



Prof Dr Kate Reynolds
Director of Education

Civic Officers, Bridge Street, Reading,
RG1 2LU

Direct: 0118 937 4717

E-mail: kate.reynolds@brighterfuturesforchildren.org

TO: ALL MEMBERS OF THE SCHOOLS' FORUM

March 5, 2020

Your contact: Claire White, Schools/DSG Business Partner

Tel: 0118 937 4161

E-mail: claire.white@brighterfuturesforchildren.org

Notice of Meeting – Schools' Forum

A meeting of the Schools' Forum will be held on **March 12, 2020 at 5pm in the Mayors Parlour, Civic Centre**. The Agenda for the meeting is set out below.

AGENDA	
1.	Welcome and apologies - Chair
2.	Minutes of the meeting held on January 16, 2019 including matters arising - Chair
3.	Schools' Forum Membership Update – including confirmation of representation - Chair
4.	DSG Budget Monitoring 2019/20 Month 11 - including update on deficit recovery plan – Schools/DSG Business Partner
5.	Early Years Budget 2020/21 – Schools/DSG Business Partner
6.	High Needs Budget 2020/21 – Schools/DSG Business Partner
7.	SEND Update (presentation) – Head of SEND
8.	Schools' Forum meetings 2020/21 – Schools/DSG Business Partner
9.	Agenda items for next meeting <ul style="list-style-type: none">• DSG Outturn 2019/20• Maintained School Balances 2019/20• DSG Budget and Deficit Recovery Plan for 2020/21• Maintained School Budgets 2020/21• Top Up Review & Review of Funding Criteria for Inclusion Fund• Schools' Forum Constitution/Terms of Reference for 2020/21
10.	Any other business

Next Meeting: June 25, 2020 at 5pm Civic Centre – Council Chamber (to be confirmed)





Minutes of Schools' Forum Meeting

January 16, 2020

Present

Jo Budge – Head Teacher of Blagdon/Caversham/New Bridge Nurseries, Justine McMinn – Head Teacher of E P Collier, Tonia Crossman – Head Teacher of Emmer Green, Peter Kayes – Governor at the Ridgeway (Chair), Richard Rolfe – Governor at Micklands, Karen Edwards – Head Teacher of The Heights, Richard Pearse – Head Teacher of Churchend School, Isabelle Sandy – Business Manager of Kendrick, Claire Brown – Business Manager of Prospect, Annal Nayyar – Finance Director of Bayliss Trust (Reading Girls), Marie Belcher – Finance Director of Reading School, Mark Hester – Business Manager of Cranbury College, Ali McNamara – NEU.

Apologies

Robert Howell – Head Teacher of Alfred Sutton, Cathy Doberska – Head Teacher of English Martyrs, Simon Utley – Head Teacher of Blessed Hugh Faringdon, Stieve Butler – Head Teacher of Meadow Park, Rachel Cave – Head Teacher of Highdown, Symon Cooke - Head Teacher of The Avenue, Lee Smith – Head Teacher of Holy Brook, Ita McGullion – Manager of Kennet Day Nursery, Kate Reynolds – Director of Education, Steven Davies – Strategic Business Partner.

In attendance

Cllr Ashley Pearce – Lead Member for Education, Claire White – Interim Education & Schools Business Partner, Deborah Hunter – Head of SEND, Deborah Glassbrook – Director of Children's Services, Clare Warren – School Support Lead/Minute Taker.

#	Item	Notes
1	Welcome and apologies	The Chair welcomed everyone to the meeting. Apologies were noted.
2	Minutes of the meeting held on December 5, 2019	Minutes were agreed from 5 th December Matters arising: - Kate Reynolds to follow up on maintained primary head representative and non-school post-16 representative

3	<p>Schools' Forum Membership Update – confirmation of representation</p>	<p>There have been 2 resignations – a nursery governor and an academy primary head as well as the remaining two vacancies of maintained primary head and non-school post 16 provision.</p> <p>Actions:</p> <p>Claire White to contact academy primary heads to seek representative</p> <p>Peter Kayes will discuss nursery governor representative with Jo Budge</p>
4	<p>DSG Budget Monitoring 2019/20 Month 9</p>	<p>Claire White presented.</p> <p>The report contains the current position for month 9 2019/20 (December 2019).</p> <p>There have not been many changes since the last report (at end of November 2019) and the actual DSG allocation has not changed. Are only expecting an adjustment on the recoupment funding of High Needs due to the academisation of Phoenix College on 1st January 2020 and the anticipated academisation of Cranbury College – due 1st February 2020.</p> <p>Early Years funding will change as a result of today's census.</p> <p>Table 2 shows the deficit has gone up to just over £3m, this is over budget by £1.4m. 4.3 summarises the main reasons for this variance. The main changes since last month are a reduction in the Early Years contingency of £300k as a result of Autumn term payments, and High Needs top up funding rising by £70k.</p> <p>The remaining Early Years contingency may be required for the Spring payments based on January census numbers. If the contingency left over at the end of the financial year is significant, a one-off payment can be made to providers and it will not be used to offset the high needs block deficit.</p> <p>Point 5.5 shows that the number of EHCPs has gone up to 1,394 compared to a budget of 1,292 resulting in the £1.1m overspend in top up payments.</p> <p>There is also a £30k overspend on NHS contracts as the original contract did not include all academies, and a possible £40k overspend on inclusion funding for mainstream schools with a high percentage of pupils with EHCPs.</p> <p>The original deficit recovery plan submitted to the ESFA had been satisfactory as all details had been provided and had recovered the deficit within 4 years, so they did not offer a</p>

		<p>support meeting. However due to the plan changing, a meeting has been arranged with them for the end of March.</p> <p>Previous plans were offset by Early Years contingency. The deficit is now back up to £3.3m for 19/20 as shown in Table 6. It is a more realistic position with any Early Years contingency no longer offsetting the deficit.</p> <p>The current deficit recovery plan is based on existing spend plus continual year on year increases in numbers of EHCPs, and takes into account likely funding levels. So could still be a balanced budget with repayment by 22/23. This is very simplistic and requires lots of detailed work and confirmation from DfE as to future High Needs funding.</p> <p>The report was noted along with the current position and pressures.</p>
5	<p>DSG Allocations for 2020/21</p>	<p>Claire White presented.</p> <p>This report sets out the allocations for each DSG funding block following confirmation from DfE on 19th December 2019.</p> <p>Detailed calculations are shown in Appendix 1. Overall DSG is up £8m, which is 6.53% increase.</p> <p><u>Schools Block</u> This is up £6m, with £2m due to changes in pupil numbers and £4m being an increase in funding per pupil.</p> <p><u>Central Schools Services Block</u> This has gone down to £1.2m, -8.42% due to reduction in historic commitments. The DfE are looking to reduce these commitments so that all Local Authorities are funded equally. These historic commitments have been reduced by 20% this year, but there is no information regarding future year reductions.</p> <p><u>High Needs Block</u> There is no change to the High Needs funding formula. As Reading is on the funding floor it got an increase of £2m. Most of this has been confirmed with the exception of the import/export adjustment which is a deduction of £1.9m but is not expected to significantly change.</p> <p><u>Early Years Block</u> Overall an increase of £188k, +1.52% based on the January 2019 census, with hourly funding rates for 2, 3 and 4-year olds increase by 8p. This will be updated based on the January 2020 census. The lump sum for maintained nurseries will continue to the end of the 20/21 financial year.</p>

		<p>Teachers pay and pension grants will continue as separate funding streams for 20/21 but there has been no other information with regards to other funding such as Pupil Premium. It is expected that these will be announced soon.</p> <p><u>Central Schools Services Block</u> Appendix 2 shows the proposals for the Central Schools Services block. Historical commitments have been reduced whilst other lines of expenditure have been capped at the existing amounts as shown in Table 1 on page 30. This has to be approved by Schools Forum line by line.</p> <p><u>High Needs Block</u> The DfE anticipated that extra funding in the High Needs block would be used to reduce the deficit. However this is unlikely in 20/21. It is proposed that part of the increase would be used to ensure that special schools and resource units funded from this block would get inflationary increases. Top up bands will also be reviewed. All changes are to be implemented from September 2020. Central budgets from High Needs funding block are not expected to increase.</p> <p>Further work will be done on this and brought to the next Schools Forum meeting.</p> <p>A question was raised with regards to the Teacher Pay Grant which will remain a separate grant in 20/21 at the same rates as previously. This is also the case for the Teachers Pension Grant. If Teachers Pay increases above 2% then it may be funded but this is unknown at this stage. Claire White will send out an email to clarify.</p> <p>There is no information with regards to 21/22 as to whether it will remain a separate grant or become part of the school formula.</p> <p>A question was raised whether given the reductions in the budget (in the Central Schools Services Block) what will be the impact. It was confirmed that services will carry on and funding may be found elsewhere for some services, and Steve Davies is leading on this.</p> <p>VOTE: To accept the Local Authority recommendation for the Central Schools Services Block – 11 votes for, 0 against/abstention</p> <p>Recommendation agreed.</p> <p>Action:</p> <p>Claire White will send out an email to clarify Teachers Pay and Pension Grants 20/21</p>
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6	<p>Final School Formula 2020/21</p>	<p>Claire White presented.</p> <p>The Schools Block has now been confirmed as well as pupil numbers and other factors per school. Table 1 sets out the actual School Block allocation. There are adjustments for a small number of schools with higher business rates to be met from the 2020/21 allocation (£10k), the growth fund and the agreed £350k transfer to the High Needs block.</p> <p>The Schools Forum have previously looked at how to allocate the Schools Block and wanted to keep to the NFF factors and rates. Consultation has been carried out to determine the allocation of any additional funding through the Area Cost Adjustment (ACA) as not all factors could be funded at NFF rates including the ACA. As the schools block allocation is higher than originally anticipated then all factors can be increased to mirror the NFF with 7% increase except the lump sum which has been increased by 1.9%.</p> <p>Primary AWPU was previously benefitting from the ACA so has increased by 4% although this is still lower than 2017/18 and 3 schools are still in receipt of MFG.</p> <p>Appendix 1 shows how each of the formula factor values have changed since 2017/18, with primary basic entitlement (AWPU) in 2017/18 being £3,131, and now at £2,954 per pupil.</p> <p>The main reason for the additional Schools Block funding is due to the growth in secondary pupil numbers funded at the Secondary Unit of Funding which is higher than KS3 allocations (where the growth is occurring) through the formula.</p> <p>Appendix 2 on page 42 shows the final allocations to schools. Academy final allocations may vary slightly due to MFG which should be confirmed in March.</p> <p>Primary schools receive an average increase of 4% and secondary schools receive an average increase of 6%, with only 3 still receiving MFG being Alfred Sutton, Katesgrove and Micklands. This means they are still receiving protection for changes versus the old School Formula from 2017/18.</p> <p>Some school decreases are due to reductions in pupil numbers such as a loss of a bulge class but costs, in theory, should also have decreased.</p>
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		<p>As the Schools Block formula is virtually at NFF with few on MFG then this should give certainty to schools moving forward that there are unlikely to be no reductions moving forward. The DfE has promised further funding increases but no details have been provided.</p> <p>The report was noted</p>
7	De-delegations 2020/21	<p>Claire White presented.</p> <p>This is for maintained schools to vote.</p> <p>This relates to the services that maintained schools can opt to receive by a top slice to their budget and will apply to all the maintained schools rather than individual schools.</p> <p>The proposals are for the services to remain the same as 2019/20 being:</p> <ul style="list-style-type: none"> • Behaviour Support • School Improvement • Union Duties • General Duties <p>These are charged on a per pupil basis as shown in Table 1.</p> <p>Appendix 3 on page 53 shows the impact per school.</p> <p>VOTE: To accept the Local Authority recommendation for the maintained primary school de-delegations</p> <p>Behaviour Support – 4 votes for, 0 against/abstention</p> <p>School Improvement – 4 votes for, 0 against/abstention</p> <p>Union Duties – 4 votes for, 0 against/abstention</p> <p>General Duties – 4 votes for, 0 against/abstention</p> <p>Recommendation agreed for maintained primary schools.</p> <p>Post meeting Note:</p> <p>As there was no representative from the maintained secondary school present, Claire contacted Blessed Hugh Farringdon by email for their vote.</p> <p>School Improvement – agreed</p> <p>General Duties – agreed</p>
8.	SEND Update	<p>Deborah Hunter presented.</p> <p>Recruitment taking place tomorrow for further position on the SEND team. This will help with communication and timeliness.</p>

