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TO: ALL MEMBERS OF THE SCHOOLS' FORUM

17 June 2021

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NOTICE OF MEETING - SCHOOLS FORUM 24 JUNE 2021

A meeting of the Schools Forum will be held on Thursday, 24 June 2021 at 5.00 pm virtually using Microsoft Teams, the link will be sent via email. The Agenda for the meeting is set out below.

AGENDA		
Item		Page
1.	Welcome and apologies - Chair	
2.	Minutes of the previous meeting including matters arising - Chair	3 - 12
3.	Schools' Forum Membership Update - including confirmation of representation - Chair	13 - 14
4.	Schools' Forum Constitution/Terms of Reference for 2021/22 - Schools/DSG Business Partner	15 - 26
5.	DSG Outturn 2020/21 including update on deficit recovery plan - Schools/DSG Business Partner	27 - 38
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9.	SEND Strategy Annual Update - Including update on Top Up Review - Head of SEND	113 - 118
10.	Early Years SCD Resourced Bases update - Under 5s Service	119 - 124

manager

11. Agenda items for next meeting
 - DSG budget setting strategy for 2022/23
 - Initial proposals for school funding formula for 2022/23
 - Budget monitoring 2021/22 month 6 (including update on deficit recovery plan)
12. Any Other Business
13. Date of Next Meeting

October 14, 2021 at 5pm Virtual (via TEAMS)



Minutes of Schools' Forum Meeting

11 March 2021

Members Present

Justine McMinn – Head Teacher of E P Collier; Cathy Doberska – Head Teacher of English Martyrs; Peter Kayes – Governor at the Ridgeway; Richard Rolfe – Governor at Micklands (Chair); Dani Hall - Co-Chair of the Federation between Oxford Road Community School & Wilson School; Julia Cottee – Governor at Reading Early Years Schools Federation; Jo Budge - Executive Head Teacher of Reading Early Years Schools Federation; Tonia Crossman – Head Teacher of Emmer Green; Simon Uttley – Head Teacher of Blessed Hugh Faringdon; Ita McGullion – Manager of Kennet Day Nursery; Ashley Robson – Principal of Reading School; Annal Nayyar – Finance Director of Bayliss Trust (Reading Girls); Louise Baker – Principal of JMA; Richard Pearse – Principal of Churchend; Karen Edwards – Head Teacher of The Heights; Rachel Cave – Head Teacher of Highdown School; Isabelle Sandy – Business Manager of Kendrick; Claire Brown – Business Manager of Prospect School (substitute); Mandy Wilton – Head of Cranbury College; Alison McNamara - NEU.

Apologies

Symon Cooke – Head Teacher of The Avenue;

In attendance

Ann McDonnell – Business Manager of Blessed Hugh Faringdon; Kate Reynolds - Director of Education & Research; Steph Heaps – Schools & DSG Business Partner; Claire White – Schools & DSG Business Partner; Clare Warren – School Support Lead; Gill Dunlop – Pupil & Schools Service Manager; Siobhan Egan – Service Manager IT & Data Intelligence; Corinne Dishington – Service Manager Under 5s; Claire Nicolson – PA; Steven Davies – Strategic Business Partner; Vanessa Hurdle – minute taker.

	Item	Notes
1	Welcome and apologies - Chair	<p>The Chair welcomed everyone to the meeting.</p> <p>Steph Heaps read out the protocol for the virtual meeting and confirmed who was eligible to vote and for which votes.</p> <p>Recording of the meeting commenced. The recording will be retained until the minutes have been approved.</p> <p>Apologies were noted.</p>

2	Minutes of the meeting held on 14 January 2021 - Chair	<p>Minutes were agreed as an accurate record of the meeting from the 14 January 2021.</p> <p>Matters arising:</p> <ul style="list-style-type: none"> - Academy Membership – The Academies have confirmed Ashley Robson, Head of Reading School, as the fifth member. He will hold this position until the end of the academic year when a representative from Maiden Erlegh School in Reading will take his place. It is not currently known who this will be. - Item 8 - Full Costing of Resource Provision – This will be covered under item 7. The report will now be presented to the Forum in June. - Five options for future top-up funding – This will be covered by Claire White during the meeting. - Alternative Provision – Mandy Wilton will present a report – Item 8
3	Schools’ Forum Membership Update – including confirmation of representation - Chair	Richard confirmed that the Forum now had full membership. However, Symon Cooke’s (Head of The Avenue) membership will shortly be expiring. He will be asked if he wishes to remain a member.
4	DSG Budget Monitoring 2021/22 month 11 - Schools/DSG Business Partner	<p>Steph Heaps presented.</p> <p>It was confirmed that there has been no change to the DSG funding allocation since July 2020 and it remains at £79.123m. The only possible change could be in the Early Years block when the funding is confirmed and is based on the January census.</p> <p>The month 11 forecast shows a deficit of £1.533m. This is an increase of £60k from the previous meeting, when the deficit was reported as £1.473m. The variances from the original budget seem favourable with an underspend of £641,589, but this is mainly due to the £622k underspend in the Growth Fund, which will be carried forward into 21/22. There is an overspend in the High Needs Top-up Funding of £367k. This is lower than previously reported due to a reduction in alternative provision places and there is a reduction in the Early Years block surplus.</p> <p>The Schools Block will see the underspent Growth Fund carried forward into 21/22.</p> <p>The Early Years Block has seen a reduction in contingency. Providers have been paid for the Summer and Autumn Term based on the previous year’s census. It is expected that the</p>

		<p>contingency will fall to £35k when the Spring Term payments are made. It is hoped that it will not go into deficit.</p> <p>Table 3 shows how numbers have changed between January 2020 and January 2021 based on provider type. There has been an 11% increase in numbers for childminders, whilst the biggest change is for nurseries with a fall in numbers of 18%.</p> <p>High Needs Block – Table 4 shows the number of EHCPs per year. There has been an increase of 49 EHCPs since January 2020, with the biggest increase being in alternative provision.</p> <p>Table 5 shows the current position of spend for 2020/21 at £15.9m. This is an overspend of £367k and equates to 25 places overbudget. Mainstream is the biggest area, but the highest costs are found in the independent sector, which is overspent by £367k.</p> <p>The overall position is a 1.7% increase overbudget, which still compares favourably to other Local Authorities, which are seeing their deficits almost double. The DSG Deficit Recovery Plan for this financial year forecasts an additional £99k or 4% increase to the High Needs deficit. This means that the year end deficit will be a carry forward of £2.189m</p> <p>Additional places also needed to be budgeted for as part of the long-term strategy not to send pupils out of borough. This is expected to cost £350k, but will lead to savings in the long term.</p>
5	<p>Early Years Budget 2021/22 - Schools/DSG Business Partner</p>	<p>Steph Heaps presented</p> <p>Richard confirmed that a vote would be taken on this item.</p> <p>The report sets out the funding assumptions for 2021/22 and the overall Early Years budget based on the funding that is likely to be received.</p> <p>2020/21 has been a very unusual year due to covid-19 with the funding split altered to 9/12 based on the January 2020 census and 3/12 on the January 2021 census. It is expected that the allocation split will revert back to 5/12 and 7/12 for 2021/22. No further guidance on this has been issued. The January 2021 census has been used for the forecast.</p> <p>The funding rate for two year olds has increased by 2p and for three and four year olds by 6p. This equates to £5.90 for two year olds and £5.28 for three and four year olds.</p>

		<p>Table 1 shows the allocations that were expected for 2021/22 based on the January 2020 census compared with the allocations that Reading now expects to receive based on the January 2021 census. Funding is now estimated to be £11.5m. The table shows a reduction in universal funding for three and four-year olds. This is due to reduction in numbers by 402 or 13.8%. For two-year olds numbers have reduced by 41, which is 11.9%.</p> <p>There has been no increase to the pupil premium grant of 53p per hour or the Disability Access Fund of £615 per pupil per annum.</p> <p>The Maintained Nurseries Supplement Grant will continue in 21/22, but be paid on a different basis to previously as it will now be paid in two parts. The allocations that have been paid for April – August are indicative, but are classed as confirmed funding. They are subject to change based on census data, but will be calculated on the hourly rate of £1.08. For the remaining 7/12 of the year, the Grant is classed as conditional. These conditions have not yet been published and it is not yet known what they will be based on.</p> <p>Overall the Early Years budget has decreased by £0.973m from the £12.48m originally expected in 20/21 to £11.507m. This is due to the reduction in numbers based on the census data used. No surplus is expected for the 2020/21 financial year. If any of the £35k does remain at the end of 20/21 this will be carried forward and used as contingency in 21/22.</p> <p>In 2020/21 all providers received £4.88 per hour for three and four-year olds and £5.63 per hour for two-year olds. It is proposed that the full 6p and 8p increases are passed on to providers. This would give a rate of £5.71 for two-year olds and £4.94 for three and four year olds. This is set out in Table 2.</p> <p>Table 2 – In order to set a balanced budget, funding of £11.5m has been used as well as the 19/20 full year census data. This has then been reduced by 11.8%. This is to reflect the reduction in funding between January 2020 and January 2021. It should not be forgotten that providers will be paid for their actual hours and at the increased rates. It is still not known which census will be used for funding. If the January 21 census is used and numbers increase, this could lead to a deficit, which would have to be addressed in the 2022/23 budget.</p> <p>Corinne Dishington confirmed that the Early Years SEN Inclusion Fund will continue. It is for three and four-year olds.</p>
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		<p>Last year the Schools Forum agreed that two-year olds could also be included. The Fund has overspent this year due to the additional needs that settings have requested. This was particularly the case in January 2021 when a lot of children returned to the different settings.</p> <p>Panel is being made aware of a lot more pupils with communication and interaction difficulties. They are now looking into providing two resource bases in the nurseries in 2021/22. Part of the Inclusion Fund will be diverted to support these resource bases.</p> <p>Section 7 – Centrally Retained Early Year’s Budget Proposal requires approval from the Forum. It is proposed that £635k should be centrally retained. The list of services to be paid for using this money are contained in section 7.2.</p> <p>it was suggested that the vote should be for all the services, rather than on an individual basis.</p> <p>17 members agreed the proposal for all services as set out 7.2 with none against</p> <p>Julia Cottee believes that pupil numbers in nurseries will increase over the next financial year and that the census data shows a fall in numbers mainly due to covid. Kate Reynolds confirmed that there has been a decrease in the primary and Early Years population. It is expected that the numbers will continue to fall over the next two or three years. Due to the pandemic, more families have chosen to electively home school their children.</p> <p>Julia also asked about the use of the 3/12 and 9/12 split. Steph confirmed that this split is only to be used in 20/21. From 21/22 the split will revert back to 5/12 and 7/12. The split has been dictated by Central Government.</p> <p>Claire White confirmed that there will be a problem with the budget if the January 21 census numbers are used. Kate Reynolds voiced the fact that Government is being lobbied hard to provide a settled and more consistent funding strategy for Early Years.</p> <p>Jo Budge questioned if there was an update on the funding for the Spring Term 21. The DfE has said that they will only fund for those pupils who were in the nursery on census day rather than for numbers on roll. Steph confirmed that Reading will be funded and paying out based on the January 2021 census.</p>
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		<p>There has been no further information on any Exceptional Funding by the Government.</p>
<p>6</p>	<p>High Needs Budget 2021/22 - Schools/DSG Business Partner</p>	<p>Steph Heaps presented.</p> <p>The High Needs Budget for 2021/22 was announced in December 2020. It is an 8% per head minimum increase. For Reading the increase will be an increase of £2.246m (10.1%) to £24.658m. Part of the increase, £296k, is for the Pay and Pensions Grant and is, therefore, not new funding.</p> <p>Table 1 shows the allocations, comparing 2020/21 with 2021/22. The import/export adjustment figures for 2020/21 are not yet known and will not be available until July 2021. Reading is a net exporter, meaning that more pupils are placed outside of the borough and funding has to be paid back to Government. A difference between the two budgets is due to Cranbury College becoming an Academy in 2020.</p> <p>Table 2 – High Needs Block Budget – This shows the 2020/21 budget, the forecast for 2020/21 plus the proposed budget for 2021/22. The budget for 21/22 has been set at £25.381m, which is over the allocation of £25.142 and will increase the deficit by £239k. It is expected that it will not be possible to make any payments towards reducing the deficit in 2021/22.</p> <p>The Deficit Recovery Plan – The current position is that the deficit will increase by £90k by the end of 2020/21, with £2.189m to be carried forward to 21/22. It has been assumed that the allocation will increase by 8% for 2021/22 and 2022/23, with 5% increases thereafter. It has also been assumed that the £484k transfer from the schools block to the high needs block will continue until the deficit is repaid. It is estimated that all the other blocks will balance each year and any under or overspends will be dealt with on an individual basis. Places to be funded for the new resources and the new special school have been factored in. The average cost of top-ups has been inflated by 2% and the number of places has been increased by 95 per year.</p> <p>Table 3 shows the Draft Deficit Recovery Plan based on the above factors, but it does not repay the deficit in the time-frame shown. It is estimated that the deficit will be repaid by 2027/28. One of the reasons for the increase in costs in 21/22 is due to the additional place funding in local schools as a one-off cost. This should mean lower costs for the increasing number of places. The plan will be finalised in June and will be brought back to the next Forum. The deficit is likely to change</p>

		<p>as actual figures will be known and a more accurate forecast for 21/22 will be possible.</p> <p>There is a Consultation on the Future Funding of the High Needs Block. This will take effect from 2022/23 The current proposal will not make a difference to Reading’s funding. The DfE is against the idea of funding based on the number of EHCPs as this could lead to more EHCPs being awarded.</p> <p>Katie Reynolds urged Forum members and their colleagues to respond to the consultation. The link to the Consultation was put in the Agenda pack and sent in the on-line meeting chat.</p>
7	SEND Update – Director of Education	<p>Kate Reynolds presented.</p> <p>Kate queried whether this report should still be brought to every meeting as papers are now presented on individual SEND aspects.</p> <p>Kate asked that the huge amount of work that Nicky Stephens and Hester have made in progressing SEND should be noted.</p> <p>The following areas are being looked at:</p> <ul style="list-style-type: none"> • Banding System – aim to put into place a system that supports pupils in a different way • Capital – From September 2022 there should be an additional 150 new places for pupils with SEND either in Reading or in the special free school, The Oak Tree in Wokingham. • Admissions – Robust SLAs are now in place with all those schools that have resourced bases. • Review of Alternative Provision – Mandy Wilton to present a paper on this • SEND Newsletter – due to be sent to Forum members • 90% of schools have updated their local offer on the website • 1400 EHCPs – 100% have been completed within the statutory framework. <p>Richard confirmed that there had been some discussion as to whether this paper should be presented at every Forum. SEND was made a rolling Agenda item several years ago when it was felt that not enough attention was being given to this area. As papers are being presented to the Schools Forum, looking at changes in funding and provision, it was felt that an annual review of SEND should be presented going forward at the last</p>

		<p>meeting of the year. Individual papers will continue to be presented as and when required. If members are not happy with this decision, Richard asked that thoughts and comments should be emailed to him for consideration.</p> <p>Claire White gave an update on the Review of the Resource Banding Provision - The review has now been completed. Five out of the six schools contributed to the review by providing details of how they operated their resource provision. A new banding model has been produced for all those schools. For four of these schools, it will mean an increase to their level of banding. Currently this new model needs to be signed off before it can be shared with the schools. It is hoped that the increases to the bandings can be implemented from April.</p>
8.	Alternative Provision Review – Mandy Wilton, Head of Cranbury College	<p>Mandy Wilton presented.</p> <p>A steering group has been formed which is made up of officers from Brighter Futures for Children, the Virtual School, the Special Needs Department, Secondary and Primary schools and Reading College.</p> <p>The steering group has now met twice. The idea is to identify which Alternative Provision providers are being used by schools and stakeholders. This has been achieved by talking to partners and sending a questionnaire to schools. Costs have also been identified.</p> <p>A directory of Alternative Provision will be produced and from that a Commissioning Framework. The aim is to look at more cost-effective ways of purchasing for schools and to drive up competition and quality.</p> <p>The project is currently running to plan, and it is hoped to have it all in place for the Commissioning Framework in April.</p>
9.	Schools Forum Meeting Dates 2021/22 – Schools/DSG Business Partner	<p>The proposed meeting dates for 2021/22 are:</p> <ul style="list-style-type: none"> • 24 June 2021 • 14 October 2021 • 9 December 2021 • 20 January 2022 • 10 March 2022 <p>If there are any issues with the dates, please let Richard know.</p>

10	Agenda items for next meeting	<p>The next meeting will be held on 24 June 2021.</p> <ul style="list-style-type: none"> • DSG Outturn 2020/21 • Maintained School Balances for 2021/22 • DSG Budget and Deficit Recovery Plan for 2021/22 • SEND Strategy Annual Update • Send Top-up review • Schools' Forum Constitution/Terms of Reference for 2021/22 • Update to Scheme for Financing Schools
11	Any other business	<p>Peter Kayes noted that today was Claire White's last Forum meeting before she leaves Brighter Futures for Children. Peter thanked Claire on behalf of the Forum for all the work that she has done.</p> <p>Isabelle asked if the meetings will continue to be held on-line. The issue is that it is a public meeting and the Government gave special permission for the meetings to be held virtually due to the pandemic. It is hoped that it will be possible to have a mixture, some meetings held on-line with others held in the Civic Offices.</p> <p>The meeting finished at 17.50.</p>

Summary of Actions Outstanding

SF Date & Item no.	Action Required	Responsible Person
11/3/21 – item 3	Membership – Symon Cooke to remain a member	

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Agenda Item 3

SCHOOLS' FORUM MEMBERSHIP	Mar-21
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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 (7)	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 (5)	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 Erlegh 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-21	3 Yrs	Mar-24	
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

** Vice chair

Elected October 2020

Elected October 2020

Agenda Item 3

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Reading Schools' Forum

June 24, 2021

Agenda Item 4

Schools' Forum Constitution
2021/22

For decision

For discussion

For information

SUMMARY

This report sets out changes required to the composition of the membership to comply with the regulations, and attaches the amended constitution document to be approved for the 2021/22 academic year.

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VERSION

Version number 1

DATE

June 24, 2021

REVIEW DATE

None

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1. Recommendations

- 1.1 AGREE: The membership as shown in Table 1
- 1.2 AGREE: The Schools' Forum constitution for the 2021/22 financial year (Appendix 1).

Note: Voting applies to all Schools' Forum members.

1.3

2. Background

- 2.1 The Schools' Forum is a statutory and public meeting. The 'Schools Forums (England) Regulations 2012' govern the composition, constitution and procedures. The respective roles of Schools Forums, local authorities and the Department for Education are summarised in the document 'schools forum powers and responsibilities'¹.
- 2.2 It is good practice for school forums to set its own constitution following the guidelines contained in the regulations and operational guide. This will include documenting the local arrangements for:
 - Terms of Reference
 - Membership – size and composition
 - Procedures
- 2.3 The current constitution for Reading Schools Forum is provided in Appendix 1. This needs to be updated annually for membership changes required and if any changes to the regulations require a revision.

3. Membership for 2021/22

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

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

- 3.2. Based on current numbers on roll there is no requirement to split the proportion of members and it is proposed to remain as set out in Table 1.
- 3.3. Table 1 provides a breakdown of the current membership representation in order to comply with the regulations.

