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TO: ALL MEMBERS OF THE SCHOOLS' FORUM

October 8, 2020

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Notice of Meeting – Schools' Forum

A meeting of the Schools' Forum will be held on **October 15, 2020 at 5pm. This will be held virtually using Microsoft Teams, the link will be sent via email.** The Agenda for the meeting is set out below.

AGENDA	
1.	Welcome and apologies - Chair
2.	Election of Chair
3.	Minutes of the meeting held on July 2, 2020 including matters arising - Chair
4.	Schools' Forum Membership Update – including confirmation of representation - Chair
5.	DSG Budget Setting for 2021/22 – Schools/DSG Business Partner
6.	School Funding Formula for 2021/22 – Schools/DSG Business Partner
7.	DSG Budget Monitoring 2020/21 – Month 6 – Schools/DSG Business Partner
8.	Review of Provision and Top Up Funding – Head of SEND & Schools/DSG Business Partner
9.	SEND Update – Director of Education
10.	Alternative Provision – A Case for Change - Head of Commissioning, Contracts & Procurement
11.	School Meals Procurement Update – Head of Commissioning, Contracts & Procurement
12.	School Budgets 2020/21 and the Impact of COVID-19 – School Support Lead
13.	Agenda items for next meeting <ul style="list-style-type: none"> • DSG budget overview for 2021/22 • Final proposal for school funding formula for 2021/22 • Agree Growth Fund for 2021/22 • Budget monitoring 2020/21 month 8 (including update on deficit recovery plan) • SEND update • Top Up funding proposals for 2021/22



14.	Any other business
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Next Meeting: December 3, 2020 at 5pm Civic Centre – Council Chamber



Minutes of Schools' Forum Meeting

2nd July 2020

Present

Jo Budge – Executive Head Teacher of Reading Early Years Schools Federation; Julia Cottee, Governor at Reading Early Years Schools Federation; Justine McMinn – Head Teacher of E P Collier; Cathy Doberska – Head Teacher of English Martyrs; Sarah Bernto – Head Teacher of St Annes; Peter Kayes – Governor at the Ridgeway (Chair); Dani Hall, Co-Chair of the Federation between Oxford Road Community School & Wilson School; Simon Utley – Head Teacher of Blessed Hugh Faringdon; Jane Brown – Business Manager of Church End School; Isabelle Sandy – Business Manager of Kendrick; Ita McGullion – Manager of Kennet Day Nursery.

Apologies

Robert Howell – Head Teacher of Alfred Sutton; Tonia Crossman – Head Teacher of Emmer Green; Richard Rolfe – Governor at Micklands; Karen Edwards – Head Teacher of The Heights; Richard Pearse – Head Teacher of Church End; David Littlemore – Head Teacher of Prospect; Rachel Cave – Head Teacher of Highdown ; Annal Nayyar – Finance Director of Bayliss Trust (Reading Girls); Lee Smith – Head Teacher of Holy Brook; Symon Cooke - Head Teacher of The Avenue; Mandy Wilton – Head Teacher of Cranbury; Alison McNamara – NEU; Ben Sims – Reading College; Steven Davies – Strategic Business Partner; Deborah Glassbrook - Director of Children's Social Care; Clare Warren – School Support Lead.

In attendance

Cllr Ashley Pearce – Lead Member for Education; Kate Reynolds, Director of Education & Research; Claire White – Schools & DSG Business Partner; Deborah Hunter – Head of SEND; Ann McDonnell – Business Manager of Blessed Hugh Faringdon; Andrea Latheron-Cassule – Funding Stakeholder Engagement Team, ESFA; Siobhan Egan – Service Manager IT & Data Intelligence; Deborah Talbot – minute taker.

#	Item	Notes
1	Welcome and apologies	The Chair welcomed everyone to the meeting including new members. Introductions were made. Welcome to the Andrea Latheron-Cassule as observer from ESFA. Siobhan Egan read out the protocol for the virtual meeting. Apologies were noted.

2	Minutes of the meeting held on 12 March 2020	<p>Minutes were circulated and agreed as an accurate record of the meeting from the 12 March 2020.</p> <p>Matters arising:</p> <ul style="list-style-type: none"> - Early Years Pupil premium claims – If providers were having difficulties, they were to contact Early Years Team who would help them go through it. There has been no approach to Early Years at present. - Speech and Language contract – it was raised that number of schools did not feel they were getting the support they should be getting from this contract. CD & DH to update. DH confirmed that she had spoken to the commissioner from the CCG and Rebecca Gurney, the Head of that service and looked again at the number of sessions available to each school and a further meeting is to take place to look at commissioning further support particularly in the resource bases. South Reading schools to contact the speech and language therapist directly. Please contact Deb Hunter if problems persist. - The noxious fumes from the fire in Tilehurst that were causing dizziness, we have heard nothing back and pandemic took over. The fire took place in a printer cartridge factory recycling centre so was toxic. The problem has now been sorted and logged with Health & Safety who gave the schools advice
3	Schools' Forum Membership Update – confirmation of representation	It is noted that there is now full membership and all posts have been filled.
4	Schools' Forum Constitution/Terms of Reference for 2020/21 – Schools/DSG Business Partner	<p>The membership is reviewed on an annual basis in order to keep in line with the statutory requirements. The number of Members must be proportional between, primary, secondary and academies. Table two is using January 2020 census. Shift of pupil numbers from primary to secondary. In order to keep in proportion, the proposal is to reduce the primary maintained membership from 8 to 7 and increase our secondary academy from 4 to 5. So, one of our current primary member's steps down to become a substitute. All the primary members can still attend the meeting as we are very rarely full so they would still have voting rights by virtue of being a substitute.</p> <p>For the Academy membership, Ashley Robson stood down last time and maybe he would like to come back onto the Forum. Isabelle confirmed that Ashley Robson will be interested in joining and coming back onto the Forum as he has maintained his contact with Schools' Forum. Action: Isabelle to approach Ashley Robson and copy Claire White in to see if he is willing to take up the vacant post. Isabelle will make sure it is raised at the next secondary heads meeting to ensure</p>

		<p>equality. HT of the Wren School is changing so there will be a new person in post from September not sure yet whether he is part of the secondary schools forum, but sure he would like to be included in the invitation. Rules say it is for the Academies to choose who their representatives are. People can always attend as visitors or observers. Sarah Bernto agreed to stand down as Maintained Primary representative and still attend the meetings as an observer/ substitute.</p> <p>The only statutory change is the removal from part A that it is a Schools' Forum annual decision to agree the carry forward of the DSG (deficit) from one financial year to the next; this is now a local authority decision.</p> <p>The revised constitution is noted and agreed by 12 members with none against and there were no disagreements.</p>
5	<p>DSG Outturn 2019/20 – including update on deficit recovery plan - Schools/DSG Business Partner</p>	<p>Table 1 sets out the outturn compared to the original and revised budget. The actual outturn is a deficit of £1.768 million which is £163,000 greater than last year and £144,000 increase from our actual budget.</p> <p>On the actual high needs block, which is where the bulk of the deficit sits, the overall deficit at the end of the year was £2.090million which is £155,000 less than last year so that's good news. We have paid a little bit off, though this was £466,000 over budget.</p> <p>At one stage it was forecasted to be significantly over budget, but we have managed to pull it back down and pay a small amount off the high needs deficit.</p> <p>Schools block planned overspend which was reported throughout the year is due to the secondary bulge classes £97,000 overspend and has been taken into account when setting the growth fund budget for 2020/21.</p> <p>Central schools services block had a £39,000 underspend which related to staffing in the admissions service and will be carried forward when setting the following year's budget.</p> <p>Early years block had a contingency of £702,000 in year and £416,000 was needed for payments to providers towards the end of the year. Offset against that was an underspend of £94,000 on central budget so the final carry forward was £367,000.</p> <p>On the high needs budget this is a much lower overspend than in previous years. The actual top up funding overspend was £226,000 compared to the previous year where just on top up funding we were overspent by over £2million. That's despite</p>

		<p>the numbers of EHC plans increasing during the year which saw an increase of 123.</p> <p>The actual average cost of placements is decreasing which is in line with our strategy. Table 3 gives a breakdown of the type of placements of where those variables are. There are quite large variances. We are getting far more data which will enable us to track and better forecast.</p> <p>Deficit recovery plan - this had to be submitted to ESFA last year and a virtual meeting took place in June 2020 where they said they were happy with our plan and commended us in doing a remarkable job in reducing our deficit over the past couple of years. They had made some suggestions, one of which was to show and track savings. Claire White is currently looking at how we could calculate what it would have cost if we had not had that strategy in place. We are in a much better place than we would have been had we not had that strategy in place, but it would be good to have figures to show this. The opening of the new Special School is crucial in maintaining the strategy and keeping the average cost down for the assumed continued increase in pupils with EHCPs. The deficit could still be repaid by 2022/23 if the average cost of placements is kept down.</p> <p>Also discussed with the DfE about our top up funding and it was noted that none of our own providers have been given an increase for several years and many settings are struggling, particularly with mainstream. We need to be increasing the funding we pay to our own providers which means we will see our expenditure increase this year but that is part of the strategy to help schools in our local area to support these children.</p> <p>Claire White presented a summary of the figures in the deficit recovery plan. There were no comments submitted at this time.</p> <p>The overall carry forward of £1.768 million deficit was noted. Individual block carry forwards were agreed by 11 members, with none against as follows:</p> <ul style="list-style-type: none"> - Schools block £90k overspend on growth to be met from 2020/21 growth fund budget. - Schools block £7k overspend on business rates to be met from 2020/21 schools budget. - Central schools service block £39k underspend to be retained within the block and taken into account in 2021/22 budget setting. - Early years block £380,000 underspend to be carried forward to support early years budget in 2020/21 including £276k as contingency.
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		<p>The high needs block deficit carry forward was noted.</p> <p>Thank you to maintained schools for meeting year-end deadline and done in very difficult circumstances at the beginning of lock down so well done to all of them.</p> <p>School balances have gone up by £614,000 and 11 schools ended up reducing their balances so the majority either maintained their current balance or went up. Clare Warren has worked this year with the School Resource Management Advisor from the DfE which has been helpful and has also helped the schools coming up with their own deficit recovery plans. There are eight schools which have set a deficit for 20/21 which is the same number as last year but not the same schools. Budgets were set prior to going into a pandemic so additional costs due to Covid may be incurred as a consequence.</p> <p>Maintained schools have been providing us with details of their additional expenditure. Loss of income has been a big issue particularly for early year providers who provide wrap around care. Additional grants for the DfE will not cover these costs that will need to be lost in the budgets and could cause many schools to go into deficit.</p> <p>When schools submit their September forecasts, these will be closely reviewed and will submit feedback in October 2020 of what the financial impact has been from Covid to date.</p> <p>Peter Kayes stated it was encouraging the minimal number of schools in deficit and PK congratulated the schools for their hard work on this. We all recognise that this will be a difficult year with many schools struggling.</p> <p>Isabelle asked does Schools Forum want to take a more sympathetic view about deficits given their loss of income - this was agreed by 11 members and none against.</p> <p>The report is noted for information.</p>
-	Maintained School Balances – School Support Lead	
7	DSG Budget 2020/21 - including update on top up review and inclusion fund – Schools/DSG Business Partner	<p>Report sets out full 2020/21 budgets and is in the usual format. This is the format we will monitor over the coming year. Not much to report on presently for the DSG allocation of £78.5m, as first changes will be coming through shortly which will be updating early years DSG based on the January 2020 census and updating the high needs block.</p> <p>Cranbury has just become an Academy and there will be a recoupment adjustment to the DSG for this.</p>

		<p>The original overall budget is for an end of year deficit of £2.174 million. This will reduce to £1.787m when the carry forward from 2019/20 has been taken into account.</p> <p>There should be a surplus in the growth fund at the end of the year which will be required to be carried forward for the future new secondary school.</p> <p>Early years block is always difficult to predict as actual expenditure and income will be based on future numbers of children. The carry forward of £276,000 is therefore being set aside as a contingency in 2020/21. There may also be a funding issue where Covid 19 impacts payments to providers especially if we are not back to normal by the autumn term.</p> <p>The High needs block, as mentioned previously, will need to pay out higher top fees to our own providers; this will be reported back to the October meeting. Decision on any increase will be backdated to September.</p> <p>With increases in number of mainstream EHCPs the Inclusion fund where additional money went in may possibly be overspent.</p> <p>Question from Isabelle - why is the growth fund set in preparation for the new school if it is only available for bulge classes? Are you expecting bulge classes in the new free school? The response was that the Growth Fund allocation must fund classes in new schools (and as it grows) as well as bulge classes in existing schools. Funding for new schools is not additional and does not come from any other DfE source.</p> <p>Report is for noting and overall budget for 2021 was noted and noted overall funding block pressures.</p>
8.	SEND Update – Head of SEND	<p>Report circulated earlier today from Deb Hunter. Paper gives an overview reminder of what the SEND strategy priorities are. It was agreed in 2017 and refreshed in last October (2019). Priorities are listed in the report as a reminder to everybody.</p> <p>There are six strands to the SEND strategy. There were five but at the last SEND strategy board this was increased to six again; these are listed in the report.</p> <p>Deb Hunter went through the progress to date including the EHCP numbers tabled in the report. In June 2020, there were</p>

		<p>1,408 EHCPs which has decreased a little. SEND case officers have worked hard to ensure EHCPs are closed once a young person has finished further education to showing a lower number of EHCPs. Mainstream breakdown 279 EHCPs in primary schools 120 in secondary 36 post-secondary and in special schools there is slightly more for primary and secondary. Big increase in SEMH from primary to secondary.</p> <p>A member asked if the 2 SCD resources in nurseries referred to in the report are maintained ones? Deb Hunter confirmed they are, and they already have a provision in place which Deb Hunter will be meeting with them to find out how it works and what it is. KR said we would not be able to fund capital investment for PVIs as these are not maintained schools.</p> <p>Could the resources range from Nursery through to primary? KR stated we are investing in 2 units in primaries.</p> <p>Mental health - we have been meeting regularly with colleagues from across Berkshire. CAMHS numbers have been down, significant eating disorders have increased. Planning going forward we will be offering a stepped care approach to schools for supporting mental health and will be offering a resilience-based programme. Heads to get the questionnaire as well.</p> <p>Q Will there be support for the cost of EP time for this project? - A report will be submitted to SLT.</p> <p>Some of the figures were queried on accuracy, and Deb Hunter will check and issue a revised report.</p> <p>Peter Kayes would like to thank Deb Hunter for the paper and noted that the statistics were helpful.</p> <p>Report is noted for information.</p>
9.	Scheme for Financing Schools Update – Schools/DSG Business Partner	<p>Scheme for financing schools - Maintained schools only. This is a document all LAs must produce for maintained schools and sets out financial relationship with schools. This was last updated by the DfE on 1st April 2020 with minor changes – mainly links included to latest regulations. Due to Coronavirus they have kept changes to a minimum. The main change is to the Risk Protection Arrangement (RPA) which came in as an option from 1 April for maintained schools. No other changes are being proposed to our scheme at this time.</p> <p>We will be sympathetic to deadlines due to COVID-19. Earlier in the year we allowed extra time that schools had to submit their budgets.</p>

		<p>As there is only one change which is the introduction of RPA as an option for schools (which is statutory), we are proposing this is approved by Schools Forum tonight and this will come into force for the current year.</p> <p>Q - Has there been a good take up of RPA by maintained schools - RPA is the option for maintained schools instead of buying into the Council's insurance scheme. 8 or 9 schools have chosen to go to the RPA. We will review later in the year whether we want to go down the route of de-delegation so that all schools join the RPA.</p> <p>A member commented that VA schools would need diocese permission to sign up to the RPA. Action: Claire White will investigate this.</p> <p>Report is noted and agreed to approve the changes to the SFS as set out in Appendix 1. Agreed by 10 members with none against.</p>
10.	Agenda items for next meeting	<p>The next meeting will be held on October 15, 2020. We don't know yet whether this will also need to be virtual.</p> <ul style="list-style-type: none"> • DSG budget setting strategy for 2021/22 • Initial proposals for school funding formula for 2021/22 • Budget monitoring 2020/21 month 6 (including update on deficit recovery plan) • SEND update • Top Up funding review
11	Any other business	<p>There were no items of any other business and the meeting finished at 18.37pm.</p>

Agenda Item 4

SCHOOLS' FORUM MEMBERSHIP	Oct-20
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Group / Sub Group	Votes	Position	Name	School	First elected / appointed to SF	Last elected / appointed to SF	Period of office as member	Due for re-election / appointment
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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	Tonia Crossman	Emmer Green	May-17	Mar-19	3 yrs	Mar-22	
	7	Governor *	Peter Kayes	The Ridgeway	Mar-07	Dec-19	3 yrs	Dec-22	
	8	Governor **	Richard Rolfe	Micklands	Dec-16	Dec-19	3 yrs	Dec-22	
	9	Governor	Dani Hall	Oxford Road and Wilson	Mar-20	Mar-20	3 yrs	Mar-23	
		Observer/Substitute	Sarah Bernto	St Anne's					
Maintained Secondary (1)	10	Head teacher	Simon Utley	Blessed Hugh Faringdon	Jan-17	Jan-19	3 yrs	Jan-22	
Academy Primary (2)	11	Academy Member	Karen Edwards	The Heights	Jul-18	Jul-18	3 Yrs	Jul-21	
	12	Academy Member	Richard Pearse	Churchend	Mar-20	Mar-20	3 yrs	Mar-23	
Academy Secondary (4)	13	Academy Member	Isabelle Sandy	Kendrick	Feb-12	Mar-19	3 Yrs	Mar-22	
	14	Academy Member	David Littlemore	Prospect	Feb-12	Mar-19	3 Yrs	Mar-22	
	15	Academy Member	Rachel Cave	Highdown	Feb-12	Mar-19	3 Yrs	Mar-22	
	16	Academy Member	Annal Nayyar	Reading Girls	Dec-17	Mar-19	3 Yrs	Mar-22	
	17	Academy Member	Ashley Robson	Reading					
			Observer/Substitute	Louise Baker	John Madjeski				
			Observer/Substitute	Jonathan Nicholls	UTC				
		Observer/Substitute	Andy Johnson	Maiden Erleigh in Reading					
		Observer/Substitute	John Salberg	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	Charlotte Morgan	Reading College (Activate Learning	Oct-20	Oct-20	3 yrs	Oct-23

Non Members

Observer	-	RBC	Cllr Ashley Pearce, Lead Member for Education					
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* Chair

Elected October 2018

2 years

Oct-20

** Vice chair

Elected October 2019

2 years

Oct-21



Reading Schools' Forum

October 15, 2020

Agenda Item 5

DSG Budget Setting for 2021/22

For decision

For discussion

For information

SUMMARY

This report sets out the information we know so far about DSG funding for 2021/22, and the timetable for setting the DSG budget.

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VERSION

Version number 1

DATE

October 15, 2020

REVIEW DATE

None

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1. Recommendations

- 1.1 NOTE: The funding announced so far for 2021/22.
- 1.2 NOTE: The tasks and timetable for completing the 2021/22 budget.