		<p>Visit took place to the Mulberry Bush School. Whilst Therapeutic Thinking is going well there are few pupils 'in crisis'. This visit was to look at their outreach service model and how it fits with mental health support and Therapeutic Thinking. There will be a report back to the next Schools Forum.</p> <p>An application has been made for a second mental health team and should hear by the end of March.</p> <p>The team are working on 2 strands – early intervention to specialist provision and a partnership approach to mental health with OneReading. They want to do more work on children not in education e.g. due to permanent exclusion or on part-time timetables. A questionnaire is being sent to schools for information on this population, especially if parents have been advised by doctors to keep the child at home due to anxiety. This tends to be relatively small but begins in late primary and then they quickly drop out of secondary schools. At this stage only numbers are sought.</p> <p>Need help to flag pupils with pending EHCP or move into the authority with High Needs that need a lot of support.</p> <p>The report was noted.</p>
9.	Agenda Items For Next Meeting	<p>The next meeting will be held on March 12, 2020 at the Civic Centre – Mayors Parlour.</p> <ul style="list-style-type: none"> • Final DSG budget proposals for 2020/21 (inc update on EHCP bandings, inclusion funding criteria, deficit recovery plan) • SEND strategy update • DSG Budget monitoring 2019/20 month 11 • Agree Schools' Forum meeting dates for 2020/21
10.	Any Other Business	<p>Cllr Ashley Pearce mentioned that the Forum for Clean Air Safer Transport which would include school streets were meeting next week in the Council Chamber. They are looking for pilot schools to try and stop parents parking outside the school. If any school is interested, please contact Cllr Pearce.</p> <p>The meeting closed at 17:50</p>

Agenda Item 3:

SCHOOLS FORUM MEMBERSHIP							Mar-20		
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	
School Members:									
Nursery (2)	1	Head teacher	Jo Budge	Reading EY Schools Federation	Jan-17	Jan-19	3 yrs	Jan-22	
	2	Governor	Julia Cottee	Reading EY Schools Federation	Mar-20	Mar-20	3 yrs	Mar-23	
Maintained Primary (8)	3	Head teacher	Robert Howell	Alfred Sutton	Mar-19	Mar-19	3 yrs	Mar-22	
	4	Head teacher	Justine McMinn	EP Collier	Nov-13	Jan-19	3 yrs	Mar-22	
	5	Head teacher	Cathy Doberska	English Martyrs	Jul-18	Jul-18	3 yrs	Jul-21	
	6	Head teacher	Sarah Bernto	St Anne's	Mar-20	Mar-20	3 yrs	Mar-23	
	7	Head teacher	Tonia Crossman	Emmer Green	May-17	Mar-19	3 yrs	Mar-22	
	8	Governor *	Peter Kayes	The Ridgeway	Mar-07	Dec-19	3 yrs	Dec-22	
	9	Governor **	Richard Rolfe	Micklands	Dec-16	Dec-19	3 yrs	Dec-22	
	10	Governor	Dani Hall	Oxford Road and Wilson	Mar-20	Mar-20	3 yrs	Mar-23	
Maintained Secondary (1)	11	Head teacher	Simon Utley	Blessed Hugh Faringdon	Jan-17	Jan-19	3 yrs	Jan-22	
Academy Primary (2)	12	Academy Member	Karen Edwards	The Heights	Jul-18	Jul-18	3 Yrs	Jul-21	
	13	Academy Member	Richard Pearse	Churchend	Mar-20	Mar-20	3 yrs	Mar-23	
Academy Secondary (4)	14	Academy Member	Isabelle Sandy	Kendrick	Feb-12	Mar-19	3 Yrs	Mar-22	
	15	Academy Member	David Littlemore	Prospect	Feb-12	Mar-19	3 Yrs	Mar-22	
	16	Academy Member	Rachel Cave	Highdown	Feb-12	Mar-19	3 Yrs	Mar-22	
	17	Academy Member	Anna Mayyar	Reading Girls	Dec-17	Mar-19	3 Yrs	Mar-22	
		Observer/Substitute	Ashley Robson	Reading					
		Observer/Substitute	Camilla Thornalley	John Madjeski					
		Observer/Substitute	Jonathan Nicholls	UTC					
		Observer/Substitute	Andy Johnson	Maiden Erlegh in Reading					
		Observer/Substitute	Jo Broadhead	The Wren					
Maintained Special (1)	18	Head teacher	Lee Smith	Holy Brook	Oct-19	Oct-19	3 yrs	Oct-22	
Academy Special (1)	19	Academy Member	Symon Cooke	The Avenue	Mar-18	Mar-18	3 Yrs	Mar-21	
Alternative Provision (1)	20	Head teacher	Mandy Wilton	Cranbury College			On-going	n/a	
Non-School Members:									
Early Year's PVI (1)	21	PVIs	Ita McGullion	Kennet Day Nursery	Oct-17	Oct-17	3 yrs	Oct-21	
Trades Unions (1)	22	Trades Unions	Ali McNamara	NEU			On-going	n/a	
16 - 19 Provision (1)	23	FE College	Ben Sims	Reading College (Activate Learning)	Mar-20	Mar-20	3 yrs	Mar-23	
Non Members									
Observer	-	RBC	Cllr Ashley Pearce, Lead Member for Education						
* Chair					Elected October 2018		2 years	Oct-20	
** Vice chair					Elected October 2019		2 years	Oct-21	



Reading Schools' Forum

March 12, 2019

Agenda Item 4

Dedicated Schools Grant (DSG)
Budget Monitoring 2019/20

For decision

For discussion

For information

SUMMARY

This report sets out the current position (month 11) of the DSG budget for 2019/20 and outlines the variances and impact on the deficit recovery plan.

AUTHOR

Claire White, Schools & DSG
Business Partner

Tel: 0118 937 4161

Email:

claire.white@brighterfuturesforchildren.org

VERSION

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DATE

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REVIEW DATE

None

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Brighter Futures for Children
Civic Offices, Bridge Street,
Reading RG1 2LU

Company number 11293709

1. Recommendations

- 1.1 NOTE: The current overall DSG allocation for 2019/20.
- 1.2 NOTE: The current pressures within each funding block and impact on the deficit recovery plan.

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 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 following 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 received by the LA will change during the year. Table 1 shows the original estimate made by the LA and the current position, as last notified by the ESFA in January 2020. Further details are contained in Appendix 1.
- 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.
- 3.3. Overall there has been an increase of £450k to the current year allocation, which is explained in the paragraphs below.

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	12.407		12.407	0.328
High Needs Block	20.424	-2.443	17.981	20.483	-2.448	18.035	0.054
Total	123.357	-47.296	76.061	123.744	-47.301	76.443	0.382
18/19 Early Years adj.						0.068	0.068
Total Available						76.511	0.450

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

- Reductions in the net LA schools block and/or high needs block funding due to any in year 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. Phoenix College converted on 1st January 2020, and this conversion will result in an adjustment to the high needs block figure, though the amount has not yet been notified.
- High needs block funding was adjusted in July due to the import/export adjustment: this is where there has been 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 has also been adjusted for changes in the number of high needs places in academies, which is deducted from our allocation. In November an additional £6k was received to settle a funding dispute we had with a provider. Overall, the difference in funding compared to our original estimate is £54k in additional funding.
- Early years funding will be based 5/12 on the January 2019 census, and 7/12 on the January 2020 census. Our original budget used January 2019 census estimates, and has now been amended to reflect the January 2019 census actuals confirmed in July, which uplifted our allocation by £328k. The final adjustment for 2018/19 was also made in July; this was estimated to be a reduction of £150k, for which a provision was made in the 2018/19 accounts. The actual was £68k less, so this is added to our allocation for 2019/20. For the purpose of the budget it is assumed that any

increases in funding will be offset by a similar increase in provider payments, and the increase to our funding allocation is therefore set aside as a contingency for this purpose. Using the draft January 2020 census figures, there will only be a minor amendment due to the DSG allocation, though about half of the contingency will have been used on payments to providers.

- The Government could allocate additional funding in response to policy changes/priorities, but it could not reduce the funding already allocated. There has been no additional allocations in 2019/20.

4. DSG Budget 2019/20 Month 11 Position

- 4.1. Appendix 2 contains the 2019/20 budget and current (month 11) forecasts. This is split between the four funding blocks, and broken down by the main reporting lines for the DSG. Appendix 3 contains brief notes on what is included in each line of the budget report.
- 4.2. Table 2 summarises the current budget and forecast per block. Note that the DSG allocation includes an additional £0.640m which is ring fenced surpluses brought forward from 2018/19 and being utilised in 2019/20 (for growth fund and early years).

Table 2: Summary Budget and Forecast 2019/20

	ORIGINAL BUDGET (£m)	VIREMENTS £m	CURRENT BUDGET (£m)	FORECAST as at MONTH 11 (£m)	VARIANCE as at MONTH 11 (£m)
Schools Block	44.420	0.077	44.497	44.594	0.097
Central Schools Block	1.330		1.330	1.330	0
Early Years Block	12.140	0.702	12.842	12.371	-0.471
High Needs Block	18.281	0.054	18.335	18.715	0.380
Repayment of Deficit	1.771		1.771	2.245	0.474
Sub Total – Net Expenditure	77.942	0.833	78.775	79.255	0.480
DSG Allocation	76.318	0.833	77.151	77.151	0
Balance Over/(Under) Allocated	1.624	0	1.624	2.104	0.480

- 4.3. The deficit forecast for the end of the financial year has increased compared to the budget by £0.480m from £1.624m to £2.104m. The high needs top up funding has reduced significantly since the last report. The variances are summarised as follows:

Change in deficit amount to be repaid from 2018/19	£473,854
School formula - business rates	£6,564
Growth Fund	£90,327
Early year's contingency	-£382,794
Early year's central budgets	-£88,200
High Needs top-up funding	£417,657
Other High needs block net underspends	-£38,000
Total	£479,408

- 4.4. The Government carried out a consultation during the Autumn 2019 on the conditions of grant and regulations applying to the DSG. The results and conclusions were published in January and can be found here: <https://www.gov.uk/government/consultations/consultation-on-changing-the-dedicated-schools-grant>. From the end of this financial year, a DSG deficit must be carried forward to be dealt with from future DSG income, and LAs will not be able to fund any part of the deficit from sources other than the DSG unless the Secretary of State authorises the LA not to do this. Although Schools' Forum will no longer approve the carry forward of the deficit, LAs will still need to work closely with their Forum on their plans for managing DSG deficits.