Table 1: Current and Proposed Membership Breakdown

	Current and Proposed Representation			
	Head Teacher	Governor	Total	%
School Members:				
Primary Maintained	4	3	7	46.7
Secondary Maintained	1		1	6.7
Primary Academy			2	13.3
Secondary Academy			5	33.3
Sub Total			15	100.0
Other School Members:				
Nursery	1	1	2	
Special Maintained	1		1	
Special Academy	1		1	
Alternative Provision	1		1	
Total School Members			20	
Non School Members:				
Early Years PVI			1	
16-19 Provision			1	
Trade Union			1	
Total Non-School Members			3	
TOTAL MEMBERSHIP			23	
Proportion of School Members (must be at least 66.7%)			87.0%	

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

2. Table 2: Pupil Number Breakdown

January 2021 Census (Headcount all year groups including nursery and 6 th form)	Pupil Numbers	%
Primary Maintained	10,053	44.1
Secondary Maintained	908	4.0
Primary Academy	3,883	17.0
Secondary Academy	7,957	34.9
Total Pupil Numbers	22,465	100.0

- 3.1. All other members will also remain as per the current representation, maintaining the total membership at a total of 23.

3. Constitution for 2021/22

The proposed constitution for 2021/22 is in Appendix 1 and contains the membership.

- 3.2. The Schools' Forum regulations have also been amended to make permanent provisions to enable schools forums meetings to be held remotely. This includes (but is not limited to) telephone conferencing, video conferencing, live webcast, and live interactive streaming.
- 3.3. Schools Forum members are required to approve its constitution for 2021/22.
- 3.4. Note that the ESFA has a team who scrutinise the proceedings of every local authority's Schools' Forum to ensure compliancy with the regulations.

4. Appendices

Appendix 1 – Reading Schools' Forum Constitution 2021/22

Reading Schools' Forum Constitution

The Schools' Forum is a decision making and consultative body in relation to matters concerning schools' budgets as defined in the School and Early Years Finance (England) Regulations 2021. The Schools Forum Regulations 2012 govern the composition, constitution and procedures of Schools' Forums.¹

This document is divided into 3 sections:

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

Further information, including the Schools' Forum Operational and Good Practice Guide published by the Education and Skills Funding Agency (ESFA) can be found on their website.²

¹ These Regulations can be accessed at: <https://www.legislation.gov.uk/uksi/2021/59/made>

² <https://www.gov.uk/government/publications/schools-forums-operational-and-good-practice-guide-2015>

A. TERMS OF REFERENCE OF THE READING SCHOOLS' FORUM

Status of the Schools' Forum

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

Annual Consultation on School Funding

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

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

Annual Decisions on School Funding

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

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

B. MEMBERSHIP OF THE READING SCHOOLS' FORUM

Composition

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

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

School Members

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

- a) Maintained Primary Representatives**
7 representatives from primary schools of which at least 1 must be a head teacher and at least 1 is a governor.
- b) Maintained Secondary Representatives**
1 representative from secondary schools.
- c) Maintained Special School Representatives**
1 representative from special schools.
- d) Nursery School Representatives**
2 representatives from the nursery schools.
- e) Academy Primary & Secondary School Representatives**
7 representatives from the academies, of which 2 from the primary sector and 5 from the secondary sector.
- f) Academy Special School Representatives**
1 representative from academy special schools.
- g) Alternative Provision Representatives**
1 representative from the Pupil Referral Unit.

Election of Schools Members

The maintained primary school head teacher representatives shall be elected by their Heads Forum.

The maintained primary school governor representatives shall be elected through nominations from and a vote by all governors in the relevant sector.

The maintained secondary school representative shall be decided by the school (there is only one school).

Academy representatives shall be decided by the Academies proprietors.

The special school representatives shall be decided by the relevant schools (there is only one maintained special and one academy special).

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

The pupil referral unit representative shall be decided by the school (there is only one school).

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

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

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

Non-School Members

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

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

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

Substitute Members

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

and/or

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

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

Participation of Observers

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

- The Education & Skills Funding Agency (ESFA)

Council Officers and Elected Members

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

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

Terms of Office

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

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

If a change in membership representation (e.g. due to proportionality) requires a reduction in members from a particular group, that group will mutually decide between them which member(s) will step down. The member(s) stepping down will be welcome to continue to attend as a substitute/observer.

Review of the Membership

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

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

C. OPERATING CONVENTIONS OF THE READING SCHOOLS FORUM

Ordinary Meetings

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

Schools forums can now meet remotely. This includes (but is not limited to) telephone conferencing, video conferencing, live webcast, and live interactive streaming

Administration of Meetings

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

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

The Chair and Vice Chair

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

Quorum

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

Voting

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

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

Sub-Committees and Working Groups

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

Declaration of Interest

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

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

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

Status of Reports

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

Expenses

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

Interpretation of the Constitution

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

Amendment of the Constitution

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

Publicity relating to the Schools Forum

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

Document to be approved by the Reading School's Forum on 24 June 2021

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Reading Schools' Forum

June 24, 2021

Agenda Item 5

Dedicated Schools Grant (DSG)
Outturn 2020/21

For decision

For discussion

For information

SUMMARY

This report details the final outturn of the DSG in 2020/21 and the overall deficit to be carried forward to 2021/22.

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1. Recommendations

- 1.1 NOTE: The overall 2020/21 DSG carry forward of £1.356m deficit.
- 1.2 NOTE: The individual block carry forwards as follows:
 - Schools Block £622k underspend on growth funding to meet requirements in 2021/22 and beyond
 - Early Years Block £154k underspend to be set aside as contingency and support 2021/22 early years budget.
- 1.3 NOTE: The High Needs Block deficit of £2,131k to be carried forward and the longer term financial plan to bring this block back into balance.

2. Background

- 2.1 The Dedicated Schools Grant (DSG) is a ring fenced grant and can only be spent on school/pupil activity, as defined by the School and Early Years Finance (England) Regulations (2018).
- 2.2 The DSG is split between four different funding blocks - schools, central school services, early years, and high needs. Each Council's allocation is largely based upon actual pupil numbers from the October pupil count proceeding the actual financial year. Although separate allocations are received for each block, transfers are allowed between blocks but subject to certain restrictions.
- 2.3 Most of the grant is allocated to schools – the Individual School's Budget (ISB) or delegated budget – this is mainly formula driven; the remainder is the Centrally Retained School's Budget – the non-delegated budget.
- 2.4 The LA receives its DSG allocation gross (including allocations relating to academies), 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
- 2.5 A DSG deficit must be carried forward to be managed from future DSG income, and LAs will not be able to fund any part of the deficit from sources other than the DSG, unless the Secretary of State authorises the LA not to do this. Although Schools' Forum will no longer approve the carry forward of the deficit, LAs will still need to work closely with their Forum on their plans for managing DSG deficits. Underspends on the DSG are carried forward to support the future year's school's budget.
- 2.6 The Authority must ensure that DSG is correctly spent and must report the outturn position in a separate table within its Statement of Accounts. The outturn position is also submitted to ESFA.

3. DSG Outturn 2020/21

- 3.1. The DSG accounts for 2020/21 have now been closed. Table 1 summarises the overall final position compared to the original and revised budget.
- 3.2. Appendices 1 and 2 provide more detail for each funding block.
- 3.3. The overall final position is a carry forward deficit of £1.356m (i.e. in-year expenditure plus pay back of brought forward deficit has not been met by the in-year allocation of grant). This compares favourably with the last budget monitoring report brought to Schools' Forum (month 11) which reported a £1.533m overall deficit. This position is after the repayment of the brought forward deficit from 2019/20 which totalled £1.787m. Thus, the deficit has decreased by £413k in year, which is £431k more than the original budget.

Table 1: Summary Outturn Position – 2020/2021

	ORIGINAL BUDGET (£m)	VIREMENTS £m	REVISED BUDGET (£m)	ACTUAL OUTTURN £m	VARIANCE
Schools Block					
Expenditure	46.011	0.087	45.924	45.302	-0.622
DSG Income	46.011	0.087	45.924	45.924	0
Over/(Under)	0	0	0	-0.622	-0.622
Central Schools Block					
Expenditure	1.218	0.039	1.257	1.257	0
DSG Income	1.218	0.039	1.257	1.257	0
Over/(Under)	0	0	0	0	0
Early Years Block					
Expenditure	13.109	0.239	13.348	12.751	-0.597
DSG Income	13.109	0.239	13.348	12.905	-0.442
Over/(Under)	0	0	0	-0.154	-0.154
High Needs Block					
Expenditure	20.834	-0.054	20.780	21.047	0.267
DSG Income	18.660	0.333	18.993	18.916	-0.077
Over/(Under)	2.174	-0.387	1.787	2.132	0.345
Total – All Blocks					
Total Expenditure	81.171	0.137	81.309	80.358	-0.951
Total DSG Income	78.997	0.524	79.522	79.002	-0.520
Balance Over/(Under) Spent	2.174	-0.387	1.787	1.356	-0.431

- 3.4. The under spends and over spends in each block will be carried forward within each block, meaning that the deficit in the high needs block of £2.132m is to be repaid over time and is the figure used in the deficit recovery plan. Further details on each block are set out below.

4. Variances

4.4. Schools Block (SB)

- The schools block is under spent by £622k, £623k of which relates to the growth fund. This has already been taken into account in setting the growth fund budget for 2021/22, and is to be carried forward to pay for additional bulge classes in 2012/22 and beyond. There is a small £1K overspend which relates to business rate differences, and again this has already been taken into account in setting the budget for 2021/22 and is to be carried forward and repaid from schools' block funding.

4.5. Central Schools Services Block (CSSB)

- There is no variance within this block for 2020/21

4.6. Early Years Block (EYB)

- The 2020/21 budget assumed there would be no contingency to be carried forward due to the unknown demands and impact on the budget in relation to Covid-19. Much of the bought forward contingency from 2019/20 (£380k) has been used to fund sufficiency payments to providers for both Summer and Autumn Terms 2020 but £154k remains.
- Payments made to providers are usually based on actual census numbers in each term. Both Summer term and Autumn term 2020 payments were made using the numbers in the previous year's census if the current take up was significantly lower. The Spring term payments were based on actual Spring census and the overall expenditure budget resulted in an underspend of £597k
- Funding would normally be received based on 7/12's of January 2020 census and 5/12's of January 2021 census but for 2020/21 the split has been 9/12's of January 2020 and 3/12's of January 2021. As numbers were lower than originally budgeted for it the expectation is that £442k of this funding will be passed back and this amount will be confirmed in November when we received the revised DSG allocations.
- There will potentially be a further small increase (approx. £68k) in funds in relation to the one-off Spring Term 2021 Top up funding which will be added back to the contingency fund. This funding allocation is based on census data at a local level as opposed to individual provider levels within the borough.

4.7. High Needs Block (HNB)

- The High Needs Block deficit brought forward from 2019/20 was £2.090m and has increased by £41k to £2.132m at the end of 2020/21. The actual outturn is lower than the forecast position reported to the last meeting of the Schools' Forum (month 11 forecast) of £2.189m.

- The variance of £344k over the budget set is much lower than in previous years, and Table 2 provides a breakdown of this variance.

Table 2: Summary of HNB Over spend

Reason for HNB Overspend	£m
Difference between budgeted deficit b/f and actual deficit b/f – mainly due to under spends in other blocks being used within those blocks and not offsetting the HNB.	-0.387
Top up funding – over spend.	0.250
Place funding	-0.034
Other budgets - net underspends	0.051
Total Expenditure budget over spend	0.267
Add: reduction in DSG HNB allocation	0.077
Total Over spend on HNB	0.344

- 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). The final position for 2020/21 is £250k over budget or 1.6%, which is £117k less than the position reported at month 11. The original high needs budget assumed a small repayment of the deficit which has not been achieved due to this overspend.
- The number of EHCPs at the end of 2020/21 was 1,451 (1,226 with associated costs), an increase of 43 in year. Average cost per place is £13,106 compared to £13,105 in 2019/20 and £13,171 assumed in the budget. Table 3 shows the budget variances by type of placement.

Table 3: Top Up Budgets 2019/20

	ORIGINAL BUDGET (£m)	ACTUAL EXPENDITURE £m	VARIANCE (£m)
Special Schools	8.394	8.019	-0.375
Resource Units	0.515	0.809	0.294
Mainstream (incl. nursery)	2.042	2.131	0.089
FE Colleges	0.917	0.937	0.020
Independent/NMSS	2.204	2.372	0.168
PRU	0.860	0.876	0.016
Other Alternative Placements	0.435	0.494	0.059
Hospital incl. Tier 4	0.175	0.154	-0.021
TOTAL	15.542	15.792	0.250

- There were some smaller variances within this block. One of which is an overspend of £44k in relation to the Sensory Consortium Joint Arrangement

5. DSG Deficit Recovery Plan

- 5.1 All local authorities that have a DSG deficit of 1% or more at the end of the financial year are required to submit a recovery plan to the ESFA, outlining how they will bring their deficit back into balance. At the end of 2019/20 Reading's deficit was 1.43% of its allocation and were required to submit their plan. At the end of 2020/21 the percentage has reduced to 1.03%, and therefore we are required to submit an update to our plan.
- 5.2 Appendix 3 provides, in summary format, the latest plan, taking into account the financial position at the end of 2020/21. If funding in the high needs block in the following three years increases at a similar level to 2021/22, and the numbers of EHCPs do not rise significantly more each year than the current trend, the deficit could be repaid by 2025/26
- 5.3 The increase in top up funding is currently built in to the plan at an average of 2% per year for inflation. Schools had received no increase to top up rates for a number of years until September 2020 and, although this has played a huge part in keeping the deficit down we must ensure mainstream schools in particular have the support they need for the increasing numbers of pupils with EHCPs. An external review of top up funding is currently underway and outcomes will be shared with Schools' Forum as soon as it is available. If no proposal goes ahead then schools will receive an uplift from September 2021 (rates yet to be determined)
- 5.4 The opening of the new local special free school is crucial to the recovery plan and future sustainability of the high needs budget in order to have local places available for the assumed continued increase in numbers of pupils with EHCPs. A lack of local provision would mean having to seek placements out of area which would increase again the average cost of placements and impact the recovery plan.
- 5.5 The budget monitoring reports to the Schools' Forum will continue to review progress against this plan.

6. Appendices

Appendix 1 – Summary DSG Outturn Report 2020/21

Appendix 2 – Additional Information for Appendix 1 Table

Appendix 3 – DSG Deficit Recovery Plan

Appendix 1 – Summary DSG Outturn Report 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	0.000	0.215	0.215	0.000
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	0.039	0.378	0.378	0.000
16	Sub Total Central School Services Block Net Expenditure	1.218	0.039	1.257	1.257	-0.000
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	-0.000	-0.000
Early Years Block						
19	Early Years Funding (free entitlement)	12.425	0.239	12.664	12.068	-0.597
20	Support for inclusion	0.100	0.000	0.100	0.100	0.000
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	12.751	-0.597
24	Early Years Block DSG Allocation	13.109	0.239	13.348	12.905	-0.442
25	Balance Over / (Under) Allocated	0.000	0.000	0.000	-0.154	-0.154
High Needs Block						
26	SEN placements - Maintained Schools (first £10k/£6k place funding)	0.974	0.333	1.307	1.272	-0.034
27	Top up funding - Special Schools & PRU	9.254	0.000	9.254	8.895	-0.359
28	Top up funding - Resource Units	0.514	0.000	0.514	0.809	0.294
29	Top up funding - Mainstream	1.950	0.000	1.950	2.052	0.102
30	Top up funding - Nursery	0.092	0.000	0.092	0.080	-0.012
31	Top up funding - FE Colleges	0.917	0.000	0.917	0.937	0.020
32	Top up and other funding - non maintained & independent providers	2.639	0.000	2.639	2.866	0.227
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	0.615	0.044
35	Hospital education services	0.175	0.000	0.175	0.154	-0.021
36	Support for inclusion	0.425	0.000	0.425	0.422	-0.002
37	Therapies and other health related services	0.395	0.000	0.395	0.405	0.010
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	21.047	0.267
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	2.132	0.345
43	Total All Blocks Net Expenditure	81.171	0.137	81.309	80.358	-0.951
44	Total DSG Allocation Available	78.997	0.524	79.522	79.002	-0.520
45	Balance - Deficit / (surplus) In Year	2.174	-0.387	1.787	1.356	-0.431
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	133.636	-0.951

Appendix 2 – Additional Information for Appendix 1 Table

SCHOOLS BLOCK

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

Line 2 - Growth fund - The growth fund budget is for expanding schools or bulge classes in response to basic need and is allocated to schools from the autumn term based on the criteria set by Schools' Forum.

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

Line 3 - Behaviour Support Services – Passport 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 areas such as Commissioning, school improvement advisors, MASH (Multi Agency Safeguarding Hub), virtual school for looked after children, Early Help – children action teams that covers family workers, Welfare, CAMHs and Education Psychology.

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

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

Line 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 alternative provision (Cranbury College) (first £10k).

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 18/19 deficit related to the high needs block, and this is a first call on the 2019/20 resources.

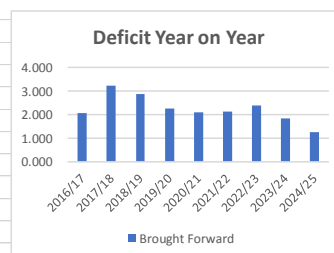
RECOUPMENT

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).

