to the increase in the number of local authorities recording a DSG deficit, all local authorities that have a DSG deficit of 1% or more at the end of the financial year are now required to submit a recovery plan to the ESFA, outlining how they will bring their deficit back into balance in a three year time frame. This is based on the 2018/19 DSG allocation gross of recoupment. Reading’s deficit is 1.3% of its allocation, so will be required to submit their plan.
- 5.2 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, transfers of funding from schools and early years to the high needs block, and reducing high needs costs though against a significant growth in the number of pupils requiring additional support.

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 Actual	1.605

5.3 Table 5 shows the latest view on bringing the DSG budget back into balance, which is likely to take longer than the three years expected by the ESFAE. This is broken down by funding block and makes the following assumptions:

- The SB, EYB and CSSB will each balance in year.
- No further transfers from SB into HNB (though given the current position this *may* need to be reviewed).
- The additional under spend in the EYB being brought forward will go towards the deficit, but the contingency of £366k will remain in the EYB (although offsetting the overall deficit until it is used).
- The HNB will be spending less than the in-year grant each year, therefore gradually paying back the outstanding deficit.
- From 2020/21 expenditure in the HNB will reduce annually by £390k 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. The plan assumes a continual annual increase (1.4%) in numbers of pupils with EHCPs, but that they will be in less expensive.
- The funding allocation for the HNB will increase by 0.5% each year. This is a cautious view, and could be much greater, given the additional allocations received in both 2018/19 and 2019/20.

On this basis, the deficit will take a minimum of four years to be repaid and before investment can be made in existing provision. This does not, however, account for further significant increase in overall numbers of EHCPs, which could delay recovery of the deficit if this comes without additional funding to meet this demand.

Table 5: DSG Recovery Plan

	2018/19	2019/20	2020/21	2021/22	2022/23
	Actual £m	Forecast £m	Estimate £m	Estimate £m	Estimate £m
Expenditure by Block:					
Schools	44.825	44.497	44.520	44.520	44.520
Central Schools	1.408	1.330	1.330	1.330	1.330
Early Years	12.169	12.140	12.079	12.079	12.079
High Needs	17.814	18.281	17.891	17,501	17.111
Total Expenditure	76.215	76.248	75.820	75.430	75.040
DSG Income by Block:					
Schools	-45.098	-44.497	-44.520	-44.520	-44.520
Central Schools	-1.407	-1.330	-1.330	-1.330	-1.330
Early Years	-12.776	-12.446	-12.079	-12.079	-12.079
High Needs	-18.189	-18.428	-18.071	-18.161	-18.252
Total DSG Income	-77.470	-76.701	-76.000	-76.090	-76.181
In Year Deficit/(surplus):					
Schools	-0.273	0	0	0	0
Central Schools	0	0	0	0	0
Early Years	-0.607	-0.306	0	0	0
High Needs	-0.375	-0.147	-0.180	-0.660	-1.141
Total Net Position	-1.254	-0.453	-0.180	-0.660	-1.141
Less B/F Deficit	2.860	2.245	1.792	1.612	0.952
Planned Year End Position	1.605	1.792	1.612	0.952	-0.189

5.4 Recovery plans need to be discussed with the Schools’ Forum. The document being submitted to the ESFA contains more detailed information and is provided in Appendix 3.

5.5 The ESFA will review each plan to determine its viability and also establish areas where they can support local authorities to bring their deficits into balance. Feedback will be provided by the end of September 2019.

5.6 Future budget monitoring reports to the Schools' Forum will review progress against this plan.

6. Appendices

Appendix 1 – Summary DSG Outturn Report 2018/19

Appendix 2 – Additional Information for Appendix 1 Table

Appendix 3 – DSG Deficit Recovery Plan (to follow)

Appendix 1 – Summary DSG Outturn Report 2018/19

Summary DSG Outturn Report - as at 31 March 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	0.840	-0.060
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	0.000	-0.040
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	44.825	-0.271
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	-0.273	-0.271
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	11.586	-0.293
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	0.302	-0.098
25		Sub Total Early Years Block Net Expenditure	13.432	-0.872	12.560	12.169	-0.391
26		Early Years Block DSG Allocation	13.432	-0.506	12.926	12.776	-0.150
27		Balance Over / (Under) Allocated	-0.000	-0.366	-0.366	-0.607	-0.241
High Needs Block							
28	1.0.2 (p)	SEN placements (first £10k)	2.289	0.000	2.289	2.266	-0.022
29	1.2.1	Top up funding - maintained schools	4.675	0.000	4.675	5.853	1.178
30	1.2.2	Top up funding - Academies, Free Schools and Colleges	3.900	0.000	3.900	4.893	0.993
31	1.2.3	Top up and other funding - non maintained & independent prov	2.900	0.000	2.900	2.790	-0.110
32	1.2.4	Additional high needs targeted funding	0.100	0.000	0.100	0.100	0.000
33	1.2.5 (p)	SEN support services	0.370	0.000	0.370	0.375	0.005
34	1.2.6	Hospital education services	0.198	0.000	0.198	0.222	0.025
35	1.2.7/1.2.12	Other alternative provision services	0.292	0.000	0.292	0.267	-0.025
36	1.2.8 (p)	Support for inclusion	0.750	0.000	0.750	0.602	-0.148
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	20.673	2.562
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	2.484	2.562
43		Total All Blocks Net Expenditure	79.360	-2.185	77.175	79.075	1.900
44		Total DSG Allocation Available	79.361	-1.742	77.620	77.470	-0.150
45		Balance - Deficit / (surplus) In Year	-0.002	-0.443	-0.445	1.605	2.050
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 2 – Additional Information for Appendix 1 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 is to support outstanding/good schools with a temporary fall in pupil numbers, which will be recovered in 2 – 3 years. This fund was reviewed during 2018/19 and has now been removed.