5. Variances, Current Risks & Emerging Issues

- 5.1. Repayment of Deficit
Due to planned ring-fenced underspends from 2018/19 being used within their block in 2019/20 and not actually being used to offset the deficit, the amount to be repaid is higher than the net carry forward, by £474k.
- 5.2. Schools Block
- 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. This is due to like for like funding. The difference for business rates is £6.5k over the initial allocation.
 - The Growth Fund for 2019/20 is £701k (which includes £233k under spend carried forward from 2018/19); after setting the budget, three secondary schools agreed to take a bulge class from September 2019, which was not anticipated or included in the budget, at a total cost of £262k. This is partly offset by some of the budget no longer being required for primary. The over spend is £90k. This will be met from the 2020/21 schools block DSG (growth) allocation.
 - De-delegations are contributions to central services and unlikely to have any variance. £40k carried forward for the equality services de-delegation which ceased last year, has been paid back to the maintained schools which paid into this fund.
- 5.3. Central Schools Services Block
- Most of the central school services budgets are agreed contributions towards the full cost of a service 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.
- 5.4. Early Years Block
- 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 should be funded if the January census represents the average for the year. Funding is clawed back (by the ESFA) in the following year if there has been an over allocation.

- It is therefore impossible to make a reasonable forecast during the year 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.
- There is currently £702k in contingency in 2019/20, approximately half from under spends in the previous year and the other half from additional DSG allocation based on the January 2019 census. Based on the latest forecast, at least £319k will be required in payments to providers, leaving £383k to carry forward. The changes in entitlement compared to the budget (year on year change) are as follows:

Type of Entitlement	No. of Children	Cost
3 & 4 Year Old Universal	+ 103	£280,000
3 & 4 Year Old Extended Entitlement	+58	£160,000
2 Year Old	-32	-£100,000
Early Years Pupil Premium	-37	-£21,000
Total		+£319,000

- 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. Most of the underspend will be required as a contingency in 2020/21.
- Other budgets that pay for central spend are mainly contributions as agreed at budget setting. The total sum of these contributions has not all been required, and £40k is being returned, alongside an additional £50k not spent on inclusion.

5.5. High Needs Block

- Over 75% of the high needs block is payments for statutory top up fees for pupils/students with Education Health and Care Plans (EHCPs). This is the area of highest risk due to the unpredictability of the number and level (cost) of plans. It is the continued growth in both the number and cost of these plans that has led to the DSG deficit. Table 3 shows the rising trend in the number of EHCPs. Data as at January in each year is used being mid-way through an academic year and is what the ESFA advise to use for data comparisons.

Table 3: Numbers of EHCPs

Date	Actual Total Number	Annual Year on Year Increase
14/15: January 2015	959	
15/16: January 2016	1,002	43
16/17: January 2017	1,066	64
17/18: January 2018	1,175	109
18/19: January 2019	1,276	101
19/20: January 2020	1,391	115

- The top up budget for 2019/20 was set based on the cost of top ups as at January 2019 and predicted increase (note that not all EHCPs result in a top up payment). This and the current top up forecasts are shown in Table 4. The current top up forecast is £14.475m, which is £0.417m over the revised budget. This forecast has reduced significantly since the last report, a combination of an error (overstating the top up for one pupil) and previously including all predicted top ups for EHCPs going through the system but which have not now resulted in a cost in the current financial year. The largest increases are in mainstream, and in other alternative placements not in a school which are generally short-term placements.

Table 4: Top Up Budgets and Forecasts 2019/20

Placement Type	Top Ups as at February 2020			
	Budget £'000	Forecast £'000	Variance £'000	Current No.
Special Schools	7,902	7,574	-328	433
Resource Units	565	580	15	81
Mainstream	1,440	1,596	156	364
Further Education	793	843	50	105
Independent/NMSS	2,485	2,507	22	59
Other Alternative	54	381	327	37
PRU/Hospital*	819	994	175	11
Total	£14,058	£14,475	£417	1,090

* PRU/Hospital costs will relate to all pupils placed in these provisions (e.g. includes excluded pupils *without* an EHCP).

- There is also an over spend of £30k on NHS contracts, as not all academies were previously included in this contract but are now. It is also expected that the inclusion funding for mainstream schools (schools with a high percentage of pupils

with EHCPs) will most likely overspend by £40k based on autumn numbers. These are more than offset by savings on place funding and the early years inclusion fund.

- Note that the conversion of Cranbury College to an academy should not impact on either the services that schools receive or the cost to the high needs block, and the local authority is currently preparing the service level agreements.

6. DSG Deficit Recovery Plan

6.1. In 2018/19, the high needs block balanced in-year and part of the deficit was repaid, despite the continuing pressure of increasing numbers of EHCPs. Transfers between blocks including using underspend from other blocks has helped bring the deficit in the high needs block down, from its peak of £3.4m overspend at the end of 2016/17. The plan assumed a closing deficit of £1.8m in 2019/20, and the recovery to have been achieved by the end of 2022/23.

6.2. The main elements of the recovery plan are as follows:

- The largest individual top up 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 a reduced cost, though the financial benefit will take a number of years to materialise. A reduction in cost of £390k per year was built into the plan from 2020/21 onwards. New resource unit places are being developed locally, and the bid process for running a new special school is currently underway, with the successful provider likely to be appointed in 2020.
- Inclusion of high needs pupils in mainstream schools to avoid being placed in more expensive specialist provision. As part of this, additional funding for schools with a higher than average percentage of pupils with EHCPs was introduced in September 2018 for a year's trial. This has been reviewed and will continue for the remainder of this financial year. In 2020/21 this cost will be met by a top slice from the schools' block DSG (this was not in the plan and will benefit the deficit recovery).
- The LA has also invested some funds to improve the SEND commissioning element that review SEND placements/contracts.
- It was assumed and built into the plan that high needs funding would increase by just over £0.5m from 2020/21 onwards, whereas it is increasing by approximately £2.0m in 2020/21 and should be a similar amount in the following two years.
- The contingency held in the early years block is currently offsetting the deficit but is a first call on this block when it is required.

6.3. As a local authority with a deficit greater than 1%, the recovery plan had to be submitted to the ESFA in June. The ESFA review each plan to determine its robustness and viability and also establish areas where they can support local authorities to bring their deficits into balance. Feedback was received from them at the end of October and was brief. They were generally satisfied with the plan – because the required detail to back up the plan had been provided and the deficit was recovered in four years. However, a support meeting has been arranged with ESFA advisors in late March to review the refreshed plan.

- 6.4. The plan now looks very different, with the deficit forecast to go up by £700k to £2.5m by the end of this financial year compared to the original £1.8m budgeted deficit. As well as the top up forecast increase, the early year's contingency is no longer being shown as offsetting the deficit as it will remain with the early years block.
- 6.5. Table 6 shows the breakdown of the current budget monitoring forecast for the high needs budget for the current financial year. Details on the longer term impact and the latest refresh of the plan is in the High Needs Budget 2020/21 report elsewhere on this agenda. It is still expected that recovery of the deficit will happen in 2022/23, though this is very much dependent on the future high needs DSG allocations continuing to rise as promised by the Government.

Table 5: High Needs Budget - 2019/20

	2019/20 Original Budget £m	2019/20 Current Forecast £m	2019/20 Variance £m
Top Up Funding	14.004	14.475	0.471
Place Funding	2.710	2.653	-0.057
Other High Needs Budgets	1.567	1.587	0.020
Total High Needs Expenditure	18.281	18.715	0.434
High Needs Income	-18.428	-18.482	-0.054
High Needs In Year Deficit/(surplus)	-0.147	0.233	0.380
Add B/F Deficit	2.245	2.245	0
Less Net Underspends in other blocks	-0.306	0	0.306
Current Year End Position	1.792	2.477	0.685

