



# WOKINGHAM BOROUGH COUNCIL

A Meeting of the **SCHOOLS FORUM** will be held at the Civic Offices, Shute End, Wokingham RG40 1BN on **WEDNESDAY 18 JANUARY 2017 AT 9.30 AM**

A handwritten signature in black ink, appearing to read 'Andy Couldrick', written in a cursive style.

Andy Couldrick  
Chief Executive  
Published on 10 January 2017

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# **WOKINGHAM BOROUGH COUNCIL**

## **Our Vision**

A great place to live, an even better place to do business

## **Our Priorities**

Improve educational attainment and focus on every child achieving their potential

Invest in regenerating towns and villages, support social and economic prosperity, whilst encouraging business growth

Ensure strong sustainable communities that are vibrant and supported by well designed development

Tackle traffic congestion in specific areas of the Borough

Improve the customer experience when accessing Council services

## **The Underpinning Principles**

Offer excellent value for your Council Tax

Provide affordable homes

Look after the vulnerable

Improve health, wellbeing and quality of life

Maintain and improve the waste collection, recycling and fuel efficiency

Deliver quality in all that we do

## MEMBERSHIP OF THE SCHOOLS FORUM

### Schools Representatives

Paul Miller	Governor - St Crispins - Chairman
John Bayes	Governor - Foundry College - Vice-Chair
Ian Head	Governor - Aldryngton Primary
Helen Ball	Primary Head - Polehampton Infant
Ali Brown	Primary Head - Nine Mile Ride Primary
Sally Hunter	Primary Head - Wescott Infant
Brian Prebble	Primary Head - Rivermead Primary
Elaine Stewart	Primary Head - Aldryngton Primary
Mandy Turner	Primary Head - Shinfield Infant
Sylvia Allen	School Business Manager - Hawkedon Primary
Julia Mead	School Business Manager - St Sebastian's CE Primary
Carol Simpson	School Business Manager - Colleton Primary
Sara Attra	Special School Head - Addington School
Ginny Rhodes	Secondary Head - St Crispins
Derren Gray	Academy Headteacher - The Piggott School
Janet Perry	Academy Business Manager - The Holt School
Mary Davies	Academy Headteacher - Maiden Erlegh
Corrina Gillard	Headteacher - Emmbrook Infant School
Kerrie Clifford	Maintained Nursery Acting Headteacher
Jay Blundell	Special School Headteacher - Foundry College

### Non School Representatives

Anne Andrews	Oxford Diocese
Richard Dolinski	Wokingham Borough Council Representative
James Taylor	Wokingham and Bracknell College
Mary Parker	Early Years Representative
Gail Prewett	Early Years Representative

### Observers

Funding Reform Team	Education Funding Agency, Maintained Schools Division
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From the Primary Representatives only 10 votes are allowed.

From the Secondary Representatives only 2 votes are allowed.

From the Academy Representatives only 5 votes are allowed.

From the Special School Representatives only 1 vote is allowed.

From the Early Years only 1 vote is allowed.

From the Pupil Referral Unit only 1 vote is allowed.

ITEM NO.	WARD	SUBJECT	PAGE NO.
11		<b>APOLOGIES</b> To receive any apologies for absence.	
12		<b>MINUTES OF PREVIOUS MEETING</b> To confirm the Minutes of the Meeting held on 14 December 2016.	7 - 12
12.1		Clarifications on questions arising at the last meeting	13 - 22

<b>13</b>	<b>DECLARATION OF INTEREST</b> To receive any declarations of interest.	
<b>14</b>	<b>FINANCIAL PRESSURES ARISING FROM EDUCATION SERVICES GRANT REMOVAL</b> To receive an updated report on the financial pressures arising from the Education Services Grant removal.	<b>23 - 30</b>
<b>15</b>	<b>REVENUE MONITORING</b> The Forum to receive a report giving details of the 2016/17 financial position.	<b>31 - 36</b>
<b>16</b>	<b>FINAL PROFORMA SUBMISSION</b> The Forum to consider the final Proforma submission proposal.	<b>37 - 38</b>
<b>17</b>	<b>DEDICATED SCHOOLS GRANT STRATEGY</b> To receive and consider a report giving details of the Dedicated Schools Grant Strategy.	<b>39 - 46</b>
<b>18</b>	<b>DRAFT 2017/18 BUDGET WITH INDICATIVES</b> To receive and consider a report proposing a draft 2017/18 Budget.	<b>47 - 48</b>
<b>19</b>	<b>DE-DELEGATION REPORT</b> To receive and consider the de-delegation report.	<b>49 - 50</b>
<b>20</b>	<b>INDICATIVE BUDGETS SENT OUT TO SCHOOLS</b> To receive a report containing the indicative budgets sent out to schools.	<b>51 - 54</b>
<b>21</b>	<b>EXPENDITURE ON EDUCATION OUT OF SCHOOL / INDEPENDENT AND SPECIAL SCHOOLS</b> To receive and consider a report outlining the expenditure on education out of school, in independent schools and in special schools.	<b>55 - 56</b>
<b>22</b>	<b>FORWARD PROGRAMME</b> To consider the Forums work programme for the remainder of the academic year.	<b>57 - 58</b>

**Any other items which the Chairman decides are urgent**

A Supplementary Agenda will be issued by the Chief Executive if there are any other items to consider under this heading.