Line 3 - Growth fund - The growth fund budget is for schools with exceptional pupil number growth (i.e. bulge classes) 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 closed 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, maintained nursery school grant, and disability grant.

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), 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) - Reading's carry forward on DSG, which all relates to the high needs block.

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 academy special school places (£10k).



Reading Schools' Forum

June 27, 2019

Agenda Item 6

Dedicated Schools Grant (DSG)
Budget 2019/20

For decision

For discussion

For information

SUMMARY

This report sets out the DSG budget for 2019/20 and outlines the areas of pressure to be monitored throughout the year.

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VERSION

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DATE

June 27, 2019

REVIEW DATE

None

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1. Recommendations

- 1.1 NOTE: The overall budget for 2019/20.
- 1.2 NOTE: The possible pressures within each funding block.

2. Background

- 2.1 The Dedicated Schools Grant (DSG) is a ring fenced specific grant and can only be used in support of the schools budget and spent on school/pupil activity as defined by the School and Early Years Finance (England) (No. 2) 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 2019/20

- 3.1. The DSG allocation estimated for 2019/20 is summarised in Table 1 below, with a more detailed breakdown of the calculations provided in Appendix 1. The DSG allocation received by the LA will change during the year and the next update is due in July when the latest high needs and early year's allocations are published. The original budget was based on the LAs own estimate of these, and this need to be monitored as it could impact on the overall position.
- 3.2. The allocations shown in the table are prior to any transfers between blocks. For the 2019/20 budget the Schools' Forum has agreed a transfer of £447k from the schools block to the high needs block.

Table 1: RBC's original and revised (current) DSG allocations for 2019-20

BLOCK	ORIGINAL ESTIMATED DSG ALLOCATION 2019/20			REVISED DSG ALLOCATION 2019/19			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	89.524	-44.853	44.671	89.524	-44.853	44.671	0
Central Schools Block	1.330		1.330	1.330		1.330	0
Early Years Block	12.079		12.079	12.079		12.079	0
High Needs Block	20.424	-2.443	17.981	20.424	-2.443	17.981	0
Total	123.357	-47.296	76.061	123.357	-47.296	76.061	0
18/19 EY adjustment						0	0
Total Available						76.061	0

3.3. The main changes that may occur and need to be monitored during the year are as follows:

- Reductions in the schools block funding due to any academy conversions. This is because funding is paid direct to these schools by the ESFA, though this has minimal impact on the LA budget, as expenditure is reduced accordingly. Currently, there are no academy conversions in process.
- High needs block funding will be adjusted in July due to the import/export adjustment if there is a change to the number of Reading pupils placed in settings outside Reading or a change in the number of pupils from other LAs attending settings in Reading. This is because the LA where the setting is located is responsible for the place funding, so this adjustment ensures any changes in pupil numbers transferring between LAs are properly funded. High needs funding is also adjusted for any changes in the number of high needs places in academies, which is deducted from our allocation. These figures are currently estimated, so any variance will have an impact.
- Early years funding will be based 5/12 on the January 2019 census, and 7/12 on the January 2020 census. Our original budget has used January 2019 census estimates which will be confirmed in July. The final adjustment for 2018/19 will also be made in July; this was estimated to be a reduction of £150k, for which a provision was made in the 2018/19 accounts, so any variance on this figure will impact on the

2019/20 budget. For the purpose of the budget it is assumed that any changes to numbers recorded in the January 2020 census will be offset by a similar change in provider payments, though a contingency is set aside to cover any variance.

- The Government could allocate additional funding in response to policy changes/priorities (for example an additional allocation for high needs was made in December 2018), but it could not reduce the funding already allocated.

4. DSG Budget 2019/20 Update

- 4.1. Appendix 2 contains the 2019/20 budget as agreed/notified at previous meetings of the Schools' Forum. This is split between the four funding blocks, and broken down by the main reporting lines for the DSG.
- 4.2. Appendix 3 contains brief notes on what is included in each line of the budget report.
- 4.3. Table 2 summarises the current budget per block. Note that the high needs block budget includes repayment of the previous year's deficit, and the DSG allocation includes an additional £0.257 which is ring fenced surpluses anticipated when the budget was set, to be brought forward from 2018/19 and being utilised in 2019/20 (growth fund and early years).

Table 2: Summary Budget 2019/20

	ORIGINAL BUDGET (£m)	VIREMENTS £m	CURRENT BUDGET (£m)
Schools Block	44.420		44.420
Central Schools Block	1.330		1.330
Early Years Block	12.140		12.140
High Needs Block	20.052		20.052
Sub Total – Net Expenditure	77.942		77.942
DSG Allocation	76.318		76.318
Balance Over/(Under) Allocated	-1.624		-1.624

- 4.4. Budgets and forecasts will be adjusted for the actual 2018/19 carry forward when the use has been agreed. If the proposals are agreed, this will increase the forecast deficit to £2.245m. It is too early in the year to assess whether this position will be sustained. Risks and any emerging pressures are highlighted per block in the following paragraphs.

5. Current Risks/Emerging Issues

- 5.1. Schools Block (SB)
 - There would only be a variance on maintained primary and secondary school delegated budget allocations due to business rate revaluations or where actual business rates bills vary from the initial school formula allocation (due to like for like funding). These are likely to be minimal. None have been notified to date.

- The Growth Fund for 2019/20 has been set at £664k (which includes using the anticipated £196k under spend carried forward from 2018/19); subject to approval, the budget will increase by £37k to £701k to reflect the additional carry forward. Since setting the budget, three secondary schools have agreed to take a bulge class from September, which was not anticipated or included in the budget, at a total cost of £262k. This may partly be offset by £134k not required for primary, but there will still be an over spend of at least £91k. Any over spend on growth will need to be met from the 2020/21 schools block DSG allocation.
- De-delegations are contributions to central services and unlikely to have any variance. £40k is to be carried forward for the equality services de-delegation which ceased last year, which will be paid back to the maintained schools which paid into this fund.