Appendix 3 – DSG Deficit Recovery Plan

Reading Borough Council DSG Deficit Recovery Plan May 2021 with 20-21 OUTTURN																																																	
1. Background																																																	
<p>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 was largely static up until 2020/21. This has been achieved by previously using underspends from other blocks, and controlling costs as per the strategy. A further key factor has been through not increasing our own schools top up rates for several years (in line with no increases to our DSG) until September 2020 following our funding increase.</p>																																																	
2. Recovery Plan Strategy																																																	
<p>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.</p>																																																	
1. Decision Making																																																	
<p>- SEN panel is robust and consistent in its decision making; EHCPs are necessary and funding is set at the appropriate level/banding and is reviewed annually. - Development of new EHCP banding system which aids decision making and is fit for purpose - "Funding following need".</p>																																																	
2. Investing in local provision - "local provision for local children"																																																	
<p>- Maximise lower cost local provision - this includes capital investment for additional new places in resource bases and new local special school from September 2022. - Minimise higher cost placements in Independent/NMSS where possible by providing good appropriate local provision.</p>																																																	
3. Inclusion in Mainstream																																																	
<p>- Inclusion in mainstream - help schools in providing the appropriate support for their EHCP pupils, and provide additional funding through the inclusion fund (money transferred from schools block - £350k in 2020/21, £484k in 2021/22) to those schools with a higher proportion of EHCP pupils. - Devopment of new EHCP banding system which provides the appropriate funding for pupils with more complex needs.</p>																																																	
4. Challenging costs																																																	
<p>- 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. - Ensuring minimal increases in other contracts in HNB (no greater than inflation) - negotiated by commissioning team.</p> <p>- Understanding of the funding regulations to ensure not over paying e.g. being liable for place funding increases in our own schools only (out of county being met through import/export adjustment); not being charged for increases in pay/pension for which schools received grants; social care/health costs should not be met by DSG. - Checking invoices to ensure no backdating of increases where we haven't been informed/consulted.</p>																																																	
3. Review of 2020/21																																																	
<p>Overall the DSG deficit has gone DOWN from a total of £1.768m at the end of 2019/20 to £1.356m at the end of 2020/21, a decrease of £412k - mainly due to surplus in the schools block for growth funding to be utilised in future years which is offsetting the deficit b/f in the high needs block. The high needs deficit has gone UP from £2.090m at end of 2019/20 to £2.132m at end of 2020/21, an increase of just £42k. Actual in year HNB expenditure in 2020/21 was £391k MORE than in year HNB DSG allocation. Including the £350k transfer of DSG from the Schools' Block the in-year position is almost in balance. Compared to the original budget set, the top up budget was £250k overspent, or 1.6%; the original high needs budget assumed a small repayment of the deficit which has not been achieved due to this overspend. The numbers of pupils receiving top ups increased from 1,090 (February 2020) to 1,205 (February 2021), an increase of 115 or 10.5%, and 25 over the numbers budgeted. Despite this, costs are managing to be contained and are not spiralling out of control. Average cost per place is £13,106 compared to £13,105 in 2019/20 and £13,171 assumed in the budget.</p>																																																	
4. Summary of Assumptions Used in Current Plan (2021)																																																	
<p>Increase in HNB DSG annually - £2m 21/22 & 22/23 (same level as 20/21) then £1.5m thereafter. All other blocks balance in year/carry forward their balances - underspends in other blocks will not offset HNB deficit. All non place/top up costs in HNB remain static beyond 2020/21. No. 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% (including own schools), noting that for many, increases occur from September.</p>																																																	
5. Current HNB Recovery Plan																																																	
<p>Based on the above assumptions, the deficit is not recovered for several years, but will start to be paid back gradually from 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 being recovered because previous years overspends are now built into the base and are covered by the increased grant, and the average costs of placements is not going up by more than inflation.</p>																																																	
<table border="1"> <thead> <tr> <th>HNB Deficit</th> <th>2016/17 Actual £m</th> <th>2017/18 Actual £m</th> <th>2018/19 Actual £m</th> <th>2019/20 Actual £m</th> <th>2020/21 Actual £m</th> <th>2021/22 Forecast £m</th> <th>2022/23 Budget £m</th> <th>2023/24 Budget £m</th> <th>2024/25 Budget £m</th> </tr> </thead> <tbody> <tr> <td>Brought Forward</td> <td>2.057</td> <td>3.228</td> <td>2.860</td> <td>2.245</td> <td>2.090</td> <td>2.131</td> <td>2.371</td> <td>1.846</td> <td>1.255</td> </tr> <tr> <td>In Year</td> <td>1.171</td> <td>-0.368</td> <td>-0.615</td> <td>-0.155</td> <td>0.041</td> <td>0.239</td> <td>-0.525</td> <td>-0.590</td> <td>-0.715</td> </tr> <tr> <td>Carried Forward</td> <td>3.228</td> <td>2.860</td> <td>2.245</td> <td>2.090</td> <td>2.131</td> <td>2.371</td> <td>1.846</td> <td>1.255</td> <td>0.540</td> </tr> </tbody> </table>										HNB Deficit	2016/17 Actual £m	2017/18 Actual £m	2018/19 Actual £m	2019/20 Actual £m	2020/21 Actual £m	2021/22 Forecast £m	2022/23 Budget £m	2023/24 Budget £m	2024/25 Budget £m	Brought Forward	2.057	3.228	2.860	2.245	2.090	2.131	2.371	1.846	1.255	In Year	1.171	-0.368	-0.615	-0.155	0.041	0.239	-0.525	-0.590	-0.715	Carried Forward	3.228	2.860	2.245	2.090	2.131	2.371	1.846	1.255	0.540
HNB Deficit	2016/17 Actual £m	2017/18 Actual £m	2018/19 Actual £m	2019/20 Actual £m	2020/21 Actual £m	2021/22 Forecast £m	2022/23 Budget £m	2023/24 Budget £m	2024/25 Budget £m																																								
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<p>Success is dependent on: Having a financial plan that aligns to the strategy. Financial Plan is continually monitored and updated using latest data. Are able to explain why going over or under predictions with reference to the data, and take action where appropriate. Joint working Education SEN team, Finance, Commissioning, Schools. Having robust SLAs in place, day to day operating procedures, and policy & procedures that all can follow. Overview by Schools' Forum.</p>																																																	



Overall DSG Position (Net of recoupment)	2019/20 Actual	2020/21 Actual	2021/22 Budget	2021/22 Forecast	2022/23 Budget	2023/24 Budget	2024/25 Budget
Expenditure							
Schools Block	44,593,880	45,302,134	48,294,360	48,294,360	50,226,134	52,235,180	54,324,587
Central Schools Services Block	1,290,736	1,257,064	1,167,000	1,167,000	1,082,000	1,012,000	956,000
Early Years Block	12,462,006	12,750,981	11,507,285	11,507,285	11,507,285	11,507,285	11,507,285
High Needs Block	18,167,356	18,956,974	21,204,361	21,204,362	22,414,194	23,568,177	24,855,797
Total Expenditure	76,513,978	78,267,153	82,173,006	82,173,007	85,229,614	88,322,642	91,643,669
DSG Income							
Schools Block	-44,496,700	-45,923,814	-48,294,360	-48,294,360	-50,226,134	-52,235,180	-54,324,587
Central Schools Services Block	-1,330,000	-1,257,110	-1,167,000	-1,167,000	-1,082,000	-1,012,000	-956,000
Early Years Block	-12,842,060	-12,905,309	-11,507,285	-11,507,285	-11,507,285	-11,507,285	-11,507,285
High Needs Block	-18,322,000	-18,915,613	-20,965,057	-20,965,057	-22,939,112	-24,158,612	-25,570,612
Total Income	-76,990,760	-79,001,846	-81,933,702	-81,933,702	-85,754,532	-88,913,077	-92,358,484
In Year Net Position - Deficit/(surplus)							
Schools Block	97,180	-621,680	0	0	0	0	0
Central Schools Services Block	-39,264	-46	0	0	0	0	0
Early Years Block	-380,054	-154,328	0	0	0	0	0
High Needs Block	-154,644	41,361	239,304	239,305	-524,918	-590,436	-714,815
Total Net	-476,782	-734,693	239,304	239,305	-524,918	-590,436	-714,815
Add brought forward deficit (net)	2,245,003	1,768,221	1,532,612	1,355,666	2,371,024	1,846,106	1,255,671
Ringfenced (not part of HNB deficit)		322,138	656,731	776,053	0	0	0
Planned Year End Position	1,768,221	1,355,666	2,428,647	2,371,024	1,846,106	1,255,671	540,855
High Needs Budget (Net of Recoupment for Academy Place Funding)	2019/20 Actual	2020/21 Actual	2021/22 Budget	2021/22 Forecast	2022/23 Budget	2023/24 Budget	2024/25 Budget
Expenditure							
Place Funding	2,429,700	1,372,366	1,507,333	1,507,334	1,522,334	1,440,667	1,450,667
Top Up Funding	14,283,909	15,792,169	17,487,888	17,487,888	18,682,721	19,918,370	21,195,990
Other	1,453,749	1,792,439	2,209,140	2,209,140	2,209,140	2,209,140	2,209,140
Total High Needs Block Expenditure	18,167,358	18,956,974	21,204,361	21,204,362	22,414,194	23,568,177	24,855,797
DSG High Needs Block Funding	-18,322,000	-18,915,613	-20,965,057	-20,965,057	-22,939,112	-24,158,612	-25,570,612
In Year High Needs Block	-154,642	41,361	239,304	239,305	-524,918	-590,436	-714,815
Add brought forward deficit / (surplus)	2,245,003	2,090,360	2,189,343	2,131,721	2,371,026	1,846,108	1,255,672
Planned Year End Position	2,090,361	2,131,721	2,428,647	2,371,026	1,846,108	1,255,672	540,857

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Reading Schools' Forum

June 24, 2021

Agenda Item 6

Maintained School Balances

For decision

For discussion

For information

SUMMARY

This report provides information on maintained school balances as at the end of financial year 2020/21

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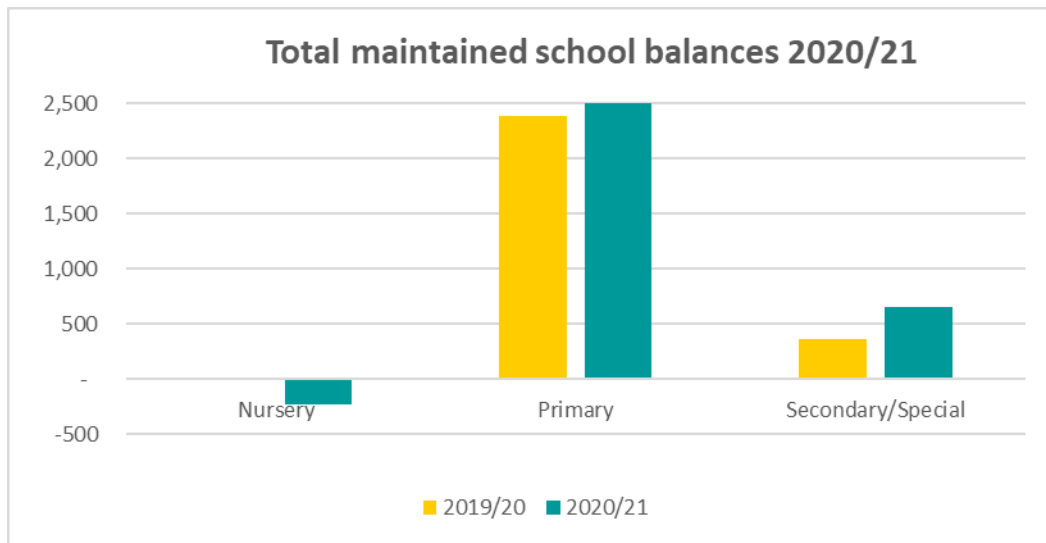
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Brighter Futures for Children
Civic Offices, Bridge Street,
Reading RG1 2LU

Company number 11293709

1. Summary

1.1 Overall school balances increased from £2,763k as at 31 March 2020 to £3,339k as at 31 March 2021, overall a 20.8% improvement, as per the following chart:



1.2 The movements during the year by phase were:

Phase	2020/21 movement	Total 2020/21 balance
	£'000s	£'000s
Nursery	-244	-229
Primary	523	2,910
Secondary/Special	297	658
Total	576	3,339

Overall school balances have increased, but this hides a very mixed picture. Schools have benefitted from not incurring spend during lockdown such as staff overtime/supply staff or not running activities/trips. But there have also been increased costs due to the Covid pandemic such as extra cleaning, extra staffing to maintain bubbles, cost of covering staff who are isolating/quarantining and the loss of income from wraparound care, after-school clubs, lettings and PTA events etc. The Exceptional Costs grant was limited in scope and to those who did not have enough reserves. The balances carried forward will also include any Catch-up Grant funding that was not all spent before 31 March but is ring-fenced, as is the PE Sports Premium.

1.3 7 schools ended the year 2020/21 with a deficit balance totalling £1,025k compared to 6 schools at the end of 2019/20 with a combined deficit balance of £818k. Of the 6 schools in 2019/20:

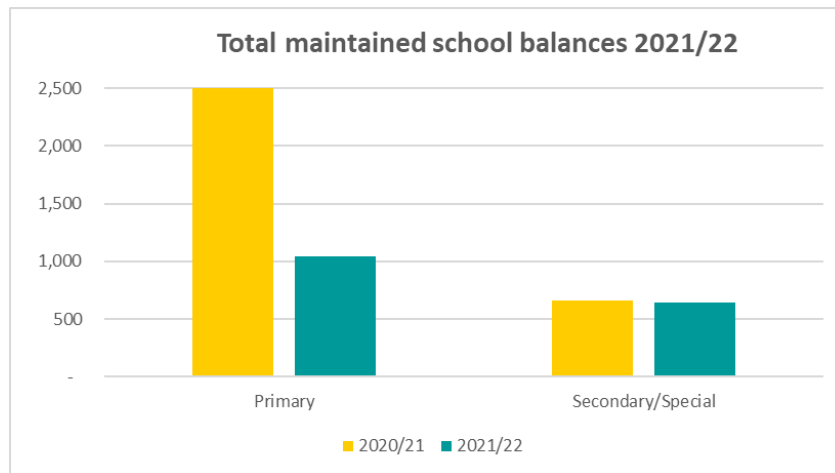
- 2 schools have moved out of deficit
- 1 had a reduced deficit
- 3 increased their deficit

The BfC School Finance Support team continue to work with these schools to support them to improve their financial position and a number of schools have now purchased the new School Finance Support SLA to support all non-statutory school finance requirements.

1.4 The Covid pandemic has been particularly challenging for the Early Years sector, especially the Maintained Nursery Schools with 3 ending the year in deficit. Whilst funding for both the Summer 2020 and Autumn 2020 terms was funded at prior year levels, the Spring 2021 term was funded based on census, when many schools were open for Key Worker children only. The DfE strategy towards Maintained Nursery Schools is not clear with transition funding only being confirmed until Spring 2022, which combined with uncertainty about future pupil numbers, from e.g. the shift to Working From Home etc, makes future budgets challenging and BfC are supporting the Maintained Nursery Schools on this.

2. 2021/22 budgeted balances

Excluding the Maintained Nursery Schools, overall balances for 2021/22 are budgeted to decrease by £1,880k compared to 2020/21 to £1,688k:



This includes 6 schools in deficit totalling £1,011k (up from 2020/21 £726k).

There has been a significant impact due to falling pupil numbers in the Borough for a number of schools on which their budgets have been based, but there have also been an exceptional number of late applications for school places that have now been processed. BfC are working on the DfE SCAP return which is due 31 July which will give better information for future planning of places. There is also uncertainty regarding the ongoing impact of the Covid pandemic.

3. Appendices

See Appendix 1 for Balances by School for 2020/21.

Appendix 1: School balances 2020/21

School name	Type of School	Main School Revenue/Community Total Balances		In-year movement		Balance as % of total income 2020/21
		2019/20	2020/21	20/21 vs 19/20	% movement	
Blagdon Nursery School and Children's Centre	Nursery	-50,027	-79,244	-29,216	-58.4%	-11.8%
Blagrave Nursery School	Nursery	50,583	11,415	-39,168	-77.4%	4.6%
Caversham Nursery School	Nursery	-19,712	-192,519	-172,807	-876.7%	-24.9%
New Bridge Nursery School	Nursery	48,684	-27,301	-75,985	-156.1%	-5.8%
Norcot Early Years Centre	Nursery	-14,581	58,506	73,087	501.2%	4.7%
Total Nursery Schools		14,946	-229,142	-244,088	-1633.1%	-6.7%
Alfred Sutton Primary School		191,499	183,617	-7,882	-4.1%	5.8%
All Saints Church of England Aided Infant School	Voluntary Controlled	89,377	83,571	-5,805	-6.5%	20.0%
Caversham Park Primary School		54,972	41,358	-13,615	-24.8%	4.3%
Caversham Primary School		104,282	64,513	-39,769	-38.1%	3.4%
Christ the King Catholic Primary School	Voluntary Aided	33,595	57,708	24,113	71.8%	2.7%
Coley Primary School		110,676	81,499	-29,177	-26.4%	6.3%
Emmer Green Primary School		18,168	-105,319	-123,487	-679.7%	-5.4%
English Martyrs' Catholic Primary School	Voluntary Aided	269,537	305,425	35,888	13.3%	13.0%
EP Collier Primary School		124,346	257,466	133,120	107.1%	13.5%
Geoffrey Field Infant School		182,349	338,734	156,385	85.8%	19.6%
Geoffrey Field Junior School		250,211	274,882	24,671	9.9%	13.7%
Katesgrove Primary School		402,241	283,658	-118,584	-29.5%	8.9%
Manor Primary School		134,295	195,544	61,249	45.6%	10.6%
Micklands Primary School		64,578	-146	-64,723	-100.2%	0.0%
Moorlands Primary School		122,787	200,694	77,907	63.4%	9.2%
Oxford Road Community School		125,356	155,000	29,644	23.6%	11.7%
Park Lane Primary School		49,282	137,752	88,469	179.5%	7.1%
Redlands Primary School		15,924	5,056	-10,868	-68.2%	0.4%
Southcote Primary School		84,875	87,612	2,737	3.2%	3.0%
St Anne's Catholic Primary School	Voluntary Aided	-540,010	-484,743	55,267	10.2%	-46.4%
St Martin's Catholic Primary School	Voluntary Aided	-120,856	-135,632	-14,777	12.2%	-17.1%
St Michael's Primary School		301,406	377,183	75,776	25.1%	18.5%
Thameside Primary School		86,421	27,021	-59,400	-68.7%	1.3%
The Hill Primary School		57,041	139,929	82,889	145.3%	6.9%
The Ridgeway Primary School		-72,842	17,502	90,344	-124.0%	0.7%
Whitley Park Primary and Nursery School		51,270	51,884	613	1.2%	1.6%
Wilson Primary School		196,260	268,437	72,177	36.8%	12.0%
Total Primary Schools		2,387,039	2,910,204	523,164	21.9%	5.6%
Blessed Hugh Faringdon Catholic School	Voluntary Aided	249,109	514,987	265,878	106.7%	9.2%
The Holy Brook School		111,814	142,797	30,983	27.7%	14.4%
Total Secondary/Special Schools		360,923	657,784	296,861	82.3%	10.0%
Total Balances		2,762,908	3,338,846	575,938	20.8%	5.4%



Reading Schools' Forum

June 24, 2021

Agenda Item 7

Dedicated Schools Grant (DSG)
Budget 2021/22

For decision

For discussion

For information

SUMMARY

This report sets out the DSG budget for 2021/22 and outlines the areas of pressure to be monitored throughout the year.

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VERSION

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DATE

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REVIEW DATE

None

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

1. Recommendations

- 1.1 NOTE: The overall budget for 2021/22.
- 1.2 NOTE: The possible pressures within each funding block.

2. Background

- 2.1 The Dedicated Schools Grant (DSG) is a ring fenced specific grant and can only be used in support of the schools budget and spent on school/pupil activity as defined by the School and Early Years Finance (England) 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 new year's allocation of DSG. Underspends on the DSG are carried forward to support the future year's school's budget.
- 2.5 The Authority must ensure that DSG is correctly spent and has to report the outturn position to inform the impact upon the following year's budget position. The budget monitoring of the Authority distinguishes between how services are funded, namely by DSG or by the Local Authority.
- 2.6 The LA receives its DSG allocation gross (including allocations relating to academies and post 16 provision), and then the Education & Skills Funding Agency (ESFA) recoups the actual budget for these settings to pay them direct, leaving a net or LA allocation.

3. DSG Allocation 2021/22

- 3.1. The DSG allocation estimated for 2021/22 is summarised in Table 1 below, with a more detailed breakdown of the calculations provided in Appendix 1. The DSG allocation received by the LA will change during the year and the next update is due in July when the latest high needs and early year's allocations are published. The original budget was based on the LAs own estimate of these, and this needs to be monitored as it could impact on the overall position.
- 3.2. The allocations shown in the table are prior to any transfers between blocks. For the 2021/22 budget the Schools' Forum has agreed a transfer of £484k from the schools block to the high needs block.