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**MINUTES OF A MEETING OF THE  
SCHOOLS FORUM  
HELD ON 14 DECEMBER 2016 FROM 9.30 AM TO 12.07 PM**

## **Schools Representatives**

Helen Ball	Primary Head - Polehampton Infant
Ali Brown	Primary Head - Nine Mile Ride Primary
Sally Hunter	Primary Head - Wescott Infant
Elaine Stewart	Primary Head - Aldryngton Primary
Mandy Turner	Primary Head - Shinfield Infant
Sylvia Allen	School Business Manager - Hawkedon Primary
Julia Mead	School Business Manager - St Sebastian's CE Primary
Carol Simpson	School Business Manager - Colleton Primary
Liz Meek	Special School Head - Addington School
Ginny Rhodes	Secondary Head - St Crispins
Janet Perry	Academy Business Manager - The Holt School
Maggie Segrove	Headteacher - Oakbank Free School
Mary Davies	Academy Headteacher - Maiden Erlegh
Corrina Gillard	Headteacher - Emmbrook Infant School
Kerrie Clifford	Maintained Nursery Acting Headteacher
Jay Blundell	Special School Headteacher - Foundry College
Paul Miller	Governor - St Crispins - Chairman
John Bayes	Governor - Foundry College - Vice-Chair
Ian Head	Governor - Aldryngton Primary

## **Non School Representatives**

Richard Dolinski	Wokingham Borough Council Representative
Mary Parker	Early Years Representative
Gail Prewett	Early Years Representative

## **Also Present**

Alan Stubbersfield, Interim Assistant Director of Learning and Achievement  
Hawa Bedwa, Interim School Finance Manager  
Collette Sutton, Interim Head of Finance People Services  
Arabella Yandle, Democratic Services

## **7 APOLOGIES**

Apologies for absence were submitted from Anne Andrews, James Taylor, John Ogden and Brian Prebble.

## **8 MINUTES OF PREVIOUS MEETING**

The Minutes of the meeting of the Committee held on 13 July 2016 and the Extraordinary Meeting of the Schools Forum held on 21 September 2016 were confirmed as a correct record and signed by the Chairman.

## **9 DECLARATION OF INTEREST**

None received.

## **10 RESPONSES TO QUESTIONS FROM THE SCHOOLS FORUM BRIEFING**

Minutes from the Schools Forum Briefing held on 7 December were noted. Responses to the questions raised in the Schools Forum Briefing were addressed under the Agenda items to which they referred.

## 11 BUDGET MONITORING

The Forum considered a report, presented by the Interim Schools Finance Manager, on Agenda pages 19 to 24 together with clarifications provided on Agenda page 17 as a result of questions at the Schools Forum Briefing.

The Interim Schools Finance Manager drew the attention of the Forum to columns on Appendix A outlining the differences between the budget and the actual figures in the 2016/17 Budget. She stated that the figures included in-year adjustments in funding based on revised allocations in the Direct Schools Grant (DSG) for 2015/16 being confirmed after the budget had been finalised (Agenda p 17 point 8), this sum being carried forward to the 2016/17 Budget as agreed at the Forum on 18 May 2016. Due to this, and a brought forward surplus from General Funding, the reserves going forward were, whilst lower than budgeted, an increase on the June figure to £552k.

In response to questions as to the likelihood of an injection of funds into next year's budget following finalisation of allocations in the DSG, the Interim Schools Finance Manager commented that this information was not currently available and that they could therefore not forecast any changes to the DSG for 2016/17.

The Chair highlighted that the budget had been overspent by over £1 m and indicated a number of lines that were significantly overspent. These were:

- 1.2.4 Fees for Independent Special Schools
- 1.3.3 Education Out of School
- 1.4.10 Pupil Growth/Infant Class Size
- 1.6.5 Miscellaneous

In response to questions regarding Fees for Independent Special Schools, the Interim Assistant Director of Learning and Achievement stated that the SEN Team had been approached for further information on this. A paper was circulated for consideration by the Forum containing data relating to the nature and costs of placements in the last year and the Interim Assistant Director of Learning and Achievement suggested that the paper highlighted issues around transition into KS 1 and when moving from KS2 to KS3, particularly in relation to pupils with ASD or SEMH. He commented that the need to accommodate pupils who would normally have attended Southfield Special School had impacted costs, but indicated that this would be a short term situation and was not expected to impact the 2016/17 Budget to the same degree. He also clarified that any cost relating to the Academisation of Southfield was being borne by the Council.

Jay Blundell, Headteacher of Foundry College, commented that Foundry College had taken pupils from Southfield Special School and had funded this.

Following discussion, the Chair clarified that the first two lines listed above were responsible for the larger proportion of the overspend and that the Schools Forum had less influence over these amounts.

The Forum questioned the amount listed under 1.6.5 Miscellaneous as it exceeded the permitted maximum of 0.1% of the Schools Budget by £168 k. The Interim Schools Finance Manager circulated a paper detailing a breakdown of this amount, which was attributable to internal recharges.

Concerns were raised about the overspend in general and about the internal recharges specifically which make up a significant part of it. The Interim School Finance Manager indicated that the figure was a fixed rolling figure. The Chair referred the Forum to a figure at the bottom of Appendix A listed as Central Overhead Costs and requested clarification as to whether this related to the portion of Miscellaneous Expenses attributed to internal recharges or was additional to this amount. The Interim School Finance Manager indicated that internal recharges were an integral part of the provision and suggested that it could be listed separately from the Miscellaneous Items in future for clarity. She also clarified that a pre-existing limit to central expenditure was no longer in place.

The Vice-Chair questioned the amounts for Early Year Contingencies (1.1.3) and School Specific Contingencies (1.1.2), seeking clarification as to what they are and the likely spend and as to whether the amounts or any surplus would go back into the budget at the end of the year as this would improve the position of the 2016/17 Budget. This clarification is attached to the minutes.

**Actions:** That

- internal recharges be listed separately from Miscellaneous Expenses and extracted from other lines in future;
- clarification be provided in the minutes as to whether internal recharges are still being spread throughout the other budget lines as well as being included in Miscellaneous Expenses;
- clarification be provided in the minutes as to the status of the contingencies budgets listed in the Budget Monitoring Report; and
- clarification as to the status of the forecast deficit in the light of this.