5.2. Central Schools Services Block (CSSB)

- Most of the central school services budgets are contributions and the majority will not therefore have a variance. There will be no variance on copyright licences, as this is a national contract agreed in advance. However, this block is required to find savings in future years.

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 2019 and 2020 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 2019 census should be funded, or funding is 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.
- It is therefore impossible to make a reasonable forecast when both funding and expenditure is based on actual take up of places at a date in the future. This is why it is prudent to keep a contingency should the payments made during the year not match the funding. If the budget was to overspend, this would then have an impact on the funding rate to providers in the following financial year.
- It is therefore being proposed that £306k of the under spend from 2018/19 is to be carried forward and kept aside as a contingency in 2019/20. Note that the contingency can only be used to fund providers through the early years formula as already set, and cannot be used to increase the hourly rates or to change the formula after these have been set for the year.
- Other budgets that pay for central spend are mainly contributions as agreed at the budget setting, and will not have a variance.
- There has still not been a Government announcement concerning the future funding of maintained nursery schools, including whether the current lump sum payment they receive will actually cease at the end of the 2019/20 academic year.

5.4. High Needs Block (HNB)

- The High Needs Block has been overspending for a number of 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. Details of progress on these projects come under a separate report.
- The largest costs are in specialist placements out of county, particularly non maintained and independent providers. Part of the strategy is to invest in more local provision which will be at less cost, though the financial benefit will take a number of years to materialise.
- The LA has also invested some funds to improve the SEND commissioning element that review SEND placements/contracts. This complements the work that the Strands are doing, and has already seen some savings.
- Inclusion of high needs pupils in mainstream schools is another key strand. As part of this, additional funding for schools with a higher than average number of pupils with EHCPs was introduced in September 2018 for a year's trial. This will shortly be reviewed and will be reported back to Schools' Forum in October.
- Annual expenditure in the HNB is now largely being contained within its annual DSG allocation, and the deficit is starting to come down, so the focus is to continue to drive costs down to repay the deficit. Once this has been achieved, it should be possible to invest in existing provision. However, with numbers of placements continuing to rise and without the corresponding increase in funding, this could take several years.
- Table 3 sets out the deficit position on the HNB in recent years.

Table 3: High Needs Block Deficit Year on Year

Year	£m
2016-17 Actual	3.397
2017-18 Actual	2.860
2018-19 Actual	2.484
2019-20 Estimate	2.098

- This shows that despite the continuing pressure of increasing numbers of EHCPs, costs are being driven down overall, as the strategy takes effect. The pressure is virtually all in top up budgets, as the number of pupils with EHCPs and level of support required increases each year. Table 4 shows the rising trend in the number of EHCPs.

Table 4: Numbers of EHCPs

Date	Number
January 2015	959
January 2016	1,002
January 2017	1,066
January 2018	1,175
January 2019	1,276

- So far in this financial year, the number of EHCPs has risen from 1,285 in March 2019 to 1,301 in May 2019.
- Further information on the deficit recovery is detailed in another report on this agenda. The monitoring of the high needs block and the deficit recovery plan will continue to be reported to each meeting of the Schools' Forum.

6. Appendices

Appendix 1 – DSG Allocations 2019/20 – Estimate

Appendix 2 – Summary DSG Budget 2019/20

Appendix 3 – Additional Information per Service

Appendix 1 – DSG Allocations 2019/20 – Estimate

	2019/20		2019/20	
	December 2018 Notification		LA Estimate for Budget	
Schools Block				
Pupil Numbers Primary	13,317.5		13,317.5	
Rate	£3,971.23		£3,971.23	
Allocation		£52,886,856		£52,886,856
Pupil Numbers Secondary	6,411.0		6,411.0	
Rate	£5,223.35		£5,223.35	
Allocation		£33,486,897		£33,486,897
Growth Funding		£1,657,782		£1,657,782
Premises & Mobility Funding		£1,492,369		£1,492,369
actual funding rounding adjustment		£597		£597
Gross Allocation		£89,524,500		£89,524,500
Academy Recoupment				-£44,853,330
Schools Block Net Total		£89,524,500		£44,671,170
Central School Services Block				
Pupil Numbers	19,728.5		19,728.5	
Rate	£32.97		£32.97	
Allocation		£650,449		£650,449
Historic Commitments		£680,000		£680,000
actual funding rounding adjustment		-£449		-£449
Central School Services Block Net Total		£1,330,000		£1,330,000
High Needs Block				
Formula		£20,321,842		£20,321,842
Hospital Funding		£182,810		£182,810
Additional Allocation		£384,000		£384,000
Place Numbers - Special Schools	276.0		276.0	
Place Numbers - Alternative Provision	37.0		37.0	
	313.0		313.0	
Rate	£4,208.94		£4,208.94	
Allocation		£1,317,398		£1,317,398
Import/Export Adjustment	-351		-297	
Rate	£6,000.00		£6,000.00	
Allocation		-£2,106,000		-£1,782,000
actual funding rounding adjustment		-£550		-£550
Gross Allocation		£20,099,500		£20,423,500
Recoupment - academy/post 16 places		-£2,310,664		-£2,442,490
High Needs Block Net Total		£17,788,836		£17,981,010
Early Years Block				
3 & 4 year olds Universal - Schools	1,396.0		1,321.6	
3 & 4 year olds Universal - PVI	1,496.0		1,410.0	
3 & 4 year olds Additional - Schools	198.4		270.8	
3 & 4 year olds Additional - PVI	628.7		576.3	
Total	3,719		3,579	
Rate	£5.14		£5.14	
Allocation		£10,896,219		£10,484,875
2 year olds - schools	67.0		63.0	
2 year olds - PVI	314.1		314.7	
Total	381.1		377.7	
Rate	£5.74		£5.74	
Allocation		£1,246,883		£1,235,759
PPG - schools	226.0		159.0	
PPG - PVI	120.4		144.0	
Total	346.4		303.0	
Rate	£0.53		£0.53	
Allocation		£104,647		£91,536
DAF - eligible pupils	54.0		25.0	
Rate	£615.00		£615.00	
Allocation		£33,210		£15,375
Maintained Nursery Grant		£266,555		£251,534
actual funding rounding adjustment		£485		
Early Years Block Net Total		£12,548,000		£12,079,080
SUMMARY GROSS IN YEAR ALLOCATION				
Schools Block		89,524,500		89,524,500
Central School Services Block		1,330,000		1,330,000
High Needs Block		20,099,500		20,423,500
Early Years Block		12,548,000		12,079,080
TOTAL GROSS DSG ALLOCATION IN YEAR		£123,502,000		£123,357,080
SUMMARY NET IN YEAR ALLOCATION				
Schools Block		£89,524,500		£44,671,170
Central School Services Block		£1,330,000		£1,330,000
High Needs Block		£17,788,836		£17,981,010
Early Years Block		£12,548,000		£12,079,080
TOTAL NET DSG ALLOCATION IN YEAR		£121,191,336		£76,061,260