Table 1: RBC's original and revised (current) DSG allocations for 2021/22

BLOCK	ORIGINAL ESTIMATED DSG ALLOCATION 2021/22			REVISED DSG ALLOCATION 2021/22			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	103.481	-54.703	48.778	103.841	-54.703	48.778	0
Central Schools Block	1.167		1.167	1.167		1.167	0
Early Years Block	11.507		11.507	11.507		11.507	0
High Needs Block	24.658	-4.177	20.481	24.658	-4.177	20.48	0
Total	140.814	-59.880	81.934	140.814	-59.880	81.934	0
20/21 EY adjustment						0	0
Total Available						81.934	0

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

- Reductions in the schools block funding due to any academy conversions. This is because funding is paid direct to these schools by the ESFA, though this has minimal impact on the LA budget, as expenditure is reduced accordingly. Currently, there are no mainstream academy conversions in process.
- High needs block funding will be adjusted in July due to the import/export adjustment if there is a change to the number of Reading pupils placed in settings outside Reading or a change in the number of pupils from other LAs attending settings in Reading. This is because the LA where the setting is located is responsible for the place funding, so this adjustment ensures any changes in pupil numbers transferring between LAs are properly funded. High needs funding is also adjusted for any changes in the number of high needs places in academies, which is deducted from our allocation.
- For 2021/22 Early years funding will be allocated based on termly census. Summer Term based on 5/12 of the May 2021 census, Autumn Term 4/12 of the October 2021 census and Spring Term 3/12 of the January 2022 census. Our original budget has used 2019/20 hours as this was the last full years data and has been top-sliced to balance the budget. For the purpose of the budget it is assumed that any changes to numbers recorded in each census will be offset by a similar change in provider

payments, though a bought forward contingency balance of £154k is set aside to cover any variance. We have made a provision in the accounts of £442k to allow for the 2020/21 clawback adjustment. Funding allocations for 2021/22 and adjustments for 2020/21 which would normally be published in July are delayed as a result of the change in process and are expected in November 2021.

- The Government could allocate additional funding in response to policy changes/priorities, but it could not reduce the funding already allocated.

4. DSG Budget 2021/22 Update

- 4.1. Appendix 2 contains the original 2021/22 budget as agreed/notified at previous meetings of the Schools' Forum. This is split between the four funding blocks, and broken down by the main reporting lines for the DSG.
- 4.2. Appendix 3 contains brief notes on what is included in each line of the budget report.
- 4.3. Table 2 summarises the current budget per block. Note that the high needs block budget includes repayment of the previous year's deficit as forecast when the budget was set.

Table 2: Summary Budget 2021/22

	ORIGINAL BUDGET (£m)	VIREMENTS £m	CURRENT BUDGET (£m)
Schools Block	48.294		48.294
Central Schools Block	1.167		1.167
Early Years Block	11.507		11.507
High Needs Block	23.394		23.394
Sub Total – Net Expenditure	84.362		84.362
DSG Allocation	81.934		81.934
Balance Over/(Under) Allocated	-2.429		-2.429

- 4.4. Budgets and forecasts will be adjusted for the actual 2020/21 carry forward when agreed. This will reduce the forecast deficit to £2.371m though other changes to the DSG will need to be taken into account when confirmed in July. It is too early in the year to assess whether this position will be sustained. Risks and any emerging pressures are highlighted per block in the following paragraphs.

5. Current Risks/Emerging Issues

- 5.1. Schools Block (SB)
 - There would only be a variance on maintained primary and secondary school delegated budget allocations due to business rate revaluations or where actual business rates bills vary from the initial school formula allocation (due to like for like funding). These are likely to be minimal.

- The Growth Fund DSG allocation for 2021/22 is more than is anticipated will be required in year and likely to result in a £74k underspend. The budget for this year does include funding for bulge classes for September 2021, of which requirements will be confirmed at a later date. This surplus at the end of the financial year will be required for futures year requirements as set out in the plan brought to Schools' Forum last December.
- De-delegations are contributions to central services and unlikely to have any variance.

5.2. Central Schools Services Block (CSSB)

- Most of the central school services budgets are contributions and the majority will not therefore have a variance. There will be no variance on copyright licences, as this is a national contract agreed in advance. The small surplus brought forward from 2020/21 is likely to be required in 2022/23 as the DSG allocation for this block is likely to reduce again next year.

5.3. Early Years Block (EYB)

- Over 95% of Early Years Funding is relating to the free early year's entitlement for 2, 3 and 4 year olds. The budget for 2021/22 is based on the hours funded in the 2019/20 financial year at the set hourly rates. The DSG funding due to be received this year is based on actual census numbers for each term and this applies to all entitlements including the maintained nursery transitional grant. A different approach to the funding allocations previously which have been based on an average of the January 2020 and 2021 census numbers.
- It is impossible to make a reasonable forecast when both funding and expenditure is based on actual take up of places at a date in the future. In theory, as this year both funding and expenditure is based on the same census data it would assume minimal impact on the budget. However if numbers are low then the risk is that the funding received may not be sufficient to cover the central budgets. This is why it is prudent to keep a contingency. If the budget was to overspend, this would then have an impact on the funding rate to providers in the following financial year.
- There is £154k contingency carried forward from 2020/21. Note that the contingency can only be used to fund providers through the early years formula as already set and cannot be used to increase the hourly rates or to change the formula after these have been set for the year.
- Other budgets that pay for central spend are mainly contributions as agreed at the budget setting, and will not have a variance.
- There has still not been a Government announcement concerning the future funding of maintained nursery schools, including how long the transitional grant will continue. At the moment it has only been confirmed for this financial year.

5.4. High Needs Block (HNB)

- Annual expenditure in the HNB is now largely being contained within its annual DSG allocation, and the overall deficit is reducing, so the focus is to continue to drive average costs of placements down in order to repay the deficit.
- The latest deficit recovery plan is set out in the DSG Outturn report elsewhere on this agenda. The plan assumes that the number of placements will continue to rise as per the trend in the last couple of years, and that inflationary increases to top up fees will average at 2%.
- As top up fees represent 82% of the high needs budget this will be closely monitored throughout the year, including comparing actual number and average cost of placements by each type to the original budget set.
- As mentioned in the outturn report, the actual level of top up fees paid to Reading schools is being reviewed, with a view to either implementing a new model or simply increasing these from September 2021. As schools have only recently seen an increase to the top up rates (5%) for a number of years, it is likely that the recommended increases will be above the 2% included in the budget. The impact on the deficit recovery plan will need to be taken into account when reviewing the options, and it may well be that the repayment of the deficit will take longer in order to facilitate increases above inflation.
- The Inclusion Fund provides additional funding to mainstream schools with a high percentage of pupils with EHCPs compared to our statistical neighbour average. £484,000 has been transferred from the Schools Block to the High Needs block to pay for this. Based on the numbers of EHCPs in mainstream recorded in the Spring term 2021 and the probability that these numbers will increase, it is likely that the qualifying percentage used will need to increase above the current average of our statistical neighbour to prevent an overspend. This will be reviewed when the May census data is finalised.
- The monitoring of the high needs block and the deficit recovery plan will continue to be reported to each meeting of the Schools' Forum.

6. Appendices

Appendix 1 – DSG Allocations 2021/22 – Estimate

Appendix 2 – Summary DSG Budget 2021/22

Appendix 3 – Additional Information per Service

Appendix 1 – DSG Allocations 2021/22 – Estimate

	March 2021 Notification		LA Estimate for Budget	
Schools Block				
Pupil Numbers Primary	13,013.0		13,013.0	
Rate	£4,500.65		£4,500.65	
Allocation		£58,566,958		£58,566,958
Pupil Numbers Secondary	7,202.5		7,202.5	
Rate	£5,924.46		£5,924.46	
Allocation		£42,670,923		£42,670,923
Growth Funding		£844,449		£844,449
Premises Funding		£1,398,982		£1,398,982
actual funding rounding adjustment				
Gross Allocation		£103,481,313		£103,481,313
Academy Recoupment				-£54,702,955
Schools Block Net Total		£103,481,313		£48,778,358
Central School Services Block				
Pupil Numbers	20,215.5		20,215.5	
Rate	£36.20		£36.20	
Allocation		£731,801		£731,801
Historic Commitments		£435,200		£435,200
actual funding rounding adjustment				
Central School Services Block Net Total		£1,167,001		£1,167,001
High Needs Block				
Formula		£24,687,713		£24,687,713
Hospital Funding		£213,230		£213,230
AP Teachers pay/pension grant		£65,995		£65,995
Pupil Numbers - Special Schools	298.0		298.0	
Pupil Numbers - Alternative Provision	34.0		34.0	
	332.0		332.0	
Rate (includes grants)	£4,907.98		£4,907.98	
Allocation		£1,629,449		£1,629,449
Import/Export Adjustment	-323		-323	
Rate	£6,000.00		£6,000.00	
Allocation		-£1,938,000		-£1,938,000
Additional funding for Special Free Schools				
actual funding rounding adjustment				
Gross Allocation		£24,658,387		£24,658,387
Recoupment - academy high needs places		-£4,168,000		-£4,177,333
High Needs Block Net Total		£20,490,387		£20,481,054
Early Years Block	(Jan '20 census)		(Jan '21 census)	
3 & 4 year olds Universal - Schools	1,369.2		1,125.0	
3 & 4 year olds Universal - PVI	1,550.2		1,392.0	
3 & 4 year olds Additional - Schools	262.6		206.4	
3 & 4 year olds Additional - PVI	603.9		637.0	
Total	3,786		3,360	
Rate	£5.28		£5.28	
Allocation		£11,393,984		£10,113,460
2 year olds - schools	72.0		64.0	
2 year olds - PVI	279.7		246.0	
Total	351.73		310.0	
Rate	£5.90		£5.90	
Allocation		£1,182,868		£1,042,530
PPG - schools	205.6		205.6	
PPG - PVI	135.8		135.8	
Total	341.36		341.4	
Rate	£0.53		£0.53	
Allocation		£103,125		£103,125
DAF - eligible pupils	66.0		66.0	
Rate	£615.00		£615.00	
Allocation		£40,590		£40,590
Maintained Nursery Grant		£260,276		£207,580
actual funding rounding adjustment				
Early Years Block Net Total		£12,980,843		£11,507,285
SUMMARY GROSS IN YEAR ALLOCATION				
Schools Block		103,481,313		103,481,313
Central School Services Block		1,167,001		1,167,001
High Needs Block		24,658,387		24,658,387
Early Years Block		12,980,843		11,507,285
TOTAL GROSS DSG ALLOCATION IN YEAR		£142,287,544		£140,813,986
SUMMARY NET IN YEAR ALLOCATION				
Schools Block		£103,481,313		£48,778,358
Central School Services Block		£1,167,001		£1,167,001
High Needs Block		£20,490,387		£20,481,054
Early Years Block		£12,980,843		£11,507,285
TOTAL NET DSG ALLOCATION IN YEAR		£138,119,544		£81,933,698

Appendix 2 – Summary DSG Budget 2021/22

Line Ref.	Description	Budget 2021/22 £m
Schools Block		
1	Individual Schools Budget - Maintained Schools	47.210
2	Growth Fund	0.657
3	Behaviour Support Services (de-delegation)	0.176
4	Staff costs supply cover (trade unions) (de-delegation)	0.043
5	School Improvement (de-delegation)	0.128
6	Statutory/regulatory Duties (ESG) (de-delegation)	0.080
7	Sub Total Schools Block Net Expenditure	48.294
8	Schools Block DSG Allocation	48.294
9	Balance Over / (Under) Allocated	0.000
Central Schools Services Block		
10	Contribution to combined budgets	0.430
11	School admissions	0.220
12	Servicing of schools forum	0.020
13	Prudential borrowing costs	0.040
14	Other Items (copyright licences)	0.119
15	Statutory/regulatory Duties (ESG)	0.339
16	Sub Total Central School Services Block Net Expenditure	1.167
17	Central School Services Block DSG Allocation	1.167
18	Balance Over / (Under) Allocated	0.000
Early Years Block		
19	Early Years Funding (free entitlement)	10.772
20	Support for inclusion	0.100
21	SEN support services (Portage/Dingley)	0.238
22	Central expenditure on early years entitlement	0.397
23	Sub Total Early Years Block Net Expenditure	11.507
24	Early Years Block DSG Allocation	11.507
25	Balance Over / (Under) Allocated	0.000
High Needs Block		
26	SEN placements - Maintained Schools (first £10k/£6k place funding)	1.507
27	Top up funding - Special Schools	9.136
28	Top up funding - Resource Units	0.778
29	Top up funding - Mainstream	2.735
30	Top up funding - Nursery	0.043
31	Top up funding - FE Colleges	0.953
32	Top up funding - Alternative Provision	1.166
33	Top up and other funding - non maintained & independent schools	2.478
34	Additional high needs targeted funding (Inclusion Fund)	0.484
35	SEN support services	0.576
36	Hospital education services	0.199
37	Support for inclusion	0.340
38	Therapies and other health related services	0.413
39	SEN Transport	0.100
40	Teachers pay & pension grants to special schools/PRU	0.297
41	Repayment of DSG deficit from previous year	2.189
41	Sub Total High Needs Block Net Expenditure	23.394
42	High Needs Block DSG Allocation	20.965
43	Balance Over / (Under) Allocated	2.429
44	Total All Blocks Net Expenditure	84.362
45	Total DSG Allocation Available	81.934
46	Balance - Deficit / (surplus) In Year	2.429
Memorandum - Budgets Recouped from Gross DSG Allocation		
47	Individual Schools Budget - Academies	54.812
48	SEN placements - Academies	4.177
49	Total DSG Recouped	58.990
50	Gross DSG Expenditure including Recoupment	143.352

Appendix 3 – Additional Information for Appendix 2 Table

SCHOOLS BLOCK

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

Line 2 - Growth fund - The growth fund budget is for expanding schools or bulge classes in response to basic need and is allocated to schools from the autumn term based on the criteria set by Schools' Forum.

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

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

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

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

Line 6 – Statutory/regulatory duties - formally known as the Education Services Grant, for duties carried out by the LA on behalf of all maintained schools.

CENTRAL SCHOOLS SERVICES BLOCK

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

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

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

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

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

Line 15 – Statutory/regulatory duties - formally known as the Education Services Grant, for duties carried out by the LA for all schools, including academies.

EARLY YEARS BLOCK

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

Line 20 - Support for Inclusion – Early Years Cluster funding and central staffing in Education department. Supports inclusion of children in early year's settings, supporting inclusive practices and resources that enable young children with SEND to have their needs met in these settings. There is also a contribution from the high needs block (in line 36).

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 maintained school Resource Units (first £6k) and maintained Special Schools (first £10k). It was assumed that Cranbury College (PRU/alternative provision) would convert to academy on 1st April so currently no budget showing from April to date of conversion.

TOP UP FUNDING (EHCP top ups within any LA that Reading has a financial responsibility for):

Line 27 - Top-up funding for Special schools and PRU - This also includes Pupils without EHCPs in Pupil referral units

Line 28 - Top-up funding for Resource Units - EHCP top-ups for pupils placed in resource units.

Line 29 - Top-up funding for Mainstream schools - EHCP top-ups for pupils in mainstream schools (not resource units).

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

Line 31 - Top-up funding Nursery providers - EHCP top-ups for children in both maintained and private settings.

Line 32 - Top-up funding Alternative Provision - EHCP top-ups for children in Alternative Provision. This is usually short term placements which are not schools.

Line 33 - Top-up funding and other funding – non maintained and Independents - EHCP Top-ups for Independent and non-maintained special schools.

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

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

Line 36 - Hospital Education Services – This includes Hospital Education unit at Royal Berkshire Hospital and Education for Pupils in Tier 4 CAMHS specialist independent mental health hospital provision which is commissioned by NHS England

Line 37 - Support for Inclusion – Funding for hard to place pupils (through Inclusion panel), and central staffing (2 posts) in Education department, one for statutory functions including monitoring exclusions and one for ASD advisory support. Includes Manor inclusion project, and early years inclusion panel contribution, plus early years place funding at Snowflakes.

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

Line 39 - SEN Transport – Contributions to SEN School Travel

Line 40 – Teachers Pay & Pension Grants – Allocation of grant for special schools/ PRU and nurseries paid outside of the funding formula.

Line 41 – Repayment of deficit (20/21 C/FWD) – This is the 20/21 deficit relating to the high needs block, and this is a first call on 2021/22 resources.

RECOUPMENT

Line 47 – Individual School Budget – School formula budgets recouped for primary and secondary academies.

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

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Reading Schools' Forum

June 24, 2021

Agenda Item 8

Scheme for Financing Schools
2021/22

For decision

For discussion

For information

SUMMARY

This report sets out the statutory changes required to the Scheme for Financing Schools, which requires approval by the Schools' Forum.

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VERSION

Version number 1

DATE

June 11, 2021

REVIEW DATE

None

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1. Recommendations

- 1.1 AGREE: The revisions to the Scheme for Financing Schools as set out in Appendix 1
Note: Voting applies to all Schools Members only.

2. Background

- 2.1 The Scheme for Financing Schools is a statutory document and all local authorities are required to publish their Scheme. It sets out the financial relationship between them and the schools they maintain.
- 2.2 The Department for Education (DfE) set out the provisions which the Scheme must, should or may include. In making any changes to their Schemes, other than directed revisions, local authorities must consult all maintained schools in their area and receive the approval of the members of Schools' Forum representing maintained schools.
- 2.3 The last update to Reading Borough Council's Scheme was in July 2020 and can be found on the RBC website¹.
- 2.4 The statutory guidance for the 2021/22 financial year was updated by the DfE on 23 April 2021.

3. Proposed Changes

- 3.1. Due to delays caused by COVID-19, and in order to provide schools with sufficient notice to comply with the new requirements, the changes to Issue 12 of the scheme for financing local authority maintained schools will take practical effect from 1 April 2021.
- 3.2. The changes in this issue of the scheme include the requirement for local authority schemes to include a requirement for schools to submit a 3-year budget forecast each year, and the directive for schools which have a deficit of over 5% to submit a recovery plan to the local authority.
- 3.3. There are other minor/presentational changes to reflect current policy wording. The changes are listed in Appendix 1.
- 3.4. We do not propose any local changes at this time, but we will exercise discretion on schools meeting certain requirements/deadlines as set out in the Scheme.
- 3.5. As we are only making the changes to reflect the current DfE policy guidance, we will not go out to consultation with all schools, though Schools' Forum are still required to approve these changes.

¹ <https://www.reading.gov.uk/schemes-for-financing-schools>

² [Schemes for financing local authority maintained schools - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/publications/schemes-for-financing-local-authority-maintained-schools)

4. Appendices

Appendix 1 – Changes to The Scheme for Financing Schools

Appendix 2 – Scheme for Financing Schools 2021/22 (with changes)

Appendix 1 – Changes to The Scheme for Financing Schools 2021/22

- Paragraph 1.1: Minor change - Issue of the Statutory guidance changed – “issue 12” to “issue 13”.
- Paragraph 2.22: Changes made to the guidance – added
 - “Due to the coronavirus (COVID-19) outbreak, DfE has decided that the SFVS return should be delayed this year. This is to take account of the current pressures schools and local authorities are facing. For the financial year 2020 to 2021, schools should submit their SFVS to their local authority by no later than 28 May 2021. Local authorities should submit their assurance statement to DfE within 6 weeks, by no later than 9 July 2021.”
- Paragraph 3.7: Changes made to the guidance – added “This provision does not apply to loan schemes run by the local authority. The introduction of IFRS 16 was postponed in relation to 2020 to 2021. It has been postponed again until April 2022.”
- Paragraph 4.9 changes made to the guidance – added “Schools must submit a recovery plan to the local authority when their revenue deficit rises above 5% at 31 March of any year. Local authorities may set a lower threshold than 5% for the submission of a recovery plan if they wish. The 5% deficit threshold will apply when deficits are measured as at 31 March 2021.”
- Paragraph 4.9: Changes made to the guidance – change of wording “In circumstances where a school requires a budget share advance in order not to be to be overdrawn at their bank, this should be treated as a cash advance and not a loan. This will have no effect on the school’s budget and outturn statements.”