7. Appendices

Appendix 1 – DSG Allocation 2019/20

Appendix 2 – Summary DSG Budget and Forecast 2019/20

Appendix 3 – Additional Information per Service

Appendix 1 – DSG Allocation 2019/20

	December 2018 Notification		LA Estimate for Budget		January 2020 Notification	
Schools Block						
Pupil Numbers Primary	13,317.5		13,317.5		13,317.5	
Rate	£3,971.23		£3,971.23		£3,971.23	
Allocation		£52,886,856		£52,886,856		£52,886,856
Pupil Numbers Secondary	6,411.0		6,411.0		6,411.0	
Rate	£5,223.35		£5,223.35		£5,223.35	
Allocation		£33,486,897		£33,486,897		£33,486,897
Growth Funding		£1,657,782		£1,657,782		£1,657,782
Premises & Mobility Funding		£1,492,369		£1,492,369		£1,492,369
actual funding rounding adjustment		£597		£597		£427
Gross Allocation		£89,524,500		£89,524,500		£89,524,330
Academy Recoupment				-£44,853,330		-£44,853,330
Schools Block Net Total		£89,524,500		£44,671,170		£44,671,000
Central School Services Block						
Pupil Numbers	19,728.5		19,728.5		19,728.5	
Rate	£32.97		£32.97		£32.97	
Allocation		£650,449		£650,449		£650,449
Historic Commitments		£680,000		£680,000		£680,000
actual funding rounding adjustment		-£449		-£449		-£449
Central School Services Block Net Total		£1,330,000		£1,330,000		£1,330,000
High Needs Block						
Formula		£20,321,842		£20,321,842		£20,321,342
Hospital Funding		£182,810		£182,810		£182,810
Additional Allocation		£384,000		£384,000		£384,000
Place Numbers - Special Schools	276.0		276.0		276.0	
Place Numbers - Alternative Provision	37.0		37.0		37.0	
	313.0		313.0		313.0	
Rate	£4,208.94		£4,208.94		£4,208.94	
Allocation		£1,317,398		£1,317,398		£1,317,398
Import/Export Adjustment						
Rate	-351		-297		-314	
Allocation	£6,000.00	-£2,106,000	£6,000.00	-£1,782,000	£6,000.00	-£1,884,000
(BCA adjustment)						£6,000
Additional funding for Special Free Schools						£155,553
actual funding rounding adjustment		-£550		-£550		£221
Gross Allocation		£20,099,500		£20,423,500		£20,483,324
Recoupment - academy/post 16 places		-£2,310,664		-£2,442,490		-£2,448,324
High Needs Block Net Total		£17,788,836		£17,981,010		£18,035,000
Early Years Block	(Jan '18 census)		(Jan '19 census)			
3 & 4 year olds Universal - Schools	1,396.0		1,321.6		1,321.6	
3 & 4 year olds Universal - PVI	1,496.0		1,410.0		1,463.0	
3 & 4 year olds Additional - Schools	198.4		270.8		268.8	
3 & 4 year olds Additional - PVI	628.7		576.3		619.2	
Total	3,719		3,579		3,673	
Rate	£5.14		£5.14		£5.14	
Allocation		£10,896,219		£10,484,875		£10,759,983
2 year olds - schools	67.0		63.0		60.0	
2 year olds - PVI	314.1		314.7		325.2	
Total	381.1		377.7		385.2	
Rate	£5.74		£5.74		£5.74	
Allocation		£1,246,883		£1,235,759		£1,260,297
PPG - schools	226.0		159.0		159.0	
PPG - PVI	120.4		144.0		174.0	
Total	346.4		303.0		333.0	
Rate	£0.53		£0.53		£0.53	
Allocation		£104,647		£91,536		£100,599
DAF - eligible pupils	54.0		25.0		56.0	
Rate	£615.00		£615.00		£615.00	
Allocation		£33,210		£15,375		£34,440
Maintained Nursery Grant		£266,555		£251,534		£251,534
actual funding rounding adjustment		£485				£146
Early Years Block Net Total		£12,548,000		£12,079,080		£12,407,000
SUMMARY GROSS IN YEAR ALLOCATION						
Schools Block		89,524,500		89,524,500		89,524,330
Central School Services Block		1,330,000		1,330,000		1,330,000
High Needs Block		20,099,500		20,423,500		20,483,324
Early Years Block		12,548,000		12,079,080		12,407,000
TOTAL GROSS DSG ALLOCATION IN YEAR		£123,502,000		£123,357,080		£123,744,655
SUMMARY NET IN YEAR ALLOCATION						
Schools Block		£89,524,500		£44,671,170		£44,671,000
Central School Services Block		£1,330,000		£1,330,000		£1,330,000
High Needs Block		£17,788,836		£17,981,010		£18,035,000
Early Years Block		£12,548,000		£12,079,080		£12,407,000
TOTAL NET DSG ALLOCATION IN YEAR		£121,191,336		£76,061,260		£76,443,001
(CHECK TO GRANT NOTIFICATION RECEIVED)		£121,191,000				£76,443,000

Appendix 2 – Summary DSG Budget and Forecast 2019/20

Line Ref.	Description	Original Budget £m	Virements £m	Current Budget £m	Forecast Outturn £m	Variance £m
Schools Block						
1	Individual Schools Budget - Maintained Schools	43.310	0.000	43.310	43.317	0.007
2	Growth Fund	0.664	0.037	0.701	0.791	0.090
3	Behaviour Support Services (de-delegation)	0.178	0.000	0.178	0.178	-0.000
4	Staff costs supply cover (trade unions) (de-delegation)	0.042	0.000	0.042	0.042	0.000
5	School Improvement (de-delegation)	0.146	0.000	0.146	0.146	0.000
6	Statutory/regulatory Duties (ESG) (de-delegation)	0.080	0.000	0.080	0.080	-0.000
7	Equality Services (de-delegation)	0.000	0.040	0.040	0.040	-0.000
8	Sub Total Schools Block Net Expenditure	44.420	0.077	44.497	44.594	0.097
9	Schools Block DSG Allocation	44.420	0.077	44.497	44.497	0.000
10	Balance Over / (Under) Allocation	-0.000	-0.000	-0.000	0.097	0.097
Central Schools Services Block						
11	Contribution to combined budgets	0.616	0.000	0.616	0.616	0.000
12	School admissions	0.215	0.000	0.215	0.215	0.000
13	Servicing of schools forum	0.020	0.000	0.020	0.020	0.000
14	Prudential borrowing costs	0.050	0.000	0.050	0.050	0.000
15	Other Items (copyright licences)	0.107	0.000	0.107	0.107	0.000
16	Statutory/regulatory Duties (ESG)	0.322	0.000	0.322	0.322	0.000
17	Sub Total Central School Services Block Net Expenditure	1.330	0.000	1.330	1.330	0.000
18	Central School Services Block DSG Allocation	1.330	0.000	1.330	1.330	0.000
19	Balance Over / (Under) Allocation	0.000	0.000	0.000	0.000	0.000
Early Years Block						
20	Early Years Funding (free entitlement) including contingency	11.458	0.702	12.161	11.778	-0.383
21	Support for inclusion	0.100	0.000	0.100	0.050	-0.050
22	SEN support services (Portage/Dingley)	0.197	0.000	0.197	0.198	0.002
23	Central expenditure on early years entitlement	0.385	0.000	0.385	0.345	-0.040
24	Sub Total Early Years Block Net Expenditure	12.140	0.702	12.842	12.371	-0.471
25	Early Years Block DSG Allocation	12.140	0.702	12.842	12.842	0.000
26	Balance Over / (Under) Allocation	0.000	0.000	0.000	-0.471	-0.471
High Needs Block						
27	SEN placements - Maintained Schools (first £10k/£6k place funding)	2.610	0.000	2.610	2.552	-0.058
28	Top up funding - Special Schools & PRU	8.554	0.054	8.608	8.394	-0.214
29	Top up funding - Resource Units	0.565	0.000	0.565	0.580	0.015
30	Top up funding - Mainstream	1.440	0.000	1.440	1.562	0.123
31	Top up funding - Nursery	0.000	0.000	0.000	0.093	0.093
32	Top up funding - FE Colleges	0.793	0.000	0.793	0.843	0.050
33	Top up and other funding - non maintained & independent providers	2.485	0.000	2.485	2.828	0.344
34	Additional high needs targeted funding (Inclusion Fund)	0.250	0.000	0.250	0.290	0.040
35	SEN support services	0.572	0.000	0.572	0.572	0.000
36	Hospital education services	0.168	0.000	0.168	0.175	0.007
37	Support for inclusion	0.401	0.000	0.401	0.351	-0.050
38	Therapies and other health related services	0.345	0.000	0.345	0.375	0.030
39	SEN Transport	0.100	0.000	0.100	0.100	0.000
40	Repayment of DSG deficit from previous year	1.771	0.000	1.771	2.245	0.474
41	Sub Total High Needs Block Net Expenditure	20.052	0.054	20.106	20.960	0.854
42	High Needs Block DSG Allocation	18.428	0.054	18.482	18.482	0.000
43	Balance Over / (Under) Allocation	1.624	-0.000	1.624	2.478	0.854
44	Total All Blocks Net Expenditure	77.942	0.833	78.775	79.254	0.479
45	Total DSG Allocation Available	76.318	0.833	77.151	77.151	0.000
46	Balance - Deficit / (surplus) In Year	1.624	-0.000	1.624	2.103	0.479
Memorandum - Budgets Recouped from Gross DSG Allocation						
47	Individual Schools Budget - Academies	44.853	0.000	44.853	44.853	0.000
48	SEN placements - Academies	2.442	0.006	2.448	2.448	0.000
49	Total DSG Recouped	47.295	0.006	47.301	47.301	0.000
50	Gross DSG Expenditure including Recoupment	125.237	0.839	126.076	126.555	0.479

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 statutory duties carried out by the LA on behalf of all maintained schools such as internal audit, year-end accounts, central reporting, monitoring compliance with scheme for financing schools.

Line 7 – Equality Services – this service has now ceased. The budget was carried forward from 2018/19 and will be repaid to the schools that paid into it.

CENTRAL SCHOOLS SERVICES BLOCK

Line 11 - 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 12 - School Admissions – contribution towards the statutory admissions service for all Reading Schools.

Line 13 - Servicing of Schools Forum – officer time for preparation of reports and attendance at meetings; cost of room hire; arranging meetings, minute taking, web site.

Line 14 - 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 15 – Other Items – Copyright licences – national contract, purchased on behalf of all schools.

Line 16 – Statutory/regulatory duties - formally known as the Education Services Grant, for duties carried out by the LA for all schools, including academies. Includes DSG budgets, school funding formula, payments to schools, statutory returns, education welfare, asset management.

EARLY YEARS BLOCK

Line 20 - 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 21 - 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 37).

Line 22 - SEN Support Services – portage and contribution to Dingley.

Line 23 - Central Expenditure on Children under 5 – Early Years Team Staff including compliance, data, sufficiency and performance.

HIGH NEEDS BLOCK

Line 27 - SEN Placements – Place funding for pre 16 maintained Resource units (first £6k), maintained special Schools (first £10k), and alternative provision (Cranbury College) (first £10k).

Line 28 to 31 - Top-up funding for schools - EHCP top-ups for nursery, 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 32 - Top-up funding for FE Colleges - EHCP top-ups for students in further education colleges.

Line 33 - Top-up funding and other funding – non maintained and Independents - EHCP Top-ups for Independent and non-maintained special schools, and placements in other alternative private provision for pupils with or without a EHCP.

Line 34 – Additional High Needs Targeted Funding (Inclusion Fund) – financial support to schools with a higher than average number of pupils with EHCPs.

Line 35 - SEN Support Services – This includes Sensory Consortium (joint arrangement with other Berkshire LAs), virtual school, and ASD Outreach commissioned to Christ The King School.

Line 36 - 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 37 - Support for Inclusion – Funding for hard to place pupils (through Inclusion panel & Therapeutic Thinking approach), and central staffing (2 posts) in Education department, one for statutory functions including monitoring exclusions and one for ASD advisory support. The final year's payment to Manor School for the inclusion project, a contribution to the early years inclusion panel, plus early years place funding at Snowflakes.

Line 38 - Therapies and other Health Related services – Contribution towards Speech and Language, Occupational and Physio therapy. Jointly funded with the Clinical Commissioning Group.

Line 39 - SEN Transport – Contributions to SEN School Travel

Line 40 – Repayment of deficit – 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 47 – Individual School Budget – School formula budgets recouped for academies.

Line 48 - SEN Placements – Placement funding recouped for academy resource unit places (£6k) and special school places (£10k).



Reading Schools' Forum

March 12, 2020

Agenda Item 5

Early Years Budget 2020/21

For decision

For discussion

For information

SUMMARY

This report sets out the early years DSG block funding and budget proposed for 2020/21.

AUTHORS

Corinne Dishington, Under 5's Service Manager

Claire White, Schools & DSG Business Partner

Tel: 0118 937 6012

Email:

corinne.dishington@brighterfuturesforchildren.org

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Brighter Futures for Children
Civic Offices, Bridge Street,
Reading RG1 2LU

Company number 11293709

1. Recommendations

- 1.1 NOTE: The basis used to determine the funding allocation for 2020/21 (paragraphs 3.2 & 3.3).
- 1.2 NOTE: The method of allocating to maintained nursery schools their supplementary funding (paragraph 5.3 to 5.5).
- 1.3 NOTE: The early years funding rates to be paid to providers in 2020/21 (paragraphs 8.4).
- 1.4 AGREE: The centrally retained early year's budget for 2020/21 (as set out in section 7).