Appendix 2 – Summary DSG Budget 2019/20

Line Ref.	Description	Original Budget £m
Schools Block		
1	Individual Schools Budget - Maintained Schools	43.311
2	Growth Fund	0.664
3	Behaviour Support Services (de-delegation)	0.178
4	Staff costs supply cover (trade unions) (de-delegation)	0.042
5	School Improvement (de-delegation)	0.146
6	Statutory/regulatory Duties (ESG) (de-delegation)	0.080
7	Sub Total Schools Block Net Expenditure	44.420
8	Schools Block DSG Allocation	44.420
9	Balance Over / (Under) Allocated	0.000
Central Schools Services Block		
10	Contribution to combined budgets	0.616
11	School admissions	0.215
12	Servicing of schools forum	0.020
13	Prudential borrowing costs	0.050
14	Other Items (copyright licences)	0.107
15	Statutory/regulatory Duties (ESG)	0.322
16	Sub Total Central School Services Block Net Expenditure	1.330
17	Central School Services Block DSG Allocation	1.330
18	Balance Over / (Under) Allocated	-0.000
Early Years Block		
19	Early Years Funding (free entitlement)	11.458
20	Support for inclusion	0.100
21	SEN support services	0.197
22	Central expenditure on early years entitlement	0.385
23	Sub Total Early Years Block Net Expenditure	12.140
24	Early Years Block DSG Allocation	12.140
25	Balance Over / (Under) Allocated	-0.000
High Needs Block		
26	SEN placements - Maintained Schools (first £10k/£6k place funding)	2.610
27	Top up funding - Schools	10.559
28	Top up funding - FE Colleges	0.793
29	Top up and other funding - non maintained & independent providers	2.485
30	Additional high needs targeted funding (Inclusion Fund)	0.250
31	SEN support services	0.572
32	Hospital education services	0.168
33	Support for inclusion	0.401
34	Therapies and other health related services	0.345
35	SEN Transport	0.100
36	Repayment of DSG deficit from previous year	1.771
37	Sub Total High Needs Block Net Expenditure	20.052
38	High Needs Block DSG Allocation	18.428
39	Balance Over / (Under) Allocated	-1.624
40	Total All Blocks Net Expenditure	77.942
41	Total DSG Allocation Available	76.318
42	Balance - Deficit / (surplus) In Year	-1.624
Memorandum - Budgets Recouped from Gross DSG Allocation		
43	Individual Schools Budget - Academies	45.016
44	SEN placements - Academies & Post 16	2.442
45	Total DSG Recouped	47.459
46	Gross DSG Expenditure including Recoupment	125.400

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 - Growth fund - The growth fund budget is for expanding schools or bulge classes in response to basic need and is allocated to schools from the autumn term based on the criteria set by Schools' Forum.

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

Line 3 - Behaviour Support Services – Passported to Cranbury College to supply this service.

Line 4 - Staff Costs to Supply Union Cover – Pays for Union support and supply cover for staff engaging in union duties.

Line 5 - School Improvement – To fund staff and Projects within the service.

Line 6 – 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 10 - Combined Budgets - covers 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 11 - School Admissions – contribution towards the Admissions service for all Reading Schools.

Line 12 - Servicing of Schools Forum – Preparation for Schools forum.

Line 13 - 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 14 – Other Items – Copyright licences – national contract, purchased on behalf of all schools.

Line 15 – 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 19 - 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 20 - Support for Inclusion – 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. There is also a contribution from the high needs block (in line 33).

Line 21 - SEN Support Services – portage and contribution to Dingley.

Line 22 - Central Expenditure on Children under 5 – Early Years Team Staff including compliance, data, sufficiency and performance.

HIGH NEEDS BLOCK

Line 26 - SEN Placements – Place funding for pre 16 maintained Resources (first £6k), maintained special Schools (first £10k), and alternative provision (Cranbury College) (first £10k).

Line 27 - Top-up funding for schools - EHCP top-ups for 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 28 - Top-up funding for FE Colleges - EHCP top-ups for students placed in further education colleges.

Line 29 - Top-up funding and other funding – non maintained and Independents - EHCP Top-ups for Independent and non-maintained special schools.

Line 30 – Additional High Needs Targeted Funding (Inclusion Fund) – financial support to schools with a higher than average number of pupils with EHCPs.

Line 31 - SEN Support Services – This includes Sensory Consortium (joint arrangement with other Berkshire LAs), virtual school, and ASD Outreach commissioned to Christ The King.

Line 32 - 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 33 - Support for Inclusion – Funding for hard to place pupils (through Inclusion panel), 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, and early years inclusion panel contribution, plus early years place funding at Snowflakes.