2. Background

- 2.1 School Funding is received through the Dedicated Schools Grant (DSG), and is split into four blocks, each with its own formula to calculate the funding to be distributed to each local authority.
 - Schools Block – funds mainstream primary and secondary schools through the school formula, and growth funding for new growing schools/bulge classes.
 - High Needs Block – funds places in special schools, resource units and alternative provision, and top up funding for pupils with EHCPs in all settings including non-maintained, independent, and further education colleges.
 - Early Years Block – funds nursery schools, nursery classes in mainstream schools, and early year’s settings in the private, voluntary and independent (PVI) sector through the free entitlement for 2, 3 & 4 year olds.
 - Central Schools Services Block – funds services provided by the local authority centrally for all schools, such as the admissions service.
- 2.2 The Government announced the school funding arrangements for the schools, high needs and central blocks in late July. The extra funding for 2021/22 originally announced in September 2019 by the Secretary of State for Education as part of a three year settlement has been confirmed. Arrangements for the early years block are not normally made until late November.
- 2.3 The DSG must be deployed in accordance with the conditions of grant and the latest School and Early Years Finance (England) Regulations. Detailed guidance is contained within various operational guidance documents issued by the Education Funding & Skills Agency (EFSA).
- 2.4 This report sets out the funding expected for 2021/22, specific considerations, and the tasks required and timetable for setting the budget.

3. Funding Announced for 2021/22

- 3.1. Table 1 sets out the DSG funding Reading receives for the schools, central, and high needs blocks for 2020/21 and compares to the current information on allocations known for 2021/22. The units of funding for these blocks have been confirmed for 2021/22, but the actual funding will be based mainly on the October 2020 census to be confirmed in December. The table therefore shows the funding allocations if there were the same number of pupils. In each block the funding rate will also increase for the teachers pay and pension grants which have now been added to the DSG and will no longer be paid as a separate grant. For the purpose of showing the growth on a like for like basis, the grant amounts have been deducted to show a revised total excluding grants in each block.

Table 1: DSG Allocations 2020/21 and 2021/22

	2020/21 ACTUAL		2021/22 ESTIMATE		YEAR ON YEAR CHANGE		
		Funding £'000		Funding £'000	£'000	%	Notes
Schools Block (SB):							
Primary Unit of Funding (PUF)	£4,172		£4,501		+£329		Confirmed (£180 for grants)
<i>Primary Pupil numbers & funding</i>	13,096.5	54,644	13,096.5	58,943	+4,299	+7.87%	Will be based on Oct 20 census
Secondary Unit of Funding (SUF)	£5,504		£5,924		+£420		Confirmed (£265 for grants)
<i>Secondary Pupil numbers & funding</i>	6,952.5	38,264	6,952.5	41,190	+2,926	+7.65%	Will be based on Oct 20 census
Premises		1,283		1,399	+116	+9.04%	Confirmed
TOTAL SB		94,191		101,532	+7,341	+7.79%	
TOTAL SB excl. Grants				97,203	+3,012	+3.20%	
Growth Funding Factor		1,345		?			Not yet known
Central School Services Block (CSSB):							
Unit of Funding	£33.61		£35.78		+£2.17		Not yet added grants
<i>Pupil Numbers</i>	20,049	674	20,049	717	+43	+6.38%	Will be based on Oct 20 census
Historic Commitments		544		435	-109	-20.0%	Planned reduction by ESFA
TOTAL CSSB		1,218		1,152	-66	-5.42%	
High Needs Block (HNB):							
Formula		22,778		24,688	+1,910	+8.39%	Confirmed
Hospital & AP pay grants		197		300	+103	+52.28%	Confirmed (£87k for grants)
Place Funding Unit of Funding	£4,213		£4,909		+£696 (all for grants)		Confirmed
<i>Place Numbers</i>	322	1,357	322	1,580	+223	+16.43%	Will be based on Oct 20 census
Import/Export Adjustment		-1,938		-1,938			Based on Oct 20 census & Jan 21 ILR
Total HNB		22,394		24,630	+2,236	+9.98%	
Total HNB excl. Grants				24,320	+1,926	+8.60%	

- 3.2. Schools' block funding excluding grants is increasing by just over £3m or 3.2% overall. The implementation of the National Funding Formula (NFF) for mainstream schools will continue in 2021/22, though there is no confirmation when final implementation will take place; funding will continue to be distributed to local authorities using Primary Units of Funding (PUFs) and Secondary Units of Funding (SUFs), based on the previous year's data. The local authority in consultation with the Schools' Forum and all schools will then determine the local funding formula. In 2020/21 Reading is virtually mirroring the NFF, and it is hoped this can be repeated in 2021/22. It may not be possible to replicate the NFF in the local formula in full because funding received/available for the school formula is unlikely to match funding required for the NFF due to the following reasons:
- Differences between the two years in the pupil characteristics driving the funding (which may result in funding which is higher or lower than the actual requirement).
 - Increases in business rates bills and other premises costs not matched.
 - Growth funding requirements not met by the separate grant, and so a top slice is required.
 - Funding transfers to other blocks (namely high needs).
 - Overspends in the previous financial year are a first call on resources in the following year. This will only happen for business rates and growth funding.
- 3.3. More information and detail on the proposals for the 2021/22 school formula is contained in another report on this agenda.
- 3.4. The Growth funding DSG allocation will be on the same formula basis as last year and with the same transitional protection (being a loss of no more than 0.5% of the SB DSG). Reading received funding through the formula last year, so the transitional protection did not apply, but until we have October census pupil number data, we cannot estimate this funding. The expectation is that the funding plus the carry forward from the current year will meet our growth fund requirements.
- 3.5. The Central Schools Services block funding rate will increase by 3.8% for on-going responsibilities, but with a maximum reduction of 2.5% and maximum gain of 6.45% (i.e. reflecting decreases/increases in overall pupil numbers on which this allocation is based). An amount for the teachers' pension grant for central teachers will be added when the final allocation is published in December and will be relevant to each individual local authority. Funding for the historical commitment's element is being phased out and will reduce by a further 20% in 2021/22 (the first 20% reduction was in 2020/21) with no protection on this element. Therefore, savings will again need to be found in this block.
- 3.6. There will be no change to the High Needs funding formula, and the additional funding in 2021/22 for high needs will be allocated through this formula. Under this formula, Reading currently loses funding, and are therefore on the funding floor, however every local authority will have a minimum increase of at least 8% per head of age 2 to 19 population based on their 2020/21 allocation, and there is a gains cap of 12% for local authorities gaining funding through the formula; this is to help manage cost pressures in this area.
- 3.7. This will deliver an additional £1.9m to the high needs block assuming similar population numbers, the same increase as in the current year. This will again be very helpful in meeting

the costs of our current provision, the growing numbers, and reducing the deficit in this block. Consideration will need to be given on how this additional funding is allocated (including the increase in top up rates), bearing in mind the continual increase in numbers of pupils requiring additional support. The Government is continuing to pursue a cross-departmental review of the SEND system to see what further improvements are necessary to ensure it supports children and young people with SEND as effectively as possible.

- 3.8. As always, there will be the requirement to review the number of high needs places to be funded, and to submit any changes to ESFA in November.
- 3.9. There has been no announcement yet for early years, so it is not even known whether there will be an increase in the hourly rate that all providers receive for 2, 3 & 4 year olds. The maintained nursery school lump sum will continue at least until the end of this academic year.
- 3.10. As mentioned above, the teachers' pay and pension grants for primary and secondary schools have now been incorporated into the schools formula. The equivalent grant for Special schools, AP providers and nursery schools/classes will be added to the relevant DSG blocks, and LAs will distribute the grant to these settings. No announcements have been made yet on other grants, such as pupil premium.

4. Specific Considerations for 2021/22 Budget Setting

- 4.1 A key decision to be made is whether to make a transfer of funding from the Schools Block to the High Needs Block. As in previous years, this is subject to a maximum of 0.5% of the total schools block allocation (excluding the amount added for grants in 2021/22) with Schools' Forum approval and following a consultation with all schools. The maximum transfer permissible in 2021/22 totals £484k; the current amount being transferred is £350k and specifically funds the inclusion fund – additional funding for schools with a disproportionate number of pupils with EHCPs. All schools will be consulted on the continuation of this fund and the transfer of funding to support this.
- 4.2 From April 2020, all maintained schools have been able to access the Risk Protection Arrangement (RPA) as an alternative to the Council's or other insurance schemes. The Scheme for Financing Schools has also been amended to allow for de-delegation of this service – which means that if Schools' Forum agree, all maintained primary and/or secondary schools would be signed up to the RPA centrally with no choice. Given that 9 out of 34 schools (26%) have so far chosen to go with the RPA, and it is still too early to assess from these schools whether the RPA offers a good value service, it is proposed to allow schools to choose for themselves in 2021/22. The Council will therefore still offer an insurance SLA to all maintained schools in 2021/22. Once over half of schools have chosen to opt for the RPA, it *may* not be viable for the Council to offer the current Insurance scheme to the remaining schools, so RPA may be the only option for schools from 2022/23 and it would make sense to then consider de-delegation (if this is still an option under a NFF). Points to note:
 - It is in the best interest of all parties, especially schools, not to chop & change insurance providers. This opens up the potential for gaps in cover between the two programmes to occur, and inevitably the council's insurers will have a number of

(detailed) underwriting questions should a school wish to re-join the SLA having placed their cover elsewhere for a period of time.

- There is a notice period for leaving the Insurance SLA as set out in the Insurance Guidance Notes for Schools, so planning ahead is essential.

4.3 A review of bandings for top up funding is currently being undertaken (outlined in another report on this agenda), and any decision about the change in rates must be taken in the context of the overall high needs budget and deficit recovery plan.

5. Timetable for Setting 2021/22 Budget

5.1. Table 2 sets out the tasks and timetable for setting the 2021/22 DSG budget.

Table 2: DSG Budget Timetable

TASK	DATE
BFFC inform all schools on proposals for 2021/22 school formula, and to consult with all schools on the transfer of funding from the schools block to high needs block	Send to schools 20 October 2020. Comments due back by 13 November 2020
BFFC complete High Needs Place Review	Submission due to ESFA by 13 November 2020
BFFC review of Top Up bandings	September – December 2020
Schools' Forum recommend school formula for 2021/22, agree growth funding for 2021/22, and decide on transfer of funding from Schools Block to High Needs Block. Schools' Forum review top up funding proposals.	3 December 2020
BFFC work on high needs and central school services budgets	December 2020 – January 2021
Final funding allocations received from ESFA for schools, high needs (part), and central services block. Final data received from ESFA for school formula based on October 2020 census.	Due from ESFA mid December 2020
BFFC finalise the school formula based on final funding allocation	Late December 2020
Schools' Forum informed on final school formula, decide de-delegations, and decide the central school services budget. Schools' Forum review first draft of high needs budget in light of funding available/deficit position.	14 January 2021
Local Authority agrees school formula for 2021/22 and BFFC submits APT to ESFA	Submission Due to ESFA by 21 January 2021
BFFC Inform mainstream maintained schools of their budget shares for 2021/22	By 28 February 2021 (statutory date but in

	reality by end of January 2021)
BFFC work on final high needs and early years budgets	January to end of February 2021
Schools' Forum review/agree final budgets for high needs and early years	11 March 2021
ESFA confirm to academies their general annual grant (budget shares) for 2021/22	31 March 2021
High Needs place numbers at institution level published by ESFA	31 March 2021



Reading Schools' Forum

October 15, 2020

Agenda Item 6

School Funding Formula 2021/22 –
Proposals

For decision

For discussion

For information

SUMMARY

This report summarises the school funding formula arrangements for 2021/22 and sets out the approach for setting the 2021/22 formula for Reading schools.

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VERSION

Version number 1

DATE

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REVIEW DATE

None

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1. Recommendations

- 1.1 NOTE: The basis of the school funding formula for 2021/22.
- 1.2 AGREE: The approach to setting the school formula for 2021/22.

2. Introduction

- 2.1 The move towards all primary and secondary schools receiving their formula funding through the National Funding Formula (NFF) will continue in 2021/22, which will be the fourth year of transition. The DfE is making limited changes to the funding arrangements for 2021/22 due to the coronavirus pandemic, and local authorities will still be responsible for setting the school formula for all schools in its area. The Government will shortly be sharing their proposals on moving to a “hard” NFF whereby individual school budgets will be determined directly by the DfE, though it is not yet known from which year this is proposed.
- 2.2 In 2020/21 Reading was almost mirroring the NFF, using **all** the NFF factors at the base value, the same minimum funding guarantee, and the same minimum per pupil funding levels. Reading also receives an area cost adjustment added to each factor value, and all the formula factors except the lump sum were increased to this higher value. The lump sum was set at a value between the base and higher ACA value due to affordability. We are one of 64 local authorities out of 151 in this position.
- 2.3 The “Schools revenue funding 2021 to 2022 operational guide”¹ was published in July 2020. This details the funding formula and requirements for 2021/22. The policy document “The national funding formulae for schools and high needs 2021 – 2022”² also published in July, details the actual formula factor values in the NFF.
- 2.4 This report summarises the arrangements for 2021/22 and sets out a proposed strategy for setting the schools funding formula for 2021/22.

3. Schools Block Funding Allocation

- 3.1 The schools block allocation is based on Primary Units of Funding (PUFs) and Secondary Units of Funding (SUFs). These units are calculated for each local authority by adding together the total formula allocations for each school in each phase using the NFF and dividing by the previous year’s pupil numbers for each phase. These units are then fixed and will be multiplied by the October 2020 census pupil numbers to give the final funding allocation in December.
- 3.2 It is likely that the factors other than pupil numbers making up the NFF will change from one year to the next, so there is a mismatch between the funding received by the local authority and what would have been allocated to schools through a NFF. The other differences are that business rates (funded at actual cost in the local formula) and other local premises costs

¹ <https://www.gov.uk/government/publications/pre-16-schools-funding-local-authority-guidance-for-2021-to-2022>

²

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/901889/FINAL_2021-22_NFF_Policy_Document_MB.pdf

are included in the schools block allocation at the previous year's amount and not the updated (inflated) allocation.

- 3.3 The schools block allocation will also need to fund any shortfall in the growth funding element of the grant, if this formula does not deliver enough, though for 2021/22 the allocation plus carry forward of under spend from 2020/21 should be enough.
- 3.4 There may also be a decision to transfer funding from the schools block to the high needs block to meet any specific pressures in this block, which reduces the funding available for the school formula. Local Authorities may continue to transfer up to 0.5% of its school's block funding to other blocks with Schools' Forum approval, though the percentage must exclude the additional funding received for grants (maximum transfer allowed in 2021/22 is thus £484k). As in previous years all schools must be consulted on such transfers. The table below assumes that the same amount as in 2020/21 will be transferred to the High Needs block, but this is subject to the consultation.
- 3.5 In moving to a full NFF, the ESFA will need to determine how the above local issues will be incorporated.
- 3.6 The calculation of funding that was available for the school formula in 2020/21 (excluding growth funding which will come through as a separate allocation) is shown in Table 1, compared to an estimate for 2021/22 based on the same pupil numbers.

Table 1: Schools Block DSG Allocation

	2020/21 ACTUAL		2021/22 ESTIMATE	
		Funding £'000		Funding £'000
Primary Unit of Funding (PUF)	£4,172.37		£4,501	
<i>Primary Pupil Numbers</i>	<i>13,096.5</i>	54,644	<i>13,096.5</i>	58,947
Secondary Unit of Funding (SUF)	£5,503.69		£5,924	
<i>Secondary Pupil numbers</i>	<i>6,952.5</i>	38,264	<i>6,952.5</i>	41,186
Business Rates		1,206		1,323
Split sites/Rents		77		76
TOTAL SCHOOLS BLOCK ALLOCATION		94,191		101,532
Add underspend/(less overspend) from previous year		-10		
Less: transfer to high needs block		-350		-350
FUNDING AVAILABLE FOR SCHOOL FORMULA		93,831		101,182

- 3.7 The PUF and SUF includes additional funding for the teachers' pay grant and teachers' pension employer contribution grant now incorporated into the DSG. This totals £4,329k. Excluding the grants from the 2021/22 estimate, funding has increased by £3,012k or 3.2%. Actual funding to be received will be based on the October 2020 census.

4. School Formula for 2021/22

- 4.1. There will be no change to the National Funding Formula factors in 2021/22. These are detailed in Appendix 1.
- 4.2. Nationally, there are two technical changes as follows:
- The teachers' pay and pension grants (including the supplementary fund) have been added to the basic per pupil entitlement, the minimum per pupil funding levels, and to the 2020/21 baseline so that it is protected through the funding floor (therefore schools will still benefit from the full minimum funding guarantee).
 - The Income Deprivation Affecting Children Index (IDACI) has been updated from 2015 data to the latest 2019 data. The banding structure has been changed to ensure that the proportion of pupils falling within each band is broadly unchanged and does not decrease the amount of funding allocated through this factor – on average it is increasing by 3%.

Note that due to the cancellation of assessments in Summer 2020 due to COVID-19, the 2019 assessment data will be used as a proxy in the funding formulae for 2020 reception and year 6 cohorts.

- 4.3. Nationally, the factor values are changing as follows:
- 3% increase to the formula's key factors, except Free School Meals which is at 2%.
 - 2% minimum funding guarantee on pupil led funding above the 2020/21 baseline. This is broadly in line with current inflation forecasts.
 - Mandatory minimum per pupil funding levels of £4,180 primary (£4,000 + £180 for grants) and £5,415 secondary (£5,150 + £265 for grants).
 - There is additional funding for small and remote schools (this is not applicable to Reading schools).
- 4.4 Appendix 2 shows the national funding formula values for 2021/22 alongside recent years.
- 4.5 Local authorities remain responsible for setting the formula, by choosing the factors to use and values to apply as long as this complies with the guidelines (see Appendix 1). This must be done in consultation with the Schools' Forum.
- 4.6 As shown in Appendix 2, in 2020/21, Reading was able to set its local formula very close to the national formula; only the lump sum was below the national value including the Area Cost Adjustment (ACA), though still higher than the base level.
- 4.7 It is hoped that funding received will allow this position (as a minimum) to be replicated in 2021/22. The following strategy is therefore proposed in setting the school formula:
- Start with all factors and values mirroring the national factors and values, except the lump sum which is at the base value excluding the ACA – this is the same as the

2020/21 position. Business rates have also been increased by 1.78% (same increase as the previous year). In Appendix 3 this is the base Model 1.

- If there is a shortfall in funding, reduce all the main formula factors by the same percentage. The minimum per pupil funding levels will remain at the national levels and the minimum funding guarantee will remain at 2%. In Appendix 3 this is shown as Model 2.
- An adjustment will be made to the lump sum amount if this is required to balance the budget (this could be upwards or downwards).