2. Background

- 2.1 The Early Years Block of the Dedicated Schools Grant (DSG) provides funding to support delivery of the early years entitlements in all early year's settings, including private, voluntary & independent settings (PVI's), maintained nursery schools, and nursery classes in infant and primary schools. The early years entitlements are:
 - 15 hours entitlement for disadvantaged two year olds
 - Universal 15 hours entitlements for all three and four year olds
 - Additional 15 hours entitlements for eligible working parents of three and four year olds.
 - Early Years Pupil Premium for eligible three and four year olds
 - Disability Access Fund – for children in receipt of the Disability Living Allowance - to support disabled children's access to the entitlements for three and four year olds, e.g. to support providers making adjustments to their settings.
 - Maintained nursery school supplementary funding
- 2.2 A new formula for distributing the funding to local authorities was introduced in 2017/18 which established new funding rates, alongside new regulations for allocating this funding to providers. This single early year's national funding formula (EYNFF) requires all settings, irrelevant of type, to be funded on the same basis i.e. same hourly rate. The first two years were transitional, but since 2019/20 all providers are paid on the same rate.
- 2.3 The Early Years arrangements for 2020/21 were published by the ESFA in December 2019 and can be found on the webpage <https://www.gov.uk/government/publications/early-years-funding-2020-2021>.
- 2.4 This report sets out the funding assumptions for 2020/21 and the overall early year's budget based on the funding likely to be available. Schools' Forum agreement is required for the centrally retained budget.

3. Early Year's Block Funding 2020/21

- 3.1. Early year's funding is mainly based on the numbers of two, three, and four year olds recorded in the January census – 5/12 from the January falling in the previous financial year (January 2020), and 7/12 in the January falling in the current financial year (January 2021). The overall assumption is therefore that January numbers reflect the average position for the year, with lower numbers in the autumn, building up to the highest numbers in the summer term; this is because the free entitlement commences the term following the child's birthday. Providers receive funding based on their actual take up each term, so it is unlikely that the DSG funding received will ever match the actual spend, and this needs to be carefully managed. Pressure on this block will occur if the January census data is lower

than the actual take up for the whole year. The same method applies to early years pupil premium grant (EYPPG) funding and the disability access fund (DAF).

- 3.2. The breakdown of the 2020/21 allocation is shown in Table 1, with the first two columns replicating the notification received from the ESFA in December 2019 which is based on January 2019 census data, and the second two columns based on the January 2020 draft census data – the ESFA will update the allocation to the final January 2020 figures in July 2020, though only 5/12 of the final allocation for the year will be based on this. For the purpose of setting the budget, the draft 2020 January census is used at 100%, with the assumption that any significant decrease or increase in take up between now and next January will be replicated by an adjustment to the grant.
- 3.3. The funding rates for 2020/21 have increased by £0.08 for two, three and four year olds compared to 2019/20. The minimum rate allocated to a local authority is £4.38 per hour for three and four year olds and £5.28 per hour for two year olds. Each local authority has an area cost adjustment added if relevant, and for three and four year olds an additional needs allowance, both of which Reading benefits from. For Reading, the rates for 2020/21 have increased from £5.14 to £5.22 for three and four year olds and from £5.74 to £5.82 for two year olds. To arrive at the funding allocation these rates are multiplied by the number of part time equivalent (PTE) children (1 PTE = 15 hours attendance) in the relevant census multiplied by 15 hours for each week and multiplied by 38 for the number of funded weeks in the year.

Table 1: Early Year’s Block Funding 2020/21

	2020/21 – December '19 Notification		2020/21 – LA Estimate to base budget on	
	PTE NUMBER (Jan 19 census)	FUNDING £	PTE NUMBER (Jan 20 census)	FUNDING £
3 & 4 year olds - universal @ £5.22 x 15 hours x 38 weeks	2,784.6	8,285,299	2,879.2	8,566,772
3 & 4 year olds – extended entitlement @ £5.22 x 15 hours x 38 weeks	888.0	2,642,155	860.4	2,560,034
2 year olds @ £5.82 x 15 hours x 38 weeks	385.2	1,277,862	342.0	1,134,551
PPG @ £0.53 x 15 hours x 38 weeks	335.0	101,204	331.6	100,176
DAF @ £615	60	36,900	26	15,990
Maintained nursery grant		251,622		260,276
Total Allocation		12,595,042		12,637,799

- 3.4. Between January 2019 and January 2020, the numbers of three and four year olds accessing the free universal entitlement has increased by 95 or 3.4%, whereas children accessing the extended entitlement have now reduced. Two year old numbers have also reduced.
- 3.5. In addition, there are allocations for pupil premium (EYPPG) and the Disability Access Fund (DAF) for the number of eligible pupils. There has been no increase to the EYPPG (£0.53 per hour) and DAF rate (£615 per eligible child per year).

- 3.6. Local authorities with maintained nursery schools will continue to receive supplementary funding in 2020/21 for the whole financial year in order to protect the 2016/17 funding rates that these schools received for the universal 15 hours. This is based on an additional hourly rate of £1.08 per hour, which is not being changed from 2019/20 so that these settings can also benefit from the full increase in the standard hourly rate. As the number of universal 3 & 4 year olds has not changed significantly, the grant will be of a similar level.
- 3.7. Overall, the Early Years block grant is increasing by £231k from £12.407m to £12.638m, mainly due to the increase in the hourly rate, as numbers overall have not changed significantly between the two January census.
- 3.8. The forecast for the current 2019/20 financial year indicates that there is likely to be a carry forward of underspend of £471k. This provides funding of £13,108,793 available for 2020/21.

4. Early Year's National Funding Formula (EYNFF) for 2020/21

- 4.1. New regulations came into force from 1st April 2017 for distributing funding to providers for three and four year olds. There was a two year transitional period, and from April 2019 all types of providers including maintained nursery schools have received a single funding rate (including the same base rate and supplements) for both the universal and additional 15 hours.
- 4.2. Other regulations include:
 - LAs must pass on at least 95% of their three and four year old funding directly to providers.
 - May continue to use lump sums to distribute the additional supplementary funding to maintained nursery schools.
 - Must use a deprivation supplement in the three and four year old formula, and any other supplements must fall within one of the allowable categories (i.e. sparsity, flexibility, quality, English as an additional language).
 - Must not channel more than 10% of funding for three and four year olds through supplements.
 - Must provide a Special Educational Needs Inclusion Fund for three and four year olds.
 - Must pass on Early Years Pupil Premium in full to providers of eligible three and four year olds at the national rate of £0.53 per hour up to a maximum of 570 hours per year (paid on universal hours only).
 - Must fund all settings providing a place for Disability Access Fund eligible three and four year olds at the annual rate of at least £615. It is payable as a lump sum and must not be pro-rated according to hours taken up.
- 4.3. In 2019/20 all Reading providers received a single base formula rate of £4.80 per hour for three and four year olds, and £5.55 per hour for two year olds. When setting the provider funding rates any deficit or surplus from the previous year must be considered (i.e. this could arise if the January census on which the funding is based does not reflect the actual census counts and thus payments during the year).

- 4.4. In order to set the budget, a decision needs to be made on how many hours are to be paid to providers during the year ahead. It is usual to base it on the actual take up during the previous financial year, if the current January census data is not significantly different (as this is what the funding is based on).
- 4.5. Using the previous 12 months actual hours of provision multiplied by the current funding rates plus an additional £0.08 (£5.63 for 2 year olds, £4.88 for 3 & 4 year olds) gives an annual budget as shown in Table 2. Appendix 1 gives this breakdown by type of provider.
- 4.6. The only supplement used by Reading is for deprivation, and in 2019/20 this was paid on the same eligibility criteria as the PPG at £0.47 per hour, bringing the total funding through this factor up to £1.00. It is proposed that the deprivation rate is increased by 50p to 97p providing a total of £1.50 through this factor.

Table 2: Early Years Entitlement Budget Calculation for 2020/21

	TOTAL HOURS in 2019/20	FUNDING RATE £	ANNUAL BUDGET £
3 & 4 year old - universal	1,615,739	£4.88 per hour	£7,884,807
3 & 4 year olds – extended	513,258	£4.88 per hour	£2,504,699
2 year olds	201,784	£5.63 per hour	£1,136,042
Pupil Premium Grant/Deprivation	171,097	£1.50 per hour	£256,646
Disabled Access Fund	26 (children)	£615 per child	£15,990
			£11,798,184

5. Maintained Nursery School Supplementary Funding

- 5.1. The Government expects the supplementary funding received for maintained nursery schools to be used to protect nursery schools with the funding rate they received in 2016/17 for the universal 15 hours. The lump sum amount received is adjusted if number of hours of provision change (as it is based on the relevant hourly rate multiplied by the hours of provision). Based on the January 2020 hours of provision, this funding will go up slightly to £260,276.
- 5.2. The nursery schools will be paid this funding in full. In previous years it has been distributed to the schools based on the same method as received i.e. actual hours of provision in the January census preceding the financial year multiplied by a supplement of £1.08 per hour (2019/20 rate). As the supplementary funding protects their funding at the 2016/17 level, this includes the payment made for business rates/rent in 2016/17. In the meantime, business rates have increased but this increase cannot be met as an additional payment on top of the allocation of the supplementary funding; under the current regulations all providers must be treated equally, and payment of business rates does not meet the criteria of supplements.
- 5.3. An alternative method in order to lessen the impact of the increase on individual schools would be to first allocate to each school the actual cost of these bills from the supplementary funding, and then to allocate the balance by a reduced hourly rate.

- 5.4. Table 3 sets out an illustration of how this would impact the individual nursery schools (using 2019/20 data).

Table 3: Illustration of Allocating Maintained Nursery Schools Supplementary Funding

Nursery School	Actual Allocation 2019/20 £	Rates/Rent 2019/20 £	Balance @ £0.62 per hour £	Alternative Allocation £ (Illustration Only)
Blagdon	62,791	31,163	36,244	67,407
Blagrove	43,092	11,416	24,874	36,290
Caversham	37,921	21,300	21,889	43,189
New Bridge	52,942	28,813	30,559	59,372
Norcot	54,173	13,387	31,270	44,657
TOTAL	250,919	106,079	144,836	250,915

- 5.5. It is proposed that this method of allocating the supplementary funding will be used for 2020/21, with rates/rents identified separately.
- 5.6. News about the future funding of maintained nursery schools is waiting to be received from the Government, though it was stated by the Minister of State for School Standards (Nick Gibb) last Autumn that the Government remains committed to funding for maintained nursery schools in the longer term, and that any reform to the way they are funded in the future will be accompanied with funding protection.