Line 34 - Therapies and other Health Related services – Contribution towards Speech and Language, Occupational and Physio therapy. Jointly funded with the Clinical Commissioning Group.

Line 35 - SEN Transport – Contributions to SEN School Travel

Line 36 – Repayment of deficit (18/19 C/FWD) – All of the 18/19 deficit related to the high needs block, and this is a first call on the 2019/20 resources.

RECOUPMENT

Line 43 – Individual School Budget – School formula budgets recouped for primary and secondary academies.

Line 44 - 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

June 27, 2019

Agenda Item 8

Maintained school balances
2018/19

For decision

For discussion

For information

SUMMARY

This is to report the balances for maintained school for 2018/19

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VERSION

Version number 1

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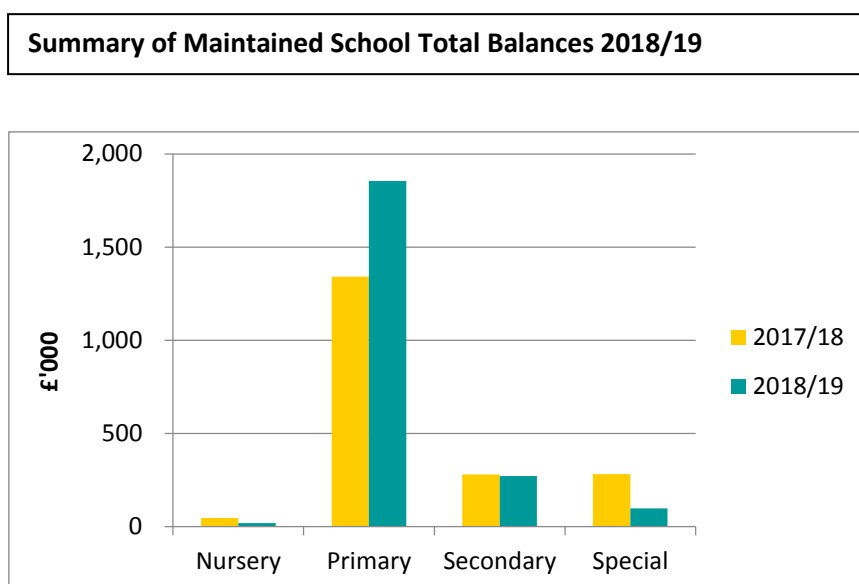
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Company number 11293709

1. Summary

- 1.1 Overall school balances increased from £1,951k as at 31 March 2018 to £2,245k as at 31 March 2019, overall a 15% increase, as per the following chart:



- 1.2 The movements during the year by phase were:

Phase	2018/19 movement £'000s	Total 2018/19 balance £'000s
Nursery	(28)	20
Primary	514	1,856
Secondary	(9)	271
Special	(184)	98
Total	293	2,245

Overall school balances have increased due to schools being prudent in their spending due to ongoing uncertainty over future funding levels and rising costs. Schools have also received additional income e.g. during the year Universal Infant Free School Meals Grant was paid to schools based on estimate numbers and some cases this led to overpayment which will be clawed back in July 2019.

- 1.3 8 schools ended the year 2018/19 with a deficit balance totalling £916k compared to 7 schools at the end of 2017/18 with a combined deficit balance of £829k. Brighter Futures for Children has recently strengthened the school finance team to offer support to these schools. The most significant of these is St Anne's Catholic Primary School that has a new Head of School and recent budget monitoring indicates an improving financial position.

There are also 4 schools with significant (over £200k) surplus balances which total £1,192k compared to 3 schools in 2017/18 with a total balance of £905k.

2. Appendices

Appendix 1 - School Balances 2018/19.

Appendix 1: School Balances 2018/19

School name	Revenue/Community Total Balances		In-year movement		Balance as % of total income
	2017/18	2018/19	18/19 vs 17/18	% movement	
Blagdon Nursery School and Children's Centre	-20,929	-56,238	-35,309	-168.7%	-8.6%
Blaggrave Nursery School	34,223	58,656	24,433	71.4%	19.3%
Caversham Nursery School	-87,184	-56,183	31,001	35.6%	-6.8%
New Bridge Nursery School	63,584	81,237	17,653	27.8%	14.0%
Norcot Early Years Centre	57,642	-7,896	-65,538	-113.7%	-0.7%
Total Nursery Schools	47,336	19,576	-27,760	-58.6%	0.6%
Alfred Sutton Primary School	176,713	180,283	3,570	2.0%	6.2%
All Saints Church of England Aided Infant School	70,614	65,085	-5,529	-7.8%	18.0%
Caversham Park Primary School	50,267	39,050	-11,217	-22.3%	4.3%
Caversham Primary School	133,597	99,804	-33,793	-25.3%	5.1%
Christ the King Catholic Primary School	30,121	1,736	-28,385	-94.2%	0.1%
Coley Primary School	41,864	74,898	33,034	78.9%	5.9%
Emmer Green Primary School	9,000	45,364	36,364	404.0%	2.1%
English Martyrs' Catholic Primary School	270,118	240,098	-30,020	-11.1%	11.5%
EP Collier Primary School	75,619	89,985	14,366	19.0%	4.9%
Geoffrey Field Infant School	24,735	82,666	57,931	234.2%	5.3%
Geoffrey Field Junior School	114,603	141,267	26,664	23.3%	7.6%
Katesgrove Primary School	355,137	455,962	100,825	28.4%	15.2%
Manor Primary School	-29,158	45,160	74,318	254.9%	2.5%
Micklands Primary School	-22,859	49,878	72,737	318.2%	2.7%
Moorlands Primary School	93,433	158,760	65,327	69.9%	7.1%
Oxford Road Community School	81,891	54,518	-27,373	-33.4%	4.1%
Park Lane Primary School	69,697	78,320	8,623	12.4%	4.4%
Redlands Primary School	24,872	-7,730	-32,602	-131.1%	-0.7%
Southcote Primary School	98,876	112,492	13,616	13.8%	4.2%
St Anne's Catholic Primary School	-580,806	-594,379	-13,573	-2.3%	-58.7%
St Martin's Catholic Primary School	-85,563	-70,529	15,034	17.6%	-8.7%
St Michael's Primary School	90,886	224,933	134,047	147.5%	11.7%
Thameside Primary School	44,328	105,973	61,645	139.1%	5.1%
The Hill Primary School	-2,564	47,672	50,236	1959.3%	2.5%
The Ridgeway Primary School	17,820	-92,717	-110,537	-620.3%	-4.3%
Whitley Park Primary and Nursery School	16,373	46,788	30,415	185.8%	1.4%
Wilson Primary School	172,646	180,636	7,990	4.6%	8.4%
Total Primary Schools	1,342,260	1,855,973	513,713	38.3%	3.7%
Blessed Hugh Faringdon Catholic School	279,998	271,489	-8,509	-3.0%	5.6%
Total Secondary School	279,998	271,489	-8,509	-3.0%	5.6%
Cranbury College	36,740	44,210	7,470	-25.8%	9.4%
Phoenix College	131,601	-30,742	-162,343	-123.4%	-2.2%
The Holy Brook School	113,513	84,281	-29,232	-78.2%	2.4%
Total Special Schools	281,854	97,749	-184,105	-65.3%	2.0%
Total Balances 2018/19	1,951,448	2,244,787	293,339	15.0%	3.5%