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SCHEME FOR FINANCING SCHOOLS

Version 2021.01

To be approved by Schools' Forum on 24/06/21

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FOREWORD

The Scheme sets out the principles underlying the funding of schools, and the basis for the financial relationship between maintained schools in Reading and the Authority.

The June 2021 version incorporates statutory changes to reflect current policy positions and changes in legislation, as notified in the 23 April 2021 version of the guidance from the DfE¹.

The Authority will keep the scheme under review and stakeholders are invited to comment on the scheme at any time to the Chief Finance Officer.

¹ <https://www.gov.uk/government/publications/schemes-for-financing-schools/schemes-for-financing-local-authority-maintained-schools>

SECTION 1: INTRODUCTION

1.1 The Funding Framework

The current funding framework which replaces Local Management of Schools is set out in the legislative provisions in sections 45-53 of the School Standards and Framework (SSAF) Act 1998.

Under this legislation, local authorities determine for themselves the size of their schools budget and their non-schools education budget – although at a minimum a local authority must appropriate its entire Dedicated Schools Grant to their schools budget. The categories of expenditure which fall within the two budgets are prescribed under regulations made by the Secretary of State, but included within the two, taken together, is all expenditure, direct and indirect, on an authority's maintained schools except for capital and certain miscellaneous items. Local authorities may centrally retain funding in their schools budget for purposes defined in regulations made by the Secretary of State under s.45A of the Act. The amounts to be retained centrally are decided by the authority concerned, subject to any limits or conditions prescribed by the Secretary of State (including gaining the approval of Schools' Forum or the Secretary of State in certain instances). The balance of the schools budget left after deduction of centrally retained funds is termed the Individual Schools Budget (ISB). Expenditure items in the non-schools education budget must be retained centrally (although earmarked allocations may be made to schools).

Local authorities must distribute their ISB amongst their maintained schools using a formula which accords with regulations made by the Secretary of State and enables the calculation of a budget share for each maintained school. This budget share is then delegated to the governing body of the school concerned, unless the school is a new school which has not yet received a delegated budget, or the right to a delegated budget has been suspended in accordance with s.51 of the Act. The financial controls within which delegation works are set out in a scheme made by the authority in accordance with s.48 of the Act and regulations made under that section. All proposals to revise the scheme must be approved by the Schools' Forum, though the authority may apply to the Secretary of State for approval in the event of the forum rejecting a proposal or approving it subject to modifications that are not acceptable to the authority.

Subject to provisions of the scheme, governing bodies of schools may spend budget shares as they think fit for any purposes of their school. They may also spend budget shares on any additional purposes prescribed by the Secretary of State in regulations made under s.50 of the Act. (Section 50 has been amended to provide that amounts spent by a governing body on providing community facilities or services under section 27 of the Education Act 2002 are treated as if they were amounts spent for the purposes of the school).

An authority may suspend a school's right to a delegated budget if the provisions of the school financing scheme (or rules applied by the scheme) have been substantially or persistently breached, or if the budget share has not been managed satisfactorily. A school's right to a delegated budget share may also be suspended for other reasons (schedule 17 of the Act).

Each authority is obliged to publish each year a statement setting out details of its planned Schools Budget and other expenditure on children's services, showing the amounts to be centrally retained and funding delegated to schools. After each financial year the authority must publish a statement showing outturn expenditure.

The detailed publication requirements for financial statements are set out in directions issued by the Secretary of State. A copy of each year's budget and outturn statement should be made easily accessible to all schools.

Regulations also require a local authority to publish their scheme and any revisions to it on a website accessible to the general public, by the date that any revisions come into force, together with a statement that the revised scheme comes into force on that date.

1.2 The role of the scheme

The Scheme is prepared in line with the latest statutory guidance issued by the Department for Education which relates to s.48 of the School Standards and Framework Act, and Schedule 14 to the Act. It sets out the principles underlying the funding of schools, and the basis for the financial relationship between Reading Borough Council and the maintained schools which it funds. The requirements of the scheme relating to financial management and associated issues as detailed throughout this document are binding on both the Authority and on schools.

1.3 Application of the scheme to the Authority and maintained schools

The institutional coverage of the scheme will be for all community, nursery, voluntary, foundation, community special or foundation special schools and pupil referral units (PRUs) maintained by Reading Borough Council. A current list of the schools to which the scheme applies is provided at annex A (Schools covered by the scheme) of this document. Unless specifically stated otherwise the provisions of this Scheme apply to any nursery school maintained by the Authority.

As indicated in s.48 of the Act, new maintained schools opening will also be covered by the scheme.

Maintained schools that convert to academy status will cease to be covered by the Scheme. Similarly, new Free Schools will not be covered by the Scheme.

1.4 Publication of the scheme

A copy of the scheme and any approved revisions will be supplied to the head teacher and to the governing body of each school covered by the scheme and placed on the Authority's website. This requirement is subject to regulations published by the Secretary of State for Education.

1.5 Revision of the scheme

The scheme and any subsequent amendments are subject to the approval of members of Schools' Forum representing maintained schools. Any subsequent revisions to the scheme will be subject to consultation with the governing body and head teacher of every school maintained by the Authority and then submission to Schools' Forum for approval. Where Schools' Forum does not approve them or approves them subject to modifications which are not acceptable to the Authority, the Authority may apply to the Secretary of State for approval.

If the Secretary of State makes directed revisions to schemes *after* consultation, such revisions become part of the scheme from the date of the direction.

1.6 Delegation of powers to the head teacher

As part of the scheme, the governing body of each school is required to consider and review (at a frequency to be determined by the governing body and agreed with the Director of Education) the extent to which it wishes to delegate its financial powers to the head teacher, and to record its decision (and any revisions) in the minutes of the governing body. Additionally, the Governing Body or a committee of the governing body must approve the first formal annual budget plan of each financial year.

1.7 Maintenance of Schools

Reading Borough Council is responsible for maintaining the schools covered by the scheme, and this includes the duty of defraying all the expenses of maintaining them (except in the case of a voluntary aided school where some of the expenses are, by statute, payable by the governing body). Part of the way in which the Authority maintains schools is through the funding system put in place under sections 45 to 53 of the School Standards and Framework Act 1998.

SECTION 2: FINANCIAL CONTROLS

2.1 Application of financial controls to schools

Schools are required to abide by the Authority's requirements on financial controls and monitoring in the management of their delegated budgets as outlined within this scheme and detailed in the financial regulations, and those guidelines contained in more detailed publications referred to in the scheme but outside and compatible with it.

2.2 Provision of financial information and reports

Schools are required to provide the Authority with details of actual expenditure and income reconciled to the bank account (I&E Return) on a monthly basis. Schools will also be required to submit outturn statements twice a year – usually in October (monitoring position at month 6) and in January (monitoring position at month 9). The Authority may determine different methods for individual schools and will consult with schools about such requirements, for example schools in financial difficulty may be asked to submit monthly monitoring reports. The submission of such information should so far as possible take account of the Consistent Financial Reporting (CFR) framework. This is in addition to the financial information required as part of schools annual budget plans and year-end predicted outturn processes.

2.3 Payment of salaries; payment of bills

All payments from delegated budgets are to be made in accordance with:

- any specific Service Level Agreement drawn up between the school and Reading Borough Council and,
- the guidelines as detailed as part of any service purchased by the school as part of a Buy-Back service from the Authority, which includes the retention of delegated funding as part of the arrangements for the payroll service.

2.4 Control of assets

Each school is required to maintain an inventory of its moveable assets, in a form to be agreed by the Authority and establish authorisation procedures for disposal of assets. As a minimum requirement all schools should maintain an inventory which records all plant, machinery and equipment with an estimated life of more than five years and an approximate replacement value of, or historic cost of more than, £1,000. Schools should also keep some form of register of assets worth less than £1,000 but are free to determine their own arrangements (with a suggested de minimis of £250). This would be to register anything that is portable and attractive such as a camera.

2.5 Accounting policies (including year-end procedures)

Schools are required to comply with the procedures, requirements and regulations relating to the accounting policies and end of year financial procedures issued and determined by the Authority as being applicable to schools. Guidance will be published annually on the practical arrangements (e.g. accruals accounting and other end of year financial procedures).

2.6 Writing off of debts

No debt shall be discharged other than by payment in full or being written-off. The writing-off of non-recoverable debts is set out in the Financial Regulations and requires the Authority's approval for sums over £5,000, as well as full Governing Body approval.

2.7 Basis of accounting

End of year reports and accounts completed by schools for submission to the Authority are to be prepared on the same accounting basis as the Authority's financial accounts, that is on an accruals accounting basis, as detailed in the Authority's financial regulations and in accordance with a timetable agreed with the Authority. Support will be available from the Authority for schools requiring assistance in this process.

2.8 Submission of budget plans

Governing bodies must prepare, formally adopt and submit to the Authority a budget plan which reconciles with their total budget allocation, detailing its budgeted income and expenditure for the current financial year, in a format taking account of the Consistent Financial Reporting framework. The plan should be prepared in accordance with the guidelines issued by the Authority to schools as part of the Authority's annual budget preparation process and should take full account of estimated deficits / surpluses at the previous 31 March. Governing bodies should normally submit their formal budget plan to the Authority by no later than 1 May.

The Authority will supply schools in a timely manner with all income and expenditure data it holds which is necessary to efficient planning by schools, for example indicative budget shares as soon as they are available, usually by the end of January.

The Authority would normally expect the Governing body to review the initial submitted and approved budget plan in September and January of the current financial year and submit current year outturn forecasts to the Authority. Completed budget plans and any current year forecasts need to demonstrate both the assumptions which underpin the financial data reported and what consideration the

school has made of other Authority initiatives which have a direct impact on the school's resources.

2.9 Submission of financial forecasts

Governing bodies must also submit to the Chief Finance Officer a financial forecast covering each year of a three to five year period. The purposes of such forecasts are to ensure schools are planning ahead strategically and to indicate where schools may have financial difficulties. Multi-year forecasts should be submitted no later than the 30 June.

2.10 School Resource Management

Schools must seek to achieve effective management of resources and value for money, to optimise the use of their resources, and to invest in teaching and learning.

It is for heads and governors to determine at school level how to optimise the use of resources and maximise value for money.

As a minimum, schools should review their current expenditure, compare it to other schools (such as through use of the DfE's benchmarking tool), and think about how to make improvements.

2.11 Virement

Governing bodies are authorised to freely transfer funds between budgets whilst ensuring that the overall budget as approved and submitted to the Authority remains within the cash limit agreed with the Authority. It is for the Governing Body to determine the extent to which it wishes to delegate power to vire between budget heads and to record its decision in the minutes of the Governing body. Proposed virements exceeding the delegated power must be formally adopted by the Governing Body and duly minuted.

2.12 Audit: General

In accordance with the Local Government Act 1972 and the Accounts and Audit Regulations 2011, the Chief Finance Officer has a statutory responsibility to ensure that a continuous internal audit and examination of accounting, stores and financial records and internal control systems of the Authority and its officers are carried out.

The Chief Finance Officer or a nominated and authorised representative, including the Authority's external auditor, shall have the authority to:

- enter at all times on any premises or land used by the Authority;
- make such checks and seek such explanations as is considered necessary to be satisfied any matters under examination are correct;

- require any employee of the Authority and/or governing body to produce upon request cash, stores or other Authority (including all school) property under his/her control (including reasonable access to IT systems).

Wherever possible auditors will agree an appointment in advance with the school and ensure that they carry out their duties with the minimum disruption to the school.

This internal audit shall be carried out in accordance with the audit regime adopted by the Authority and as detailed in the Authority's *Financial Regulations*. Schools must co-operate with the Chief Finance Officer or his / her representative in all aspects related to the internal and external audit process including responding promptly and where appropriate confidentially to requests for information necessary to carry out the audit.

Head teachers and/or governing bodies shall notify the Director of Education, who shall in-turn inform the Chief Finance Officer of any irregularities or suspected irregularities concerning cash, stores or other property of the Authority or school, or the exercise of any of the Authority's or school's functions.

2.13 Separate external audits

Governing bodies are authorised to spend funds from their budget share to obtain external audit certification of its accounts, separate from any Authority internal or external audit process. Any external audit commissioned by the school must take into account the status of the school as being a spender of the Authority's funds. Copies of external audit reports commissioned by the school should be made available to the Authority.

2.14 Voluntary Funds Charity Commission Registration and Audit of voluntary and private funds

Registration

Charity Commission registration requirements should be followed, these differ between voluntary, foundation and community schools.

Schools must consider their own specific needs should the annual gross income of these funds exceed £5,000. This includes donations, fund raising receipts as well as interest payments. Where the fund (or part of the fund) is used as a holding account, where money is being collected for a specific purpose, e.g. school trips, photographs, uniforms, this can be netted off and be exempt from the £5,000 (other than any surplus). If a school is in any doubt about whether or not it needs to register, it should seek advice from the Charity Commission.

Scrutiny of accounts

The Governing body must advise the Chief Finance Officer of all voluntary and private funds held by the school including any trading organisations controlled by the school. In addition to details of any such funds, schools are required to provide annual audit

certificates of all such funds. The governing body must choose either independent examination by a suitably qualified person or arrange for an independent audit by a registered auditor that provides the level of assurance deemed suitable and this should be documented in the school's own finance procedures manual.

Any other requirements concerning the audit of such funds are a matter for those making the funds available and, where registered as a charity, any Charity Commission requirements.

2.15 Register of business interests

Governors and staff have a responsibility to avoid any conflict between their business and personal interests and the interests of the school. This is essential for effective and accountable financial management of the school. Interest should be declared that could result in a conflict of interest. Examples of potential conflicts of interest include:

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1. Financial – interests in a contract or proposed contract by direct or family connection.
2. Appointment – interests in the provision for sponsor governors or interests in someone's appointment, reappointment or suspension from office as a governor or clerk to the governing body.
3. Pay and performance – interests in the pay or appraisal of someone working at the school in cases where the governor or staff member is also paid to work at the school.

The governing body of each school is required to establish a register which lists for each member of the governing body and management team (including the head teacher and School Business Manager/Bursar), any business interests they or any member of their immediate family have; details of any other educational establishments that they govern; and any relationship between school staff and members of the governing body. The register must be kept up to date with notification of changes and through annual review of entries, and to make the register available for inspection by governors, staff and parents, and the authority and to publish the register on a publicly accessible website.

2.16 Purchasing, tendering and contracting requirements

Schools must abide by the Authority's financial regulations and standing orders in purchasing, tendering and contracting matters (including leases). Schools are required to assess in advance, where relevant, the health and safety competence of contractors, taking account of the Authority's policies and procedures.

In accordance with DfE requirements, schools are **exempt** from any provisions in the Authority's *Financial Regulations* which would require them to:

- a. do anything incompatible with the provisions of the Scheme, or any statutory provision, or any EU Procurement Directive;

- b. seek an Authority officer countersignature for any contracts for goods or services for a value below £60,000 in any one year;
- c. select suppliers only from an approved list;
- d. permit schools to seek fewer than three quotes or tenders in respect of any contract with a value exceeding £10,000 in any one year, subject to specific listed exceptions.

The fact that an authority contract has been let in accordance with EU procurement procedures does not in itself make it possible to bind a school into being part of that contract. For the purposes of the procurement directives schools are viewed as discrete contracting authorities.

Schools may seek advice on a range of compliant deals via Buying for schools (<https://www.gov.uk/guidance/buying-for-schools>).

2.17 Application of contracts to schools

Schools are free to elect to opt out of contracts arranged by the Authority.

Whilst governing bodies are empowered under paragraph 3 of schedule 1 to the Education Act 2002 to enter into contracts, in most cases they do so on behalf of the Authority as maintainer of the school and the owner of the funds in the budget share. For this reason, the Authority will require all contracts exceeding £100,000 entered into by the school to be counter-signed by the Authority. Other contracts may be made solely on behalf of the governing body, when the governing body has clear statutory obligations - for example, contracts made by aided or foundation schools for the employment of staff. VA and Foundation school governing bodies are legally separate entities and do not require counter-signature from the Authority. However, as the Authority is providing the funds, any school which places a contract that will be funded by more than £60,000 from delegated funds, should advise the Authority. In practice this notification will normally happen in the ordinary course of events.

In line with Section 2.16 and the requirement on schools to have regard to good tendering procedures, schools should:

- Seek tenders for all contracts over £60,000
- Obtain 3 quotes or tenders for contracts above £10,000
- Ensure that the Chair of Governors of all schools (or a nominee) opens tenders above £100,000
- Ensure that an Authority Member is involved in the opening of tenders above £250,000 (community schools only)

2.18 Central funds and earmarking

The Authority is authorised to make sums available to schools from central funds, in the form of allocations which are additional to and separate from the schools' budget shares. All such allocations may be subject to conditions setting out the purpose or

purposes for which the funds may be used; and while these conditions need not preclude virement (except, where the funding is supported by a specific grant which does not permit virement), this should not be carried to the point of assimilating the allocations into the school's budget share.

Such earmarked funding from centrally retained funds is only to be spent on the purposes for which it is given, or on other budget heads for which earmarked funding is given and is not transferred into the budget share. Schools are not permitted to authorise expenditure in excess of the amount allocated without the prior agreement and approval of the Director of Education. Furthermore, unless previously agreed with the Director of Education, any earmarked funds not spent in the current financial year are to be returned to the Authority. The Authority will not make any deduction, in respect of interest costs to the Authority, from payments to schools of devolved specific special grant. Schools shall comply with the audit requirements as outlined within financial regulations. Details of earmarked funds as well as the purposes of such funds will be included with the budget statements for each school year.

2.19 Spending for the purposes of the school

Schools must be managed in accordance with their budget allocation for each financial year. They may use their budget allocation to meet, subject to the requirements as outlined in the scheme, all expenditure for the purposes of the school.

They may not however use this resource to meet the cost of:

- any items detailed as exceptions within the scheme, and outlined in this document,
- any items relating to unofficial school funds and;
- any non-LA (or non-curriculum related) activities. By virtue of section 50(3A), amounts spent by governing bodies on community facilities under section 27 of the Education Act 2002 will be treated as if spent for the purposes of the school.

Schools are allowed to spend their budgets on pupils who are on the roll of other maintained schools or academies.

Income received and/or reflected in the schools general accounts must come from the following sources only:

- Advances (general and special) from the Authority
- VAT, tax and other related reimbursements
- Any income generated as a result of an authorised school activity
- Approved contributions towards school expenditure from a third-party
- Any other sources as notified and agreed with the Director of Education and the Chief Finance Officer.

2.20 Capital spending from budget shares

Governing bodies may use their budget shares to meet the cost of capital expenditure on the school premises. This includes expenditure by the governing body of a voluntary aided school on work which is their responsibility under paragraph 3 of Schedule 3 of the SSAF Act 1998.