**CLARIFICATIONS**

In response to action point:

- clarification be provided in the minutes as to whether internal recharges are still being spread throughout the other budget lines as well as being included in Miscellaneous Expenses and extracted from other lines;

The following documents are attached:

1. Revised Budget Monitoring Report;
2. Revised Budget Workings including distributed recharges, narrative and S251 line numbering.

In response to action point:

- clarification be provided in the minutes as to the status of the contingencies budgets listed in the Budget Monitoring Report;

Clarification is to follow

**12 FINANCIAL PRESSURES ARISING FROM EDUCATION SERVICES GRANT REMOVAL**

The Forum considered a report and presentation on Agenda pages 25 to 38, presented by the Interim Assistant Director of Learning and Achievement, outlining the impact of the removal of the Educational Support Grant (ESG) from April, which would result in a

funding gap. He proceeded to detail a package to meet this funding gap, highlighting proposals to claim a sum of £380 k from the DSG (equating to a portion of the rebased ESG) and to raise £370 k by top slicing the Early Years and Childcare DSG allocation.

He went on to clarify that the top slice, whilst previously unlimited, had now been limited in the regulations to 7%. He stated that Wokingham Borough Council had not previously laid claim to this top slice and that, following discussion and re-calculation with colleagues, showed a proposed top slice at 4.08% for 2017/2018. He then informed the Forum that the remaining funding gap of approximately £1.1 m would be partly met by an uplift in the Wokingham borough Council subsidy leading to a final identified funding shortfall of £723 k.

Members of the Forum representing Early Years raised concerns that a top slice would result in a net loss of income due to the reduction in other areas of their funding and asked for clarification as to whether the claw back of the Early Years Contingency referred to in Agenda Item 11 would be ring-fenced for Early Years provision.

In response to questions from the Forum, it was clarified that the sum referred to in the report as DSG claimed back to replace the ESG did in fact represent a proposal that the projected increase in pupil funding of £15 per capita which was being paid for by the removal of the ESG be redirected to cover the cost of the functions that had traditionally been covered by the ESG.

In response to questions, the Interim Assistant Director of Learning and Achievement clarified that the final decision as to any redirection of this increase was that of the Forum itself and individual schools.

The Forum put forward a suggestion that the model for buying of services from the Council be changed to one where individual schools could choose what services to buy in. This was felt to be particularly important for academies that were part of a trust as they paid a fee to the trusts for similar services and felt they would be being charged twice for some services and were not able to access the open market. The Interim Assistant Director of Learning and Achievement commented that there were elements of the services provided by Wokingham Borough Council that were not recharged to academies when they bought in a particular service. He stated that the Council would need to carry out a lot of investigative work about potential levels of buyback to be able to set up an alternative model. Liz Meek, Head of Addington School, commented on the concept of a buy in model, stating that there were statutory levels of service and that these needed to be done well. She stated that the cost of buying in services from external bodies and independent providers was far in excess of the costs outlined in the budget if the Council was to provide the services and that the payments to the Council for its services were a form of insurance against problems an individual school might face in the future. She indicated that there was no level of means testing applied to the services.

In response to questions, the Interim Assistant Director of Learning and Achievement clarified that the figures allocated to School Improvement represented posts and that at the current moment all School Improvement Officers worked in early years and primary. He stated that regulations did not indicate what School Improvement should look like, but what aspects had to be carried out.

Concerns were raised about the forward planning and a need to improve the strategic and medium term planning process. The Interim Assistant Director of Learning and



Achievement indicated that the Forum was empowered to make a decision as to whether schools would provide a set figure of £380 k or a figure adjusted to actual income levels. There was a general consensus that more information would be required from Officers before the Forum would be able to make a decision and that this information would be presented to the Schools Forum Meeting on 18 January 2017.

**Actions:** that

- clarification would be provided on what the scenario would be in regards to the budget and the top slice percentage if the figures looked at for this decision cycle were markedly different to the actuals that emerge;
- confirmation in regards to the proposed change of the business model to one of 'buy in' from 2018/19 or suggestions of alternative models;
- clarification be provided in the minutes as to the number of pupils on role and the figure of £380 k and how the sum of £15 per capita was reached;
- clarification on the expectation of receiving this amount from academies;
- clarification on the impact of staff reductions on the service level provided by WBC;
- clarification would be provided in the minutes on the figure allocated to premature retirement and redundancies referred to during the Briefing on 7 December;
- figures would be provided that would show the costs allocated on a per capita basis; and
- a business plan will be presented at the Meeting on 18 January 2017 outlining the budgetary position if the Forum agrees to the proposals or if the Forum disagrees with the proposals, what the services are and a judgement as to whether services are needed or could be cut.

## **CLARIFICATIONS**

In response to this action point:

- clarification be provided in the minutes as to the number of pupils on role and the figure of £380 k and how the sum of £15 per capita was reached;

Wokingham Borough Council NOR = 25,500. £15/pupil was the information provided by DfE therefore,  $15 \times 25,500 = £382k$ .

In response to this action point:

- clarification would be provided in the minutes on the figure allocated to premature retirement and redundancies referred to during the Briefing on 7 December;

This figure is the continuing revenue contribution to the retirement fund originating from Berkshire CC, for funding of teachers pensions having left under those conditions, administered by RBWM for the county unitary authorities.

## **13 DRAFT 2017/18 BUDGET**

The Forum considered a report, presented by the Interim Schools Finance Manager, on Agenda pages 39 to 46 outlining the indicative School Budget in advance of the Dedicated Schools Grant settlement. She stated that, to date, the DSG settlement had not been confirmed, but that the projections would be updated when this was received. The attention of the Forum was drawn to an amended Schools Budget that had now been reconciled.