Reading Schools' Forum

June 27, 2019

Agenda Item 9

Maintained school budgets/deficits 2019/20

For decision For discussion For information

SUMMARY

This report provides the position on maintained school budgets for 2019/20 and sets out the Council's strategy for dealing with schools in deficit

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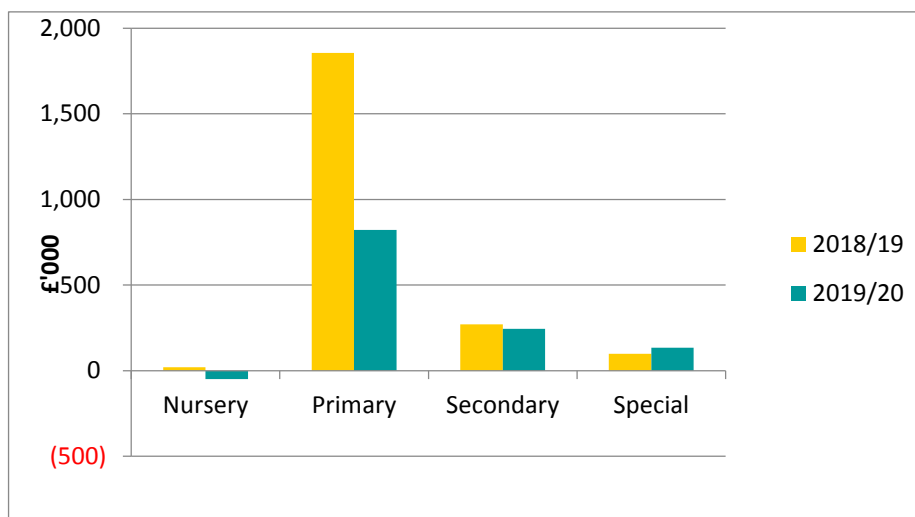
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1. Summary

- 1.1 Overall school balances are budgeted to decrease from £2,245k as at 31 March 2019 to £1,152k as at 31 March 2020 as per the following chart:

Summary of Maintained School Total Budget Balances 2019/20



- 1.2 6 schools have budgeted a deficit balance as at 31st March 2020 totalling £974k (£916k in 2018/19) with the majority of schools anticipating a reduction in their surplus balances totalling an overall reduction in school balances of £1,093k. This reflects the much publicised pressure on schools nationally of rising costs but static funding.
- 1.3 A Strategy for Schools in Financial Difficulty is set out in Appendix 1 to clarify further the provisions set out in the Scheme for Financing Schools as agreed by the School Forum in December 2018. The aim of this document is to set out the process, support and advice to schools either in deficit or concerned about deficits.
- 1.4 Schools who are unable to find savings and/or prepare a realistic deficit recovery plan themselves should contact School Support who can either work with the school, or broker in external support (both will incur fees).

2. Appendices

Appendix 1 – Strategy for Schools in Financial Difficulty

Appendix 1:

Strategy for Schools in Financial Difficulty

Introduction

The Scheme for Financing Schools as agreed by the Schools Forum states in 4.5 that:

‘Schools are required to operate on the basis of a balanced budget agreed with the Authority and are not permitted to plan for deficits in their initial budget plan. In the event that a school unavoidably generates a deficit balance then section 4.9 of the scheme shall apply.’ See Appendix 1 for Section 4 of the Scheme for Financing Schools in full.

It should be recognised that many schools have successfully managed to balance and control their budgets and taken actions to reduce costs for which they must be commended.

However the Scheme for Financing Schools does recognise that from time to time a deficit may arise despite the best efforts of the school and states in 4.4 that:

‘Unless the deficit is very small and can be managed within the school’s normal cash flow, as soon as the school foresees such a situation is likely to arise it must seek advice of the Chief Finance Officer and Director of Children’s, Education & Early Help Services with proposals as to how the situation will be addressed.’

It should be noted that the Local Authority has no power to write off the deficit balance of any school and all deficits will remain a liability of the Governing Body until paid back. This applies in all circumstances including during school re-organisation.

However where it is found that deficits have occurred as a result of financial mismanagement at a school level then the Local Authority will consider the merits of enforcing its powers under S51 of the Schools Standards and Framework Act 1998 to suspend a school’s right to a delegated budget.