Schools must notify the Authority of all proposed capital spending from their budget share. It is recommended that schools discuss their proposals with the Authority prior to the final authorisation of such proposals and in particular that they ensure that the proposed works do not already form part of the Authority's approved capital programme. If the expected capital expenditure from the budget share in any one year will exceed £25,000, the governing body must notify the Authority and take into account any advice from the Director Education and the Chief Finance Officer as to the merits of the proposed expenditure. If the Authority owns the premises or the school has voluntary controlled status, then the governing body should seek the consent of the Authority to the proposed works, but consent will only normally be withheld on health and safety grounds.

The reasons for these provisions are to help meet responsibilities with the School Premises (England) Regulations 2012, the Workplace (Health, Safety and Welfare) Regulations 1992, the Regulatory Reform (Fire Safety) Order 2005, the Equality Act 2010, and the Building Regulations 2010.

These provisions do not affect expenditure from any capital allocation made available by the authority outside the delegated budget share.

2.21 Notice of concern

The Authority may issue a notice of concern to the governing body of any school it maintains where, in the opinion of the Chief Finance Officer and the Director of Education, the school has failed to comply with any provisions of the scheme, or where actions need to be taken to safeguard the financial position of the Authority or the school.

Such a notice will set out the reasons and evidence for it being made and may place on the governing body restrictions, limitations or prohibitions in relation to the management of funds delegated to it. These may include:

- insisting that relevant staff undertake appropriate training to address any identified weaknesses in the financial management of the school;
- insisting that an appropriately trained/qualified person chairs the finance committee of the governing body;
- placing more stringent restrictions or conditions on the day to day financial management of a school than the scheme requires for all schools

- such as the provision of monthly accounts to the Authority;
- insisting on regular financial monitoring meetings at the school attended by Authority officers;
- requiring a governing body to buy into the Authority’s financial management systems; and
- imposing restrictions or limitations on the manner in which a school manages extended school activity funded from within its delegated budget share – for example by requiring a school to submit income projections and/or financial monitoring reports on such activities.

The notice will clearly state what these requirements are and the way in which and the time by which such requirements must be complied with in order for the notice to be withdrawn. It will also state the actions that the Authority may take where the governing body does not comply with the notice.

2.22 Schools Financial Value Standard (SFVS)

All local authority maintained schools (including nursery schools and Pupil Referral Units (PRUs) that have a delegated budget) must demonstrate compliance with the Schools Financial Value Standard (SFVS) and complete the assessment form on an annual basis. It is for the school to determine at what time in the year they wish to complete the form, but this must be before the end of the financial year.

Governors must demonstrate compliance through the submission of the SFVS assessment form signed by the Chair of Governors. The form must include a summary of remedial action with a clear timetable, ensuring that each action has a specified deadline and an agreed owner. **Governors must monitor the progress of these actions to ensure that all actions are cleared within specified deadlines.**

All maintained schools with a delegated budget must submit the form to the Authority before the 31 March. However due to the coronavirus (COVID-19) outbreak, DfE has decided that the SFVS return should be delayed this year. This is to take account of the current pressures schools and local authorities are facing. For the financial year 2020 to 2021, schools should submit their SFVS to their local authority by no later than 28 May 2021. Local authorities should submit their assurance statement to DfE within 6 weeks, by no later than 9 July 2021

2.23 Fraud

All schools must have a robust system of controls to safeguard themselves against fraudulent or improper use of public money and assets.

The governing body and head teacher must inform all staff of school policies and

procedures related to fraud and theft, the controls in place to prevent them; and the consequences of breaching these controls. This information must also be included in induction for new school staff and governors.

SECTION 3: INSTALMENTS OF THE BUDGET SHARE; BANKING ARRANGEMENTS

For the purposes of this section, Budget Share includes any place-led funding for special schools or pupil referral units.

3.1 Frequency of instalments

The Authority will ensure that schools receive their budget share allocation in monthly instalments sufficient to meet their reasonable cash-flow needs. Top-up payments for pupils with high needs will be made on a monthly basis unless alternative arrangements have been agreed with the provider. The Chief Finance Officer in consultation with the Director of Education will agree with individual schools an appropriate schedule of payment. Payments to individual school bank accounts will usually be by BACS.

3.2 Proportion of budget share payable at each instalment

Monthly budget share payments to schools will be made in accordance with the schedule of payment agreed with individual schools and the Chief Finance Officer. Where no prior agreement exists with a school and the Chief Finance Officer, then the budget share payable will be equal to one twelfth of the schools approved budget share. Payment will be made direct into the school's main bank account.

Schools wishing to revise their schedule of payment, changing either the frequency of each instalment or the proportion of budget share payable at each instalment are required to submit their request at least two weeks in advance in writing to the Chief Finance Officer.

Schools who use a payroll service that is external to that provided by the Authority will receive their budget share in instalments that reasonably take account of payroll costs. Those schools whose payroll is administered by the Authority will receive the instalments net of estimated payroll costs for the period to which the payment relates.

3.3 Interest clawback

Where a school requests and the Authority agrees to make available the budget share in advance (of what the Authority believes to be reasonable cash flow needs taking account of the pattern of expenditure of schools of that size, and any particular representations relating to the individual school's circumstances) the Authority may deduct from the budget share an amount equal to the estimated interest lost. The calculation basis as outlined in annex B (Interest charges on advances) may be at a rate up to 2% higher than the rate applicable to funds invested with the Authority on any amount advanced, although provided the Authority has agreed the business plan with the school that sets out the repayment regime, interest will usually be waived.

3.3.1 Interest on late budget share payments

The Authority will add interest to late payments of budget share instalments made after payroll run day each month, where such late payment is the result of Authority error. The interest rate to be used will be that used for clawback calculations as detailed above.

3.4 Budget shares for closing schools

Subject the agreement of the Director of Education and the Chief Finance Officer, the budget shares of schools for which approval for discontinuation has been secured, may be made available until closure of that school on a monthly basis net of estimated pay costs, even where some different basis was previously used.

3.5 Bank and building society accounts

All maintained schools must establish a main bank account to which the budget share will be paid. They must notify the Chief Finance Officer of the account and any proposals to change it. Schools shall be allowed to retain all interest payable on the account unless they choose to have an account within an authority contract which makes other provision.

When a school so changes its bank account, the previous account used to receive budget shares should be closed within 3 months, and any balance transferred to the new account. Any balance the Authority is holding in respect of the school's budget share (or if necessary, an estimate, to be adjusted once the correct amount is determined), will also be transferred to the new account (or from it in the case of a deficit, subject to funds being available).

Schools shall also notify the Chief Finance Officer of other bank accounts they hold, although this is not necessary if the account is held by a separate legally constituted related legal body (e.g. a properly constituted charitable trust).

The operation of school bank accounts in this way will result in school balances being held in the nominated account at the year end, or one otherwise agreed with the Chief Finance Officer (subject to adjustments associated with estimated payroll costs, as mentioned in 3.2.).

3.6 Restrictions on accounts

Full details, including account details and authorised signatories (minimum of two) for all banking transactions, of all bank and/or building societies maintained by the school should be supplied in writing to the Chief Finance Officer. Schools are normally

required to advise the Authority at least three months in advance of its intention to change its banking arrangement. Any school closing an account used to receive its budget share and opening another must agree the new bank or building society with the Chief Finance Officer, which must be consistent with the authority's Treasury Management policy.

Under section 49(5) of the Act, all monies paid by the Authority and held in such accounts shall remain to be the property of the Authority until spent.

Although accounts can be in the name of the school rather than the authority, wherever the school holds its bank account, the account mandate should provide that the Authority is the owner of the funds in the account, that it is entitled to receive statements, and that it can take control of the account if the school's right to a delegated budget is suspended by the Authority.

Where on-line banking is used, schools must ensure that sufficient controls are in place for authorisation of transactions.

3.7 Borrowing by schools

With the exception of loan schemes run by the Authority and outlined in the scheme, Governing Bodies may only borrow money (which includes the use of finance leases) with the written permission of the Secretary of State (who will only grant permission for borrowing in exceptional circumstances). Details of all such requests and subsequent approvals or otherwise should be supplied in writing to the Authority's Chief Finance Officer.

However, schools may be permitted to use any scheme that the Secretary of State has said is available to schools without specific approval, such as the Salix scheme which is designed to support energy saving.

Schools must not use interest bearing credit cards, as this is considered a form of borrowing. Procurement cards should be used for facilitating electronic purchases, and these must be set up to prevent cash withdrawals. Balances must be fully cleared on a monthly basis.

The restrictions do not apply to Trustees and Foundations, whose borrowing, as private bodies, makes no impact on government accounts, though such borrowing must not be serviced directly from the delegated budget.

This provision does not apply to loan schemes run by the local authority. The introduction of IFRS 16 was postponed in relation to 2020 to 2021. It has been postponed again until April 2022.

3.8 Finance leases and hire purchase agreements

The Authority adopts the definition of leases in accordance with best accounting practice as described in the International Accounting Standard (IAS) 17.

IAS 17 classifies a lease as a finance lease if it 'transfers substantially all the risks and rewards incidental to ownership' to the lessee. A lease not classified as a finance lease is classified as an operating lease.

A finance lease is a form of borrowing and must not be entered into by a school without the agreement of the Authority. A hire purchase agreement is similar in substance to a finance lease and must not be entered into by a school.

IAS 17 states that 'whether a lease is a finance lease, or an operating lease depends on the substance of the transaction rather than the form of the contract'.

IAS gives the following examples of situations that individually or in combination would normally lead to a lease being classified as a finance lease: -

- a) The lease transfers ownership of the asset to the lessee by the end of the lease term.
- b) The lessee has the option to purchase the asset at a price which is expected to be sufficiently lower than the fair value at the date the option becomes exercisable such that, at the inception of the lease, it is reasonably certain that the option will be exercised.
- c) The lease term is for the major part of the economic life of the asset even if title is not transferred.
- d) At the inception of the lease the present value of the minimum lease payments amounts to at least substantially all of the fair value of the leased asset.
- e) The leased assets are of a specialised nature such that only the lessee can use them without major modifications being made.

The standard also provides indicators of situations that individually or in combination could result in a finance lease as follows: -

- a) If the lessee can cancel the lease, the lessor's losses associated with the cancellation are borne by the lessee.
- b) Gains and losses from the fluctuation in the fair value of the residual accrue to the lessee.
- c) The lessee has the ability to continue the lease for a secondary period at a rent that is substantially lower than market rent.

Schools must seek an opinion from the Authority's professional advisors (financial or legal) or the Authority before entering into any significant lease agreement, where a significant lease agreement is defined as a lease agreement where an annual gross lease payment to a bank or banks exceeds £20,000 or total gross lease payments over the life of the lease exceed £60,000 and/or at a level at the discretion of the

Chief Finance Officer. This must be done irrespective of any advice given by the leasing company on the nature of the lease.

Schools must not enter into a significant lease through the equipment vendor without the express agreement of the Authority.

Schools must provide information on all leases as at the year-end or as requested by the Chief Finance Officer.

3.9 Other provisions

All relevant provisions contained in the Authority's financial regulations or other appropriate financial guidance issued by the Authority shall be applicable to schools where those provisions impact on a school's banking arrangements.

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

4.1 The right to carry forward surplus balances

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

4.2 Reporting on and control of the use of surplus balances

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

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

4.3 Interest on surplus balances

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

4.4 Obligation to carry forward deficit balances

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

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

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

4.5 Planning for deficit budgets

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

4.6 Charging of interest on budget advances

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

4.7 Writing off deficits

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

4.8 Balances of closing and replacement schools

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

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

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

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

Where a school converts to academy status as a sponsored academy due to being eligible for intervention, the Authority will pay to the academy school an amount equal to the surplus balance of the school at the date of conversion. Where a school with a deficit balance converts to academy status as a sponsored academy due to being eligible for intervention, the amount of the deficit is transferred to the Authority. The

Authority may charge some or all of the cost of deficit against the Dedicated Schools Grant.

4.9 Planned (licensed) deficits

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

The requirements are set out below:

- The maximum length over which schools may repay the deficit, i.e. reach at least a zero balance with appropriate mechanism to ensure that the deficit is not simply extended indefinitely, would normally be five years.
- The deficit will only be agreed to allow a school in the short term to maintain a level of spend which in the opinion of the Head of the Education Service is the minimum required to deliver the National Curriculum.
- The maximum size of the deficit in normal circumstances will not exceed 5% of the school's budget share.
- The maximum proportion of the collective balances held by the LA, which would be used to back the arrangement, shall not exceed 20%.
- Before a deficit budget is approved, the school must produce a detailed deficit recovery plan in the prescribed format for the duration of the planned period of the deficit, which will be reviewed and updated at least annually.
- Schools must submit a deficit recovery plan to the local authority when their revenue deficit rises above 5% at 31 March of any year. Local authorities may set a lower threshold than 5% for the submission of a deficit recovery plan if they wish. The 5% deficit threshold will apply when deficits are measured as at 31 March 2021.
- The school must provide to the local authority any additional information/school data requested in relation to the deficit recovery within a reasonable timescale. This may include information on staffing structures, class/timetable arrangements, curriculum plans etc.
- The school must submit monthly budget monitoring reports to the local authority.
- The school must meet with the local authority at least every 6 months to review progress of the deficit recovery plan and attend Schools' Forum if requested.
- A member of the LA may attend the school's Governor Meetings where the budget is to be discussed.
- The Head of the Education Service, jointly with the Chief Finance Officer, would be responsible for approving any deficit.
- Should a school not comply with the requirements of the licensed deficit, and/or the deficit recovery plan is not being adhered to, the authority may issue a Notice of Concern (see paragraph 2.21) which may ultimately result in

withdrawal of financial delegation.

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

In circumstances where a school requires a budget share advance in order not to be to be overdrawn at their bank, this should be treated as a cash advance and not a loan. This will have no effect on the school's budget and outturn statements

4.10 Loan Schemes

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

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

4.11 Credit union approach

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

SECTION 5: INCOME

5.1 Income from lettings

Schools are allowed to retain income from lettings of school premises owned by the Authority which would otherwise accrue to the Authority, subject to alternative provisions arising from any joint use or PFI/PPP agreements. Income from lettings of school premises should not be paid into voluntary or private funds held by the school. Schools must ensure that lettings of school premises are not provided at an overall cost to the budget share but may cross-subsidise lettings for community and voluntary use with income from other lettings, provided the governing body is satisfied that this will not interfere to a significant extent with the performance of any duties imposed on them by the Education Acts, including the requirement to conduct the school with a view to promoting high standards of educational achievement. The use of such premises is subject to any directions issued by the Authority as to the appropriate use of school premises as permitted under the School Standards and Framework Act 1998 for various categories of schools.

Income from lettings of school premises should not normally be payable into voluntary or private funds held by the school. However, where land is held by a charitable trust, it will be for the school's trustees to determine the use of any income generated by the land.

5.2 Income from fees and charges

Schools are allowed to retain income from fees and charges except where a service is provided by the Authority from centrally retained funds. Schools are required to give due regard to any policy statements on charging the Authority may produce.

5.3 Income from fund-raising activities

Schools are allowed to retain income from fund-raising activities.

5.4 Income from the sale of assets

Schools are allowed to retain the proceeds of sale of assets except in cases where the asset was purchased with non-delegated funds (in which case it will be for the Authority to decide whether the school should retain any of the proceeds), or the asset concerned is land or buildings forming part of the school premises and is owned by the Authority.

5.5 Administrative procedures for the collection of income

The procedures for the collection of all income due to the Authority are subject to the continual review of and issuing of appropriate guidance from the Chief Finance Officer.

5.6 Purposes for which income may be used

Income from the sale of assets purchased with delegated funds may only be spent for the purposes of the school.

Sale of assets would become part of the capital balance of the school and, therefore, would be available for capital expenditure only.

SECTION 6: THE CHARGING OF SCHOOL BUDGET SHARES

6.1 General provision

The Authority is authorised to charge the budget share of a school without the consent of the governing body **only** in circumstances expressly permitted by the scheme (6.2) and requires authorities to consult with schools on any intended changes, and notify schools when it has been done. The Authority is not permitted to levy a charge where the statutory responsibility rests elsewhere and therefore the Authority cannot incur a liability. For the avoidance of doubt the Authority may de-delegate funding for permitted services without the express permission of the governing body, provided this has been approved by the appropriate phase of the Schools' Forum.

All charges for salaries and wages of school-based staff to school budget shares will wherever possible be based on actual rather than estimated costs.

Schools may wish to draw to the attention of the Authority expenses they feel they have incurred as a result of the acts or omissions of the Authority.

6.2 Circumstances in which charges may be made

The circumstances under which charges may be applicable are outlined below:

- i. Where premature retirement costs have been incurred without the prior written agreement of the Authority to bear such costs (the amount chargeable being only the excess over any amount agreed by the Authority);
- ii. Other expenditure incurred to secure resignations where there is good reason to charge this to the school (see Annex D);
- iii. Awards by courts and industrial tribunals against the Authority or out of court settlements, arising from acts or omissions by the governing body or head teacher contrary to the Authority's advice
- iv. Expenditure by the Authority in carrying out health and safety work or capital expenditure for which the Authority is liable where funds have been delegated to the governing body for such work, but the governing body has failed to carry out the required work;
- v. Expenditure by the Authority incurred in making good defects in building work funded by capital spending from budget shares, where the premises are owned by the Authority or the school has voluntary controlled status;
- vi. Expenditure incurred by the Authority in insuring its own interests in a school where funding has been delegated but the school has failed to demonstrate that it has arranged cover at least as good as that which would be arranged by the Authority;
- vii. Recovery of monies due from a school for services provided to the school, where a dispute over the monies due has been referred to a disputes procedure set out

- in a service level agreement, and the result is that monies are owed by the school to the Authority;
- viii. Recovery of penalties imposed on the Authority by the Board of Inland Revenue, the Contributions Agency or HM Customs and Excise, Teachers Pensions, the Environment Agency or other regulatory authorities as a result of school acts or omissions.
 - ix. Correction of Authority errors in calculating charges to a budget share (eg pension deductions)
 - x. Additional transport costs incurred by the Authority arising from decisions by the governing body on the length of the school day, and failure to notify the Authority of non-pupil days resulting in unnecessary transport costs.
 - xi. Legal costs which are incurred by the Authority because the governing body did not accept the advice of the Authority.
 - xii. Costs of necessary health and safety training for staff employed by the Authority, where funding for training had been delegated but the necessary training not carried out.
 - xiii. Compensation paid to a lender where a school enters into a contract for borrowing or leasing beyond its legal powers, and the contract is of no effect, and the full initial cost of any credit arrangement the school enters into without the prior written agreement of the Chief Finance Officer.
 - xiv. Cost of work done in respect of teacher pension remittance and records for schools using non-Authority payroll contractors, the charge to be the minimum needed to meet the cost of the Authority's compliance with its statutory obligations.
 - xv. Costs incurred by the Authority in securing provision specified in an Education, Health and Care Plan (EHCP) where the governing body of a school fails to secure such provision despite the delegation of funds in respect of low cost high incidence SEN and/or specific funding for a pupil with High Needs.
 - xvi. Costs incurred by the Authority due to submission by the school of incorrect data.
 - xvii. Recovery of amounts spent from specific grants on ineligible purposes.
 - xviii. Costs incurred by the Authority as a result of the governing body being in breach of the terms of a contract.
 - xix. Costs incurred by the Authority or another school as a result of a school withdrawing from a cluster arrangement, for example where this has funded staff providing services across the cluster.
 - xx. Costs incurred by the authority in administering admission appeals, where the local authority is the admissions authority and the funding for admission appeals has been delegated to all schools as part of their formula allocation.