The Chair clarified that the income figures were based on current pupil numbers and the current year's income level and that this would change when the DSG settlement was

confirmed. He highlighted a number of expenditure streams that had changed significantly. They were the same ones as those listed in the minutes for Agenda item 11, but with the addition of Provision for Pupils with SEN and the Pupil Premium.

Reference was made to the issues surrounding contingencies and recharges that had been discussed as part of Agenda item 11.

**Actions:** that

- the Interim Schools Finance Manager present a report at the Schools Forum on 18 January 2017 including a narrative for each line that has changed explaining why and incorporating the detail referred to in Agenda item 11; and
- the SEN Team Manager to present a report on 18 January 2017, as a part of the report in the Forward Plan, outlining where the sum allocated to fees for pupils at independent special schools and abroad is going and what the risks are for the future and the trends over time.

#### **14 DE-DELEGATION REPORT**

The Forum considered a report, presented by the Interim Schools Finance Manager, on Agenda pages 47 to 48. She clarified that the Behaviour Support Services referred to on page 47 applied to primary schools only.

The Forum commented on the fact that the rates paid by schools was the same no matter the size of the school and that this meant that for a small primary school the per capita cost was a lot higher than for a large primary or a secondary school. The Forum was reminded that a set payment was a decision that had been agreed by the Forum historically but it was acknowledged that this needed to be looked at again.

**Actions:** that an analysis of fixed and variable costs be presented to the Schools Forum at the meeting on 18 January 2017 so that schools are able to make an informed decision as to whether to return to a per capita funding basis.

#### **15 EXCEPTIONAL NEED SPEND**

The Forum considered a report and presentation on Agenda pages 49 to 53, presented by the Interim Assistant Director of Learning and Achievement. He stated that, following a decision to reduce this amount by £50 k for the year 2016/17, the current budget had incurred an overspend and he asked that the Forum agree to reinstate the £50 k for the 2017/18 budget, giving a total of £200 k.

**Resolved:** that the Exceptional Need Funding be increased to £200 k for the year 2017/18.

#### **16 FORWARD PROGRAMME**

In the light of discussion at today's meeting, the Forum considered and noted the Forward Programme of work and dates of future meetings. An updated forward plan is attached to the minutes.

## Schools Forum Meeting 18 January 2017

### **2017-18 Financial Pressures arising from Education Services Grant removal: Additional Information**

#### **1 Purpose of the Report**

To confirm the service delivery implications of a decision concerning the transitional element of Education Services Grant allocated to DSG.

#### **2 Recommendations**

Schools Forum is asked to note the information in coming to a view about the allocation of the ESG transitional grant.

#### **3 Summary**

The report follows one addressing the withdrawal of Education Services Grant (ESG) from Local Authorities, with transitional ESG funding re-allocated to DSG. Schools Forum asked at its last meeting that a business plan be presented at the meeting on 18 January 2017 outlining the budgetary position if the Forum agrees to the proposals or if the Forum disagrees with the proposals, what the services are and a judgement as to whether services are needed or could be cut.

This response outlines the services in question and addresses the questions of viability and impact.

#### **4 Education Services Grant related activities in Wokingham**

The services provided across WBC for those Education Services Grant related activities were set out in the previous report, amounting to the £2.918m total cost, funded from Education Services Grant and Wokingham Borough Council. Additional detail on those services is now added in annexes to this report. Thus the challenge was to identify sustainable levels of activity and sources of funding for these services, when £1.8m of ESG is removed or reduced to £380k, and is subject to a decision of Schools Forum.

#### **5 Future Funding Options**

To address the ESG funding shortfall a number of income sources were identified, with a proposed solution to balance the budget on the basis of the nationally expected contributions from DSG and the Early Years grant, an additional contribution of £725 from Wokingham Borough Council, and reductions in posts. The service reduction proposals from the previous report are set out in table 1 below.

In the event of the £380k ESG transitional funding not being available, it is assumed that the saving would need to come from staffing reductions from teams excluding Early Years, for which no DSG is sought. On the basis of a 5.56 FTE reduction yielding £276k, an additional loss of 7.57 posts would be needed. An example of how that would look is given in table 2.

**Table 1: Summary of Children’s Services establishment reductions (December)**

Function	Budget FTE	Proposed FTE Reduction	Proposed FTE	Proposed £k Reduction
School Improvement	4.60	-1.50	3.10	-96
Education Welfare inc Child Performance	4.66	-1.00	3.66	-49
Special Educational Needs	6.40	-0.58	5.82	-20
Early Years	6.80	-1.00	5.80	-25
Educational Psychology	6.20	-0.99	5.21	-41
Strategy & Leadership	2.33	-0.50	1.83	-47
	<b>30.99</b>	<b>-5.56</b>	<b>25.43</b>	<b>-279</b>

**Table 2: Illustration of contingent additional service reductions**

Function	Budget FTE	Original FTE Reduction	Contingent FTE Reduction	Resulting FTE
School Improvement	4.60	-1.50	2.5	2.1
Education Welfare	4.66	-1.00	3.0	1.66
Special Educational Needs	6.40	-0.58	3.0	3.4
Early Years	6.80	-1.00	1.0	5.8
Educational Psychology	6.20	-0.99	3.0	3.20
Strategy & Leadership	2.33	-0.50	0.63	1.7
	<b>30.99</b>	<b>-5.56</b>	<b>-13.13</b>	<b>17.86</b>

The loss of nearly half of the Learning and Achievement posts as illustrated above would present insuperable service delivery problems, such that it is hard to envisage viable services being maintained. The annexes below set out the statutory requirements for Local Authorities’ education functions. It is considered that those functions could be delivered under the reductions illustrated in table 1, but not under those in table 2.