4.8 Appendix 3a provides an exemplification per school of what the base model looks like, assuming the same pupil numbers and characteristics used in the 2020/21 formula. It also strips out the grants to show the increases in funding on a like for like basis. Appendices 3b and 3c compare the total funding allocations (3b) and increases in funding (3c) for the three models as follows:

- Model 1 is the base model which is comparable with the 2020/21 funding formula with only the lump sum below the NFF values including ACA. Compared to our assumed funding level of £101.182m there is a shortfall in funding of £232k.
- Model 2 shows the impact on reducing all formula factors by the same percentage to come back to the funding available. The percentage decrease required is 0.5%. Other options were modelled but the difference per school was minimal (e.g. only reducing AWPU and reducing all factors except AWPU) and last year the Schools' Forum decided that this was the fairest and most straightforward method.
- Model 3 shows the formula at full national level which is unlikely to be afforded, though the shortfall is only £389k.

Note that because several schools are receiving the minimum per pupil funding levels or minimum funding guarantee, the funding is the same for each model. The purpose of the models is to give an indication of funding on a like for like basis, but changes to pupil numbers and other pupil characteristics (from the October 2020 census) in each school will vary these figures, and affordability may change due to these changes in pupil characteristics not being reflected in the funding received.

4.9 The percentage increase varies significantly between schools due to the following reasons:

- The increase in the minimum per pupil funding levels – more schools are now on the minimum levels which has given an increase greater than the inflation (MFG) level of 2%.
- The change in the IDACI data creates winners and losers.
- For schools receiving the MFG of 2% this is on pupil led factors only, so the overall increase may be less (particularly for smaller schools where the lump sum is a greater proportion of their budget).
- For very small schools (less than 100 pupils) the grants added have been based on a minimum of 100 pupils.

5. Next Steps

5.1 As there is minimal change and the proposal is to continue to keep to the NFF as close as is possible, a formal consultation is not required, but this report and appendices will be sent to all schools inviting them to make comments. Schools will be consulted on transfer of funding

to the high needs block on similar lines to last year. The deadline for return of responses will be 13th November 2020.

- 5.2 Comments received will be brought back to Schools' Forum in December for discussion. This will be prior to final funding allocations from ESFA being confirmed, but the final formula will be built on the agreed basis and will be brought back to Schools Forum in January to view a few days before the ESFA submission date of 21 January 2021. The local authority is responsible for making the final decision on the formula.

6. Appendices

Appendix 1 – Local Authority Allowable Formula Factors for 2021/22

Appendix 2 – Formula Factor Values: 2019/20 to 2021/22

Appendix 3a – 2021/22 Exemplification Using Proposed Values in Appendix 2 (Base Model)

Appendix 3b – Comparison of Three Models – Total Allocations

Appendix 3c – Comparison of Three Models – Increase in Allocations

Appendix 1 – Local Authority Allowable Funding Formula Factors for 2021/22

(Source: ESFA Schools revenue funding 2021 to 2022 operational guide July 2020)

Funding factor	Description and further information
<p>1. Basic entitlement A compulsory factor</p>	<p>This factor assigns funding on the basis of individual pupils, with the number of pupils for each maintained school or academy based on the October pupil census.</p> <ul style="list-style-type: none"> • Funding is allocated according to a basic per-pupil rate (age-weighted pupil unit (AWPU)). • There is a single rate for primary age pupils, which must be at least £2,000. • There can be different rates for KS3 and KS4, with a minimum of £3,000 for each. • In the NFF, the department has increased the basic per pupil funding rates by £180 for primary and £265 for KS3 and KS4 as a result of rolling the TPG and TPECG into the NFF. (This is in addition to increasing basic per pupil funding rates by 3%.) While not compulsory, the department would also expect local authorities to add these amounts to the basic per pupil funding value they would otherwise have used in local funding formulae, to ensure that they mirror the rolling in of grants for local schools. • Local authorities can choose to increase the pupil number count for schools with higher reception pupil numbers in the January 2020 census, rather than the October 2019 census. • The department does not include reception uplift in the national funding formula; local authorities currently using a reception uplift factor should consider whether to do so in 2021 to 2022.
<p>2. Deprivation A compulsory factor</p>	<p>Local authorities can use one or all of free school meals (FSM), FSM Ever 6 (FSM6), and the income deprivation affecting children index (IDACI) to calculate the deprivation factor.</p> <ul style="list-style-type: none"> • The department measures eligibility for current FSM using the previous October census, and FSM6 (pupils recorded as eligible for free school meals at any time in the last 6 years) from the previous January census. • Local authorities using FSM to calculate deprivation can choose to use either current FSM, FSM6, or both. • The IDACI measure uses 6 bands, and different values can be attached to each band; different unit values can be used for primary and secondary within each band. New IDACI data was

Funding factor	Description and further information																					
	<p>published by the Ministry for Housing, Communities and Local Government (MHCLG) on 26 September 2019.</p> <ul style="list-style-type: none"> The 2021 to 2022 NFF uses IDACI 2019 ranks to group each lower super output area (LSOAs, an area with typically about 1,500 residents) into one of six bands of decreasing deprivation. In the past IDACI bands have been defined on the basis of scores. The 2021 to 2022 NFF uses ranks instead of scores to define bands. For example, band A comprises the most deprived 2.5% of LSOAs. The table below shows how the bands are defined in the 2021 to 2022 NFF: <table border="1" data-bbox="515 645 1342 896"> <thead> <tr> <th>IDACI data</th> <th>Ranks</th> <th>Band</th> </tr> </thead> <tbody> <tr> <td>Pupils in the most deprived 2.5% of LSOAs</td> <td>1 to 821</td> <td>A</td> </tr> <tr> <td>Pupils in the next 5% most deprived LSOAs</td> <td>822 to 2463</td> <td>B</td> </tr> <tr> <td>Pupils in the next 5% most deprived LSOAs</td> <td>2464 to 4105</td> <td>C</td> </tr> <tr> <td>Pupils in the next 5% most deprived LSOAs</td> <td>4106 to 5747</td> <td>D</td> </tr> <tr> <td>Pupils in the next 10% most deprived LSOAs</td> <td>5748 to 9032</td> <td>E</td> </tr> <tr> <td>Pupils in the next 10% most deprived LSOAs</td> <td>9033 to 12316</td> <td>F</td> </tr> </tbody> </table>	IDACI data	Ranks	Band	Pupils in the most deprived 2.5% of LSOAs	1 to 821	A	Pupils in the next 5% most deprived LSOAs	822 to 2463	B	Pupils in the next 5% most deprived LSOAs	2464 to 4105	C	Pupils in the next 5% most deprived LSOAs	4106 to 5747	D	Pupils in the next 10% most deprived LSOAs	5748 to 9032	E	Pupils in the next 10% most deprived LSOAs	9033 to 12316	F
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<p>3. Low Prior attainment</p> <p>An optional factor (used by most local authorities)</p>	<p>Local authorities can apply this factor for:</p> <ul style="list-style-type: none"> primary pupils identified as not achieving the expected level of development in the early years foundation stage profile (EYFSP) secondary pupils not reaching the expected standard in KS2 at either reading or writing or maths <p>Since 2017 to 2018, the department has weighted the low prior attainment (LPA) factor for some secondary year groups so that those who have sat the more challenging KS2 tests introduced in the 2015 to 2016 academic year do not have a disproportionate influence within the total for the low prior attainment factor in the mainstream formula.</p> <p>In 2021 to 2022, the department has carried forward the weightings it used in 2020 to 2021 for the year 7 to year 9 cohorts, so they will apply to the year 8 to year 10 cohorts respectively.</p> <p>For the financial year 2021 to 2022, the weightings¹ are:</p> <ul style="list-style-type: none"> pupils in year 8 in October 2020: 65% pupils in year 9 in October 2020: 64% pupils in year 10 in October 2020: 58% pupils in year 11 in October 2020: 48% <p>This is included under Schedule 3, paragraph 4 of the 2020 Regulations.</p>																					

Funding factor	Description and further information
	<p>Following the cancellation of assessments in summer 2020 due to COVID-19, local authorities will not be able to use this data as part of setting a low prior attainment factor in local funding formulae. Instead, local authorities will use 2019 assessment data as a proxy for the 2020 reception and year 6 cohort, which will be reflected in the APT. The same national weighting of 65% for pupils in year 8 should therefore be used for those who are year 7 in the academic year 2020 to 2021.</p> <p>The weightings will operate in the same way as last year; the number of pupils identified as having LPA in the data will be multiplied by the relevant weighting to determine the number of pupils eligible for the factor for funding purposes.</p> <p>Local authorities will not be able to change the weighting but will be able to adjust their secondary LPA unit value as in previous years. This will enable local authorities, in most cases, to maintain their LPA factor at previous levels without significant turbulence.</p> <p>LPA funding will be allocated to all pupils identified as not reaching the expected standard at the previous phase, regardless of their year group. It does not only apply to those pupils in their first year of schooling.</p> <p>As with current funding arrangements, pupils who have not undertaken the assessment are given the overall average attainment score of their year group, so are taken into account when calculating a school's LPA rate.</p>
<p>4. Looked-after children (LAC) An optional factor</p>	<p>Local authorities can apply a single unit value for any child who has been looked after for one day or more, as recorded on the LA SSDA903 return at 31 March 2020.</p> <ul style="list-style-type: none"> • The department maps this data to schools using the January school census to identify the number of LAC in each school or academy. • The DfE does not use a LAC factor in the national funding formula. Instead, the department increased the pupil premium plus rate from 2019 to 2020 from £1,900 to £2,300. Local authorities currently using this factor should consider whether to do so in 2021 to 2022.
<p>5. English as an additional language (EAL) An optional factor</p>	<p>Pupils identified in the October census with a first language other than English may attract funding for up to three years after they enter the statutory school system</p>

Funding factor	Description and further information
	<ul style="list-style-type: none"> Local authorities can choose to use indicators based on one, two, or three years, and there can be separate unit values for primary and secondary. The department has used three years in the national funding formula; local authorities should consider this when setting their local formula.
<p>6. Pupil mobility An optional factor</p>	<p>The mobility factor allocates funding to schools with a high proportion of pupils with an entry date in the last three years which is not typical. (For year groups 1 to 11, 'typical' means that the first census on which a pupil is recorded as attending the school (or its predecessors) is the October census. 'Not typical' means that the first census a pupil is recorded as attending the school is a January or May census. For the reception year, 'typical' means the first census is October or January.)</p> <p>Rather than relying on a single census, this mobility methodology, introduced last year, involves tracking individual pupils using their unique pupil ID through censuses from the past 3 years. If the first census when the pupil was in the school was a spring or summer census, they are a mobile pupil. This excludes reception pupils who start in January. This methodology also excludes pupils who joined in the summer term after the summer census, or pupils who joined in October before the autumn census.</p> <p>To be eligible for mobility funding, the proportion of mobile pupils a school must be above the threshold of 6%. The DfE has allocated a per-pupil amount to all mobile pupils above that threshold. The department has published the NFF factor values for mobility as part of the 2021 to 2022 NFF publication.</p> <p>Mobility will continue to be an optional factor for local authorities' formulae. The department will supply local authorities with mobility data in the APT. Further information is available in the NFF technical note.</p>
<p>7. Sparsity An optional factor</p>	<p>Schools that are eligible for sparsity funding must meet two criteria:</p> <ul style="list-style-type: none"> They are located in areas where pupils would have to travel a significant distance to an alternative should the school close. They are small schools <p>This factor allows for a sparsity taper to mirror the methodology used as part of the NFF.</p> <p>For the pupils for whom the school is their closest compatible school, the factor measures the distance (as the crow flies) from their home to their</p>

Funding factor	Description and further information															
	<p>second nearest compatible school, and the mean distance for all pupils is then calculated.</p> <p>As the pupil population changes each year, it is possible for a school to be eligible for sparsity funding in one year but not in the next.</p> <p>The school eligibility criteria for sparsity funding are as follows:</p> <table border="1" data-bbox="512 533 1350 779"> <thead> <tr> <th>School phase</th> <th>Maximum average number of pupils per year group</th> <th>Minimum average distance to second nearest compatible school</th> </tr> </thead> <tbody> <tr> <td>Primary</td> <td>21.4</td> <td>2 miles</td> </tr> <tr> <td>Secondary</td> <td>120</td> <td>3 miles</td> </tr> <tr> <td>Middle</td> <td>69.2</td> <td>2 miles</td> </tr> <tr> <td>All-through</td> <td>62.5</td> <td>2 miles</td> </tr> </tbody> </table> <p>Pupil numbers include reception to years 11 only, excluding nursery and sixth form pupils.</p> <p>The maximum sparsity values in the 2021 to 2022 NFF are £45,000 for primary schools and £70,000 for secondary schools. The maximum permissible value for the sparsity factor in local funding formulae is £100,000 (including the London fringe uplift), which can be applied as a taper or as a lump sum. If a taper methodology is used, a school will attract sparsity funding in inverse proportion to its average year group size.</p> <p>Different values and methodologies can be used for the primary, middle, all-through, and secondary phases.</p> <p>Further details and examples are provided in sparsity section of the Operational Guide.</p>	School phase	Maximum average number of pupils per year group	Minimum average distance to second nearest compatible school	Primary	21.4	2 miles	Secondary	120	3 miles	Middle	69.2	2 miles	All-through	62.5	2 miles
School phase	Maximum average number of pupils per year group	Minimum average distance to second nearest compatible school														
Primary	21.4	2 miles														
Secondary	120	3 miles														
Middle	69.2	2 miles														
All-through	62.5	2 miles														
<p>8. Lump sum An optional factor (used by most local authorities)</p>	<p>Local authorities can set a flat lump sum for all phases, or differentiate the sums for primary and secondary.</p> <ul style="list-style-type: none"> • Local authorities should give middle schools a weighted average, based on the number of year groups in each phase. • The maximum lump sum is £175,000, even for schools that receive a London fringe uplift. <p>Further information is in the lump sum section of the Operational Guide, including information for amalgamated schools.</p>															
<p>9. Split sites An optional factor</p>	<p>The purpose of this factor is to support schools that have unavoidable extra costs because the school buildings are on separate sites. Allocations must be based on objective criteria for the definition of a split site, and for how much is paid.</p>															

Funding factor	Description and further information
	<p>A local authority's formula can include a factor to provide additional funding to schools that operate on more than one site.</p> <p>Criteria for providing extra funding should be clear and transparent, incorporating clear and objective trigger points, and a clear formula for allocating additional funding. All schools and academies that meet the criteria will be eligible for split site funding.</p> <p>Examples of clear trigger points are:</p> <ul style="list-style-type: none"> • the sites are a minimum distance apart, as the crow flies, and the sites are separated by a public highway • the provision on the additional site does not qualify for an individual school budget share through the DSG • the school has remote playing fields, separated from the school by a minimum distance, and there is no safe walking route for the pupils • a percentage of staff are required to teach on both sites on a daily basis, to support the principle of a whole school policy, and to maintain the integrity of the delivery of the national curriculum • a minimum percentage of pupils are taught on each site on a daily basis <p>Examples of a clear formula for funding schools with split sites are:</p> <ul style="list-style-type: none"> • a lump sum payment • a per-pupil rate • a rate per square metre of the additional site <p>Values for primary and secondary schools may be different. There may be one rate of payment for the first additional site, and a separate rate for each additional site. Payment rates may be stepped, for example as the distance between sites increases.</p> <p>Schools sharing facilities, federated schools, and schools with remote sixth forms or remote early years provision are not eligible for split site funding.</p>

Funding factor	Description and further information
<p>10. Rates</p> <p>An optional factor (used by all local authorities)</p>	<p>Local authorities must fund rates at their estimate of the actual cost.</p> <ul style="list-style-type: none"> Local authorities can make adjustments to rates during the financial year, but this must be done outside of the funding formula. For example, an additional allocation could be made to a school (funded by balances brought forward). This should be reflected in the Section 251 outturn statement, and in each school's accounts. The effect on the school would be zero, since any rates adjustment will be offset by a change in the cost of the rates.
<p>11. Private finance initiative (PFI) contracts</p> <p>An optional factor</p>	<p>The purpose of this factor is to support schools that have unavoidable extra premises costs, because they are a PFI school, and to cover situations where the PFI 'affordability gap' is delegated and paid back to the local authority.</p> <p>More information is in the PFI section of the operational guidance.</p>
<p>12. London fringe</p> <p>An optional factor, applicable only for five local authorities (Buckinghamshire, Essex, Hertfordshire, Kent, and West Sussex)</p>	<p>The purpose of this factor is to support schools that have higher costs because they are in the London fringe area, and only part of the local authority is in this area. The multiplier is applied to the 7 pupil-led factors, the lump sum factor, and the sparsity factor.</p> <p>The factor can be applied as a multiplier of 1.0156 or as a multiplier of the differential of the area cost adjustment of London fringe and non-London fringe zones within the local authority.</p>
<p>13. Exceptional circumstances</p> <p>An optional factor</p>	<p>Local authorities can apply to ESFA to use exceptional circumstances relating to school premises. These may be for rents, or joint-use sports facilities, for example.</p> <ul style="list-style-type: none"> Exceptional circumstances must relate to premises costs. Local authorities should only submit applications where the value of the factor is more than 1% of a school's budget, and applies to fewer than 5% of the schools in the authority's area. Local authorities can use exceptional circumstances used in 2020 to 2021 (for pre-existing, and newly-qualifying schools) in 2021 to 2022, if the qualification criteria are still met. <p>Further information on the application process can be found in the operational guidance.</p>
<p>14. Minimum level of per pupil funding</p>	<p>This factor must be used in local funding formulae, at the NFF cash values, including the additional funding added from the TPG and TPEG.</p>

Funding factor	Description and further information
<p>for primary and secondary schools A compulsory factor</p>	<p>The purpose of this factor is for local authorities to provide the NFF minimum per-pupil funding levels to every school. All local authorities must implement the MPPLS by following the same methodology used in the NFF, summarised below and detailed in the schools block NFF technical note.</p> <ul style="list-style-type: none"> To ensure consistency for all schools, including those with non-standard year groups, the DfE has simplified the calculation for a school's individual minimum per-pupil levels within the NFF. For all schools, the department now applies the calculation below: $\frac{(\text{number of primary year groups} \times \text{£4,180}) + (\text{number of KS3 year groups} \times \text{£5,215}) + (\text{number of KS4 year groups} \times \text{£5,715})}{\text{Total number of year groups}}$ This provides per-pupil funding of at least £4,180 for each primary school, and £5,415 for each secondary school with standard structures of seven and five year groups respectively, including additional funding from the TPG and TPECG. For middle schools, all-through schools and other schools with a non-standard year group structure, this will produce a specific minimum per-pupil value that relates to the number of year groups in each phase. When calculating the MPPLs for individual schools, local authorities should take the number of year groups from the APT, which is the approach taken in the NFF. When completing the APT, local authorities should only list the number of year groups in each Key Stage which have pupils in them at present, or will do so in the upcoming year. Where a school will have empty year groups in the upcoming year, for example a school which has recently opened, these should not be included in the APT. The only factors not included in per-pupil funding for the purpose of the MPPL calculation are premises and growth funding. Any prior year adjustments local authorities have made should also be excluded from the calculation. Any capping and scaling cannot take a school's per-pupil funding, defined above, below the MPPLs. The only further calculation that local authorities are able to make once their formula has provided the minimum levels is, for maintained schools only, to deduct funding for de-delegated central services if the schools forum has agreed this can be taken from their budget shares in 2021 to 2022. Local authorities have the option, as with other aspects of the school funding regulations, to request to disapply the use of the