SECTION 7: TAXATION

7.1 VALUE ADDED TAX

Schools are required to complete a monthly return of expenditure and income showing the amount of VAT incurred and any VAT arising for services supplied by schools. In respect of VAT incurred, schools must hold a valid VAT invoice to support their claim.

On receipt of the monthly return the Authority will reclaim the net VAT and arrange for the school to be reimbursed.

VAT **cannot be recovered** on expenditure by the governors of a voluntary aided school when carrying out their statutory responsibilities to maintain the external fabric of their buildings.

Schools should seek advice of the Chief Finance Officer in relation to VAT if there is any doubt as to how a particular transaction should be treated.

7.2 CIS (Construction Industry Taxation Scheme)

Schools are required to agree a procedure with the Chief Finance Officer to enable any expenditure they incur to which the Construction Industry Taxation Scheme (CIS) applies to be correctly accounted for. For many schools this can be achieved by asking the Chief Finance Officer to make such payments.

SECTION 8: THE PROVISION OF SERVICES AND FACILITIES BY THE AUTHORITY

8.1 Provision of services from centrally retained budgets

The Authority will determine the basis upon which services from centrally retained funds (including existing premature retirement costs and redundancy payments) are provided to schools. The Authority will, wherever possible endeavour to do this in consultation with schools. The Authority will not discriminate in its provision of services on the basis of categories of schools except where this would be permitted under the School and Early Years Finance Regulations or the dedicated schools grant conditions of grant.

8.2 Provision of services bought back from the Authority using delegated budgets

The Authority will limit the term of any arrangement with a school to buy services or facilities from the authority to a maximum of three years from the date of the agreement, and periods not exceeding five years for any subsequent agreement or extensions relating to the same.

Schemes for contracts for supply of catering services may be limited to a maximum of five years, with a maximum agreement of seven years if the contract is extended.

When a service is provided for which expenditure is not retainable centrally by the Authority under the Regulations made under section 45a of the Act, it will be offered at prices which are intended to generate income which is no less than the cost of providing those services. The total cost of the service will be met by the total income, even if schools are charged differentially.

8.3 Packaging

The Authority will ensure that in providing any service on a buy-back basis that such services will be offered in a way which does not unreasonably restrict schools freedom of choice among the services available, and where practicable, this will include provision on a service-by-service basis as well as in packages of services. Services available to be purchased with delegated funds will be outlined in guidance from time to time (Reading Borough Council support services for schools).

8.4 Service level agreements

Service level agreements must normally be in place by no later than 31st March to be effective for the following financial year and schools must normally have at least a month to consider the terms of agreements.

With the exception of centrally funded premises and liability insurances, if services or facilities are provided under a Service Level Agreement (SLA) (whether free or on a buy-back basis), the terms of any such agreement starting on or after the inception of the scheme will be reviewed at least every three years if the agreement lasts longer than that.

Services provided by the Authority will be available on a basis which is not related to an extended agreement, as well as on the basis of such agreements. Where such services are provided on an ad-hoc basis they may be charged for at a different rate than if those services were provided on the basis of an extended agreement.

8.5 Teachers' Pensions

For the purposes of the Teachers' Pensions Scheme (TPS), local authorities are deemed to be the employers of teachers employed in maintained schools, whoever is the contractual employer. This brings with it the duty, under the Teachers' Pensions Regulations 2014, to make data returns relating to contributions, salaries and service for the staff concerned to Teachers Pensions.

Schools must ensure that their contracts with third party payroll agencies contain proper provision requiring the agency to supply a monthly return of salary and service to the Authority and in the format as reasonably specified by the Authority. Governing bodies must also ensure that details of Additional Voluntary Contributions (AVCs) are passed to the Authority within the time limit showed in the AVC scheme. Annex C sets out the full details. Where a revision to the contract involves increased charges then the additional cost is to be met from within the existing schools' budget share.

SECTION 9: PRIVATE FINANCE INITIATIVE / PUBLIC –PRIVATE PARTNERSHIP

9.1 Private Finance Initiative (PFI) / Public –Private Partnership (PPP)

The Authority may develop PFI projects within the schools sector. An appropriate funding mechanism for such projects will be established in consultation with schools and the particular governing bodies concerned. The Authority anticipates agreeing with the governing body of schools as to the basis of such charges; and the treatment of monies withheld from contractors due to poor performance.

SECTION 10: INSURANCE

10.1 Insurance cover

The Chief Finance Officer has the responsibility for ensuring that the Council is adequately protected by insurance. It is essential that the School Governing Body is adequately protected. Without insurance, Schools could find themselves in a position where they are exposing the School and the Council to potential liabilities which could have serious financial implications for Schools and the Council, e.g. a major fire or injury. In addition, individual teachers or Governors may unwittingly open themselves to the possibility of being sued personally. The Chief Finance Officer can determine the minimum levels of insurance cover for Schools. The **Minimum Requirement** will be based on the cover currently provided by the LA, or such amounts that the Chief Finance Officer reasonably determines due to changes in the nature of the risk. Schools will not be allowed to place their insurance cover elsewhere unless they can demonstrate that these meet the Minimum Requirements.

When considering the options open to them Governing Bodies should make their decision bearing in mind their own individual circumstances and ensure that they are clear as to the extent of cover and other services included within each option.

In the event of the School deciding not to take advantage of the Council's Insurance Service, the School must demonstrate that it has arranged cover to as good a standard as that which would have been arranged by the LA.

Schools making their own alternative insurance arrangements must produce evidence of such insurance to the Chief Finance Officer following inception and each subsequent annual renewal. The evidence required to demonstrate parity of cover should be reasonable, not place an undue burden upon the school, nor act as a barrier to the school exercising their choice of supplier.

An Authorised Insurer (i.e. a company that is licensed to undertake the appropriate insurance business in the United Kingdom) must provide any insurance cover. It must also meet the requirements of the Council's insurance advisor's security board.

If the alternative insurance does not meet the minimum specification, the Council will have the right to take out the necessary insurance cover on behalf of the School and charge the premium to the School delegated budget.

Details of the insurance cover required for Reading schools (available as a buy-back) is updated annually in the School Insurance Guide which is published on the Reading SLA portal, also available on request from the Chief Finance Officer.

Instead of taking out insurance, a school may join the Secretary of State's Risk Protection Arrangement (RPA) for risks that are covered by the RPA. Schools may join the RPA after 1st April 2020. Schools may do this individually when any insurance

contract of which they are part expires. All primary and/or secondary maintained schools may join the RPA collectively by agreeing through the Schools Forum to de-delegate funding.

SECTION 11: MISCELLANEOUS

11.1 Right of access to information

Governing bodies are required to supply upon request and within a reasonable timescale, all financial and other information including the specific requirements outlined throughout this document, which might reasonably be required to enable the Authority or, its auditors to satisfy itself as to the school's management of its delegated budget share, or the use made of any central expenditure by the Authority (eg earmarked funds) on the school.

11.2 Liability of governors

Under the terms of s.50 (7) of the Act, and the governing body being a corporate body, governors of maintained schools will not incur personal liability in the exercise of their power to spend the delegated budget share provided they act reasonably in good faith.

11.3 Governors' Allowances

Schools with delegated budgets

Under schedule 50(5) of the Act, only allowances in respect of purposes specified in regulations may be paid to governors from a school's delegated budget share. Payment of any other allowances is forbidden. Schools are also barred from payment of expenses which duplicate those paid by the Secretary of State to additional governors appointed by him to schools under special measures.

Schools without delegated budgets

The authority may delegate to the governing body of a school yet to receive a delegated budget, funds to meet governors' expenses. Governing bodies would not normally have discretion in the amounts of such allowances, which would be set by the authority.

11.4 Responsibility for legal costs

Where the governing body fails to act in accordance with the advice of the Authority, then the Authority is authorised to charge school's budget shares for appropriate legal costs incurred by the school's governing body. The Authority will wherever possible discuss in advance with schools its intention to make such a charge, and may in exceptional circumstances, following consultation with schools, waive this right. The costs referred to are those of legal actions, including costs awarded against the authority, not the cost of legal advice provided.

The Head of Legal Services will issue from time to time guidance to schools about procedures for obtaining legal advice, including circumstances where there is a conflict of interest between the governing body and the Authority.

11.5 Health and Safety

The Authority, governors, senior managers and all employees have general duties under the Health and Safety at Work Act 1974. Those duties are underpinned by more specific requirements set out in regulations or other legislation. In expending the school's budget share, governing bodies are required to give due regard to the requirements as specified in the aforementioned as well as those incorporated in Authority policy and other guidelines issued by the Authority that are deemed to be applicable to schools.

11.6 Right of attendance for the Chief Finance Officer

Governing bodies are required to permit the Chief Finance Officer, or any person nominated by the Chief Finance Officer to attend meetings of the governing body at which any agenda items are relevant to the exercise of her or his responsibilities. To facilitate this, the Authority will, unless this is impracticable, give prior notice of its intention to attend, and the governing body will supply upon request advance details including appropriate documentation of specific items to be discussed at such meetings.

Relevant items are those relating to financial probity, or overall financial management of the Authority. Schools will always advise the Chief Finance Officer if the Governing Body is considering a probity matter where there is an allegation of fraud or irregularity in the use of delegated or devolved funds.

11.7 Special Educational Needs

Schools are required to use their best endeavours in spending the budget share, to secure the special educational needs of their pupils. If the LA is advised that this is not being achieved it may need to suspend delegation where a situation is serious enough to warrant it.

11.8 Interest on late payments

Schools are reminded that the terms of the scheme cannot affect statutory requirements. The Late Payment of Commercial Debts (Interest) Act 1998 requires debts to suppliers to be paid within 30 days of receiving the goods/services or receiving the invoice (whichever is the later). The supplier must receive a cheque or cleared funds by the 30th day. Suppliers are entitled to charge interest at Bank of England Base rate plus 8% on late payments, as well as reasonable debt recovery costs.

11.9 'Whistleblowing'

RBC has a 'whistleblowing' policy available on the Authority's website – www.reading.gov.uk/councilanddemocracy/corporatecomments/whistleblowing.

The purpose of the policy is to encourage all staff to feel confident in raising serious concerns, to question and act upon concerns about practice; to provide a method of raising concerns and receiving feedback on any action taken; to ensure that a response to concerns is received and to reassure staff that you will be protected from reprisals or victimisation for whistleblowing in good faith. This scheme should be followed by persons working at a school or school governors who wish to complain about financial management or financial propriety at the school.

As a first step, concerns should normally be raised with your immediate manager or Chair of the Board of Governors. This depends, however, on the seriousness and sensitivity of the issues involved and who is thought to be involved in the malpractice. If you need advice and guidance on how matters of concern may be pursued the Chief Auditor at Reading BC should be contacted.

11.10 Child Protection

Schools must release staff to attend child protection case conferences and other related events.

11.11 Redundancy/Early Retirement Costs (new)

The 2002 Education Act sets out how premature retirement and redundancy costs should normally be funded. Reading has its own local arrangements and it is expected that schools will normally meet all redundancy/early retirement costs from their delegated budgets, unless there are exceptional circumstances.

Annex D sets out the statutory guidance on the funding of premature retirement and redundancy costs.

SECTION 12: REPAIRS AND MAINTENANCE

12.1 Responsibility for Repairs and Maintenance

With the exception of capital expenditure as defined by the 'CIPFA Code of Practice on local authority accounting', Reading Borough Council will delegate all funding for repairs and maintenance to schools.

Schools should set their own de-minimus limit in assigning whether work is classified as revenue or capital, the default being that used by the local authority.

For voluntary aided schools, the liability of the authority for repairs and maintenance is the same as for other maintained schools.

Voluntary Aided governor responsibilities are as set out in the DfE document 'Funding for premises-related work at Voluntary Aided (VA) Schools in England' effective from 1st April 2002. VA governors will continue to be eligible for grant from the DfE in respect of their statutory responsibilities and in addition they will have responsibility for other repair and maintenance items on the same basis as Community and Foundation schools. VA governing bodies are liable for:

- The existing buildings (internal and external);
- Those buildings previously known as 'excepted' (kitchens, dining areas, medical/dental rooms, swimming pools, caretakers' dwelling houses);
- Perimeter walls and fences, even if they are around the playing fields;
- Playgrounds;
- Furniture, fixtures and fittings - but not normally ICT equipment;
- Other capital items (which can include boiler replacements and replacement of services).

LEA's are liable for:

- Playing fields

SECTION 13: COMMUNITY FACILITIES

13.1 Application of Schemes for Financing Schools to the Community Facilities Power

Schools which choose to exercise the power conferred by s.27 (1) of the Education Act 2002 to provide community facilities will be subject to controls. Regulations made under s.28 (2), if made, can specify activities which may not be undertaken at all under the main enabling power. Section 88 of the Children and Families Act 2014 has removed the requirements in section 28(4) and section 28(5) of the Education Act 2002 for maintained schools in England. Under section 28(4) a school was obliged to consult its Authority and under section 28(5) a school must have regard to advice or guidance from the Secretary of State or their local authority when offering this type of provision.

Under s.28(1), the main limitations and restrictions on the power will be those contained in the maintaining authority's scheme for financing schools made under section 48 of the School Standards and Framework Act 1998 as amended by paragraph 2 of Schedule 3 to the Education Act 2002. This amendment extended the coverage of schemes to include the exercise of the powers of governing bodies to provide community facilities.

Schools are therefore subject to prohibitions, restrictions and limitations in the scheme for financing schools.

This part of the scheme does not extend to joint-use agreements; transfer of control agreements, or agreements between the authority and schools to secure the provision of adult and community learning.

13.2 Consultation with the authority – financial aspects

Schools no longer need to consult the Authority when establishing community facilities. Nor do they have to have regard to advice given to them by their authority. However, as public bodies, they are expected to act reasonably, and this includes consulting those affected by decisions they make.

13.3 Funding agreements – authority powers

Schools seeking to enter into any funding agreement with a third party either supplying funding or supplying funding and taking part in the provision, must submit any such proposed agreement to the Director of Education for comment. Schools must give the Authority a minimum of 4 weeks response time in such consultation.

Schools seeking Authority advice and submitting proposals to the Authority for comment must take into account the comments of the Authority and inform the Authority what action has been taken following Authority advice. Whilst the Authority has no right of veto for such agreements, if an agreement has been or is to be concluded against the wishes of the Authority, or as been concluded without informing the Authority, which in the view of the Authority is seriously prejudicial to the interests of the school or the Authority, that may constitute grounds for suspension of the right to a delegated budget.

13.4 Other prohibitions, restrictions and limitations

In cases where the Authority considers that a proposed project carries significant financial risks to the Authority, it may require the governing body concerned to make arrangements to protect the financial interests of the Authority by either carrying out the activity concerned through the vehicle of a limited company formed for the purpose, or by obtaining indemnity insurance for risks associated with the project as specified by the Authority.

13.5 Supply of financial information to the Authority

Schools which exercise the community facilities power should provide the Authority every six months with a summary statement showing the income and expenditure for the school arising from the facilities in question for the previous six months and on an estimated basis, for the next six months.

Should the Authority consider there to be cause for concern as to the school's management of the financial consequences of the exercise of the community facilities power, it may request financial statements every three months and the submission of a recovery plan for the activity in question if required.

Financial information relating to community facilities must be included in returns made by schools under the CFR framework.

Schedule 15 of the act provides that mismanagement of funds spent or received for community facilities is a basis for suspension of the right to delegation of the budget share.

13.6 Audit

Schools, in concluding funding agreements with other persons pursuant to the exercise of the community facilities power, should ensure that such agreements contain adequate provision for access by the Authority to the records and other property of those persons held on the school premises, or held elsewhere insofar as they relate to the activity in question, in order for the Authority to satisfy itself as to the propriety of expenditure on the facilities in question.

13.7 Treatment of income and surpluses

Schools may retain all net income derived from community facilities except where otherwise agreed with a funding provider.

Schools may carry such retained net income over from one financial year to the next as a separate community facility supply or transfer all or part of it to the budget share balance.

If the school is a community or community special school and the Authority ceases to maintain the school, any accumulated retained income obtained from exercise of the community facilities power reverts to the Authority.

13.8 Health and safety

The health and safety provisions of the main scheme (see section 11.5) also apply to the community facilities power.

The governing body will be responsible for the costs of securing Disclosure and Barring Service clearance, where appropriate for all adults involved in community activities taking place during the school day.

13.9 Insurance

It is the responsibility of the governing body to ensure adequate arrangements are made for insurance against risks arising from the exercise of the community facilities power. **The school should seek the Authority's advice before finalising any insurance arrangement for community facilities** and should allow a two week response time for the Authority. The Authority may undertake its own assessment of the insurance arrangements made by a school in respect of community facilities and if it judges those arrangements to be inadequate, make arrangements itself and charge the resultant cost to the school.

Instead of taking out insurance, a school may join the RPA for risks that are covered by the RPA.

13.10 Taxation

Schools should seek the advice of the Authority initially and the local VAT office or professional VAT advice on any issues relating to the possible imposition of Value Added Tax on income and expenditure in connection with community facilities and any company set up to manage such facilities.

Schools must fulfil the Authority's directions on VAT issues that impact on the Authority's VAT return or position.

If any member of staff employed by the school or Authority in connection with community facilities at the school is paid from funds held in a school's own back account, the school is likely to be held liable for payment of income tax and National Insurance, in line with HM Revenue and Customs rules.

Schools should follow Authority advice in relation to the Construction Industry Scheme where this is relevant to the exercise of community facilities power.

13.11 Banking

Schools should either maintain separate bank accounts for budget share and community facilities or have one account but with adequate internal accounting controls to maintain separation of funds. School should also have regard to the provisions at 3.5 and 3.6 above relating to the banks which may be used, signing of cheques, the titles of bank accounts, the contents of bank account mandates, and similar matters. The general approach to these matters should mirror these sections, except that a provision requiring that a mandate show the LA as owner of the funds in the account should exempt the community facilities funds from that if they are not in the same account as the budget share.

ANNEXES

- A Schools Covered by the Scheme
- B Interest Charges on Advances
- C Requirement to provide data on Teacher Pensions
- D Responsibility for redundancy and early retirement costs

ANNEX A

SCHOOLS COVERED BY THE SCHEME

Nursery Schools:		
Blagrove	Caversham	Norcot
Blagdon	New Bridge	
Primary Schools:		
Alfred Sutton	Geoffrey Field Infant	Redlands Primary
All Saints Infants	Geoffrey Field Junior	Ridgeway Primary
Caversham Park Primary	Hill Primary,The	Southcote Primary
Caversham Primary	Katesgrove Primary	St. Annes RC Primary
Christ The King RC Primary	Manor Primary	St. Martins RC Primary
Coley Primary	Micklands Primary	St. Michaels Primary
E P Collier Primary	Moorlands Primary	Thameside Primary
Emmer Green Primary	Oxford Road Primary	Whitley Park Primary
English Martyrs RC Primary	Park Lane Primary	Wilson Primary
Secondary Schools:		
Blessed Hugh Faringdon		
Special Schools:		
The Holy Brook		

ANNEX B

INTEREST CHARGES ON ADVANCES

The calculation basis of the deduction that the Council may make from a school's budget share in respect of estimated interest lost will be at a rate up to 2% higher than the rate applicable to funds invested with the Council on any amount advanced.