This document seeks to set out in more detail how the Local Authority is committed to working with the Governing Body to ensure this can be avoided where possible. It will operate a process to provide schools with an appropriate level of challenge and support to help them prepare a recovery plan that sets out the actions a school will take to achieve a sustainable balanced financial position over an agreed period of time.

There are 3 levels of intervention:

- Financial Challenge
- Financial Warning
- Withdrawal of Delegation

Financial Challenge

Deficits may arise in 2 ways:

- If a school finishes the financial year in deficit then it is expected that the school will return to a balanced carry forward by the end of the following year.
- If a deficit is proposed during the budget process by the Governors for the next year then it is expected that a Deficit Recovery Plan will be developed to return the school to a balanced.
- In all cases it is expected that Governors will be proactive in responding to changes early enough to allow mitigating actions to be implemented.

A school must notify the School Support team immediately that are aware of a deficit arising and inform them of the circumstances and the actions the school is taking. School Support may notify other Local Authority teams if appropriate such as School Standards, HR Officers, Legal. If it is likely that the school will not return to a balanced budget by the end of the current year then it is required to develop a Deficit Recovery Plan. The maximum length to repay the deficit is 5 years and the maximum deficit may not exceed 5% of the schools budget share. Any deficit over this period or amount will require a meeting with the Director of Education.

In the first instance the School Support team will consider the following:

- The size of the deficit
- Level of cumulative balances
- Period of time of the deficit is anticipated
- The experience of staff and level of financial competency based on audit checks
- Minutes from Finance/Resources Committee meetings

And this may involve an initial meeting with the school to review, challenge and advise.

Where a school is required to complete a Deficit Recovery Plan then further support may be provided by a team to include School Standards, HR officers, Finance officers and the Director of Education.

The Deficit Recovery Plan should include what actions will be taken, when actions will happened and how much will be saved. It must take into account:

- Benchmarking
- Financial analysis
- Audit information
- Regulatory advice
- Contextual data
- Minimum required to deliver the National Curriculum etc

In this situation the school must complete an Application for a Licensed Deficit for Schools as per Appendix 2 for approval by the Director of Education to accompany the Deficit Recovery Plan who will confirm acceptance of the application. A school will be required to re-apply for the Licensed Deficit on an annual basis to ensure that the Deficit Recovery Plan is on track.

Following the submission of a Deficit Recovery Plan the School Support team will carry out a number of validation checks to ensure that the plans are reasonable.

This may include:

- Comparing the current year's income and expenditure budgets with previous years' trends to identify any significant differences
- Checking that the correct balances have been brought forward into the current year and all funding delegated by has been taken in to account
- Actions included in the recovery plan are realistic and that by implementing them the required level of savings can be achieved.
- Any areas that are unclear or simply not achievable will be queried with the school and clarification sought.

Any significant errors/difference will be reported to the Director of Education.

The school will be required to submit monthly budget monitoring reports (months 4-12) to the School Support team to monitor progress against the Deficit Recovery Plans as well as meet at least every 6 months and a member of the Local Authority may also attend certain Governor meetings.

The Local Authority will be required to report to the Schools Forum on school deficits which may require the school to also attend.

Financial Warning

If the Local Authority become concerned that the school has either:

- Not submitted an acceptable Deficit Recovery Plan e.g. not realistic/robust or is high risk
- Not progressed against agreed Deficit Recovery Plan e.g. deficit has grown, repayment period has increased
- Recommendations of support group have not been followed

Then the school may given a formal notice of concern and will be required to attend a meeting with the Director of Education.

This meeting will include:

- Review of financial position of school
- Seek an explanation about action being taken
- Assess what support and challenge may be required (this may be at a cost)
- Agree an action plan

Withdrawal of delegation

If at any time the Local Authority feel that sufficient progress is not being made then consideration will be given to the removal of delegated powers and will be discussed by the Director of Education with the school's Governing Body and Headteacher.

Removal of delegated powers will apply where:

- The school is persistently in breach of the Scheme for Financing Schools

- The school will not set a balanced budget
- The school will not engage in the licensed deficit process
- The deficit is worsening and no action is being taken by the school
- There is evidence of financial mismanagement by the school
- A school in special measures has not demonstrated commitment to making better use of resources or achieving value for money

Under suspension the Local Authority would take control of the budget (at a cost to the school) and take the necessary action before returning control to the Governing Body. During the suspension school staff would be responsible to the authority for the day-to-day financial administration in the school and all budgetary decisions will be removed from the school.

ANNEX 1 - Extract from Scheme for Financing Schools

ANNEX 2 - Application for a Licensed Deficit

ANNEX 1 - Extract from Scheme for Financing Schools

SECTION 4: THE TREATMENT OF SURPLUS AND DEFICIT BALANCES ARISING IN RELATION TO BUDGET SHARES

4.1 The right to carry forward surplus balances

Schools may carry forward from one financial year to the next any shortfall in expenditure relative to the school's budget share for the year plus or minus any balance brought forward from the previous year.

4.2 Reporting on and control of the use of surplus balances

Local authorities are no longer required to operate a balance control mechanism.

The Authority will, however, provide Schools' Forum with the level of year-end balances held by schools and the balance as a percentage of the delegated budget, plus the data for the previous three years. Schools' Forum will decide whether any schools will be required to provide additional information regarding the proposed use of those balances, if it has concerns over that school's financial management. Schools' Forum may commission the Authority to collect the information or collect the information directly. Schools' Forum must make information so collected available to the Authority on request.

4.3 Interest on surplus balances

Balances held by the Authority on behalf of schools will **not** attract interest.

4.4 Obligation to carry forward deficit balances

Where a schools expenditure in a financial year exceeds the schools budget share plus any surplus/deficit balances carried forward from a previous year, this will generate a deficit balance to be carried forward to the next financial year. Any such deficit balances will form a first charge and be deducted from the following year's budget share.