Funding factor	Description and further information
	<p>full NFF MPPL values. Such requests should be exceptional and only made on the grounds of affordability.</p> <ul style="list-style-type: none"> • While the DfE will consider any individual request on its merits, it expects the commitment to MPPLs to be implemented in full locally, and both local authorities and schools should work on that basis. The department will scrutinise any disapplication requests in this context. • Disapplication requests may also be submitted to alter the NFF methodology, for specific schools only, where the local authority can show that the relevant MPPL value for that school is skewed significantly by unusual year group sizes. For example, a local authority may want to provide a higher minimum per-pupil level for an all-through school with significantly larger secondary than primary year group sizes.
<p>15. Minimum Funding Guarantee A compulsory factor</p>	<p>Local authorities will continue to set a pre-16 MFG in their local formulae to protect schools from excessive year on year changes and to allow changes in pupil characteristics (for example, reducing levels of deprivation in a school) to flow through.</p> <ul style="list-style-type: none"> • Local authorities will be able to set an MFG between +0.5% and +2.0% per pupil. Any local authorities wanting to set an MFG outside of these parameters must apply for exceptional permission using a disapplication proforma. Local authorities need to consult on any changes to the level of the MFG, as with the rest of the formula. • The MFG applies to pupils in reception to year 11. Early years pupils and post-16 pupils are excluded from the calculation. • In 2021 to 2022, the department will also require local authorities to mirror the additional total funding added to schools' NFF baselines in schools' baselines used for the calculation of the MFG in local funding formulae. This will ensure that schools on the MFG can also have their pay and pensions grant funding protected. The adjustments required to schools' 2020 to 2021 baselines will be shown within the NFF COLLECT data made available to each local authority, and in the Authority Proforma Tool (APT). The additional grant funding will be added to the 2020 to 2021 schools budget share. • The following elements of funding need to be added to schools' budget shares before the MFG calculation: <ul style="list-style-type: none"> - Funding deducted through the negative factor for schools entered into the risk protection arrangement under regulation 19

Funding factor	Description and further information
	<ul style="list-style-type: none"> - Funding for de-delegated services that have been agreed with the schools forum under regulations 11(5) and 11(6) - Negative adjustments for excluded pupils during the year under regulation 29. - Pay and pensions grant to the school during 2020-21: this is added to the baseline only. • The following elements of funding are automatically excluded from the MFG calculation, as not doing so would result in excessive protection, or would be inconsistent with other policies: <ul style="list-style-type: none"> - The 2021 to 2022 lump sum; this is excluded from both the baseline and 2021 to 2022 funding so that schools are protected against significant change in the lump sum between years - Any higher lump sum paid under the regulations in 2020 to 2021 for amalgamated schools; this is excluded from the baseline only. - Any higher lump sum to be paid under the regulations in 2021 to 2022 for amalgamating schools; this is excluded from the 2021 to 2022 funding only. - The 2021 to 2022 sparsity factor; this is excluded from both the baseline and 2021 to 2022 funding so that schools are protected against significant change in the sparsity value between years - Rates: these are excluded from both the baseline and 2021 to 2022 funding, at their respective values for each year - Any positive adjustments for excluded pupils during the year under regulation 29 <p>The school funding Regulations set out requirements for the MFG calculation in detail, under Schedule 4.</p> <p>Information on technical adjustments, disapplications, and a worked example are in the MFG section of the operational guidance.</p>
<p>16. Capping and Scaling An optional factor</p>	<p>It is likely that protection will still be required in some areas as a result of changes to formulae, so the department will again allow overall gains for individual schools to be capped as well as scaled back to ensure that the formula is affordable.</p> <p>It is worth noting that the schools NFF will not include a gains cap or alternative gains cap in 2021 to 2022. Therefore, the department will not</p>

Funding factor	Description and further information
	<p>be accepting disapplications to use the alternative gains cap, as local authorities wishing to mirror the NFF will not need to use it.</p> <p>Local authorities can continue to choose to cap any gains schools receive through the 2021 to 2022 local formula, unlike the NFF where no gains cap is applied. Capping and scaling must be applied on the same basis to all schools.</p> <p>Local authorities and their schools forums will therefore need, as part of their formula modelling, to determine whether and how to limit gains. This remains a local decision.</p> <p>The department applies caps and scales to academy budgets on the same basis as for maintained schools, although the values may differ from those shown in the APT since the actual baseline position for the academy may not be the same as that shown in the dataset.</p> <p>Capping and scaling factors must not be applied to schools that have opened in the last seven years and have not reached their full number of year groups. This definition of new and growing schools does not include existing schools that are extending to include a new phase and have empty year groups in the new phase.</p> <p>Capping and scaling must not take a school below the minimum per-pupil funding levels. The 2020 to 2021 APT allowed negative MFG thresholds; the gains cap threshold was applied from the maximum of either zero or the MFG threshold (so if an MFG threshold of 0.5% and a cap of 0.1% was entered all schools would keep gains up to 0.6%).</p> <p>In 2021 to 2022 should authorities elect to apply a gains cap; the cap must be set at least as high as the MFG threshold. Schools will always retain all gains up to the MFG threshold even where a cap is applied.</p>

Required proportion of funding allocated through pupil-led factors

Local authorities must allocate at least 80% of the delegated schools block funding through pupil-led factors (the factors in lines 1 to 6, 14 and 15 above, and London fringe uplift, where relevant).

Appendix 2 – Formula Factor Values: 2019/20 to 2021/22

Formula Values	2019/20			2020/21			2021/22		
	NFF	Reading NFF with ACA	Reading Actual	NFF	Reading NFF with ACA	Reading Actual	NFF	Reading NFF with ACA	Reading PROPOSED
Basic Entitlement:									
Primary	£2,747.00	£2,841.00	£2,841.00	£2,857.00	£2,954.31	£2,954.00	£3,123.00	£3,231.31	£3,231.00
Secondary - KS3	£3,863.00	£3,995.00	£3,863.00	£4,018.00	£4,154.85	£4,154.00	£4,404.00	£4,556.73	£4,556.00
Secondary - KS4	£4,386.00	£4,536.00	£4,386.00	£4,561.00	£4,716.35	£4,716.00	£4,963.00	£5,135.12	£5,135.00
Deprivation:									
Free School Meals - Primary	£440	£455	£440	£450.00	£465.33	£465.00	£460.00	£475.95	£475.00
Free School Meals - Secondary	£440	£455	£440	£450.00	£465.33	£465.00	£460.00	£475.95	£475.00
Free School Meals Ever 6 - Primary	£540	£558	£540	£560.00	£579.07	£579.00	£575.00	£594.94	£594.00
Free School Meals Ever 6 - Secondary	£785	£812	£785	£815.00	£842.76	£842.00	£840.00	£869.13	£869.00
IDACI Band F (0.2 - 0.25) - Primary	£200	£207	£200	£210.00	£217.15	£217.00	£215.00	£222.46	£222.00
IDACI Band F (0.2 - 0.25) - Secondary	£290	£300	£290	£300.00	£310.22	£310.00	£310.00	£320.75	£320.00
IDACI Band E (0.25 - 0.3) - Primary	£240	£248	£240	£250.00	£258.52	£258.00	£260.00	£269.02	£269.00
IDACI Band E (0.25 - 0.3) - Secondary	£390	£403	£390	£405.00	£418.79	£418.00	£415.00	£429.39	£429.00
IDACI Band D (0.3 - 0.4) - Primary	£360	£372	£360	£375.00	£387.77	£387.00	£410.00	£424.22	£424.00
IDACI Band D (0.3 - 0.4) - Secondary	£515	£533	£515	£535.00	£553.22	£553.00	£580.00	£600.11	£600.00
IDACI Band C (0.4 - 0.5) - Primary	£390	£403	£390	£405.00	£418.79	£418.00	£445.00	£460.43	£460.00
IDACI Band C (0.4 - 0.5) - Secondary	£560	£579	£560	£580.00	£599.75	£599.00	£630.00	£651.85	£651.00
IDACI Band B (0.5 - 0.6) - Primary	£420	£434	£420	£435.00	£449.82	£449.00	£475.00	£491.47	£491.00
IDACI Band B (0.5 - 0.6) - Secondary	£600	£620	£600	£625.00	£646.29	£646.00	£680.00	£703.58	£703.00
IDACI Band A (over 0.6) - Primary	£575	£595	£575	£600.00	£620.44	£620.00	£620.00	£641.50	£641.00
IDACI Band A (over 0.6) - Secondary	£810	£838	£810	£840.00	£868.61	£868.00	£865.00	£895.00	£895.00
Prior Attainment:									
Primary	£1,022	£1,057	£1,022	£1,065.00	£1,101.27	£1,101.00	£1,095.00	£1,132.97	£1,132.00
Secondary	£1,550	£1,603	£1,550	£1,610.00	£1,664.84	£1,664.00	£1,660.00	£1,717.57	£1,717.00
English as an Additional Language:									
Primary	£515	£532	£515	£535.00	£553.22	£553.00	£550.00	£569.07	£569.00
Secondary	£1,385	£1,432	£1,385	£1,440.00	£1,489.05	£1,489.00	£1,485.00	£1,536.50	£1,536.00
Mobility	n.a.	n.a.	£1,000						
Primary				£875	£904.80	£904.00	£900	£931.21	£931.00
Secondary				£1,250	£1,292.58	£1,292.00	£1,290	£1,334.74	£1,334.00
Lump Sum	£110,000	£113,747	£112,455	£114,400.00	£118,296.46	£114,600.00	£117,800.00	£121,885.30	£117,800.00
Business Rates (Actual - locally set)	£1,185,732		£1,322,787	£1,322,787		£1,322,787	£1,322,787		£1,305,670
Exceptional Circumstances (locally set):									
Rents	£74,895		£59,826	£59,826		£59,046	£59,046		£59,046
Split Site	£17,149		£17,149	£17,149		£17,149	£17,149		£17,149
Minimum Per Pupil Level									
Primary	£3,500		£3,500	£3,750		£3,750	£4,180		£4,180
Secondary	£4,800		£4,800	£5,000		£5,000	£5,415		£5,415
(KS3 only school)	£4,600						£5,215		£5,215
(KS4 only school)	£5,100		£5,100			£5,300	£5,715		£5,715
Minimum Funding Guarantee	0.50%		0.50%	1.84%		1.84%	2.00%		2.00%

Appendix 3b – Comparison of Three Models – Total Allocations

LAESTAB	SCHOOL	All Factors at NFF values (including ACA) except lump sum			Model 2	Reduce all factors by same 0.5%. Lump sum balancing figure.			National Funding Formula (NFF) Funding Values		
		Base - Model 1	Formula Allocation			Model 3	Formula Allocation		Formula Allocation		
		Formula Allocation	Pupil No's (Oct 2019)	Per Pupil Funding	Formula Allocation	Pupil No's (Oct 2019)	Per Pupil Funding	Formula Allocation	Pupil No's (Oct 2019)	Per Pupil Funding	
8702000	Alfred Sutton Primary School	2,605,844	613	4,250.97	2,605,844	613	4,250.97	2,605,843.50	613.00	4,250.97	
8702003	Caversham Primary School	1,779,033	419	4,245.90	1,779,033	419	4,245.90	1,779,033.00	419.00	4,245.90	
8702005	Coley Primary School	1,056,643	216	4,891.87	1,052,355	216	4,872.02	1,061,010.51	216.00	4,912.09	
8702006	E P Collier Primary School	1,550,312	336	4,614.02	1,543,569	336	4,593.96	1,554,758.99	336.00	4,627.26	
8702007	Geoffrey Field Junior School	1,679,974	353	4,759.13	1,672,643	353	4,738.37	1,684,611.25	353.00	4,772.27	
8702008	Geoffrey Field Infant School	1,326,145	267	4,966.84	1,320,523	267	4,945.78	1,330,636.49	267.00	4,983.66	
8702016	Oxford Road Community School	1,015,294	205	4,952.65	1,011,230	205	4,932.83	1,019,620.41	205.00	4,973.76	
8702018	Redlands Primary School	934,994	202	4,628.68	931,323	202	4,610.51	939,240.48	202.00	4,649.71	
8702019	The Hill Primary School	1,911,353	447	4,275.96	1,911,353	447	4,275.96	1,911,353.30	447.00	4,275.96	
8702020	The Ridgeway Primary School	2,016,922	409	4,931.35	2,016,278	409	4,929.77	2,021,636.94	409.00	4,942.88	
8702021	Park Lane Primary School	1,773,280	411	4,314.55	1,773,280	411	4,314.55	1,773,279.80	411.00	4,314.55	
8702024	Wilson Primary School	1,811,554	417	4,344.25	1,811,547	417	4,344.24	1,811,471.79	417.00	4,344.06	
8702026	Emmer Green Primary School	1,767,796	416	4,249.51	1,767,796	416	4,249.51	1,767,795.50	416.00	4,249.51	
8702027	Southcote Primary School	2,646,269	617	4,288.93	2,646,269	617	4,288.93	2,646,269.00	617.00	4,288.93	
8702029	St Michael's Primary School	1,818,810	409	4,446.97	1,810,809	409	4,427.41	1,823,382.18	409.00	4,458.15	
8702034	Moorlands Primary School	1,781,329	381	4,675.40	1,773,481	381	4,654.81	1,786,023.53	381.00	4,687.73	
8702036	Thameside Primary School	1,711,724	392	4,366.64	1,704,242	392	4,347.56	1,716,236.38	392.00	4,378.15	
8702226	Katesgrove Primary School	2,694,166	601	4,482.80	2,694,160	601	4,482.79	2,694,083.99	601.00	4,482.67	
8702233	Caversham Park Primary School	861,656	198	4,351.80	858,338	198	4,335.04	865,885.25	198.00	4,373.16	
8702234	Micklands Primary School	1,646,052	382	4,309.04	1,643,650	382	4,302.75	1,650,526.44	382.00	4,320.75	
8702253	Manor Primary School	1,369,294	278	4,925.52	1,363,509	278	4,904.71	1,373,815.96	278.00	4,941.78	
8703000	All Saints Church of England Aide	365,683	62	5,898.12	365,677	62	5,898.02	367,450.19	62.00	5,926.62	
8703302	St Anne's Catholic Primary School	841,422	181	4,648.74	838,125	181	4,630.53	845,700.83	181.00	4,672.38	
8703304	English Martyrs' Catholic Primary	1,819,592	414	4,395.15	1,811,408	414	4,375.38	1,824,139.78	414.00	4,406.13	
8703305	Christ The King Catholic Primary	1,523,142	318	4,789.75	1,516,440	318	4,768.68	1,527,673.47	318.00	4,804.00	
8703360	St Martin's Catholic Primary School	705,991	155	4,554.78	703,368	155	4,537.86	710,203.06	155.00	4,581.96	
8703361	Whitley Park Primary and Nursery	2,538,084	516	4,918.77	2,526,663	516	4,896.63	2,543,004.61	516.00	4,928.30	
8705411	Blessed Hugh Faringdon Catholic	4,730,092	800	5,912.61	4,707,461	800	5,884.33	4,735,021.72	800.00	5,918.78	
8702002	All Saints Junior School	472,977	95	4,978.70	472,971	95	4,978.64	472,991.56	95.00	4,978.86	
8702004	Meadow Park Academy	1,535,608	325	4,724.95	1,529,388	325	4,705.81	1,540,204.21	325.00	4,739.09	
8702011	Battle Primary Academy	1,746,738	389	4,490.33	1,738,926	389	4,470.25	1,751,298.92	389.00	4,502.05	
8702012	The Palmer Primary Academy	1,768,785	376	4,704.21	1,768,779	376	4,704.20	1,773,359.95	376.00	4,716.38	
8702015	Civitas Academy	1,279,710	274	4,670.48	1,274,264	274	4,650.60	1,284,061.73	274.00	4,686.36	
8702017	The Heights Primary School	1,375,469	328	4,193.50	1,375,469	328	4,193.50	1,375,468.50	328.00	4,193.50	
8702025	Ranikhet Academy	1,011,714	198	5,109.67	1,007,574	198	5,088.76	1,016,116.15	198.00	5,131.90	
8702028	New Town Primary School	1,148,105	241	4,763.92	1,143,282	241	4,743.91	1,152,467.92	241.00	4,782.02	
8702031	Churchend Primary Academy	1,778,937	403	4,414.24	1,770,974	403	4,394.48	1,783,502.60	403.00	4,425.56	
8702035	St Mary and All Saints Church of E	1,384,650	292	4,741.95	1,384,644	292	4,741.93	1,384,977.23	292.00	4,743.07	
8702254	New Christ Church Church of Engl	919,778	190	4,840.94	919,718	190	4,840.62	924,078.29	190.00	4,863.57	
8703300	St John's Church of England Prima	1,714,281	407	4,211.99	1,711,263	407	4,204.58	1,718,733.53	407.00	4,222.93	
8702039	Green Park Village Primary Acad	249,371	35	7,124.88	249,013	35	7,114.65	253,485.58	35.00	7,242.45	
8704000	UTC Reading	1,497,927	236	6,347.15	1,491,440	236	6,319.66	1,502,122.52	236.00	6,364.93	
8704001	Maiden Erlegh School in Reading	5,300,017	897	5,908.60	5,292,861	897	5,900.63	5,305,003.28	897.00	5,914.16	
8704002	The WREN School	4,743,405	769	6,168.28	4,743,400	769	6,168.27	4,744,792.32	769.00	6,170.08	
8704003	Reading Girls' School	2,970,833	461	6,444.32	2,957,062	461	6,414.45	2,975,514.76	461.00	6,454.48	
8704020	Highdown School and Sixth Form	6,556,132	1,193	5,495.50	6,556,132	1,193	5,495.50	6,556,132.00	1,193.00	5,495.50	
8705401	Reading School	3,945,319	722	5,464.43	3,945,319	722	5,464.43	3,945,318.50	722.00	5,464.43	
8705410	Prospect School	5,728,990	899	6,372.62	5,701,412	899	6,341.95	5,734,299.36	899.00	6,378.53	
8705413	Kendrick School	2,640,554	484	5,455.69	2,640,554	484	5,455.69	2,640,553.80	484.00	5,455.69	
8706905	John Madejski Academy	3,362,038	493	6,819.55	3,346,398	493	6,787.83	3,366,856.84	493.00	6,829.32	
	PRIMARY TOTAL	59,938,481	13,168	4,551.83	59,799,179	13,168	4,541.25	60,065,433	13,168	4,561.47	
	SECONDARY TOTAL	41,475,307	6,954	5,964.24	41,382,038	6,954	5,950.83	41,505,615	6,954	5,968.60	
	TOTAL ALL SCHOOLS	101,413,788	20,122	5,039.95	101,181,217	20,122	5,028.39	101,571,048	20,122	5,047.76	
	Funding Available	101,181,558			101,181,558			101,181,558			
	(Over) / Under Funding Allocati	-232,230			341			-389,490			