6. Early Years SEN Inclusion Fund

- 6.1. Local authorities are required to have SEN inclusion funds for three and four year olds with lower level or emerging special educational needs who are taking up the free entitlement, regardless of the number of hours taken. Children with more complex needs and/or in receipt of an Education Health and Care Plan (EHCP) continue to receive funding from the high needs budget.
- 6.2. The fund for 2020/21 will remain at £150,000, which includes £50,000 allocated from the high needs block. Funding is allocated to providers on a case by case basis through a panel which meets monthly. Most of the funding is passed directly on to providers, with part going towards the cost of Educational Psychologists who carry out work with providers for children with more complex needs who are likely to need a statutory needs assessment.
- 6.3. In order to fully use the fund, the following changes are to be implemented from April 2020:
- Increase the hourly rate to better reflect the current employment of staff- to be determined with Finance however in the region of £15 per hour.
 - Funding to be extended to include funded 2 year old children.
 - Number of terms that settings can apply for to be increased from maximum 2 terms to meet the needs of the child.
 - Bridging funding to be provided for children undergoing statutory assessment leading to a EHCP.

- Funding for extraordinary requests for resources over and above the DAF funding of £615 or for any resources required for funded 2 year olds.
 - Panel to consider immediate funding for children that enter setting with diagnosis and evident that support is required to allow them to access early education.
 - To review and reduce the paperwork required and the terms of reference for the panel from April 2020 (in liaison with representatives from different settings).
- 6.4. Settings can apply for additional funding to support them to meet the child's SEND needs. The requests are made in line with the Early Years Graduated Response Guidance; support is provided to settings to complete SEN audits and paperwork if needed.
- 6.5. Communication and Interaction difficulties are the greatest area of need in settings. Therefore, a proportion of the Early Years Inclusion Fund is to be used to provide Intensive Interaction training and Attention Autism training to settings to support them.

7. Centrally Retained Early Year's Budget Proposal

- 7.1. The local authority can retain up to 5% of their three and four year old allocation for central expenditure; this is calculated on the planned (budgeted) spend i.e. the overall average hourly rate to be paid to providers must be at least 95% (the pass through rate) of the funding rate received.
- 7.2. Schools' Forum is asked to agree the proposed amount to be centrally retained in 2020/21. It is proposed that this will be £583,400 (a slight increase to reflect the actual sum paid to Dingley). This budget pays for the following services:
- Early Years Team £375,000 – this is the management and administrative costs involved in delivering the free entitlement. It includes the following posts and activities:
 - Early education manager 1.0 FTE
 - Early years data, sufficiency and performance officer 0.8 FTE
 - 2 year old Project Officer 1.0 FTE
 - Compliance officer 1.0 FTE
 - Early years data Officer 1.0 FTE
 - Early years advisory teacher 1.0 FTE
 - SEND support worker (proposed)
 - Early years compliance and welfare requirements Officer 1.0 FTE
 - Training, marketing, and Open objects software
 - Early Years Portage Team £181,600 – Early intervention home visits. It includes the following posts and activities:
 - 6 x workers
 - Manager
 - Dingley Contract £16,800 (plus £25,000 from high needs block) will provide Family Support Programme, Providers Advisory Support Service (PASS). Dingley's Promise provide a suitable environment for further assessment and therapy from Social Care, Education and Health professionals to advance the children's prospects.

- Central Establishment Charges £10,000 – contribution to central costs such as HR, finance, office accommodation, ICT.

7.3. The pass through rate compares the equivalent average three and four year old rate paid to providers (including any contingency funding set aside, the deprivation supplement and inclusion funding paid to providers) to the actual hourly rate received. This works out at £5.15 (including the contingency fund) compared to £5.22 being received which is 98.67% and above the 95% minimum requirement. The proposed centrally retained budget is therefore well within the statutory requirement.

8. Overall Budget for 2020/21

8.1. Table 3 sets out the overall budget for 2020/21, compared to 2019/20.

8.2. The funding includes the estimated carry forward of £471k from 2019/20. Note that this is only an estimate, and the final figures could vary depending on any further claims for payments to providers to be made in March and the final January 2020 census figures. The funding will be updated in July.

8.3. It is proposed to include a contingency of 2.5% (of total funding) which is needed to cover against a large variance occurring between DSG funding received and actual payments to providers. It would not be prudent to allocate the full estimate of funding out to providers by increasing the hourly rate, only to have to reduce the rate in a subsequent year to cover a shortfall. A variation in the carry forward from 2019/20 will result in an adjustment to this contingency figure.

Table 3: Early Years Block Budget 2019/20 and Proposed Budget for 2020/21

	2019/20 BUDGET £	2020/21 PROPOSED £
Three & Four Year old funding - universal	7,475,100	7,884,800
Three & four Year old funding – extended entitlement	2,303,700	2,504,700
Two Year old funding	1,220,200	1,136,000
Maintained nursery grant	251,500	260,300
Pupil Premium & Deprivation	192,400	256,700
Disabled Access Fund	15,400	16,000
Inclusion Fund	100,000	100,000
Centrally Retained	581,600	583,400
Contingency	702,200	366,900
Total Expenditure	12,842,100	13,108,800
Total Funding	12,842,100	13,108,800
Over/ (Under)	0	0

8.4. The hourly funding rates in 2020/21 will therefore be set as follows:

Three and four year olds - £4.88

Two year olds - £5.63

Deprivation - £0.97 (added to £0.53 for pupil premium)

- 8.5. Table 4 provides a comparison of hourly rates paid to Reading providers, compared to other neighbouring local authorities in 2019/20. This is the base rate only and does not include any supplements. This information has been obtained from the published Section251 budget statements.

Table 4: Local Authority Comparison of 2019/20 Hourly Rates

Local Authority	Two Year Old Rates	Three & Four Year Old Rates
Reading	£5.55	£4.80
Wokingham	£5.54	£4.46
Bracknell Forest	£5.46	£4.31
West Berkshire	£5.65	£4.40
Windsor & Maidenhead	£5.70	£4.30
Oxfordshire	£5.52	£4.04

- 8.6. It can be seen that Reading pays a significantly higher rate to providers than our neighbours for the three and four year old entitlement and is average for the two year old entitlement.

9. Appendices

Appendix 1 – Breakdown of Early Years Entitlement Budget 2020/21

Appendix 1 – Breakdown of Early Years Entitlement Budget 2020/21

Entitlement By Type of Provider	Actual Hours Paid 2019/20			TOTAL	2020/21 Funding Rate	2020/21 Budget £	Equivalent No. of Children PTE
	Summer 19	Autumn 19	Spring 20				
	13 weeks	14 weeks	11 weeks				
3 & 4 year old UNIVERSAL - maintained nursery schools	91,338	66,654	69,762	227,754	£4.88	£1,111,439.52	400
3 & 4 year old UNIVERSAL- primary schools Maintained	138,957	111,636	107,811	358,404	£4.88	£1,749,011.52	629
3 & 4 year old UNIVERSAL- primary schools Academy	62,595	50,400	48,345	161,340	£4.88	£787,339.20	283
3 & 4 year old UNIVERSAL - PVI	343,528	252,861	271,852	868,241	£4.88	£4,237,016.67	1,523
TOTAL	636,418	481,551	497,770	1,615,739		£7,884,806.91	2,835
3 & 4 year old EXTENDED - maintained nursery schools	33,852	23,982	23,331	81,165	£4.88	£396,085.20	142
3 & 4 year old EXTENDED - primary schools	24,960	22,470	21,285	68,715	£4.88	£335,329.20	121
3 & 4 year old EXTENDED - PVI	159,490	97,723	106,165	363,378	£4.88	£1,773,284.64	638
TOTAL	218,302	144,175	150,781	513,258		£2,504,699.04	900
2 year old - maintained nursery schools	10,335	12,810	10,890	34,035	£5.63	£191,617.05	60
2 year old - primary schools	780	630	990	2,400	£5.63	£13,512.00	4
2 Year Old Funding - PVI	56,677	60,126	48,546	165,349	£5.63	£930,913.18	290
TOTAL	67,792	73,566	60,426	201,784		£1,136,042.23	354
Disability Access Fund - maintained nursery (No. of children)	6	3	2	11	£615.00	£6,765.00	11
Disability Access Fund - primary schools (No. of children)	1	0	0	1	£615.00	£615.00	1
Disability Access Fund - PVI (No. of children)	7	2	5	14	£615.00	£8,610.00	14
TOTAL	14	5	7	26		£15,990.00	26
Early Years Pupil Premium - maintained nursery	18,525	10,500	13,134	42,159	£0.53	£22,344.27	74
Early Years Deprivation - maintained nursery	18,525	10,500	13,134	42,159	£0.97	£40,894.23	74
Early Years Pupil Premium - primary schools	20,475	14,910	20,625	56,010	£0.53	£29,685.30	98
Early Years Deprivation - primary schools	20,475	14,910	20,625	56,010	£0.97	£54,329.70	98
Early Years Pupil Premium - PVI	30,742	19,280	22,906	72,928	£0.53	£38,651.84	128
Early Years Deprivation - PVI	30,742	19,280	22,906	72,928	£0.97	£70,740.16	128
TOTAL	49,267	29,780	36,040	115,087		£256,645.50	300
						£11,798,183.68	

Number of Providers	Mar-19	Mar-20
Maintained Nursery Schools	5	5
Maintained/Academy Primary Schools	22	22
PVI - Private Nurseries & Pre Schools	59	59
PVI - Childminders	28	34
TOTAL	114	120



Reading Schools' Forum

March 12, 2020

Agenda Item 6

High Needs Block Budget 2020/21

For decision

For discussion

For information

SUMMARY

This report sets out a breakdown of the high needs block funding allocation and budget for 2020/21, and the latest update on the deficit recovery plan.

AUTHOR

Claire White, Schools & DSG
Business Partner

Tel: 0118 937 4930

Email:

claire.white@brighterfuturesforchildren.org

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Brighter Futures for Children
Civic Offices, Bridge Street,
Reading RG1 2LU

1. Recommendations

- 1.1 NOTE: The high needs block funding for 2020/21 (paragraph 3.3).
- 1.2 NOTE: The proposed budgets for the high needs block in 2020/21 (section 4).
- 1.3 NOTE: The draft deficit recovery plan and assumptions (section 9)

2. Background

- 2.1 The High Needs Block (HNB) supports the delivery of the Council's Special Educational Needs and Disability (SEND) Strategy (2017 – 2022). The Strand 1 work stream which includes representative members of Schools Forum incorporates the analysis of data and information, including financial information, to inform future provision and joint commissioning.
- 2.2 The HNB is currently in deficit, and the monitoring of this position is updated in the budget monitoring report brought to each meeting of the Schools' Forum. The Forum also receives regular reports on the progress of the strategy. As the current year budget monitoring shows, the number of pupils receiving EHCPs which the Council is legally obliged to fund continues to grow, and the inflationary increases applied by external providers continue to rise, with both at a greater cost than the increase in funding received in each year.
- 2.3 In 2020/21, there is a much larger increase in the HNB DSG allocation than in recent years, and similar increases have been indicated for the following two years. There is the expectation from the ESFA that this additional funding will help reduce the deficits that many local authorities have been accumulating in their HNB. However, a realistic estimate of continuing increases in the numbers of pupils eligible for top up funding must be budgeted bearing in mind in which types of provision these increases will be in accordance with the strategy (i.e. in reducing the average costs per placement).
- 2.4 The local authority decides the high needs budget but welcomes comments and suggestions from the Schools' Forum.