For example:

Suppose the normal instalments the Councils agrees to pay are one twelfth of the budget at the start of each month. A school with an annual budget of £300,000 asks for its March instalment 10 months earlier in May. Assuming that the current interest rate applicable to funds invested with the Council is 3% then, the interest charge on that advance will be calculated as:

$\frac{\text{annual budget}}{12} \times \frac{\text{number of days in advance}}{365} \times (\text{current interest rate} + 2\%) = \text{interest charge}$

$$\frac{\underline{\underline{\text{£300,000}}}}{12} = \text{£25,000} \times \frac{305}{365} = \text{£20,890} \times (3\% + 2\%) = \text{£1,045}$$

ANNEX C

REQUIREMENT TO PROVIDE DATA ON TEACHER PENSIONS

In order to ensure that the performance of the duty on Reading Borough Council to supply Teachers Pensions with information under the Teachers' Pensions Regulations 2014, the following conditions are imposed on RBC and governing bodies of all maintained schools covered by this Scheme in relation to their budget shares.

The conditions only apply to governing bodies of maintained schools that have not entered into an arrangement with Reading Borough Council to provide payroll services.

A governing body of any maintained school, whether or not the employer of the teachers at such a school, which has entered into any arrangement or agreement with a person other than the Authority to provide payroll services, shall ensure that any such arrangement or agreement is varied to require that person to supply salary, service and pensions data to the Authority which the Authority requires to submit its monthly return of salary and service to Teachers' Pensions and to produce its audited contributions certificate. The Authority will advise schools each year of the timing, format and specification of the information required. A governing body shall also ensure that any such arrangement or agreement is varied to require that Additional Voluntary Contributions (AVCs) are passed to RBC within the time limit specified in the AVC scheme. The governing body shall meet any consequential costs from the school's budget share.

A governing body of any maintained school which directly administers its payroll shall supply salary, service and pensions data to RBC which the Authority requires to submit its monthly return of salary and service to Teachers' Pensions and to produce its audited contributions certificate. Reading Borough Council will advise schools each year of the timing, format and specification of the information required from each school. A governing body shall also ensure that Additional Voluntary Contributions (AVCs) are passed to the Authority within the time limit specified in the AVC scheme. The governing body shall meet any consequential costs from the school's budget share.

ANNEX D

RESPONSIBILITY FOR REDUNDANCY AND EARLY RETIREMENT COSTS

This guidance note summarises the position relating to the charging of voluntary early retirement and redundancy costs. It sets out what is specified in legislation and provides some examples of when it might be appropriate to charge an individual school's budget, the central Schools Budget or the local authority's non-schools budget.

Section 37 of the 2002 Education Act says:

(4) costs incurred by the local education authority in respect of any premature retirement of a member of the staff of a maintained school shall be met from the school's budget share for one or more financial years except in so far as the authority agree with the governing body in writing (whether before or after the retirement occurs) that they shall not be so met

(5) costs incurred by the local education authority in respect of the dismissal, or for the purpose of securing the resignation, of any member of the staff of a maintained school shall not be met from the school's budget share for any financial year except in so far as the authority have good reason for deducting those costs, or any part of those costs, from that share.

(6) The fact that the authority have a policy precluding dismissal of their employees by reason of redundancy is not to be regarded as a good reason for the purposes of subsection (5); and in this subsection the reference to dismissal by reason of redundancy shall be read in accordance with section 139 of the Employment Rights Act 1996 (c. 18).

The default position, therefore, is that premature retirement costs must be charged to the school's delegated budget, while redundancy costs must be charged to the local authority's budget. In the former case, the local authority has to agree otherwise for costs to be centrally funded, while in the latter case, there has to be a good reason for it not to be centrally funded, and that cannot include having a no redundancy policy. Ultimately, it would be for the courts to decide what was a good reason, but the examples set out below indicate the situations in which exceptions to the default position might be taken.

Charge of dismissal/resignation costs to delegated school budget

- If a school has decided to offer more generous terms than the authority's policy, then it would be reasonable to charge the excess to the school
- If a school is otherwise acting outside the local authority's policy
- Where the school is making staffing reductions which the local authority does not believe are necessary to either set a balanced budget or meet the conditions of a licensed deficit

- Where staffing reductions arise from a deficit caused by factors within the school's control
- Where the school has excess surplus balances and no agreed plan to use these
- Where a school has refused to engage with the local authority's redeployment policy

Charge of premature retirement costs to local authority non-schools budget

- Where a school has a long-term reduction in pupil numbers and charging such costs to their budget would impact on standards
- Where a school is closing, does not have sufficient balances to cover the costs and where the central Schools Budget does not have capacity to absorb the deficit
- Where charging such costs to the school's budget would prevent the school from complying with a requirement to recover a licensed deficit within the agreed timescale
- Where a school is in special measures, does not have excess balances and employment of the relevant staff is being/has been terminated as a result of local authority or government intervention to improve standards

Costs of early retirements or redundancies may only be charged to the central part of the Schools Budget where the expenditure is to be incurred as a result of decisions made before 1st April 2013. Costs may not exceed the amount budgeted in the previous financial year.

It is important that the local authority discusses its policy with its Schools Forum. Although each case should be considered on its merits, this should be within an agreed framework. It may be reasonable to share costs in some cases, and some authorities operate a panel to adjudicate on applications.

A de-delegated contingency could be provided, if Schools' Forum agree, to support individual schools where "a governing body has incurred expenditure which it would be unreasonable to expect them to meet from the school's budget share".

For staff employed under the community facilities power, the default position is that any costs must be met by the governing body, and can be funded from the school's delegated budget if the governing body is satisfied that this will not interfere to a significant extent with the performance of any duties imposed on them by the Education Acts, including the requirement to conduct the school with a view to promoting high standards of educational achievement. Section 37 now states:

*(7) Where a local education authority incur costs—
(a) in respect of any premature retirement of any member of the staff of a maintained school who is employed for community purposes, or
(b) in respect of the dismissal, or for the purpose of securing the resignation, of any member of the staff of a maintained school who is employed for those purposes,*

they shall recover those costs from the governing body except in so far as the authority agree with the governing body in writing (whether before or after the retirement, dismissal or resignation occurs) that they shall not be so recoverable.

(7A) Any amount payable by virtue of subsection (7) by the governing body of a maintained school to the local education authority may be met by the governing body out of the school's budget share for any funding period if and to the extent that the condition in subsection (7B) is met.

(7B) The condition is that the governing body are satisfied that meeting the amount out of the school's budget share will not to a significant extent interfere with the performance of any duty imposed on them by section 21(2) or by any other provision of the Education Acts.

(8) Where a person is employed partly for community purposes and partly for other purposes, any payment or costs in respect of that person is to be apportioned between the two purposes; and the preceding provisions of this section shall apply separately to each part of the payment or costs.

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Reading Schools' Forum

24 June 2021

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

11 June 2021

REVIEW DATE

Not applicable

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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 – and acknowledge that the imminent SEND inspection of the local area and the Government's SEND review may impact on next steps.
- 1.3 That Schools' Forum thank schools for their work supporting children and young people with SEND.

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 SENDCOs 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 May 2021 we had 1,466 children with EHCPs split across the following phases:

	Nursery	Primary	Secondary	Post 16 / FE	TOTAL
Mainstream (includes resourced bases)	5	387	218	244	854
Special	10	187	251	58	506
Other (includes AP, home education)	0	7	36	63	106
TOTAL	15	581	505	365	1466

3.2 Reading EHCP by Primary Need

Primary need			The three highest level of primary need are autism, SEMH, and MLD
ASD	SEMH	MLD	

35.5 %	19.4 %	14.8 %	
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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 %	56.6%	21.1%	22.4%	
Secondary %	47.5%	31.9%	20.6%	

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			
	2017	2018	2019		2017	2018	2019
Reading %	8.9	7.2	8.1	Reading %	9.0	8.5	7.6
Statistical Neighbours %	4.5	5.3	5.4	Statistical Neighbours %	9.9	11.9	13.0
England %	2.5	3.0	3.2	England %	12.9	13.9	14.9
Table C: Percentage of children and young people with an EHC plan maintained by the Local Authority at a state funded special school							
	2017	2018	2019				
Reading %	34.8	34.9	32.3				
Statistical Neighbours %	35.8	34.5	33.6				
England %	36.0	34.8	33.6				

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. This has included working with The Avenue school to establish satellite classes and hubs with maintained schools and local further education providers. Much of this work will be completed ready for the academic year 2022/23.

The majority of schools have updated their local offer to ensure it is fit for purpose.

4. SEND review

As reported to previous meetings, work is underway for our major review of our SEND finances and provision in Reading. We are working on the following as key elements of that review:

- Capital investment – to include expansion of provision

- Revising our SLAs with schools to ensure they are fit for purpose
- Refreshing our admissions process for resourced bases and our maintained schools
- Revenue funding and ensuring our funding arrangements deliver an appropriate resource to support the needs of the child or young person.
- Reviewing alternative provision – as reported to the last Schools Forum, this work is being chaired by Mandy Wilton.

A project group is in place and has met six times. Project documentation is being developed to ensure all the interdependencies of these various strands of work are co-ordinated effectively.

Alongside this work we will be reviewing our self evaluation framework and our SEND strategy (the strategy finishes in 2022). The key elements of the SEND strategy have been consulted on and we have had comments back from key partners including schools. Alongside our partners in Berkshire West we will also be piloting a new process for supporting children at a much earlier stage. This follows a multi agency audit conducted earlier in the year.

5. Admissions arrangements

We are piloting a new admissions process for resourced bases. This sits alongside the work being completed on refreshing service level agreements for these bases. A monthly meeting is held with all the bases to discuss the admission of individual children. We will have a coherent approach to admissions for all children with SEND from early years to secondary.

6. Funding Arrangements Review (Top Ups)

At an earlier meeting of the Schools' Forum a range of options were put forward to be further explored as a future funding model. As mentioned above, a project group is in place and a Project Manager has been designated to lead on this work. We are exploring the opportunity of using data analytics to generate a new framework for funding EHCPs. The outcome from this work will come to Schools' Forum in due course and will reflect the outcome of the SEND inspection and the government's SEND review.

In the meantime a detailed costing review of all our resource provision has taken place. Five out of the six Reading schools with resource provision have contributed to this review. To ensure fairness and consistency, a new funding model has been developed to determine revised top up rates which more closely reflect current costs of each provision. Using this model, the top up rates for four of the provisions would increase. This has been shared with the relevant schools, and revised banding rates have been implemented. This solution does not impact on the wider top up review, and this may therefore be just a temporary change.

7. 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. This will provide 75 places.
- 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.



8. 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 and to ensure local provision for children with SEND is available and fit for purpose.



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Reading Schools' Forum

June 24, 2021

Agenda Item 10

Early Years - Social Communication Difficulties (SCD) Resourced Bases

For decision

For discussion

For information

SUMMARY

This paper provides an overview of the proposal for SCD resourced bases in two maintained nursery schools for children 3 and 4 years old children

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VERSION

Version number 1

DATE

June 16, 2021

REVIEW DATE

None

1. Context

It is expected that most children and young people's needs will be able to be met locally, with most in the context of universal services that are able to identify needs early and are inclusive and responsive to meeting needs within their context whenever possible.

Clear pathways are required that set out expectations of what should be provided by universal services and at what point more specialist services might be required to provide further assessment, advice and support, and/or more specialist provision. Local data shows that there is a high, and increasing emerging need in young children with social and communication difficulties that requires more specialist provision in the Early Years.

The SEND strategy, as agreed in 2017 by the Adult's, Children and Education Committee draws on an overview of relevant and comparative data and identifies a number of key strands which provide a focus for its delivery.

Workstreams:

- Strand 1: Improving communication
- **Strand 2: Early intervention through to specialist provision**
- Strand 3: Consistent approaches to emotional wellbeing
- Strand 4: Preparing for adulthood
- Strand 5: Support for families / short breaks

Strand two workstream raised the issue of the high number of children in universal Early Years provision with emerging social communication difficulties and the potential need for additional specialist provision in the Early Years.

The number of children under five years with a maintained statement of SEN/EHC plan is shown below. Reading figures are lower than the SE and England however have shown a significant increase since 2017. This data only relates to those children with an EHC plan and does not include young children with emerging needs.

There is no national data available for comparison of children under 5 with SEND needs without an EHCP but locally there is pressure within the Early Years sector to support the needs of this cohort of children in a mainstream setting hence the need for more specialist provision.

Rate per 10000 with a maintained statement of SEN/EHC plan

Under 5 years	2017	2018	2019	2020	2021
Reading	22	17	41	40	47
South East	14	13	45	52	53
England	31	34	42	47	50

Number of children (3-4 years) in EYs provision identified as receiving SEND Support by Primary Need

Need	2017	2018	2019	2020
Communication and Interaction	82	81	155	160
Cognition and Learning	*	*	4	3
Social, Emotional and Mental Health	8	*	3	4
Sensory and/or Physical Needs	6	7	25	20
Other	12	6	23	20

Number of children referred to Portage by Primary Need

	2017	2018	2019	2020
Communication and interaction Cognition and Learning	34	28	35	29
Cognition and Learning Sensory and or Physical Needs	19	13	11	2
Social, emotional and mental health	*	12	4	2
Sensory and or Physical Needs Communication and interaction	*	*	4	7
Other	*	*	*	*

- From the data above it can be seen the high level of need amongst young children in the area of social communication difficulties (SCD) across Reading. This data is not comparable with South East or England (as data is not collected for children with SEND needs without an EHCP under statutory school age). Although many of these identified children do not have an Education, Health and Social plan (EHCP) some will go on to be assessed and have a plan granted and the emerging need is evidenced in their mainstream provision. It is considered if children received a specialist provision in the early years this would reduce the number of children requiring an EHCP and enable a greater number to access mainstream primary schools.

2. Current specialist provision in Early Years

Early Years Inclusion Fund

- A requirement of the Early Years National Funding Formula (EYNFF) for 3-4 year olds that came into effect from April 2017 is for authorities to establish a special educational needs inclusion fund for early years, to help providers' better address the needs of individual children with emerging SEND. This has been extended locally to include 2 year old funded children.
- The Inclusion Fund is targeted at children with emerging SEND. This is defined as needs beyond the usual and expected range of developmental and learning needs found within an average population, and outside of the provision usually made to ensure effective learning and participation. They are identified following a process of formative assessment (i.e. over time) by the setting in line with the graduated response. Children with more complex needs may be eligible for a statutory assessment of their SEND which may lead to an Education, Health and Care Plan.
- The Inclusion fund is available to settings to support individual or groups of children with emerging additional needs. The fund (£150kper annum) is administered via an inclusion panel graduated response. In financial year 20-21 this fund was overspent.

Dingley's promise

- Within the Reading early years sector Dingley's Promise is commissioned to provide a specialised environment for young children with complex needs. Children are generally referred to Dingley via the paediatrician. The centre has made significant adaptations to the environment to enable them to offer and provide support to children and families. The centre is located in East Reading and children are not always local, and families often have to travel across Reading to access the provision.

Snowflakes Centre

- Snowflakes, at Newbridge nursery school in North Reading, was originally set up as a pilot project for high functioning ASC in April 2012. It was changed as a project to take children with more complex needs in 2013 and their admissions criteria was widened to include children awaiting a diagnosis. The children are on the roll of the nursery school. Snowflakes provides a **specialised nursery setting for children who are awaiting an assessment for an autism spectrum condition OR who have a diagnosis of autism**. The majority of children have an EHC assessment while at the nursery and most go on to have an EHC Plan. The majority, but not all, go on to access specialist provision of some kind. Some children have to travel significant distances to access the resource and this proposal is to build capacity in other areas to provide a similar type of provision.

Portage Service

- Reading Portage Home Visiting Service provides a highly structured small stepped home teaching programme for parents and pre-school children.
- Referrals for the service predominantly come from paediatricians and health visitors.

- Children must have at least 2 terms before starting school, with a significant need in 1 or more areas. Portage does not work with children at a maintained nursery school or Snowflakes, as both settings have highly qualified staff to support the children and parents.

3. Proposal for two SCD resourced bases

- It is proposed to establish two SCD resourced bases in the West and South of the town to ensure local accessibility to children with additional needs. The specialist provision will be geographically more evenly spread across the Reading area.
- Norcot Early Years centre and Blagdon Nursery school have been identified as suitable sites both in terms of physical space and environment and quality of SEND provision. Both nursery schools are graded as outstanding with Ofsted and have a high level of experience in supporting children with SEND.
- There has been an increase in the number of children who require a place in a specialist base in a mainstream setting in order that they can access the mainstream curriculum, but require a more personalised approach and significantly more time in a base classroom, integrating out from that base into mainstream nursery as appropriate to their individual needs. This model is common in other LA areas (West Sussex, Portsmouth).
- As part of a graduated approach, the bases should be focused on the children with social communication difficulties who can gain most progress in their social and educational needs. Early intervention in early years is crucial in securing good life long outcomes for young children and building their capacity to continue their education within the mainstream system thus avoiding placement in special schools.
- It is proposed that part of the future planning for the bases is they have a role in building greater capacity to support children in the local area in other early years settings.
 - With the increases in the numbers of children with high levels of need, it is proposed that the development of specialist provisions with a capacity of 10 FtE places per resourced base.
 - The admissions indicators and funding levels for the resourced bases and the expectations of them will be set out in a Service Level Agreement SLA which will be monitored termly.
 - Providing support to families co-ordinated through meetings between key professionals identifying the right course and professional to support a family.
 - A comprehensive training and support package has been developed to assist the nursery schools in their initial start-up. This will focus on Attention Autism, Intensive interaction, AET.
 - Speech and Language therapy and Occupational Therapy will be commissioned from BHFT to support with identifying the needs of the children, upskilling the workforce and developing the environment.
 - The resourced bases will also have BFFC internal support from EYs SEND advisory team, Autism advisor, Sensory needs advisor, EP service.

4. Financial implications

- The development of two Early Years resourced bases provides resilience through mutual support and learning. The nurseries will work closely with the Primary resourced bases to share and complement good practice.
- The costs of the additional specialist provision places can be counteracted in the following ways:
 - Early identification and intervention will ensure the right support at the right time for three and four year olds with additional SCD. This should reduce the need for independent and special school places at entry to statutory education.
 - the streamlining of the Early Years and Primary resourced bases to facilitate a more seamless transition for children entering statutory education.
- Annual running costs are expected to be £130k / £6.5k per part time place. These costs include staffing based on required ratios, management costs, premises related costs and learning resources. Approx. £56k of funding required will be met via the universal early years funding formula with the remaining funding being met from the High Needs Block. Settings will also have dedicated Speech and Language Therapy and Occupational Therapy time which is part of a wider contract and funded by the High Needs Block. It is proposed that the provisions will open in September 2021 therefore 7/12's of funding will be allocated for 2021-22 financial year. Costings still to be finalised however each setting will also receive £10k of initial start up funding.

5. Conclusion and next steps

- This paper was developed from the SEND strategy board and will be presented to Schools Forum on 24 June 2021.
- This paper outlines the details to develop two early years specialist provisions for children aged 3 - 4 years old with emerging social communication needs.
- A consultation will be held for local parents/carers at the two proposed sites from 8-29 June 2021.
- The resourced bases will formally commence September 2021.

Comment(s) obtained before submitting this report

(Put N/A if any are not applicable but please note these MUST be filled in)

DEPT	NAME	COMMENT
Finance	Stephanie Heaps	Finance information added
HR	N/A	
Communications	Fiona Tarrant	
Education	Kate Reynolds	