Appendix 3c – Comparison of Three Models – Increase in Allocations

SCHOOL	Model 1 Base		Model 2		Model 3 NFF	
	£	%	£	%	£	%
Alfred Sutton Primary School	190,255	7.9%	190,255	7.9%	190,255	7.9%
Caversham Primary School	182,958	11.5%	182,958	11.5%	182,958	11.5%
Coley Primary School	65,469	6.6%	61,181	6.2%	69,836	7.0%
E P Collier Primary School	104,777	7.2%	98,035	6.8%	109,225	7.6%
Geoffrey Field Junior School	109,541	7.0%	102,210	6.5%	114,178	7.3%
Geoffrey Field Infant School	83,139	6.7%	77,517	6.2%	87,631	7.0%
Oxford Road Community School	68,063	7.2%	63,999	6.8%	72,389	7.6%
Redlands Primary School	61,506	7.0%	57,836	6.6%	65,753	7.5%
The Hill Primary School	192,951	11.2%	192,951	11.2%	192,951	11.2%
The Ridgeway Primary School	111,241	5.8%	110,597	5.8%	115,956	6.1%
Park Lane Primary School	172,587	10.8%	172,587	10.8%	172,587	10.8%
Wilson Primary School	108,144	6.3%	108,138	6.3%	108,063	6.3%
Emmer Green Primary School	179,380	11.3%	179,380	11.3%	179,380	11.3%
Southcote Primary School	241,253	10.0%	241,253	10.0%	241,253	10.0%
St Michael's Primary School	123,112	7.3%	115,112	6.8%	127,685	7.5%
Moorlands Primary School	120,821	7.3%	112,972	6.8%	125,515	7.6%
Thameside Primary School	129,581	8.2%	122,099	7.7%	134,093	8.5%
Katesgrove Primary School	158,475	6.2%	158,470	6.2%	158,394	6.2%
Caversham Park Primary School	59,921	7.5%	56,603	7.1%	64,151	8.0%
Micklands Primary School	129,295	8.5%	126,893	8.4%	133,769	8.8%
Manor Primary School	99,197	7.8%	93,411	7.4%	103,718	8.2%
All Saints Church of England Aided Infant School	22,847	6.7%	22,841	6.7%	24,614	7.2%
St Anne's Catholic Primary School	61,457	7.9%	58,160	7.5%	65,735	8.4%
English Martyrs' Catholic Primary School	117,645	6.9%	109,462	6.4%	122,193	7.2%
Christ The King Catholic Primary School	93,029	6.5%	86,327	6.0%	97,561	6.8%
St Martin's Catholic Primary School	50,236	7.7%	47,613	7.3%	54,448	8.3%
Whitley Park Primary and Nursery School	162,679	6.8%	151,258	6.4%	167,599	7.1%
Blessed Hugh Faringdon Catholic School	329,172	7.5%	306,541	7.0%	334,102	7.6%
All Saints Junior School	32,798	7.5%	32,792	7.4%	32,813	7.5%
Meadow Park Academy	94,611	6.6%	88,391	6.1%	99,207	6.9%
Battle Primary Academy	115,779	7.1%	107,968	6.6%	120,341	7.4%
The Palmer Primary Academy	99,977	6.0%	99,970	6.0%	104,552	6.3%
Civitas Academy	82,824	6.9%	77,378	6.5%	87,176	7.3%
The Heights Primary School	139,302	11.3%	139,302	11.3%	139,302	11.3%
Ranikhet Academy	58,089	6.1%	53,949	5.7%	62,491	6.6%
New Town Primary School	76,193	7.1%	71,369	6.7%	80,556	7.5%
Churchend Primary Academy	137,432	8.4%	129,470	7.9%	141,998	8.7%
St Mary and All Saints Church of England Voluntary Aided Primary School	77,341	5.9%	77,335	5.9%	77,668	5.9%
New Christ Church Church of England (VA) Primary School	48,469	5.6%	48,409	5.6%	52,769	6.1%
St John's Church of England Primary School	123,118	7.7%	120,100	7.5%	127,570	8.0%
Green Park Village Primary Academy	13,619	5.8%	13,261	5.6%	17,734	7.5%
UTC Reading	105,223	7.6%	98,736	7.1%	109,419	7.9%
Maiden Erlegh School in Reading	369,489	7.5%	362,333	7.3%	374,475	7.6%
The WREN School	298,380	6.7%	298,375	6.7%	299,767	6.7%
Reading Girls' School	203,693	7.4%	189,922	6.9%	208,375	7.5%
Highdown School and Sixth Form Centre	495,734	8.2%	495,734	8.2%	495,734	8.2%
Reading School	299,435	8.2%	299,435	8.2%	299,435	8.2%
Prospect School	393,367	7.4%	365,789	6.9%	398,676	7.5%
Kendrick School	199,890	8.2%	199,890	8.2%	199,890	8.2%
John Madejski Academy	216,880	6.9%	201,240	6.4%	221,698	7.0%
PRIMARY TOTAL	4,299,113	7.7%	4,159,811	7.5%	4,426,064	8.0%
SECONDARY TOTAL	2,911,263	7.5%	2,817,995	7.3%	2,941,572	7.6%
TOTAL ALL SCHOOLS	7,210,376	7.7%	6,977,806	7.4%	7,367,636	7.8%



Reading Schools' Forum

October 15, 2020

Agenda Item 7

Dedicated Schools Grant (DSG)
Budget Monitoring 2020/21

For decision For discussion For information

SUMMARY

This report sets out the current position (month 6) of the DSG budget for 2020/21 and outlines the variances and impact on the deficit recovery plan.

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1. Recommendations

- 1.1 NOTE: The current overall DSG allocation and budget position for 2020/21.
- 1.2 NOTE: The current position 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) Regulations (2020).
- 2.2 The DSG is split between four different funding blocks - schools, central school services, early years, and high needs. Each Council's allocation is largely based upon actual pupil numbers from the October pupil count proceeding the actual financial year. Although separate allocations are received for each block, transfers are allowed between blocks but subject to certain restrictions.
- 2.3 Most of the grant is allocated to schools – the Individual School's Budget (ISB) or delegated budget – this is mainly formula driven; the remainder is the Centrally Retained School's Budget – the non-delegated budget.
- 2.4 Overspends on the DSG are carried forward and are a first call on the 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 2020/21

- 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 July 2020. Further details are contained in Appendix 1. Changes to the allocation could impact on the overall budget position.
- 3.2 The allocations shown in the table are prior to any transfers between blocks. For the 2020/21 budget the Schools' Forum has agreed a transfer of £350k from the schools block to the high needs block.
- 3.3 Overall there has been an increase of £586k to the current year allocation, which is explained in the paragraphs below.

Table 1: RBC's original and revised (current) DSG allocations for 2020-21

BLOCK	ORIGINAL ESTIMATED DSG ALLOCATION 2020/21			REVISED DSG ALLOCATION 2020/21			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	95.536	-49.165	46.371	95.536	-49.165	46.371	0
Central Schools Block	1.218		1.218	1.218		1.218	0
Early Years Block	12.638		12.638	12.832		12.832	0.194
High Needs Block	22.472	-4.162	18.310	22.395	-3.829	18.566	0.256
Total	131.864	-53.327	78.537	131.981	-52.994	78.987	0.450
19/20 Early Years adj.						0.136	0.136
Total Available						79.123	0.586

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

- Reductions in the schools block funding due to any academy conversions. This is because funding is paid direct to these schools by the ESFA, though this has minimal impact on the LA budget, as expenditure is reduced accordingly. Currently, there are no mainstream academy conversions in process, so the budget remains the same.
- 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. Overall, this has resulted in a reduction in funding of £78k, as the number of pupils placed outside of Reading has increased by 10. High needs funding has also been adjusted for the conversion of Cranbury College to an Academy. When the budget was set it was assumed the conversion would take place on 1st April; it was on 1st August, so £334k has been added back to the budget to reflect this. There should not be any further changes to this block this year.
- Early years funding will (this year only) be based 9/12 on the January 2020 census, and 3/12 on the January 2021 census due to Covid-19 (the usual split is 5/12 and 7/12). Our original budget used January 2020 census estimates and has now been amended to reflect the January 2020 census actuals confirmed in July, which uplifted

our allocation by £194k. This is required for payments to providers. The final adjustment for 2019/20 was also made in July; this has added £136k to the current year allocation (no provision for this was made in the 2019/20 accounts as the estimate at that time was relatively low).

4. DSG Budget 2020/21 Month 6 Overall Position

- 4.1. Appendix 2 contains the 2020/21 budget and current (month 6) 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 net £0.322m which is ring fenced deficits/surpluses brought forward from 2019/20 and being utilised in 2020/21 (for growth fund, central schools block, and early years).

Table 2: Summary Budget and Forecast 2020/21

	ORIGINAL BUDGET (£m)	VIREMENTS £m	CURRENT BUDGET (£m)	FORECAST as at MONTH 6 (£m)	VARIANCE as at MONTH 6 (£m)
Schools Block	46.011	-0.087	45.924	45.302	-0.622
Central Schools Block	1.218	0.039	1.257	1.218	-0.039
Early Years Block	13.109	0.239	13.348	12.976	-0.372
High Needs Block	18.356	0.333	18.689	18.739	0.050
Repayment of Deficit	2.477	-0.387	2.090	2.090	0
Sub Total – Net Expenditure	81.171	0.137	81.308	80.325	-0.983
DSG Allocation	78.997	0.524	79.521	79.444	-0.077
Balance Over/(Under) Allocated	2.174	-0.387	1.787	0.881	-0.906

- 4.3. The deficit forecast for the end of the financial year has decreased to £881k compared to the original budget of £2.174m and revised budget of £1.787m. The variances from the original budget are summarised as follows:

Reduction in deficit amount to be repaid from 2019/20	-£387,140
School formula - business rates	£1,057
Growth Fund	-£622,723
Central Block – underspend b/f from 2019/20	-£39,236
Early year’s contingency not utilised	-£371,823
Reduction in HNB grant due to import/export adjustment	£77,487
Place funding met by 6 th form grant	-£32,594
High Needs top-up funding	£81,604
Other DSG funding adjustments (roundings across all blocks)	- £27,000
TOTAL	-£1,293,395

- 4.4. Note that because many of these underspends are ringfenced and required for future commitments, this does not mean that the overall deficit has reduced by this amount. The following paragraphs provide more details on the variances.

5. Variances, Current Risks & Emerging Issues

5.1. Repayment of Deficit

The end of year position in 2019/20 was more favourable than when the current year budget was planned and set, so the deficit to be repaid has reduced by £387k to £2.090m.

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 schools being funded for their business rates like for like. The difference for business rates is currently only £1k.
- The Growth Fund is likely to underspend (as planned), with the surplus funding currently estimated at £623k required to be carried forward towards paying for additional secondary bulge classes in 2021/22 and beyond.

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. The underspend on the admission services brought forward from last year of £39k will be taken into account when setting the 2021/22 budget.

5.4. Early Years Block

- The majority of Early Years Funding (95%) 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 2020 and 2021 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 increased or clawed back (by the ESFA) in the following year if there has been an under or over allocation.
- However, for 2020/21, only 3/12 of the funding will be based on the January 2021 census, so there is more certainty. This is because LAs are being encouraged to fund providers in the Autumn term using the previous Autumn numbers if take up of places is significantly lower. We will therefore be funding providers on the October 2020 headcount/census but will use the 2019 hours of provision if this is higher. The financial impact of this will be assessed later this term.
- In accordance with DfE guidance we have taken a local decision to extend the entitlement for two year old children in Reading to CLA, CP and CiN. This has been done to support those vulnerable children in Reading who may not meet the

economic criteria for the entitlement. Data shows that children who access the two year old funding make better progress at foundation stage and are more prepared for school. From the latest information there are six children who would be eligible under these new criteria and we would not anticipate any higher numbers in the future. The financial impact for a full financial year is £19k.

- As it is 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, 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. 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.
- There is currently a contingency budget of £412k (originally set at £367k but added to by carry forward from 2019/20), and the current forecast is that there is £372k remaining. This does not take into account impact of the autumn term funding and increasing the criteria for two year old funding.
- Other budgets that pay for central spend are mainly contributions as agreed at budget setting.

5.5. High Needs Block

- Annual expenditure in the HNB is now largely being contained within its annual DSG allocation, and the overall deficit is slowly reducing, so the focus is to continue to drive average costs of placements down in order to repay the deficit.
- Approximately 85% of the high needs block budget 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 use for data comparisons. The current number of EHCPs (September 2020) is 1,410, an increase of 19 since January 2020.

Table 3: Numbers of EHCPs

Date	Actual Total Number	Annual Yr on Yr Increase
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 2020/21 was set based on the number and cost of top ups as at February 2020 and predicted increase (note that not all EHCPs result in a top up payment which is why the top up numbers are lower). The budget and the current top up forecasts (cost and number of placements) are shown in Table 4. The current forecast is £15.624m, which is £0.082m over budget, although the individual variances by type of placement are quite large. Note that the forecast for other alternative provision assumes current placements will remain to the end of the year, but for many this is short term whilst a permanent placement is found. The overall numbers of placements are currently 9 over budget.

Table 4: Top Up Budgets and Current Forecasts 2020/21

Placement Type	Budget £'000	Forecast £'000	Variance £'000	Budget No.	Current No.	Variance No.
Special Schools	8,394	7,969	-425	462	429	-33
Resource Units	515	639	124	84	93	9
Mainstream	1,950	1,842	-108	417	409	-8
Nursery	92	56	-36	13	5	-8
Independent/NMSS	2,204	2452	248	47	52	5
Further Education	917	863	-53	107	136	29
PRU *	860	922	62	12	13	1
Hospital *	175	175	0	n/a	n/a	n/a
Other Alternative	435	706	271	38	52	14
Total	15,542	15,624	82	1,180	1,189	9

* PRU/Hospital costs will relate to all pupils placed in these provisions (e.g. costs include excluded pupils *without* an EHCP who are not included in the numbers above).

- The overall average placement cost for the budget is £12,848. Using the current data this stands at £12,433, so although the numbers and costs have increased, the average cost has been kept below budget.
- This does not yet take into account the increases in top up fees to be paid to Reading schools from September 2020 (see separate report). If the proposals are agreed this will add an additional £59k to the forecast, bringing it to £141k overspent. This compares extremely favourably to neighbouring local authorities where significant in year deficits to their high needs blocks are emerging.
- The Inclusion Fund provides additional funding to mainstream schools with a high percentage of pupils with EHCPs compared to our statistical neighbour average. £350,000 has been transferred from the Schools Block to the High Needs block to pay for this. Based on the current numbers of EHCPs in mainstream, the increase in some

schools since the Spring term will mean that this budget will likely overspend, possibly by about £100k. This will be reviewed once the Autumn census data is available, but it is clear that the qualifying percentage cannot be reduced as previously thought.

- There is a small saving of £32k in place funding, which is 6th form grant received to offset the payments made to Cranbury for their post 16 places at £10k per place. The current estimate of this grant for the current year is greater than budgeted.

6. DSG Deficit Recovery Plan

- 6.1. Since 2018/19, the high needs block deficit has been reducing, despite the continuing pressure of increasing numbers of EHCPs. Transfers between blocks including using underspend from other blocks in previous years has helped bring the deficit in the high needs block down, from its peak of £3.4m overspend at the end of 2016/17. Last year's plan assumed a closing deficit of £2.098m in 2019/20, and the recovery of the deficit to have been achieved by the end of 2022/23. The actual closing deficit last year was £2.090m
- 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 to avoid having to seek more expensive out of county placements for the growing numbers of pupil's requiring support. New resource unit places are being developed locally, and a new special school to be located in Wokingham is being built.
 - 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. In 2020/21 this cost is being met by a top slice from the schools' block DSG.
 - The LA has also invested some funds to improve the SEND commissioning element that review SEND placements/contracts.
 - The increase in allocation of the HNB DSG by approximately £2.0m in 2020/21, and in the following two years.
- 6.3. The DSG conditions of grant for 2020/21 have changed and now states that any LA with an overall deficit on its DSG account at the end of 2019/20, or whose DSG surplus has substantially reduced during the year, must be able to present a plan to the DfE for managing their future DSG spend. The plan should be shown to the local Schools' Forum and should be kept regularly updated throughout the year to reflect the most recent forecast position and be viewed as an on-going live document. We have been presenting and updating the plan for Schools' Forum as part of budget monitoring for the last two years, so this is nothing new for Reading. We also met with the DfE in June, who were satisfied with our plan and progress made.

- 6.4. In order to support LAs, the DfE has produced a template as a planning tool and which can be used for presenting the plan at Schools' Forum. This includes some extra detail not previously brought to the Forum which will be collated for a future meeting. In the meantime, Appendix 4 provides information on the current plan, and paragraph 5.5 of this report provided details of the top up forecasts which are the main component of the plan.
- 6.5. The current forecast is that in-year there will still be a small repayment of the deficit in 2020/21, and the end of year carry forward will be £1.914m. 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, and that numbers of EHCPs do not significantly increase above the current trend included in the plan.