3. High Needs Block Funding 2020/21

- 3.1. The HNB element of the Dedicated Schools Grant (DSG) for 2020/21 was announced on 19th December 2019. All local authorities are to receive a minimum increase of 8% per head of the age 2 to 18 population based on their 2019/20 allocation. For Reading, the high needs block is increasing by £1.995m (9.74%) to £22.5m.
- 3.2. At the December 2019 meeting of the Schools' Forum, it was agreed to transfer £350,000 of funding from the schools' block to the high needs block, in order to financially support schools with disproportionate numbers of pupils with EHCPs.
- 3.3. The allocation for 2020/21 is broken down as shown in Table 1 (also comparing to the 2019/20 allocation).

Table 1: High Needs Block Funding Allocation 2019/20 and 2020/21

HIGH NEEDS BLOCK	2019/20 ALLOCATION	2020/21 ALLOCATION
High Needs formula	£20,705,342	£22,778,471
Hospital allocation	£182,810	£197,435
Special School census pupil numbers allocation	£1,317,398	£1,356,586
Import/Export adjustment (not yet confirmed)	-£1,722,226	-£1,860,492
Gross High Needs Allocation	£20,483,324	£22,472,000
Add transfer from schools' block	£447,000	£350,000
High Needs Funding Available	£20,930,324	£22,822,000
Academies place funding top slice (recoupment) for ESFA to pay academies direct	-£2,448,324	-£4,162,170
Net High Needs Block Funding	£18,482,000	£18,659,830

- 3.4. The import/export adjustment for 2020/21 is not yet known as it will be based on the 2019/20 academic year numbers to be informed by July 2020. This is based on the high needs places provided in Reading to other LAs pupils less high needs places accessed by Reading pupils in other LAs (for Reading this is a deduction in funding as we are a net exporter).
- 3.5. Funding is top sliced (or recouped) for place funding for academies which is paid to the academies direct by the ESFA. The reason for the difference between the two years is Phoenix College became an academy in January 2020, and it is expected that Cranbury College will be an academy by April 2020.

4. High Needs Block Budget 2020/21

- 4.1. Table 2 sets out the current budget and forecast for 2019/20 and the proposed budget for 2020/2021. The paragraphs that follow set out further information for each budget line.

Table 2: High Needs Budget 2019/20 and 2020/21

REF to PARAGRAPH BELOW	DESCRIPTION	BUDGET 2019/20 £	FORECAST 2019/20 £	PROPOSED BUDGET 2020/21 £
5	Centrally Retained Budgets	1,567,300	1,587,300	1,740,800
5.1	Inclusion support posts	140,700	140,700	174,500
5.2	Inclusion support – schools with higher proportion of pupils with EHCPs	250,000	290,000	350,000
5.3	Inclusion Support – Therapeutic Thinking	60,000	60,000	50,000
5.4	Inclusion Support – ASC outreach	40,000	40,000	40,000
5.5	Early years inclusion funding	50,000	0	50,000
5.6	Dingley Contribution	25,000	25,000	25,000
5.7	Inclusion Support - Manor	50,000	50,000	50,000
5.8	Contract - Sensory consortium	300,000	300,000	300,000
5.9	Contract - Speech/language & occupational	345,000	375,000	394,700

REF to PARAGRAPH BELOW	DESCRIPTION	BUDGET 2019/20 £	FORECAST 2019/20 £	PROPOSED BUDGET 2020/21 £
5.10	Virtual School – Children looked after	127,600	127,600	127,600
5.11	Transport contribution	100,000	100,000	100,000
5.12	Central overheads	79,000	79,000	79,000
6	Place Funding	5,152,830	5,100,660	5,235,700
6.2	Maintained Schools	2,710,340	2,652,340	1,073,500
	EP Collier RU (12 places)	76,000	76,000	72,000
	Christ The King RU (21 places)	138,000	138,000	150,000
	Blessed Hugh Farringdon RU pre 16 (22 places)	148,000	148,000	156,000
	Blessed Hugh Farringdon RU post 16 from August '19 (3 places)	12,000	12,000	18,000
	Holybrook special school (32 places)	320,000	320,000	320,000
	Phoenix College special school pre 16 (56 places)	560,000	560,000	
	Phoenix College special school post 16 from August '19 (8 places)	53,340	53,340	
	Cranbury College PRU pre 16 (100 places)	1,000,000	1,000,000	
	Cranbury College PRU post 16 (32 places, £75k met from post 16 funding)	245,000	245,000	245,000
	Snowflakes (Early Years)	100,000	100,000	100,000
	New ASC resource (5 places from Jan '21)	58,000	0	12,500
6.3	Academy Schools (top sliced)	2,442,490	2,448,320	4,162,200
	Prospect RU (30 places)	188,000	193,000	197,400
	Highdown RU (from 6 to 5 places from Sept. 20)	36,000	36,830	34,800
	The Avenue special school (175 places)	1,645,830	1,645,830	1,750,000
	Phoenix College special school pre 16 (56 places)			560,000
	Phoenix College special school post 16 (8 places)			80,000
	Cranbury College PRU pre 16 (100 places)			1,000,000
	Thames Valley special Free school (54 places)	540,000	540,000	540,000
	6 th Form Places (up to July 2019)	32,660	32,660	
7	EHCP Top Ups	13,890,150	14,300,800	15,366,800
7.1	Mainstream schools	1,439,650	1,596,290	1,984,100
7.2	Special Schools	7,902,060	7,574,150	8,394,300
7.3	Resource units	564,920	579,930	514,500
7.4	Independent & non maintained special schools	2,484,530	2,507,260	2,262,300
7.5	Further Education Colleges	793,000	842,680	916,700
7.6	PRU including Cranbury College	652,000	819,800	859,900
7.7	Other independent alternative placements	53,990	380,690	435,000
8	Hospital & Medical	167,500	174,500	175,400
8.1	Cranbury hospital funding	147,500	147,500	150,400
8.2	Medical hospital tuition (Tier 4)	20,000	27,000	25,000
	TOTAL HIGH NEEDS BLOCK	20,777,780	21,163,260	22,518,700

- 4.2. The budget proposed for 2020/21 is £22.519m, which is £0.303m below the in-year HNB DSG allocation of £22.822m. Therefore, there will be a small reduction in the overall deficit to be brought forward from 2019/20.

- 4.3. Most of the additional £2m funding in 2020/21 is required to fund top ups – the increase in numbers above the original 2019/20 budget (for which there was no funding in 2019/20), the on-going increase in numbers in 2020/21, and an assumed average 2% inflationary increase to the fees. There are also increases to place funding and inflationary increases to other high needs budgets.

5. Centrally Retained Costs

- 5.1. **Inclusion support posts (£174,500)** – this budget includes the cost of three posts retained by the Local Authority. They carry out a range of statutory functions relating to monitoring exclusions, part time timetables and other issues relating to vulnerable pupils, and ASC advisory support/outreach.
- 5.2. **Inclusion support (£350,000)** – This is funding to support schools with a higher percentage of pupils with EHCPs than the statistical neighbour average in order to support inclusion in mainstream schools. The method for its allocation was agreed at the July 2018 meeting of the Schools’ Forum following the recommendation of a SEND working group and was reviewed (via a consultation with all schools) during Autumn 2019. Following a further consultation with all schools on the funding of this support, Schools’ Forum agreed to transfer £350,000 from the schools’ block to the high needs block to pay for this support, and this funding is ringfenced specifically for this purpose. The calculation used to allocate this funding will be reviewed in the Summer and brought back to the Schools’ Forum in June 2020.
- 5.3. **School Inclusion Panel (Therapeutic Thinking Approach) (£50,000)**
- 5.4. **ASC Outreach (£40,000)** is provided by Christ the King School.
- 5.5. **Early Years Inclusion Fund (£50,000)** - this is a contribution to a larger budget funded from the Early Years DSG Block (£150k in total). It supports inclusion of children in early years’ settings. Work has been undertaken to move away from 1:1 funding to identify and support inclusive practices and resources that enable young children with SEND to have their needs met in these settings.
- 5.6. **Dingley’s Promise SEND Provision (£25,000)** - The total cost of the provision is £41.5k, with £16.5k contributed from the Early Years DSG block.
- 5.7. **Inclusion Support – Manor Project (£50,000)** –This project provided additional support to pupils with MLD who attended the school for specific sessions. The £100k initially allocated is now reallocated to meet the changing needs of SEND pupils i.e. towards additional places for pupils with more complex needs, as per the SEND strategy. The £50k allocation in 2020/21 is the final year of transitional funding for Manor school. The school can however charge other schools who wish to access any support they can offer.
- 5.8. **Sensory Consortium (£300,000)** – This is a joint arrangement with Windsor and Maidenhead and other Berkshire Local Authorities.
- 5.9. **Speech and Language (SALT) and Occupational Therapy (OT) Contract (£394,700)** - The contract value has now been adjusted to include all academies, as some were originally excluded.

- 5.10. **Virtual School Children Looked After (£127,600)** - This contributes adds to the 139k from the central school services block (combined services) for the Virtual school.
- 5.11. **SEND transport contribution (£100k)** - This contributes to the total SEND Transport spend of £2.23m.
- 5.12. **Central overheads (£79,000)** - This contributes towards the cost of council overheads. The amount has not increased for several years.

6. Place Funding

- 6.1. This funds the agreed number of places in special schools, resource units in mainstream schools, and alternative provision (pupil referral units). The funding is fixed for the year regardless of how many pupils are on roll. Resource units receive £6k per place plus the school formula funding for the actual number of pupils in the unit on October census day (or post 16 formula funding); Pre 16 vacant places as on October census day are funded at £10k per place. The mix between filled/vacant places changes annually and has an impact on the budget (if there are more vacant places, it costs the HNB more). Special schools and pupil referral units receive £10k per place.
- 6.2. **Maintained school place funding (£1,073,500)** – Previously, the post 16 place funding was top sliced by the ESFA to pay the school direct. Since August 2019 this has remained with the Local Authority to pay the school, so the 2020/21 budget includes the full year of this change. For 2020/21 five additional resource unit places from January 2021 have been added (it assumes these will be in maintained schools, but this won't necessarily be the case). Although Cranbury College will be an academy, the LA will still fund their Post 16 provision (Called "vision) as it is not an official sixth form. The Snowflake Centre (£100,000) is based at New Bridge Nursery School and supports up to 10 nursery age children with additional complex needs
- 6.3. **Academies place funding (£4,162,200)** – This is top sliced by the ESFA from the Local Authority HNB allocation to fund places in Academies based on the LA HNB place return which is submitted in November of the previous year. From 2019/20 this has included Free Special Schools, so the budget includes the places at Thames Valley School. The 2020/21 budget includes the full year increase of the additional 25 places at The Avenue which were from September 2019. The number of places at Highdown resource are reducing from 6 to 5 from September 2020.