## **Annex 1: School Improvement**

### Schools Causing Concern

Local Authorities retain a legal responsibility for performance in the area as a whole (including academies), under the 1996 Education Act. Ofsted conducts termly HMI performance monitoring visits for which the ability to present detailed, collated and analysed data is needed. Ofsted expects the LA to identify and act on areas of underperformance, in our case early years, phonics and performance gaps. Of these the first two have been successfully addressed; the last has presented challenges to Wokingham as it has to other similar LAs.

Section 251 guidance refers to 2006 Act *powers* relating to schools causing concern, particularly issuing Warning Notices and follow-up action. Statutory guidance asserts: “It is expected that local authorities will use their powers to issue warning notices in the schools which they still maintain”. That would mean having a function which can identify:

1. which schools ought to receive preliminary warning notices, because statutory warning notices rely on there having been prior warnings that have not been heeded;
2. which schools having received such preliminary notices have failed to meet relevant targets and merit a statutory warning notice;
3. what the content of either form of notice should be (essentially the short term improvement targets for the school),
4. whether after 15 days the school has complied with the notice (met targets),
5. the appropriate statutory action (eg remove delegation, apply for an IEB, add governors, require the school to enter into arrangements)
6. the grounds on which to defend any appeal against those decisions.

Ofsted judgements provide insufficient information to be relied on for these actions, because Warning Notices must have targets which are assessed after a 15 day period: Ofsted reports identify improvements needed, but not those to be achieved in such a short time. In any case the principle is that the Warning Notice precedes and averts a negative inspection.

This is all guidance to which the LA must *have regard*. The guidance states it is for (inter alia) “...Local authorities, who must have regard to it as statutory guidance in how they use their powers of intervention in their maintained schools”. The “how” rather than “whether” appears to imply that the use of intervention powers is not optional; opting not to invoke them would fetter discretion and give rise to risks (below). Meanwhile Ofsted maintains a public record of the frequency of use of LAs’ warning notice powers.

As long as the concept of the maintained school remains, LAs have financial liabilities when a school fails an Ofsted inspection. Related costs will typically bring a school into deficit, with interim heads costing £600/day. Such a deficit becomes a charge on the LA general fund when the school becomes a sponsored academy. An effective SI function acts as a preventative. Supporting schools causing concern in this way is a call on LA officers’ time, without which the LA would need to procure consultancy at £5-600/day if it wished to minimise risk. Estimates of the cost of dealing with special measures are in the region of £250k/school.

Where a maintained school is judged to require special measures the LA must prepare a statement of action and is under a duty to take all reasonable steps to co-operate with the RSC in the academy conversion process. Preventing failure in schools causing concern like this is a call on LA officers’ time, without which the LA would need to procure consultancy.

The LA also needs to make educational judgements in the procurement process for a new school, and to advise governors on candidates in headteacher recruitment.

### Governance

Statutory duties require the LA to

- Make and maintain instruments of government for maintained schools
- Arrange LA governor appointments.

Currently WBC does much more than that by way of advice and training, on a traded basis which covers costs with the exception of internal recharges. Marginal pricing adjustments would potentially cover those. A statutory minimum service would remove the possibility of

covering its residual cost, and would remove from local schools the opportunity to tie into a service which appears to be widely valued.

### Monitoring National Curriculum Assessment

The LA must moderate KS1 assessments in all schools over four years, i.e. 25%/year, and must appoint a person to do so. Similar requirements exist for Phonics (10%), KS2 & 3, (not ES funded), but KS3 moderation is not currently done. There is a need to ensure schools submit data to LA, and LA to the CAA, with a duty to assure security requirements are met in the administration of testing.

This duty is referred to in the April 2016 White Paper but not in the consultation on LA funding, so its future appears to be unchanged. It is difficult to see what alternative there is to Local Government for discharging this function nationally without establishing a new operational quango.

The costs and resources of Monitoring National Curriculum Assessment are embedded within School Improvement.

### Religious Education

LAs must set up a Standing Advisory Council on RE (SACRE). That also involves publishing an agreed syllabus for RE reflecting local cultures. SACRE budget is typically about £6k/year to service termly meetings, networking, CPD and review of syllabus. Duties are:

- to advise the LA on matters connected with religious worship in community schools and in foundation schools which do not have a religious character. Religious education in these schools is to be given in accordance with the locally Agreed Syllabus;
- to advise the LA on matters connected with collective worship in schools not designated as having a religious character;
- to publish an annual report on its work and on actions taken by its representative groups;
- to require the LA to review the locally agreed syllabus for religious education at least every five years.

### Newly Qualified Teachers

The local authority, which acts as the appropriate body for NQT induction, has the main quality assurance role within the induction process, and ensures that:

- head teachers are meeting their responsibilities by ensuring the school is offering appropriate support, guidance, monitoring and assessment.
- induction tutors are trained and supported and will respond to requests for assistance and advice as requested by schools.
- the school takes the necessary action to address areas of underperformance, including holding meetings with the NQT, head teacher, induction tutor and mentor and facilitating negotiations between the school and the NQT's professional association when appropriate.

Records of all NQTs undertaking induction are sent to the Teaching Agency each term as required. Following completion of induction, the appropriate body makes the final decision

following recommendation from the head teacher on whether the NQT has met the relevant standards or whether an extension is required and ensures that all relevant parties are notified.

Statutory guidance issued in 2012 includes a requirement for the appropriate body to consult head teachers on the nature and extent of the quality assurance procedures it operates or wishes to introduce.

The costs and resources of Newly Qualified Teachers induction are embedded within School Improvement.