7. Appendices

Appendix 1 – DSG Allocation 2020/21

Appendix 2 – Summary DSG Budget and Forecast 2020/21

Appendix 3 – Additional Information per Service for Appendix 2 table

Appendix 4 – Deficit Recovery Plan – as at September 2020

Appendix 1 – DSG Allocation 2020/21

	December 2019 DfE Notification		LA Estimate for Budget		July Update	
Schools Block						
Pupil Numbers Primary	13,096.5		13,096.5		13,096.5	
Rate	£4,172.37		£4,172.37		£4,172.37	
Allocation		£54,643,444		£54,643,444		£54,643,444
Pupil Numbers Secondary	6,952.5		6,952.5		6,952.5	
Rate	£5,503.69		£5,503.69		£5,503.69	
Allocation		£38,264,405		£38,264,405		£38,264,405
Growth Funding		£1,345,264		£1,345,264		£1,345,264
Premises & Mobility Funding		£1,283,373		£1,283,373		£1,283,373
actual funding rounding adjustment		£1		£35		£1
Gross Allocation		£95,536,486		£95,536,520		£95,536,486
Academy Recoupment				-£49,165,490		-£49,165,490
Schools Block Net Total		£95,536,486		£46,371,030		£46,370,996
Central School Services Block						
Pupil Numbers	20,049.0		20,049.0		20,049.0	
Rate	£33.61		£33.61		£33.61	
Allocation		£673,847		£673,847		£673,847
Historic Commitments		£544,000		£544,000		£544,000
actual funding rounding adjustment				£53		
Central School Services Block Net Total		£1,217,847		£1,217,900		£1,217,847
High Needs Block						
Formula		£22,778,471		£22,778,471		£22,778,471
Hospital Funding		£197,435		£197,435		£197,435
Additional Allocation						
Pupil Numbers - Special Schools	287.0		287.0		287.0	
Pupil Numbers - Alternative Provision	35.0		35.0		35.0	
Rate	£4,213.00		£4,213.00		£4,212.86	
Allocation		£1,356,586		£1,356,586		£1,356,541
Import/Export Adjustment	-313		-313		-323	
Rate	£6,000.00		£6,000.00		£6,000.00	
Allocation		-£1,878,000		-£1,878,000		-£1,938,000
Additional funding for Special Free Schools		£17,553		£17,553		£0
actual funding rounding adjustment		-£45		-£45		
Gross Allocation		£22,472,000		£22,472,000		£22,394,447
Recoupment - academy high needs places		-£2,514,000		-£4,162,200		-£3,828,834
High Needs Block Net Total		£19,958,000		£18,309,800		£18,565,613
Early Years Block						
(Jan '19 census)			(Jan '20 census)		(Jan '20 census)	
3 & 4 year olds Universal - Schools	1,321.6		1,369.2		1,369.2	
3 & 4 year olds Universal - PVI	1,463.0		1,510.0		1,550.2	
3 & 4 year olds Additional - Schools	268.8		270.4		262.6	
3 & 4 year olds Additional - PVI	619.2		590.0		603.9	
Total	3,673		3,740		3,786	
Rate	£5.22		£5.22		£5.22	
Allocation		£10,927,454		£11,126,806		£11,264,507
2 year olds - schools	60.0		72.0		72.0	
2 year olds - PVI	325.2		270.0		279.7	
Total	385.2		342.0		351.7	
Rate	£5.82		£5.82		£5.82	
Allocation		£1,277,862		£1,134,551		£1,166,829
PPG - schools	191.0		204.6		205.6	
PPG - PVI	144.0		127.0		135.8	
Total	335.0		331.6		341.4	
Rate	£0.53		£0.53		£0.53	
Allocation		£101,204		£100,176		£103,125
DAF - eligible pupils	60.0		26.0		60.0	
Rate	£615.00		£615.00		£615.00	
Allocation		£36,900		£15,990		£36,900
Maintained Nursery Grant		£251,535		£260,276		£260,276
actual funding rounding adjustment		£87		£1		£2
Early Years Block Net Total		£12,595,042		£12,637,800		£12,831,639
SUMMARY GROSS IN YEAR ALLOCATION						
Schools Block		95,536,486		95,536,520		95,536,486
Central School Services Block		1,217,847		1,217,900		1,217,847
High Needs Block		22,472,000		22,472,000		22,394,447
Early Years Block		12,595,042		12,637,800		12,831,639
TOTAL GROSS DSG ALLOCATION IN YEAR		£131,821,375		£131,864,220		£131,980,420
SUMMARY NET IN YEAR ALLOCATION						
Schools Block		£95,536,486		£46,371,030		£46,370,996
Central School Services Block		£1,217,847		£1,217,900		£1,217,847
High Needs Block		£19,958,000		£18,309,800		£18,565,613
Early Years Block		£12,595,042		£12,637,800		£12,831,639
TOTAL NET DSG ALLOCATION IN YEAR		£129,307,375		£78,536,530		£78,986,096

Appendix 2 – Summary DSG Budget and Forecast 2020/21

Line Ref.	Description	Original Budget £m	Virements £m	Current Budget £m	Forecast £m	Variance £m
Schools Block						
1	Individual Schools Budget - Maintained Schools	44.325	0.003	44.328	44.329	0.001
2	Growth Fund	1.257	-0.090	1.167	0.544	-0.623
3	Behaviour Support Services (de-delegation)	0.176	0.000	0.176	0.176	0.000
4	Staff costs supply cover (trade unions) (de-delegation)	0.043	0.000	0.043	0.043	0.000
5	School Improvement (de-delegation)	0.130	0.000	0.130	0.130	0.000
6	Statutory/regulatory Duties (ESG) (de-delegation)	0.080	0.000	0.080	0.080	0.000
7	Sub Total Schools Block Net Expenditure	46.011	-0.087	45.924	45.302	-0.622
8	Schools Block DSG Allocation	46.011	-0.087	45.924	45.924	0.000
9	Balance Over / (Under) Allocated	0.000	-0.000	0.000	-0.622	-0.622
Central Schools Services Block						
10	Contribution to combined budgets	0.494	0.000	0.494	0.494	0.000
11	School admissions	0.215	0.039	0.254	0.215	-0.039
12	Servicing of schools forum	0.020	0.000	0.020	0.020	0.000
13	Prudential borrowing costs	0.040	0.000	0.040	0.040	0.000
14	Other Items (copyright licences)	0.111	0.000	0.111	0.110	-0.000
15	Statutory/regulatory Duties (ESG)	0.338	0.000	0.338	0.338	0.000
16	Sub Total Central School Services Block Net Expenditure	1.218	0.039	1.257	1.218	-0.039
17	Central School Services Block DSG Allocation	1.218	0.039	1.257	1.257	0.000
18	Balance Over / (Under) Allocated	0.000	-0.000	0.000	-0.039	-0.039
Early Years Block						
19	Early Years Funding (free entitlement)	12.425	0.239	12.664	12.290	-0.374
20	Support for inclusion	0.100	0.000	0.100	0.103	0.003
21	SEN support services (Portage/Dingley)	0.198	0.000	0.198	0.198	0.000
22	Central expenditure on early years entitlement	0.385	0.000	0.385	0.385	0.000
23	Sub Total Early Years Block Net Expenditure	13.109	0.239	13.348	12.976	-0.372
24	Early Years Block DSG Allocation	13.109	0.239	13.348	13.348	0.000
25	Balance Over / (Under) Allocated	0.000	0.000	0.000	-0.372	-0.372
High Needs Block						
26	SEN placements - Maintained Schools (first £10k/£6k place funding)	0.974	0.333	1.307	1.274	-0.033
27	Top up funding - Special Schools & PRU	9.254	0.000	9.254	8.891	-0.363
28	Top up funding - Resource Units	0.514	0.000	0.514	0.639	0.124
29	Top up funding - Mainstream	1.950	0.000	1.950	1.842	-0.109
30	Top up funding - Nursery	0.092	0.000	0.092	0.056	-0.036
31	Top up funding - FE Colleges	0.917	0.000	0.917	0.863	-0.053
32	Top up and other funding - non maintained & independent providers	2.639	0.000	2.639	3.158	0.519
33	Additional high needs targeted funding (Inclusion Fund)	0.350	0.000	0.350	0.350	0.000
34	SEN support services	0.572	0.000	0.572	0.572	0.000
35	Hospital education services	0.175	0.000	0.175	0.175	0.000
36	Support for inclusion	0.425	0.000	0.425	0.425	0.000
37	Therapies and other health related services	0.395	0.000	0.395	0.395	0.000
38	SEN Transport	0.100	0.000	0.100	0.100	0.000
39	Repayment of DSG deficit from previous year	2.478	-0.387	2.090	2.090	-0.000
40	Sub Total High Needs Block Net Expenditure	20.834	-0.054	20.780	20.829	0.049
41	High Needs Block DSG Allocation	18.660	0.333	18.993	18.916	-0.077
42	Balance Over / (Under) Allocated	2.174	-0.387	1.787	1.914	0.126
43	Total All Blocks Net Expenditure	81.171	0.137	81.309	80.325	-0.984
44	Total DSG Allocation Available	78.997	0.524	79.522	79.444	-0.077
45	Balance - Deficit / (surplus) In Year	2.174	-0.387	1.787	0.881	-0.906
Memorandum - Budgets Recouped from Gross DSG Allocation						
46	Individual Schools Budget - Academies	49.450	0.000	49.450	49.450	0.000
47	SEN placements - Academies & Post 16	4.162	-0.333	3.829	3.829	0.000
48	Total DSG Recouped	53.612	-0.333	53.279	53.279	0.000
49	Gross DSG Expenditure including Recoupment	134.783	-0.196	134.588	133.604	-0.984

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 new/growing 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.

CENTRAL SCHOOLS SERVICES BLOCK

Line 10 - Combined Budgets - covers contribution towards Commissioning, school improvement advisors, MASH (Multi Agency Safeguarding Hub), virtual school for looked after children, Early Help – children action teams that covers family workers, Welfare, CAMHs and Education Psychology.

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

Line 12 - Servicing of Schools Forum – contribution towards officer time for preparation of reports and attendance at meetings; cost of room hire; arranging meetings, minute taking, web site.

Line 13 - Prudential Borrowing costs – Borrowing costs for schools capital programme has historically been and will be funded by borrowing over many years. This is a small contribution to the overall borrowing costs.

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

Line 15 – Statutory/regulatory duties - formally known as the Education Services Grant, for duties carried out by the LA for all schools, including academies. Includes DSG budgets, school funding formula, payments to schools, statutory returns, education welfare, asset management.

EARLY YEARS BLOCK

Line 19 - Early Years formula funding – 2, 3 & 4 year old free entitlement funding including deprivation and early Years pupil premium and other early years grants relating to maintained nurseries and disability.

Line 20 - Support for Inclusion – Early Years Cluster funding and central staffing in Education department. Supports inclusion of children in early year's settings, supporting inclusive practices and resources that enable young children with SEND to have their needs met in these settings. There is also a contribution from the high needs block (in line 37).

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

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

HIGH NEEDS BLOCK

Line 26 - SEN Placements – Place funding for pre 16 maintained Resource units (first £6k), maintained special Schools (first £10k), and Cranbury College up to the date they became an academy.

Line 27 to 30 - 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 31 - Top-up funding for FE Colleges - EHCP top-ups for students in further education colleges.

Line 32 - 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 33 – Additional High Needs Targeted Funding (Inclusion Fund) – financial support to schools with a higher than average number of pupils with EHCPs.

Line 34 - 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 35 - 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 36 - 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 37 - Therapies and other Health Related services – Contribution towards Speech and Language, Occupational and Physio therapy. Jointly funded with the Clinical Commissioning Group.

Line 38 - SEN Transport – Contributions to SEN School Travel

Line 39 – Repayment of deficit – All of the 2019/20 deficit related to the high needs block, and this is a first call on the 2020/21 resources.

RECOUPMENT

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

Line 47 - SEN Placements – Placement funding recouped for academy resource unit places (£6k) and special school places (£10k), and Cranbury College from the date they became an academy.

Appendix 4 – Deficit Recovery Plan – as at September 2020

Original Plan for 2020/21

Background							
The DSG deficit peaked at £3.4m at the end of 2016/17. Of this the HNB deficit was £3.2m.							
Since then it has been gradually reducing, even though numbers of EHCPs have continued to rise, and HNB income has been largely static.							
This has been achieved through using underspends from other blocks, and controlling costs as per the strategy.							
Highlights of 2019/20 Outturn							
Overall the DSG deficit has gone UP from a total of £1.606m at the end of 2018/19 to £1.768m at the end of 2019/20, an increase of £163k - mainly due to surpluses b/f from schools and early years blocks offsetting the deficit being used in year.							
The high needs deficit has gone DOWN from £2.245m at end of 2018/19 to £2.090m at end of 2019/20, a total of £155k repaid .							
Actual in year HNB expenditure in 2019/20 was £292k MORE than in year HNB DSG allocation (the £447k transfer of DSG from the Schools' Block has brought the in-year position into surplus).							
Compared to the original budget set, the top up budget was £226k overspent , or 1.6%; underspends in place funding and inclusion funding has offset this within the block.							
Given the continued increase in numbers of EHCPs (from 1,277 January 2019 to 1,391 in January 2020, an increase of 8.9%), costs are managing to be contained and are not spiralling out of control.							
Recovery Plan Strategy							
Focus is on High Needs Block - all other blocks deficits/surpluses are being managed and balanced within a two year period.							
Emphasis is on control of EHCP top up costs - being the largest proportion of the spend, and with a statutory requirement to provide this funding, so demand led. As follows:							
- SEN panel is robust and consistent in its decision making; EHCPs are necessary and funding is set at the right level/banding and reviewed annually.							
- Ensure out of county independent/NMSS costs and annual reviews are negotiated at the right level through the commissioning team, and inflation is contained to a reasonable realistic level.							
- Inclusion in mainstream - help schools in providing the right support for their EHCP pupils, and provide additional funding through the inclusion fund (money transferred from schools block - £350k in 2020/21)							
- Maximise lower cost local provision - this includes additional new places in resource units and new local special school							
- Minimise higher cost placements in Independent/NMSS where possible by providing good local provision.							
Ensuring minimal increases in other contracts in HNB (no greater than inflation) - negotiated by commissioning team							
Assumptions Used in Current 3 Year Recovery Plan							
Increase in HNB DSG annually - assumed £2m 2021/22 & 2022/23, the same level of increase as in 2020/21. The overall funding for schools and high needs is due to rise by similar amounts, though the split is not known.							
£350k transfer from SB to HNB for inclusion funding continues until the deficit is repaid.							
All other funding blocks balance in year/carry forward their balances - underspends in other blocks will not offset HNB deficit							
All non top up costs in HNB remain static beyond 2020/21							
The number of top ups overall continue to increase year on year at current EHCP trend (90 - 100) and adjusted in type of provision for known changes e.g. special schools go up and ind/NMSS go down							
Average cost of top ups increase annually by inflation at an average 2%							
Current HNB Recovery Plan							
Based on the above assumptions, the deficit is repaid in 2022/23.							
This is only possible with the assumed additional DSG funding, and that current trends on numbers/costs of EHCPs continue and are not significantly exceeded.							
The deficit is recovered because previous years overspends are now built into the base and are covered by the increased grant.							
	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
	£m	£m	£m	£m	£m	£m	£m
Brought Forward	2.057	3.228	2.860	2.245	2.090	1.787	0.605
In Year	1.171	-0.368	-0.615	-0.155	-0.303	-1.182	-1.829
Carried Forward	3.228	2.860	2.245	2.090	1.787	0.605	-1.224

Updated Plan taking into account latest in-year forecast

High Needs Budget (Net of Recoupment for Academy Place Funding)	2019/20 Actual	2020/21 Budget	2020/21 Forecast	2021/22	2022/23	2023/24
Expenditure						
Place Funding	2,429,700	1,073,500	1,374,206	1,073,500	1,073,500	1,073,500
Top Up Funding	14,283,908	15,542,196	15,623,803	16,745,569	18,097,966	19,617,219
Other	1,453,749	1,740,800	1,740,800	1,740,800	1,740,800	1,740,800
Total High Needs Block Expenditure	18,167,357	18,356,496	18,738,810	19,559,869	20,912,266	22,431,519
DSG High Needs Block Funding	-18,322,000	-18,659,800	-18,915,613	-20,659,800	-22,659,800	-23,159,800
In Year High Needs Block	-154,643	-303,304	-176,803	-1,099,931	-1,747,534	-728,281
Add brought forward deficit / (surplus)	2,245,003	2,090,360	2,090,360	1,913,557	813,626	-933,907
Planned Year End Position	2,090,360	1,787,056	1,913,557	813,626	-933,907	-1,662,188
Overall DSG Position (Net of recoupment)	2019/20 Actual	2020/21 Budget	2020/21 Forecast	2021/22	2022/23	2023/24
Expenditure						
Schools Block	44,593,880	46,010,770	45,302,135	46,010,770	46,010,770	46,010,770
Central Schools Services Block	1,290,736	1,217,850	1,217,864	1,217,850	1,217,850	1,217,850
Early Years Block	12,462,005	12,595,040	12,975,777	12,595,040	12,595,040	12,595,040
High Needs Block	18,167,357	18,356,496	18,738,810	19,559,869	20,912,266	22,431,519
Total Expenditure	76,513,978	78,180,156	78,234,586	79,383,529	80,735,926	82,255,179
DSG Income						
Schools Block	-44,496,700	-46,010,770	-45,923,816	-46,010,770	-46,010,770	-46,010,770
Central Schools Services Block	-1,330,000	-1,217,850	-1,257,107	-1,217,850	-1,217,850	-1,217,850
Early Years Block	-12,842,060	-12,595,040	-13,347,604	-12,595,040	-12,595,040	-12,595,040
High Needs Block	-18,322,000	-18,659,800	-18,915,613	-20,659,800	-22,659,800	-23,159,800
Total Income	-76,990,760	-78,483,460	-79,444,141	-80,483,460	-82,483,460	-82,983,460
In Year Net Position - Deficit/(surplus)						
Schools Block	97,180	0	-621,681	0	0	0
Central Schools Services Block	-39,264	0	-39,243	0	0	0
Early Years Block	-380,055	0	-371,828	0	0	0
High Needs Block	-154,643	-303,304	-176,803	-1,099,931	-1,747,534	-728,281
Total Net	-476,782	-303,304	-1,209,555	-1,099,931	-1,747,534	-728,281
Add brought forward deficit (net)	1,791,852	1,768,221	1,768,221	880,805	813,626	-933,907
Brought forward ring fenced amounts in other blocks	453,151	322,139	322,139	1,032,752	0	0
Planned Year End Position	1,768,221	1,787,056	880,805	813,626	-933,907	-1,662,188



Reading Schools' Forum

October 15, 2020

Agenda Item 8

Top Up Funding & SEN review of provision and funding

For decision

For discussion

For information

SUMMARY

This report proposes increases to current Top Up Funding rates and provides an update on the review of provision and funding

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1. Recommendations

- 1.1 AGREE: The increase in top up rates from 1st September 2020.
- 1.2 NOTE: The plans to review the top up banding system with a view to implementing changes in 2021/22.
- 1.3 NOTE: The provision of two Early Years Social Communication Difficulties Resources at 2 maintained Nursery Schools.
- 1.4 NOTE: The progress made on primary school SCD Resources (in West and North);
- 1.5 NOTE: the initial findings of the SEN provision and funding review

2. Top Up Rates 2020/21

- 2.1 The top up rates across all school sectors (special schools, resource units, mainstream) have not increased in Reading for several years. This is because the high needs block of the Dedicated Schools Grant (DSG) from which the fees are funded did not increase for several years, and alongside increasing numbers of pupils requiring top up, the block went into a significant deficit. By not inflating the top up fees, schools have therefore played a role in generating savings and preventing the block going into an even higher deficit.
- 2.2 In 2020/21 the High Needs Block has received an 8% increase, and the same year on year increase is due for 2021/22. Although the numbers of pupils requiring top up continue to rise and need to be funded from this increase, and some of the funding needs to go towards reducing the historic deficit (expectation from the DfE), now is the time to review the top up rates and bandings.
- 2.3 A review of costs and the banding system has commenced, but this work will not be complete until next year. In the meantime, it is proposed to inflate the current top up rates, backdated to 1st September 2020.
- 2.4 It is proposed that the top up rates for special schools, resource units, and the fixed sum for Cranbury College will increase by 5%, well above the inflation rate – but to reflect that this is for part year only and that this is the first increase for many years.
- 2.5 For mainstream schools a different approach is proposed, because mainstream provision is more through 1 to 1 support than the group support provided in specialist settings. The current rate for bands A to C works out at approximately £11 per hour of support (to include on-costs of NI & pension). This is below the actual average cost of a support assistant at £12 per hour. It is proposed to increase the rate to be equivalent to £11.50 an hour, moving closer to the actual average cost. For band D (requiring higher level support) this will move from £12.28 per hour to £13 per hour.
- 2.6 As the numbers and required levels of support continue to increase in mainstream it is important to ensure that these schools are not placed in a financial disadvantage. This increase will take a step towards meeting the actual costs incurred by schools and supports the deficit recovery plan strategy of maximising local provision.
- 2.7 Appendix 1 sets out the current top up rates and what they will move to based on the proposals above. The impact on the 20/21 budget is shown in Table 1. When the original budget was set it was assumed that all top up rates (including out of county placements)

would increase overall by 2% (inflation) for the whole year, and for our schools the cost of this totalled £128k. Based on the current number of Reading pupils receiving top up in our schools and the increase being for part year only, the impact on the budget of these proposals is an additional cost of £59k. Note that the numbers of pupils in special schools is currently less than the assumed number used for the budget.