Unless the deficit is very small and can be managed within the school's normal cash flow, as soon as the school foresees such a situation is likely to arise it must seek advice of the Chief Finance Officer and Director of Children's, Education & Early Help Services with proposals as to how the situation will be addressed.

Details of the amount of balances carried forward from one financial year to the next will be reflected in the relevant out-turn statement published under s.251.

4.5 Planning for deficit budgets

Schools are required to operate on the basis of a balanced budget agreed with the Authority and are not permitted to plan for deficits in their initial budget plan. In the event that a school unavoidably generates a deficit balance then section 4.9 of the scheme shall apply.

4.6 Charging of interest on budget advances

The Authority is permitted to charge interest on any cash advanced to fund deficit balances. Interest on deficit balances will be calculated on a daily basis and may be charged at a rate up to base rate plus 2% though this will normally be waived provided the Authority has agreed the business plan to address a deficit position.

4.7 Writing off deficits

The Authority is not permitted to write off the deficit balance of any school.

4.8 Balances of closing and replacement schools

When a school closes, any balance, whether surplus or deficit shall revert to the Authority; it cannot be transferred as a balance to any other school, even where the school is a successor to the closing school. The closing school must make all reasonable endeavours to avoid a deficit balance on closure.

The Authority may make allocations to new schools which have the effect of giving them the benefit of additional sums which are equal to the balances of the relevant closing schools.

Where a school converts to academy status (whether as a standalone academy or as part of a multi academy trust) under section 4(1)(a) of the Academies Act 2010, the Authority must pay to the new academy school an amount equal to the surplus balance of the school at the date of conversion.

Where a school with a deficit balance converts to academy status (whether as a standalone academy or as part of a multi academy trust) under section 4(1)(a) of the Academies Act 2010, the Authority shall be compensated by central government for the amount of deficit inherited at the date of conversion. Central government will then recover the deficit from budget allocations made by them to the new academy.

Where a school converts to academy status as a sponsored academy due to being eligible for intervention, the Authority will pay to the academy school an amount equal to the surplus balance of the school at the date of conversion. Where a school with a deficit balance converts to academy status as a sponsored academy due to being eligible for intervention, the amount of the deficit is transferred to the Authority. The Authority may charge some or all of the cost of deficit against the Dedicated Schools Grant.

4.9 Planned (licensed) deficits

The LA will permit schools to plan for a deficit budget in particular circumstances. The funding to allow such a deficit budget shall be provided from the collective surplus of school balances held by the authority on behalf of schools although it is open to the local authority, in circumstances where there is no such surplus, to make alternative arrangements if it can do so within the relevant local authority finance legislation.

The requirements are set out below:

- The maximum length over which schools may repay the deficit, i.e. reach at least a zero balance with appropriate mechanism to ensure that the deficit is not simply extended indefinitely, would normally be five years.
- The deficit will only be agreed to allow a school in the short term to maintain a level of spend which in the opinion of the Head of the Education Service is the minimum required to deliver the National Curriculum.
- The maximum size of the deficit in normal circumstances will not exceed 5% of the school's budget share.
- The maximum proportion of the collective balances held by the LA, which would be used to back the arrangement, shall not exceed 20%.
- Before a deficit budget is approved, the school must produce a detailed deficit recovery plan in the prescribed format for the duration of the planned period of the deficit, which will be reviewed and updated at least annually.
- The school must provide to the local authority any additional information/school data requested in relation to the deficit recovery within a reasonable timescale. This may include information on staffing structures, class/timetable arrangements, curriculum plans etc.
- The school must submit monthly budget monitoring reports to the local authority.
- The school must meet with the local authority at least every 6 months to review progress of the deficit recovery plan and attend Schools' Forum if requested.
- A member of the LA may attend the school's Governor Meetings where the budget is to be discussed.
- The Head of the Education Service, jointly with the Chief Finance Officer, would be responsible for approving any deficit.
- Should a school not comply with the requirements of the licensed deficit, and/or the deficit recovery plan is not being adhered to, the authority may issue a Notice of Concern (see paragraph 2.21) which may ultimately result in withdrawal of financial delegation.

The Local Authority will inform schools annually on the guidelines to setting a deficit budget and any additional requirements in operating with a licensed deficit.

Schools with an approved licenced deficit may request a budget advance to meet a deficit balance where cash flow problems are experienced until the situation can be corrected and the deficit removed.

4.10 Loan Schemes

Loans must only be used to assist schools in spreading the cost over more than one year of large one-off individual items of a capital nature that have a benefit to the school lasting more than one financial or academic year. Loans cannot be used as a means of funding a deficit that has arisen because a school's recurrent costs exceed its current income.

There is currently no loan scheme available to Reading Borough Council Schools, and schools with a deficit are covered by a licenced deficit as set out in paragraph 4.9.

4.11 Credit union approach

Schools may group together to utilise externally held balances for a credit union approach to loans. If doing so and if the authority does not act as administrator of such an arrangement, audit certification will be required.

ANNEX 2

Application for a Licensed Deficit for Schools

Name of School:

Date:

Value of Deficit and year:

Year	2019/20	2020/2021	2021/2022	2022/23	2023/24
Value					

Background:

- Since when
- How arisen e.g. unexpected staff absence arising in high supply costs
- Initial actions taken to avoid deficit
- Date Governors informed
- etc

Actions being taken/including timescale:

- Review of staffing structure
- Review of contracts
- Deficit Recovery Plan prepared
- Date approved by Governors
- Etc

We agree that:

- We will implement the actions and savings identified above in the agreed timescales
- We will supply monthly budget monitoring reports to the School Support team and provide any additional information as and when required
- We will attend meetings with Director of Education and School Support as required
- We enclose our Deficit Recovery Plan which has been reviewed by the School Support Team

Signed:

Headteacher

Chair of Governors