7. EHCP Top Ups

- 7.1. **Mainstream schools Top Up (£1,984,100)** – this is based on the actual number of top ups as at February 2020, increased by 15% (an additional 56). This supports the inclusion strategy and reflects the current trend of increase. The top up bandings are to be reviewed during the Summer with a report brought back to Schools' Forum in June, with any changes to be implemented from September 2020. The budget has built in an overall 2% increase to the rates.
- 7.2. **Special School Top Up (£8,394,300)** – this is based on the actual number of top ups as at February 2020, increased by 10% for academies, and 2.5% for maintained (an additional 29

overall). Our special school bandings are being reviewed, and any changes will be implemented from September 2020. The budget has assumed an overall average increase in rates of 2%, though we have no control on increases in other local authorities.

- 7.3. **Resource Unit Top Ups (£514,500)** - this is based on the actual number of top ups as at February 2020, increased by 1% (an additional 3), as most of our units are full. The top up values are currently being reviewed and the budget has assumed an overall average increase in rates of 2%, though we have no control on increases in other local authorities.
- 7.4. **Out of Authority (OOA) Independent and Non Maintained Special Schools (NMSS) (£2,262,300)** – this is based on the actual number of top ups as at February 2020, decreased by 10% in line with the strategy (a decrease of 4). The budget assumes inflation at 2%.
- 7.5. **Further Education Colleges (£916,700)** – this is based on the actual number of top ups as at February 2020, increased by 1% (an additional 2), as the demand for college placements appears to have plateaued. The budget assumes inflation at 2%. Strand 4 of the SEND Strategy are looking at integrating the transition into adulthood work for young people with SEND, and working with key partners to align this with other post 16 pathways into FE, employment, apprenticeships etc.
- 7.6. **Pupil Referral Units top up funding (£859,900)** – Cranbury College receive a sum of £652k for PRU placements. The additional amount is for EHCP placements at Cranbury and top up fees in other PRUs. A small increase in numbers is assumed for 2020/21 and 2% inflation. Funding removed from schools for permanent exclusions are credited against this budget if the pupil is subsequently placed in a PRU.
- 7.7. **Other independent alternative placements (AP) (£435,000)** – there has been an increase in the number of pupils attracting additional support for AP on short term alternative packages either through their school or through the Council. Where schools place pupils who are already receiving top up, they are now responsible for this payment to avoid double funding. This budget is based on the actual number of top ups as at February 2020 with an increase for inflation.

8. Hospital and Medical

- 8.1. **Hospital Education (£150,400)** - This budget funds a teaching team at the Royal Berkshire Hospital and is hosted by Cranbury College. It is required to support pupils from any Local Authority area who are in hospital in Reading. The budget has been increased by 2% for inflation.
- 8.2. **Other hospital funding (£25,000)** - This budget funds the cost of pupils' education while they attend tier 4 specialist independent mental health hospital provision which is commissioned by NHS England. This is demand led and cannot be predicted. Annual costs in recent years have ranged from £20k to £30k.

9. Draft Deficit Recovery Plan

- 9.1. The ESFA has recently consulted with local authorities on ring-fencing the DSG and has now confirmed that from the end of the current financial year the DSG deficit will be totally separate from local authority funding and reserves. This means that the deficit must not be

funded by the local authority's general reserves and that DSG deficits will over time be recovered from DSG allocations. The carry forward of a deficit will no longer require the consent of Schools' Forum.

- 9.2. The local authority must however have in place a plan to repay the deficit. Authorities with a deficit greater than 1% are required to submit their deficit recovery plan to the ESFA. Reading were required to do this in 2019/20 and will need to repeat this exercise in 2020/21 as the deficit will still be greater than 1%. The current budget monitoring forecast shows the deficit as £2.478m which is 2% of the total DSG allocation for 2019/20. The recovery plan must be submitted to the ESFA in June. Prior to that, Officers will be having a review/support meeting with representatives from the ESFA in late March. The draft refresh of the plan shown below will be discussed with the ESFA advisors at this meeting and will then be finalised and submitted to them in June.
- 9.3. The SEND strategy is still key in supporting the recovery of the deficit and keeping costs down to ensure future sustainability. The basis of the plan is a continuation of the following strategies:
- Maximise local provision. This includes increasing the number of places in local resource units and the building of a new special school.
 - Inclusion in mainstream – help schools in providing the right support for their EHCP pupils and provide additional funding through the inclusion fund (the £350k transferred from the schools' block for this purpose).
 - Minimise placements in the most expensive independent/non maintained specialist provisions by providing good local provision.
 - SEN panel is robust and consistent in its decision making; EHCPs are necessary and set at the right level and are reviewed annually.
 - Ensure out of county top up costs/annual reviews are negotiated at the right level through the commissioning team, and inflation is contained to a reasonable realistic level.
 - Ensure other contracts in the HNB do not increase more than inflation, negotiated by the commissioning team.
- 9.4. The assumptions made in estimating the budgets for the following two years are as follows:
- The annual increase in the HNB DSG allocation for 2021/22 and 2022/23 is the same as in 2020/21 at £2m (since the overall funding for schools and high needs is due to rise by similar amounts, though the split between schools and high needs is not known yet).
 - £350k transfer from the schools' block to the high needs block for inclusion funding continues until the deficit is repaid.
 - All other funding blocks balance in year or carry forward their balances; under spends in other blocks will not offset the high needs deficit.
 - All non top up costs in the high needs block remain static.
 - Average costs of top ups inflated annually by 2%.
 - The number of top ups overall continue to increase year on year (90 to 100 per year) at current trend/known changes in each type of provision and at the average cost for each type of provision.

- 9.5. Table 3 summarises the financial plan built on the above basis and assumptions. The draft plan still repays the deficit by 2022/23. Note that the expenditure/funding figures include the place funding for academies in order to be consistent with the tables elsewhere in this report.

Table 3: High Needs Block Deficit Recovery

HIGH NEEDS BLOCK BUDGET	2019/20 FORECAST (£m)	2020/21 ESTIMATE (£m)	2021/22 ESTIMATE (£m)	2022/23 ESTIMATE (£m)
Expenditure:				
Place Funding	5.101	5.236	5.236	5.236
Top Up Funding	14.475	15.542	16.664	18.016
Other	1.587	1.741	1.741	1.741
Total High Needs Block Expenditure	21.163	22.519	23.641	24.993
High Needs Block Funding	-20.930	-22.822	-24.822	-26.822
In Year Deficit / -Surplus	0.233	-0.303	-1.181	-1.829
Brought Forward Deficit to Repay	2.245	2.478	2.175	0.994
Planned Year End Position Deficit / (Surplus)	2.478	2.175	0.994	-0.835

- 9.6. The plan assumes the deficit at the end of the current year will be just under £2.5m. When the plan is finalized in June, the actual carry forward is likely to be a different amount which may impact on the figures.
- 9.7. The recovery is dependent on the funding increases as set out in the assumptions, and that the rate of growth in the number of top ups does not exceed the current trends. The SEND review (see <https://www.gov.uk/government/news/major-review-into-support-for-children-with-special-educational-needs>) will report back during 2020, and has been tasked with looking at how to arrive at a fair and sustainable system of high needs support for the future. In the context of rising high needs funding over the next few years, the Department expects that most of those LAs with a DSG deficit will be able to bring their high needs budget into in-year balance and go on to recover the deficit by managing their expenditure within the larger DSG total.
- 9.8. The final plan to be submitted to the ESFA in June will be shared at the next meeting of the Schools' Forum. The high needs budget and deficit recovery plan will continue to be regularly monitored with a report brought to each meeting of the Schools' Forum.



Reading Schools' Forum

March 12, 2020

Agenda Item 8

Schools' Forum Meeting Dates
2020/21

For decision

For discussion

For information

SUMMARY

This report proposes the dates and agenda items for the 2020/21 financial year.

AUTHOR

Claire White, Schools & DSG
Business Partner

Tel: 0118 937 4161

Email:

claire.white@brighterfuturesforchildren.org

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Brighter Futures for Children
Civic Offices, Bridge Street,
Reading RG1 2LU

Company number 11293709

1. Recommendations

- 1.1 AGREE: The Schools' Forum dates and agenda items for the 2020/21 financial year

2. Proposed Dates

- 2.1 The Schools' Forum is a statutory and public meeting, which is required to meet as a minimum four times a year. In Reading, the Forum met five times in the last financial year. This worked well (reducing the number of Summer term meetings from two to one), and it is proposed that the same number of meetings are held in the coming year. We are not aware of any additional items of business that may need to be reviewed/discussed in the Summer term.
- 2.2 The meetings need to be scheduled at appropriate points in the year to tie in with decision making deadlines in relation to the setting of the School budget, and release of key data and information from the Education & Skills Funding Agency (ESFA). The frequency and timing of meetings need to be agreed in advance of each financial or academic year.
- 2.3 In 2019/20, despite the lateness of information being published by the ESFA, the dates still worked. It is proposed to keep to similar dates in 2020/21, assuming the usual ESFA deadlines will be back to normal. The meetings will continue to be held on Thursday's at 5pm in the Civic Centre (subject to confirmation of availability of the Council Chamber, otherwise an alternative venue will be found), and scheduled for two hours.
- 2.4 The dates proposed are set out in Table 1. The agenda and papers need to be dispatched one week in advance and published on the website so that all interested parties can access the papers and can make representations to Schools' Forum Members.

Table 1: Proposed Schools' Forum Dates 2020/21 Financial Year

MEETING DATE	DISPATCH OF AGENDA
June 25, 2020	June 18, 2020
October 15, 2020	October 8, 2020
December 3, 2020	November 26, 2020
January 14, 2021	January 7, 2021
March 11, 2021	March 4, 2021

3. Agenda Items

- 3.1. The key agenda items for each meeting are set out below. Other ad hoc reports will be added as and when, for example to discuss school funding based national announcements or consultations launched by the ESFA.
- 3.2. June meeting agenda items:
- DSG outturn 2019/20
 - Maintained school balances 2019/20 and budgets 2020/21
 - Review of the Schools' Forum constitution
 - DSG Budget 2020/21 and update on deficit recovery plan

- SEN strategy update & review of top ups
- 3.3. October meeting agenda items:
- DSG budget setting strategy for 2021/22
 - Initial proposals for school funding formula for 2021/22
 - Budget monitoring 2020/21 month 6
 - SEN strategy update
- 3.4. December meeting agenda items:
- DSG budget overview for 2021/22
 - Final proposals for school funding formula for 2021/22
 - Agree growth fund for 2021/22
 - Budget monitoring 2020/21 month 8
 - SEN strategy update
- 3.5. January meeting agenda items:
- DSG actual funding settlement for 2021/22
 - Final school funding formula for 2021/22
 - Agree de-delegations for 2021/22
 - Agree central school services budget for 2021/22
 - First draft of high needs budget for 2021/22
 - Budget monitoring 2020/21 month 9
 - SEN strategy update
- 3.6. March meeting agenda items:
- Agree high needs budget for 2021/22
 - Agree early years budget for 2021/22
 - Budget monitoring 2020/21 month 11
 - Agree Schools' Forum meeting dates for 2021/22
 - SEN strategy update