Table 1: Impact of Increase on Current Year Budget

	Increase set in Original Budget £	Increase based on Current Proposals £	Impact on Current Year Budget £
Special Schools/PRU	93,489	101,057	7,568
Resource Units	5,499	12,961	7,462
Mainstream	29,250	72,860	43,610
TOTAL	128,238	186,878	58,640

2.8 The above table does not take into account any pupils on bespoke packages which will be reviewed in line with the new rates. It also does not reflect increases imposed by out of county providers some of which have been far greater than 2%. The overall impact of in-year cost increases is reviewed in the budget monitoring report.

3. SEN Provision and Finance Review

3.1 The SEN Provision and Finance review is part of the SEND strategy to ensure:

- **SEND – everybody’s business**
- **Right support / right time**
- **Local provision that meets local needs**
- **Making best practice common practice**
- **Co-production at the heart of what we do:** changing the way in which we work together with families operationally and strategically; doing with families, not doing to
- **Parent/carers and young people are confident in local provision**

3.2 This review considers the following aspects, of which this is the initial report:

- Review of needs, provision and financing of pupils’ who are in mainstream primary schools awaiting a special school placement
- Questionnaire to HTs to build a clear picture of needs, provision and financing of pupils who are in informal ‘special classes/ provision’ in mainstream schools
- Consideration of how satellite classes from The Avenue School and Holy Brook School will ensure the right support at the right time.
- The need for EY Social Communication Difficulties Resources in 2 Nursery schools
- Full SEN costings across a selection of our schools
- Top Up Banding Review including reviewing other LA banding systems

3.3 **Review of needs, provision and financing of pupils’ who are in mainstream primary schools awaiting a special school placement**

There is currently higher demand than supply of special school placements within Reading Borough. A new special school specialising in provision for children and young people with autism and SEMH will open in 2022 and new SCD resources and satellite classes are under consideration.

During May-July 2020 there were 42 children who had been assessed as eligible for a special school placement because of their needs but places were not available to them. This is not an equitable situation for these pupils. By reviewing their needs and provision as well as their current funding, an overview of the situation can be ascertained and an understanding of what can be put in place in the interim to support these children to develop and flourish.

Each individual case has been evaluated and individual proposals made. In addition, key generalised conclusions have been drawn from individual cases regarding the quality and clarity of EHCPs in identifying need and outlining provision, the types of need and provision – both offered and required. This is summarised in Appendix 2.

There are some conclusions drawn regarding what funding is required to assist provision for these pupils awaiting special school placements.

Costs:

The following tables give the indicative figures based on the current banding costs, the recommended increased banding costs, and the cost if they were all in a local special school (average bandings used).

Table 2: Comparison of costs

	Current Banding	With Recommended Banding increase	Special school Banding
TOTAL COST	£187,220.67	£313,828.00	£577,001.88

Table 3: Differences in costs

	Recommended Banding increase Compared to Current Banding	Increase if were to be placed in Special school	Saving
TOTAL	£126,607.33	£389,781.21	£263,173.88
Average per child increase	£3,365.06	£10,159.32	£6,794.26

- There is an equity issue to be resolved here. The pupils here are suitable for a special school placement but there are insufficient spaces. Their needs will be less well met because they have missed out on a special school placement. In order to address this equity issue, other solutions need to be found that support the very real needs of these children.
- To extend the provision for these children, it is necessary to invest more in the mainstream settings in such a way as there is economy of scale but also good quality delivery that meets

the needs of the pupils. This requires not just funds but also imagination and flexibility of thinking. Bearing in mind that all of these children have been deemed suitable for a special school placement, an additional allocation of funding to facilitate learning within the mainstream will still be less than the expenditure if all were in a special school.

- The additional funds could provide the following options: the setting up of dedicated hubs within individual schools or a locality of schools that provide the specialist small group teaching and resources required for meeting children's needs, training up of staff in existing schools, funding specialists from special schools to carry out this training and perhaps also to model delivery, special school staff to advise on assessment of progress on an ongoing basis, provision of speech and language therapy across the schools/pupils, provision of specialist accommodation such as multi-sensory rooms, expansion of existing Resources, new SCD resources and satellite classes.
- The recommendation therefore is to undertake a feasibility study into how the needs of pupils can be met through all or some of the proposal as set out in this document in the previous section. From this study, implement a plan that seeks to deliver the additional provision by an agreed date (suggested January / April 2021).
- Parents and schools will need to be kept informed and consulted throughout the process.
- It will need to be decided as to whether the new provision is designed to be a temporary measure until such time as special school placements become available or if the intention for this to permanently substitute special school delivery.
- To keep the status quo would be detrimental to the children's learning, wellbeing and life chances. Many of these pupils are at a critical point of their schooling in that their learning is not successful or that their needs are changing and are not being met.

3.4 Questionnaire to HTs to build a clear picture of needs, provision and financing of pupils who are in informal 'special classes/ provision' in mainstream schools

- These need to be analysed in preparation for the next Schools' Forum meeting.
- The analysis will provide information on the needs of the children in this provision, the aims of the provision, the outcomes/ progress made of individual children, and a funding analysis.
- The influence of using a trauma informed approach and Therapeutic Thinking Schools where appropriate.
- The influence, if any, of these provisions on the numbers of children with complex SEN in the school.

3.5 Consideration of how satellite classes from The Avenue School and Holy Brook School to ensure the right support at the right time.

- To provide additional area special school places
- Cohort belongs to and is on role of the home school (e.g. The Avenue) but the class is based in the host school.
- The agreement is between the two schools facilitated by BFFC.
- There may be some capital costs and a bid will be submitted for 2020-21.
- The satellite classes can be a hub for the local area, and help train and model support for complex SEN, in order to help meet the aims of the SEND Strategy, and the ethos of every school a SEN school, every teacher a teacher of SEN.

- Two mainstream schools that have the space to host a satellite class have expressed interest in working with The Avenue & Holy Brook. Site visits have taken place.

3.6 **The need for EY Social Communication Difficulties Resources in 2 Nursery schools**

- We are keen to develop Reading as leading schools for children with neuro disabilities.
- We are setting up 2 new SCD resources in mainstream schools
- The resources will be part of a network of schools that are leaders in SEN. They are offered a comprehensive training programme by a recognised national provider, management support, an agreed specification, and will be the host and facilitators of a Reading wide training programme on autism and SCD.
- formal consultation process is underway
- Two SCD resources at mainstream nursery schools are being set up. Site visits have taken place and capital works clarified.

3.7 **Full SEN costings across a selection of our schools**

- A SEN costings review has taken place in one mainstream school and another school has requested a costings review.
- This information will help inform spend on SEN along with provision in the school and the local area.
- This will be used in considering equity of provision across and between schools in Reading.

3.8 **Top Up Banding Review including reviewing other LA banding systems**

The top up banding system is currently being reviewed in order to ensure that moving forward it is in line with supporting the aims of the SEND Strategy.

For best practice the banding system should:

- Be transparent and easy to understand by all stakeholders
- Align with the SEND Code of Practice (2015)
- Offer a single banding framework across educational settings
- Help shape how SEND is understood across mainstream and specialist support and provision
- Enable settings to provide equity of opportunity for children with SEND to achieve their best possible outcomes
- Reflect increasing complexity of need and associated support/ provision required.

Following initial analysis of the SEND Provision and Funding review documents above, a proposal for a new banding system will be brought back to the next meeting of the Schools' Forum. The proposed new banding system has the following features:

- A matrix of needs descriptors aligned to the Code of Practice to decide what kind of SEND a child or young person has and how severe or complex their needs are.
- Is a progression from the Graduated Response Guidance and quality first teaching.
- Is linked to suggestions of evidence professionals can use to help the assess the child or young persons needs; and the kind of support and provision that is likely to be needed to meet those needs
- One set of funding bands that can be used for mainstream, resourced provision and special schools.

The model will be presented in detail at the next Schools Forum, with a view to the developmental work involving all stakeholders being carried out in the Spring. This would include schools/settings, and parent/carers.

4. Appendices

Appendix 1 – Current Top Up Rates and Proposed Rates from September 2020

Appendix 2 – The Overview of Pupils awaiting special school placements

Appendix 1 – Current Top Up Rates and Proposed Rates from September 2020

	CURRENT TOP UP FEE £	NEW TOP UP FEE £	ANNUAL INCREASE £
SPECIAL SCHOOLS			
THE AVENUE - 175 PLACES:			
ASD1	7,332	7,699	367
ASD2	14,635	15,367	732
ASD3	18,286	19,200	914
ASD4	23,677	24,861	1,184
ASD5	28,561	29,989	1,428
ASD6	37,600	39,480	1,880
ASD7	47,000	49,350	2,350
MLD1	3,199	3,359	160
MLD2	6,499	6,824	325
MLD3	9,798	10,288	490
MLD4	13,097	13,752	655
MLD5	17,805	18,695	890
MLD6	19,544	20,521	977
PMLD1	15,936	16,733	797
PMLD2	22,474	23,598	1,124
PMLD3	24,000	25,200	1,200
SLD1	5,856	6,149	293
SLD2	9,155	9,613	458
SLD3	12,455	13,078	623
SLD4	15,754	16,542	788
SLD5	20,462	21,485	1,023
SLD6	22,201	23,311	1,110
HOLY BROOK - 32 PLACES			
	17,000	17,850	850
HAMILTON (SEMH) - 64 PLACES			
	13,000	13,650	650
RESOURCE UNITS			
BLESSED HUGH ASD (THE BASE) - 25 PLACES	5,146	5,403	257
EP COLLIER S&L - 12 PLACES	1,718	1,804	86
CHRIST THE KING ASD (THE ARK) - 21 PLACES	6,727	7,063	336
HIGHDOWN VI - 5 PLACES	11,534	12,111	577
PROSPECT MLD (THE BRIDGE) - 30 PLACES	2,722	2,858	136
MAINSTREAM			
BAND A (20 HRS)	2,300	2,740	440
BAND B (25 HRS)	4,400	4,925	525
BAND C (30 HRS)	6,500	7,110	610
BAND D EXCEPTIONAL (UP TO)	8,000	8,820	820
PUPIL REFERRAL UNIT			
CRANBURY COLLEGE - 132 PLACES (including exclusions)			
GENERAL TOP UP - Annual Fixed Sum	652,000	684,600	32,600

Appendix 2 - The Overview of Pupils awaiting special school placements

Summary points re EHCPs, annual reviews and the provision offered:

- Provision is generally well described with key strategies detailed within the plans
- Often the provision shows a strong awareness of the needs of the child and of the specialist support required to meet those needs
- EHCPs show a preparedness to solve difficulty and remove barriers although it is not always clear if the existing setting is expecting to deliver the provision.
- Most of the EHCPs make clear what the desired outcomes are and what timescale is being set for the achievement of these expectations.
- Many of the EHCPs make helpful statements of assessment regarding what a child can and cannot do at the time of the review. It is less clear what has been achieved during that year and as a result of what interventions. There is little evaluation of what techniques have been successful so far and what needs to be amended. Sometimes in EHCPs where the track changes remain, it is possible to glean what has been discussed and recognised as achieved and what has changed in terms of needs.
- Provision tends to specify that a 'trained' adult should deliver the identified strategies but rarely is the need for extra trained staff or additional training needs described or, indeed, what the strengths are of the team who are meant to be delivering. So, **how** is the **quality** of delivery ensured in the statement of provision is the question.

Overview of types of need and profile of CYP:

- Almost all of the EHCPs outline speech and language difficulties and delay.
- The vast majority of the children have had a diagnosis of ASC which links to the social communication issues identified across almost all of the children.
- The common pattern of difficulty include these aspects: children are often non-verbal or unable to construct sentences to express themselves, development across the EYFS areas are well below their chronological age, anxiety and frustration leads to a variety of behaviours that further inhibit learning, often unable to relate to their peers or indeed adults outside the home, have significant self-care difficulties that require adult help and supervision, are not able to sustain concentration or successfully retain learning.
- Common aspects of provision needed: trained and expert staff in dealing with social communication difficulties; a deep knowledge and understanding of ASC and how to adapt learning for children, specific expertise in Makaton, PECs and so on may well be an issue in a mainstream setting with small numbers or indeed perhaps only one child requiring this input, dedicated space and resources e.g. a space to be calm, a multi-sensory room that provides the right kind of stimulus etc.
- In all cases, 1:1 or very small group work is required from a trained adult, using tailored resources.



Reading Schools' Forum

15 October, 2020

Agenda Item 9

SEND update

For decision

For discussion

For information

SUMMARY

This briefing paper gives the context and remit of the SEN review of finance and provision

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VERSION

Version number v1

DATE

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REVIEW DATE

Not applicable

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Company number 11293709

1. Recommendations

- 1.1 That Schools' Forum note the progress that has been made in this area.
- 1.2 That Schools' Forum agrees to consider the outcomes of the review – particularly the banding review in due course.
- 1.3 That Schools' Forum thank schools for their work in ensuring the local offer is robust and fit for purpose.

2. Background

2.1 The SEND Strategy was agreed at the October 2017 meeting of the Schools' Forum; it was requested that regular updates regarding the progress of the SEND strategy would be brought to each meeting. The agreed priorities of the strategy are:

- SEND – everybody's business
- Right support / right time
- Local provision that meets local needs
- Making best practice common practice
- Co-production at the heart of what we do: changing the way in which we work together with families operationally and strategically; doing with families, not doing to
- Parents / carers and young people are confident in local provision

2.2 There are 6 Strands to the SEND Strategy to achieve these priorities: Strand 1: Communication; Strand 2 Early Intervention through to Specialist Provision; Strand 3 Consistent approaches to mental health; Strand 4 Short Breaks; Strand 5 Preparation for Adulthood; Strand 6 Preparation for the local area SEND Inspection.

2.3 All SENCOs have been given a Framework to record how they are currently implementing the priorities of the SEND Strategy and what actions the school will put in place to further achieve these priorities.

3. Progress to date

3.1 Number of EHCPs: In September 2020 we had 1,413 children with EHCPs split across the following phases:

	Nursery	Primary	Secondary	Post 16 / FE	TOTAL
Mainstream (includes resource units)	1	305	223	300	829
Special	6	184	244	66	500
Other (includes AP, home education)	0	7	25	52	84
TOTAL	7	496	492	418	1,413

3.2 Reading EHCP by Primary Need

Primary need			The three highest level of primary need are autism, SEMH, and MLD
ASD	SEMH	MLD	
35.8 %	19.9 %	14.0 %	

Table A: Percentage of children and young people with an EHC plan maintained by the Local Authority, at an additionally resourced provision	Table B: Percentage of children and young people with an EHC plan funded by the Local Authority at an independent or non-maintained special school																																
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NCY	ASD	SEMH	MLD	The breakdown of the percentage of children with an EHCP with a primary need for autism, SEMH and MLD.
Primary %	59.3%	20.0%	20.7%	
Secondary %	47.5%	33.1%	19.5%	

3.3 CYP in mainstream resourced provision and special schools

One of our SEND Strategy priorities is to keep our children and young people local to their communities. Reading has a higher percentage of children and young people in an additionally resourced provisions local to their home. Reading has a higher percentage of resourced provision than our statistical neighbours or England, and we have a lower percentage of CYP attending independent or non-maintained special schools (Table B) or state funded special schools (Table C).

Therefore, we are looking at increasing the additionally resourced provisions in Reading, and increasing the capacity for schools to be fully inclusive.

3.4 SEND review

We started a review of our SEND finances and provision in Reading from September 2020. We are investigating longer term solution to the issue of banding and levels of top up fees. The details are included in a separate report – however our review incorporates:

3.4.1 Review of Banding:

- Comparison of other LAs bandings
- Number of Reading EHCPs that are at Banding level A, B, C and D, by need, by area of Reading and by school.

3.4.2 Children and young people who are in a mainstream school (or unplaced) and whose needs have been assessed as requiring a special school placement:

- Audit of their EHCPs and Annual Reviews.
- Review their current provision: Banding level, setting spend (costs) and outcomes
- Comparison of costs if they were placed in a special school
- Consideration of placement options and provision.

3.4.3 Questionnaire to all primary schools to ascertain:

- The number of schools that have set up their own ‘specialist small class’
- How this is being funded
- Outcomes for children
- Number of children who have been agreed have needs at a level suitable for a special school placement.
- What their current Banding is.

Alongside this work we will be reviewing our Self evaluation framework and our SEND strategy (the strategy finishes in 2022).

4. Capital investment:

Alongside our review of revenue funding, we are investing in capital to ensure the supply of places meets demand. This includes:

- Establishment of a new free school – Oak Tree – in Wokingham with provision for ASD and SEMH
- Two primary mainstream resource units for Social Communication Difficulties in schools in the West and North of Reading. The first of these will be based at Southcote School. Each unit will provide 12 places.
- Early Years – initial scoping of 2 SCD resources to be based in 2 early years providers. This work will feed into the Council’s capital programme.

5. Summary

The SEND Strategy continues to be embraced by all partners and is being embedded across services. The SEN Review will enable us to continue the work on our strategic priorities.



Alternative Provision – a case for change.

October 15, 2020

Agenda Item 10

For decision

For discussion

For information

SUMMARY

This report looks at the need to change the way we purchase alternative provision.

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VERSION

v.4

DATE

September, 2020

REVIEW DATE

None

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1. Recommendation

- 1.1 Schools Forum is asked for their views and comments on the preferred option (option 2) for the creation of a centrally administered framework for short-term alternative provision (AP) and the completion of a review for the provision of Pupil Referral Unit (PRU).

2. Introduction

- 2.1 All children regardless of their circumstances, are entitled to an efficient, full time education which is suitable to their age, ability, aptitude and any special educational needs they may have. Most of our pupils will receive the education they need within a traditional school style setting, whether that is in a mainstream or special school, maintained or independent. However, as we all know, there will be a number of pupils who for a variety of reasons will not be able to access these settings, this could be due to illness, SEN, emotional and mental health needs, behavioural issue or because they have been excluded either temporarily or permanently. These pupils receive their education through a variety of provision collectively known as Alternative Provision.
- 2.2 Brighter Futures for Children (the company) has a duty to work in partnership with schools to ensure that all pupils get the most appropriate education available to meet their needs. The company is reviewing the processes used to purchase AP and the purpose of this briefing paper is to discuss the various options and gain agreement in principle from School's Forum as to how this review should move forward.

3. Scope

- 3.1 AP is commonly defined as education outside of a mainstream school and arranged by local authorities or schools themselves. It can be defined as something in which a pupil participates as part of their regular timetable and may or may not led by school staff. The definition is broad and encompasses AP within special schools, resource bases, independent and non-maintained schools. This will include services such as (but not exclusively): home tutoring; vocational training; Behavioural support; manage mental health issues such as depression and anxiety preventing engagement in education. AP can be delivered on a one to one basis or small groups within the school setting or outside the classroom.
- 3.2 For the purpose of this report the AP being reviewed will only include:
 - provision outside of a school setting;
 - support for pupils to access a maintained provision, but not including resource bases; and
 - the Pupil Referral Unit, Cranbury College.