#### Comments

- A preventative service is needed if risks identified above are to be managed under current duties
- Current school improvement income-generating functions include: Headteacher performance management; NQT support; CPD. Income from these is £60-70k
- SACRE and the RE duty is an anomaly, being the only curriculum area in which a LA rather than national or individual school policy is required. Some LAs have illegally ceased to operate SACRE; this has potential equalities implications.
- A minimum governance function would require less staffing, and potentially not in children's services. The current arrangement is close to being self-funding however, and buy-back is substantial
- The current pattern of termly SIO visits to primary schools would not be viable under the staffing proposals in table 1 of the report. Annual visits backed up by data-transfers would be necessary for most schools in the local "gold" and "green" categories, with targeted monitoring and inputs to "purple" and "red" schools. Additional traded services would enable capacity to be secured through consultancy.
- A lower staffing resource (Table 2) would fundamentally threaten the viability of a core school improvement offer, as well as the virtual school, NQT support and links with SEN.

## **Annex 2: Education Welfare**

The LA may prosecute parents for a child's non-attendance and must:

- Identify Children & Young People (CYP) not receiving education and in such cases issue school attendance orders or supervision orders preceded by a formal notice
- Publish and administer its Penalty Notice regime
- Improve attendance where schools report issues
- Investigate the whereabouts of pupils likely to be removed from school registers
- Comply with pupil registration regulations
- Administer and enforce requirements for CYP employment and performances

Local authorities have a duty to safeguard children who take part in performances by ensuring adequate protections are in place, for example, regulating the hours of performance and breaks, the provision of a chaperone to protect the child's welfare and the provision of education when children are missing school. This legislation is currently being reviewed to see how it can be updated, streamlined and made more proportionate to risk.

Comment

- Whilst there are duties as set out above, a “Table 1” resource would provide skeleton support for targeted casework. Schools were surveyed in early 2016 with positive returns in terms of interest in trading with the LA for these functions. Income generating activity has been undertaken with academies but current (and proposed) staffing makes this difficult to sustain. There is no experience currently of procuring freelance EWOs to allow a “zero hours” type flexibility to address uncertain income.
- The 1.6 level of staffing would remove capacity for field work, leaving a sub-minimal virtual monitoring operation across the LA.

**Annex 3: Special Educational Needs & Disabilities**

The LA is required to publish arrangements for SEND along with other matters as outlined in the Local Offer. It must:

- Ensure a sufficiency of provision for pupils with SEND and review it annually
- Make arrangements for the statutory assessment of pupils, where agreed, and maintain and review statements of SEN, Education Health & Care Plans and Transition Plans
- Secure placements consistent with statements/plans
- Monitor the progress of children with SEND through annual reviews
- Publish information on SEND funding and provision
- Provide information, support, advice and guidance to parents of children with SEND including the provision of a statutory Parent Partnership Service and Mediation Service

Comment

- There is no indication that any SEND duties would be removed from the LA. Current operational pressures suggest no scope for significant reductions if the risks of non-compliance with the new SEND Code of Practice and negative inspection experiences are to be avoided. Part of the role is an important gate-keeping function relating to DSG costs. Overall this is a function involving high-profile contacts with vulnerable families, with significant need to focus on SEN Tribunal cases with major revenue budget implications.



## **Annex 5: Early Years**

There is a general duty to improve the well-being of children under five and reduce inequalities. It places a requirement on local authorities to improve the outcomes of all children under 5 and close the gaps between groups with the poorest outcomes and the rest by ensuring early years services are accessible to all families.

Early Years Foundation Stage assessment places a duty on local authorities to make provision to ensure that early years foundation profile assessments made by providers in their areas are accurate and consistent, and have regard to any guidance given by the Department for Education.

The LA has a statutory duty to

- Secure sufficient childcare to enable parents to take up or remain in work and training
- Secure free early years education for all eligible young children in their area
- Undertake an assessment of the sufficiency of childcare places in its area at least every 3 years, with an annual update, and publish the assessments in the prescribed manner.

It would be possible to operate a lower level of Early Years support, consistent with table 1 above, with consequently greater risk of failure.

The team's impact is positive, with only two (3%) of WBC settings having an Ofsted rating less than good. The school improvement prevention principle applies here. Where settings fail inspections there may be an impact on the sufficiency duty..

## **Annex 6: Admissions**

The School Admissions Code requires Local Authorities to operate a system which allows residents to make a single application for a school place and to then receive a single offer. Local residents apply to WBC who then deal with all aspects of the application for community and controlled schools (and those Aided schools / Academies purchasing the Admissions Service). Processing includes measuring the distance from home to school, assigning the relevant oversubscription criteria, and gathering any additional information required. Places are then offered on the primary and secondary national offer days with waiting lists held. LAs also deal with all in-year applications for school places.

There are requirements for an annual report to the Schools Adjudicator, policy consultation and review, responding to a relatively high volume of FOI requests, and occasional LGO complaints.

### **Comment**

Admissions is DSG funded; there is no proposal relating to the admissions team. A reduction in LAs' admissions functions looks very unlikely, in the absence of any alternative organisation to deliver them. The long planning lead time means that the LA as admissions authority is already committed to the delivery of published policies into 2017-18. Current operational pressures including transfer of functions to customer services suggest no scope for immediate savings. Development of IT-based processes might produce saving in the longer term.

## **Annex 7: Exclusions**

Duties include: receiving information from schools on exclusions (permanent and fixed term); passing this information to the Secretary of State for Education when prescribed and establishing review panels.

There is a statutory duty for the local authority to secure full time education from the sixth day of exclusion for permanently excluded pupils and for pupils who are excluded from a pupil referral unit for a fixed period of more than 5 days. To make arrangements for the provision of suitable education at school or otherwise for each child of compulsory school age who, for reasons of illness, exclusion or otherwise, would not receive it unless such arrangements were made. Local authorities may establish pupil referral units to discharge their duty but do not have a duty to do so.