4. Responsibilities

- 4.1 Education Act 1996, as amended by section 3 of the Children, Schools and Families Act (2010) places a responsibility on local authorities for arranging suitable education for permanently excluded pupils, and for other pupils who – because of illness or other reasons – would not receive suitable education without such arrangements being made. As the delivery of education services has been delegated to the company by Reading Borough Council (RBC), the company is responsible for AP in these situations.

4.2 The Education and Inspections Act (2006), places a responsibility on governing bodies of schools for arranging suitable full-time education for pupils who have been excluded for a fix period from the sixth day of their exclusion.

5. Background

5.1 Provision will differ from pupil to pupil, but there are some common elements that AP should aim to achieve, including:

- good academic attainment on par with mainstream schools – particularly in English, maths and science (including IT) – with appropriate accreditation and qualifications;
- that the specific personal, social and academic needs of pupils are properly identified and met in order to help them to overcome any barriers to attainment;
- improved pupil motivation and self-confidence, attendance and engagement with education; and
- clearly defined objectives, including the next steps following the placement such as reintegration into mainstream education, further education, training or employment.

5.2 Current data from the company’s performance and data team demonstrates that over the course of a year 1,017 pupils may need educational support through AP due to exclusion and hospitalisation. This will increase if AP purchased by schools funded through top-up funding as part of a pupils EHCP is included (as at August 2020, 1,454 pupils have EHCPs).

6. Current arrangements and challenges

6.1 The company has an agreement with Cranbury College (the College) for the provision of AP for permanently excluded pupils from the sixth day of their exclusion and for short-term education to pupils in hospital. Since 1 August 2020 the College has been an academy and is part of the Maiden Erlegh Trust. The agreement with the College is silent on the number of places they are to provide but has capacity for 132 places. The table below show the funding received by the College:

Support provided	Amount
Base funding for 100 pupils of statutory school age.	£1,000,000
Base funding for 32 places for pupils aged 16 to 19	£320,000
Top-up funding	£652,000
Hospital Education	£150,400

This funding is paid from DSG and high need block

6.2 There are a number of pupils are funded to attend PRUs at Haybrook College and Biltt Greys Education Centre at a cost of £58,007. If continued, in future years the annual cost on PRU provision would be circa £2m.

6.3 Additionally, the Virtual School and SEN Teams from time to time purchase AP. This is usually completed on a ‘spot purchase’ basis. This may include purchasing full-time AP through several suppliers, such as a combination of home tutoring, alternative therapies or the purchase of vocational training, or short-term and part-time provision that supports health needs or where a pupil hasn’t been allocated a school place.

6.4 The providers for these spot purchases are taken from a list compiled several years ago. This list has not been updated nor have the providers been re-evaluated, or due diligence checks

completed since initially compiled. The SEN Team complete between 20 and 30 purchases of AP per month with an estimated cost of £363,000. This varies year by year depending on demand.

6.5 AP is also purchased through schools. A pupil’s EHCP may provide that a pupil should attend a day at an activity centre or sports provision to provide a break from the school environment. The funding for this AP is included in the overall top-up funding paid to the school and it isn’t possible to estimate the spending on AP through this process as the school purchase this provision. Schools themselves purchase AP for pupils who may be at risk of exclusion or requiring extra support, this spend has not been included in this report.

7. Case for change

7.1 It is estimated that currently spending on AP is in the region of £2.37m per annum. The majority of this spend is covered by the agreement with Cranbury College the remaining spend is on an ad-hoc basis through spot purchases and as a result:

- there is no tangible evidence that we/schools are receiving “value for money”;
- there is no evidence that pupils are receiving the best available service for their needs as the market hasn’t been tested;
- staff working with these pupils don’t know the full extent of the provision that is available;
- pupils may not be achieving their full educational potential.

7.2 By implementing change and centrally co-ordinating the purchase of AP and encouraging schools to purchase AP through a centralised system the company could:

- Establish a list of preferred providers that have been fully vetted by the Company’s Commissioning, Contracts and Procurement Team (CCP);
- Test the market and engage with a wider range of AP providers;
- Ensure that providers deliver value for money;
- Negotiate price based on volume and reduce costs;
- Ensure that contracts are in place that outline roles and responsibilities, key performance indicators, invoicing requirements etc.;
- Ensure robust supplier management.

8. Options for change

8.1 Option 1 – No Change

8.1.1 To continue sourcing AP on an as needed basis and renew the agreement with Cranbury College.

Advantages	Disadvantages
This can be a quick solution as processes are in place and the agreement with Cranbury College is in place.	The AP services available are limited to those known by the member of staff;
	There is no effective control or understanding of spend
	There is little to know contract compliance;
	There is little to know performance or contract management.
	Schools may not be getting the best value for money due to the low level of spend.

Continued poor information about AP costs and delivery.

8.2 Option 2 – Procurement exercise for all AP in the scope of this review.

8.2.1 This option has two streams of work:

- Stream 1 - Review of PRU provision;
- Stream 2 - The provision of a framework for short-term AP provision.

8.2.2 Stream 1 would include:

- Complete a full review of the PRU provision for Reading pupils;
- Complete contract management and performance monitoring of Cranbury College to quantify need;
- Analyse spend to establish appropriate levels of top-up funding.

8.2.3 Stream 2 the company would:

- Co-ordinate and manage the process of establishing the Directory of Approved Providers.
- Provide professional support and advice to commissioning schools.
- Retain copies of all signed documentation including Health and Safety checks, safeguarding policies, insurance certificates and other relevant documentation relating to the provision of services to schools.
- Produce and publish an online Directory of Approved Providers.
- Offer mediation support if any dispute could be settled between a commissioning school and a provider.

8.2.4 This would result in a cohesive and coordinated network of support providers. The form of the centralised process would need to be researched as there are several ways in which this can be done. The company could just compile a list/framework of providers and complete quality and compliance checks and those purchasing would just use providers from that list and ensure that contracts are in place. Alternatively, the company could complete a tender and implement a dynamic purchasing system (DPS). This is a more robust preferred providers list as each time AP was purchased a mini competition will need to be run with all providers who deliver the required service.

Advantages	Disadvantages	
A centralised process that is fully documented.	If DPS is chosen:	mini competitions would need to be completed for each purchase this will lengthen the process;
The ability to achieve savings through economies of scale.		There will be on-going commitment to assessing new applications to be added to the framework;
The opportunity for all providers delivering an AP services to promote their service to the Company.		All providers will have to be signed up to the procurement on-line system (this may not be seen as a disadvantage by the Company, but providers may).
Improve the Company's market knowledge.		Increased work for Commissioning, Contracting and

Advantages	Disadvantages	
		Procurement team to run mini competitions.
To provide a wide selection, or a 'menu' of AP services that can be tailored to the needs of pupils.	If standard framework is chosen:	Schools would continue to purchase AP for their pupils.
Support provided to schools with purchasing of services.		Committed to the same providers for the duration of the framework.
Time saving process for schools.		The system would remain fragmented to an extent.
	All disadvantages included in option 2.	

9. Preferred Option

9.1 The CCP team endorse option 2. The reasons for this option are outlined below.

- Stream 1:
 - The review of PRU provision would establish a detail understanding of the needs and requirements of a PRU delivered by an academy.
- Stream 2:
 - This would deliver more consistent outcomes across the total alternative provision portfolio.
 - An improved level of governance would result though a consistent contractual framework applied across all commissioned provision.
 - Closer partnership working between schools on the delivery of AP.
 - The ability to maintain the important focus on full-time education for pupils.

10. Governance

10.1 Subject to the approval of option 2 by the Senior Leadership Team (SLT) a project group will be established, due to the complexity of the procurement of a PRU this will need to be chaired by a senior member of staff as decisions will need to be taken by this group.

10.2 The project group will update SLT through the Director of Education and the Head of Service for CCP. Additionally, a small group of representative headteachers will be consulted with informally by the Director of Education to advise of work in this area. The Lead Member for children will also be briefed monthly and as often is necessary on any specific issues or areas of concern.

10.3 Documents developed for a tender process will be approved and signed off by the Director of Education and the Head of Service for CCP. The decision to take these documents to SLT for discussion will be at their discretion.

10.4 On completion of the tender a full tender report will be written and final approval for the issuing of contracts will be sort from SLT.

11. Next steps

- 11.1 On the assumption that option 2 is approved the tendering for a framework can commence immediately. However, the recommissioning of the PRU will require research and investigation and a full feasibility completed.
- 11.2 Development of a detailed plan on the steps involved in the tender of the framework are outlined above in preferred option.



School Meals — Procurement update.

October 15, 2020

Agenda Item 11

For decision

For discussion

For information

SUMMARY

This report provides an update on the school meals procurement.

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VERSION

v.2

DATE

September, 2020

REVIEW DATE

None

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Brighter Futures for Children
Civic Offices, Bridge Street,
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Company number 11293709

1. Recommendation

1.1 Schools Forum is asked to note for information the:

- 1.1.1 arrangements in place within the new interim contract with Chartwells and the potential financial impact on school closures related to Covid-19.
- 1.1.2 progress made in relation to the school meals procurement and the actions required to progress the procurement with schools involved in the centrally managed contract and the financial costing model.

2. Background

2.1 The purpose of this report is to update the Schools Forum on the interim contract arrangements in relation to Covid-19. Progress and development with the school meals centrally managed contract and next steps.

2.2 Brighter Futures for Children (the company) currently contracts Chartwells to deliver a school meal service for schools in the Reading Borough Council (RBC) area. The Company manages the contract and monitors performance on behalf of the 35 schools and nurseries.

2.3 The company is keen to ensure that the procurement of the school meals contract meets the needs of governors, schools, pupils and their families. A steering group is in place established to oversee the procurement of a new school meals contract. The role of this group is to develop the service specification, tender documentation; evaluate submissions and manage the contract mobilisation. The steering group reports to the School Meals Board and Senior Leadership Team and Board within the company.

2.4 The intention was to tender the school meals contract in September 2020 for a new school meals contract to commence on 1 April 2021. However, with the impact of the pandemic and its effect on the catering industry, this prompted the need to review the market and to review the current procurement strategy. The company commissioned Matriculate Consultancy to undertake a review. The objectives of the review were to:

- ensure that there were still enough providers willing to tender and that the new service could manage the longer-term impacts, local lockdowns and school closures that may occur over the next 12 to 24 months.
- improve the flexibility of the service to allow schools to join and leave during the contract.

3. Chartwells interim contract

3.1 The interim contract issued to Chartwells is a 12-month contract with an option to extend if required. The contract is based on the existing terms and conditions of the current contract, with changes made to include any updates to recent legislation. As part of the re-negotiations of the new interim contract with Chartwells, includes COVID related clauses in line with Procurement Policy Note (PPN) 02.

3.2 As part of the COVID clauses, it has been agreed that Chartwells will have access to Free School Meals (FSM) and Universal Infant Free School Meals (UIFSM) meal costs (based on a 3-month average). Whilst their proposal for cost recovery is reviewed by the company within

5 days. This provides a safeguard to both schools and the Company as the cost recovery limit imposed on Chartwells and does not enable Chartwells to profit from a school closure.

- 3.3 The price of a school meal will remain the same, for the duration of the interim contract. Therefore, there will be no impact to parents with an increased meal price. In the event of a partial or full school closure, there is a risk that FSM pupils will not be able to attend school, in such cases, alternative meal provision will need to be made. As part of the COVID relief clause, there is a commitment from Chartwells to work in partnership with the company to identify solutions for FSM provision e.g. weekly food hampers.

4. Review of the market

- 4.1 From Matriculate's findings, many providers have managed to remain viable during the current economic crisis. There are also several providers in the catering industry that are looking to school catering to diversify their work and become more sustainable whilst there are social restrictions.
- 4.2 In terms of school meal providers, it is evident that there are nine providers with experience of delivering local authority contracts and 12 providers with experience of working with clusters of schools. This indicates that there is still a strong market with providers still trading and the likelihood of positive tender outcome.

5. Procurement strategy

- 5.1 The Matriculate review also considered our intended procurement strategy, this consisted of: understanding the existing procurement strategy; alternative delivery models and decentralisation.
- 5.2 Within the existing strategy is to secure a single provider for the contract for a four-year period with an option to extend for a further three years. This is based on similar contract terms in place with the current provider and an enhanced specification with social value additionality. From the review it highlighted the need for greater flexibility for schools to join or exit. Further consideration of the duration of the contract alongside the arrangement of the tender into two or three lots based on school planning areas. As well as to award the contract to one provider or multiple providers.
- 5.3 Alternative delivery models were another option considered. This option consisted of setting up a separate trading company operating at arms-length or limited company; a Community Interest Company; a joint venture, working in partnership with the private sector and an in-house model managing services directly including the employment of staff. However, this option will take longer than more traditional outsourcing and would depend upon schools and the company having the will and resource to take this route as well as suitable legal and technical support.
- 5.4 A final option of decentralisation was considered and discounted on the basis that the disadvantages outweigh the advantages particularly around the impact on schools with managing individual providers or an inhouse provision. The potential of increased school meal price due to a reduction in economies of scale. Although this could be mitigated by central overhead reduction.

5.5 Based on the three options, the preferred option is to still procure under a restricted process. As there are 35 school still wanting to be part of a centralised contract, this is enough to warrant a central contract. Further engagement of the schools within the central managed contract will be arranged to discuss the flexibility, duration of the contract and whether to proceed with arrangement of the tender into lots and the award of contract to a single provider or multiple providers.

6. Financial model

6.1 In education catering there are different ways of setting up the pricing model. Contract pricing models are generally based on a fixed charge per meal or on an overall profit and loss basis.

- The fixed price per meal model can be calculated by school or over the group as a whole. This model 'guarantees' the price charged per meal by the provider. With consideration of indexation and legislative wage increase such as the national living wage.
- Alternative financial structures are based on an overall profit and loss basis i.e. total income from free and paid meals less all attributable overheads lead to an overall profit or loss– this is often referred to as 'Cost Plus' and can have guarantees built in to minimise financial risk to the school/contracting authority when services are outsourced.

6.2 It is recommended that a fixed price model is adopted. As this is the model we currently have in place and it is a model familiar to potential bidders. The fixed price is a simple model and has a lower risk to schools and the company. Additionally, smaller schools and nurseries are protected from higher meal costs.

7. Next Steps

7.1 Discuss the preferred procurement option with schools within the centrally managed contract to establish an agreed way forward.

7.2 Commissioning and Finance teams to prepare a costing model factoring in indexation and or national living wage for the school meals contract to be considered at the next Schools Forum.



Reading Schools' Forum

October 15, 2020

Agenda Item 12

School Budgets 2020/21 and the impact of Covid-19

For decision

For discussion

For information

SUMMARY

This is to feedback on the financial impact on maintained schools of Covid-19

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VERSION

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DATE

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REVIEW DATE

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Brighter Futures for Children
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1. Summary

1.1 In September 2020 all maintained schools were asked to report their current forecast to 31 March 2021. For those schools that have sent in their outturns (the majority) the expected outturn has reduced from £1,442,246 surplus balance to £1,045,869 or a decrease of £396k compared to when the budget was set (at the same stage last year the outturn for 2019-20 was an increase of £594k). There is often quite a variation at this stage to reflect staffing/operational changes that have taken place over the summer term and at the beginning of the new academic year.

1.2 The movement in 2020/21 is made up of:

Expenditure	-£547,828 (reduction/saving)
Income	-£944,205 (reduction/loss)
Net movement	-£396,377

1.3 Overall schools have reduced their spend by £516k with movements in:

- £25k lower staff costs due to e.g. expected staff vacancies either not filled or filled later than expected, no overtime being incurred over Summer term
- £53k lower other staff costs lower with training and indirect employee expenses down e.g staff not moving on as expected and therefore reduced recruitment/agency fees
- £67k higher premises costs, primarily additional cleaning
- £130k lower occupancy costs with lower water/energy usage and rates slightly offset by higher other costs for purchases of additional PPE equipment. It should also be noted that not all of the maintained nurseries received a rates rebate. They were also not able to claim any of the DfE exceptional costs funding.
- £145k lower educational supply costs as schools were buying much less resources during the summer term and were not carrying out trips/visits/activities such a swimming.
- £201k lower spend on other supplies and services was the most significant area of reduced spend, primarily catering costs and agency supply costs
- £61k lower spend on community focussed staff and general spend

1.4 Overall income has fallen by £608k:

- £196k lower on funding (mainly grants such as pupil premium and EY funding)
- £459k lower on income from services and facilities with lettings and income from wraparound care and contributions to trips and visits (offsetting the costs not incurred on these)
- £289k lower on community focussed facilities income. This is income to nurseries for their other childcare activities.

No additional funding has been made available to schools for these losses of earnings, with the expectation that any staff involved in these other activities being furloughed. However often this has not been possible as those members of staff work in the school in other roles such as Teaching Assistants etc and are therefore not eligible for furlough.

1.5 With the ongoing impact of the pandemic we would not expect this position to improve this financial year. From the schools that submitted there are 4 new deficits, but we are still awaiting 2 responses. Of the schools that had budgeted a deficit for this year the outturn for 3 have worsened with maintained nurseries being significantly worse as their pupil numbers are continuing to be significantly impacted. We will continue to offer support to all these schools.

2. Claims for Covid-19 exceptional costs

2.1 In July 2020 schools were able to claim from the DfE for exceptional costs arising as a result of Covid-19. These were specifically costs relating to schools being open over the Easter holidays and May half term and related to:

- *Increased premises related costs (including utilities and resources needed to keep the school open, such as hygiene services) associated with keeping schools open during the Easter and/or summer half term holidays, for vulnerable children and the children of critical workers, over and above the costs that schools would have faced in other circumstances*
- *Support for free school meals for eligible children who are not attending school, where those costs are not covered by the national voucher scheme*
- *Additional cleaning – required due to confirmed or suspected coronavirus (COVID-19) cases, in line with COVID-19: cleaning of non-healthcare settings, over and above the cost of existing cleaning arrangements*
- *Other*

2.2 There was an additional condition that:

- *Funding is available to schools that are unable to meet such additional costs from their existing resources, or which they could only meet by drawing down on reserves and undermining their long-term financial sustainability.*
- *Schools are not eligible to make a claim against this fund if they expect to add to their existing historic surpluses in their current financial year (September 2019 to August 2020 for academies and April 2020 to March 2021 for maintained schools). This means schools cannot claim if they began their current financial year with an accumulated historic surplus and expect to increase that surplus this year and thereby finish the year with a higher level of reserves than they started.*

2.3 Schools submitted claims directly to the DfE so there is no information as to how many schools in total submitted bids. However, 8 schools have already had their bids accepted totalling £39,349.

2.4 Several schools submitted claims but have yet to hear from the DfE. However, it was made clear in the guidance that if schools claimed 'Other' then these claims may take longer to process as they would need to be individually assessed.