This ensures that children who cannot (for whatever reason) be in mainstream education, continue to receive full time education unless it is not in the child's best interests. These measures were introduced to make exclusions a more effective sanction and to reduce the disruption to a child's education caused by exclusion.

The costs and resources of Exclusions are embedded within Educational Welfare Services.

It was suggested in the 2016 White Paper that the responsibility for on-going education of excluded pupils would rest with the excluding school; that is not currently the case. Co-ordination, appeal and tracking responsibilities remain, consistent with the LA's role as the advocate of vulnerable children. These are currently delivered by EWS (above). PRU provision is funded from DSG.

## **Annex 8: Fair Access**

The February 2007 Admissions Code placed a duty on each local authority to develop a Fair Access protocol. The latest revision of the Code, in force from December 2014, restates the principles and scope of the protocol, which is essentially about securing places for pupils out of school where routine processes have failed to address the needs of particular cases. This involves a regular casework Fair Access Panel meeting chaired and administered by the LA. All admission authorities (LA, voluntary aided schools, academies) must participate in the Fair Access Protocol. The LA must report on admissions under the Protocol in its annual report to the Schools Adjudicator.

Failure to operate FAP would incur risks and costs around unplaced pupils.

The costs and resources of Fair Access are embedded within Virtual School.

FAP is chaired by the virtual school headteacher. There is no scope for saving as this function already represents an additional call on the VHT time.

## **Annex 9: Virtual School**

The Children and Families Act 2014 requires councils in England to appoint a Virtual School Head to discharge the local authority's duty to promote the educational achievement of its looked after children. The Virtual School Head is the lead responsible officer for ensuring that arrangements are in place to improve the educational experiences and outcomes of the authority's looked after children, including those placed outside the authority's boundaries.

The Ofsted inspection framework for local authority services to looked after children has very clear expectations of the information that will be available to inspectors, with implications for both the work of the Virtual School Head and the organisation of the Virtual School.

WBC arrangements include a full time virtual headteacher post, and rely on inputs from School Improvement and Early Years, each of which would be threatened under proposals to reduce staffing in those teams.

Virtual School currently benefits from School Improvement support, which is built into the proposal in this paper (section 11 above). The suggested structure sees the virtual school as a basis for the wider pupil champion function of the LA.

There is no scope for savings as the Virtual HT currently delivers that statutory function as well as managing EWS and FAP. Savings from School Improvement or Early Years need to take this into account.

## **Annex 10: General**

LAs are under a duty to make arrangements for ensuring that their functions are discharged having regard to the need to safeguard and promote the welfare of children; this equally applies where services are provided through a third party

The Chief Inspector has a power to investigate complaints about schools: The local authority has a duty, if requested to do so by the Chief Inspector, to (1) provide information relevant to an Ofsted investigation of a parental complaint about a school maintained by the local authority; (2) make arrangements for meeting for parents to be held (where the school does not have a delegated budget); (3) provide a copy of the Chief Inspector's report to parents (where the school does not have a delegated budget).

Local authorities have a statutory duty to 'assist, encourage and enable' young people aged 13-19 (and young adults with a learning difficulty and/or disability up to the age of 25) to participate in education or training.

These general duties militate for the maintenance of access to capacity to interact with schools and colleges on a professional basis.

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## Wokingham Borough Council

<b>Meeting</b>	<b>Schools Forum</b>
<b>Date</b>	<b>18 January 2017</b>
<b>Title</b>	<b>Financial pressures arising from Education Services Grant removal</b>

### **1 Purpose of the Report**

To confirm the way forward in funding continuing education functions of the authority in the absence of Education Services Grant effective from 2017-18.

### **2 Recommendations**

Schools Forum is asked to support proposals for a shared solution to the funding shortfall, including agreement to:

- (i) Top slice the Early Years Block as proposed by the Government's Early Years Consultation in September 2016;
- (ii) Confirm the 100% de-delegation of the retained duties element of the Education Services Grant that has been re-based into the DSG Central Schools Block to continue delivering the Local Authority's Statutory Education duties as set out in Annex B of the DfE's National Funding Formula consultation in March 2016.

### **3 Summary**

The report is a response to the withdrawal of Education Services Grant (ESG) from Local Authorities. The effects in Wokingham are to:

1. Remove £1.8m grant from a £2.9m spend on education and schools-related functions comprising significant pupil support and SEN activities;
2. Provide limited options for top-slicing Dedicated Schools Grant (DSG), subject to School's Forum decisions, specifically from the Early Years Grant and the new retained duties element of DSG which has been amalgamated with ESG;
3. Leave a shortfall of funding in a context where statutory responsibilities and resulting risks for LAs remain in place.

The report suggests a balanced approach to these matters, consistent with the recommendations above. This would mean (a) reducing operational spend, (b) calls on Schools Forum decisions consistent with the recommendations above (c) an increase in WBC funding from £1.1m to £1.8m.

### **4 National Funding Context**

The Government's Spending Review and Autumn Statement in November 2015 delivered on the government's funding priorities. For the Department for Education this meant:

- doubling free childcare from 15 hours to 30 hours a week for working families of 3- and 4-year-olds, worth up to £5,000 per child per year from September 2017,

- and investing over £1 billion more a year by 2019 to 2020 on free childcare places for 2-, 3- and 4-year-olds;
- making around £600 million savings from the education services grant (ESG) and supporting schools to realise efficiencies.

On the 7<sup>th</sup> March 2016 the DfE launched stage one of the Schools National Funding Formula Consultation. The withdrawal of the Education Services Grant in 2017-18 as set out in the Government's Spending Review and Autumn Statement in November 2015 is included in this consultation.

Meanwhile consultation also took place on Early Years funding, with proposals for a new formula and a reduction of the top-slicing option available to LAs, but not previously taken in WBC. The top-slice is to be limited to 7% for 2017-18, thereafter 5%; WBC proposal is 5%.

## 5 Consultation Proposals and Funding for ongoing LA functions

Local authorities currently receive funding from the government for their responsibilities from centrally held DSG funding and the retained duties element of the education services grant (ESG). The DfE is proposing to bring these 2 funding streams together into a new central schools block, distributed on a simple formulaic basis.

Currently the DSG is divided into 3 blocks: schools; high needs, and; early years. In the Schools National Funding Formula Consultation in March 2016, the Government proposed to create a fourth block of the DSG called the 'central schools block'. This block would contain funding for central schools services, historic local authority spending commitments on schools and the retained rate of £15 per pupil of the Education Services Grant. The per-pupil amount would be adjusted for area costs using the same area cost adjustment used for schools, and is intended to reflect continuing LA duties such as EWS, SEN etc (table 2).

The existing school funding arrangements give discretion to the schools forum to decide how much DSG funding should be allocated to ongoing local authority functions. A second phase of the consultation is expected to set out a proposal for a formula and the pace of transition.

## 6 Current Education Services Grant funding

Education Services Grant funding for 2016-17 activities is £1.8M, with a spend of £2.9m. Thus WBC has an established position of supporting these services by £1.1m above the grant funded level. This funding is part of WBC's base budget and in the context of the major loss of grant income is not proposed for a cut in 2017-18. Table 1 sets out the specific WBC funding and Education Services Grant sums.

**Table 1. Current WBC and Education Services Grant funding**

<b>Narrative</b>	<b>£k</b>
Education Services Grant Funding	1,806
Education Related Activities	2,918
<b>WBC subsidy</b>	<b>1,112</b>

The funding to be withdrawn from 2017-18 is the £1.806m ESG. However the Retained Duties element of the ESG of £15 per pupil is to be rebased into the Central Services Block of the Dedicated Schools Grant (DSG). Top-slicing this is an option to reflect continuing LA support for schools and pupils, subject to confirmation by Schools Forum.

The figure potentially available for top-slice of Retained Duties funds is £373k (see table 3).

## **7 Education Services Grant in 2016-17: Current functions/scope**

The Education Services Grant (ESG) enables local authorities and academy trusts to fund their schools' services. The local authority statutory duties relating to services relevant to Education Services Grant are set out in national guidance as:

- School improvement (includes Educational Psychology)
- Statutory and regulatory duties
- Education Welfare services
- Central support services
- Asset management
- Premature retirement costs/redundancy costs
- Therapies and other health-related services (includes SEN)
- Monitoring National Curriculum assessment

## **8 Education Services Grant related activities in Wokingham**

The current level of services provided across WBC for those Education Services Grant related activities is set out below in table 2 below, amounting to the £2.918m in table 1 above. Thus the challenge is to identify sustainable levels of activity and sources of funding for these services, when £1.8m of ESG is reduced to £373k.

Table 2 on the next page shows that approximately £1m of ESG has been committed to pupil support, including Special Educational Needs and therapies, Educational Psychology and Education Welfare, whilst about 10% (c.£300k) was committed to school improvement. A further 10% relates to continuing costs of historical premature retirement decisions for schools.

**Table 2. Education Services Grant funded activities**

<b>Statutory Duties</b>	<b>Service Area</b>	<b>Budget 2016-17 £k</b>
<b>School Improvement</b>	School Improvement	320
	Governor Support	(11)
	Early Years	328
	Educational Psychology	443
<b>Statutory &amp; regulatory duties</b>	Strategy	225
	Finance	101
	Information	72
	Human Resources	11
	Health & Safety	2
	School Companies	0
	Equality	0
	Religious Education	7
<b>Education Welfare Services</b>	Education Welfare inc Child Performances	117
<b>Central support services</b>	Pupil support	0
	Music services	0
	Visual & performing arts	0
	Outdoor education centres	0
<b>Asset management</b>	Strategic Assets & Property Estates	13
	Financial Reporting & monitoring	68
<b>Premature retirement / redundancy costs</b>	Premature retirement / redundancy costs	306
<b>Therapies and other health services</b>	Special Educational Needs	208
	Speech and Language Therapy Service	248
	Physiotherapy Service	31
	Occupational Therapy Service	30
	Children & Adolescent Mental Health Services	59
	Internal Recharges	342
<b>TOTAL Statutory Duties Relating to ESG</b>		<b>2,918</b>



## 9 Future Funding Options: WBC and DSG contributions

To address the ESG funding shortfall several income sources have been identified as set out in table 3. Total future funding of nearly £1.9m is identified, leaving a gap of over £1m.

**Table 3. Proposed funding options 2017-18**

	£k	£k
<b>Existing Education services</b> (see table 2)		<b>2,918</b>
<b>Future Funding</b>		
Education Services Grant 2017-18 Allocation to WBC	0	
Education Services Grant 2017-18 transitional arrangements (School National Funding Formula guidance 5.7)	50	
Retained WBC Budget 2016-17; base budget 2016-17 (see table 1)	1,112	
Top Slicing Early Years & Childcare DSG Allocation - proposal to top slice based on actuals reflecting proposed new structure including internal recharges. £370k = c.4%	452	*
Education Services Grant Allocation transferred to DSG 2017-18	373	*
Reduction in traded services following move to statutory minimum	(40)	
<b>Total Future Funding</b>		<b>1,947</b>
<b>Future Funding Gap</b>		<b>971</b>

\*Two lines in table 3 relate to Schools Forum decisions: Early Years and re-based ESG (see above). Each proposal reflects DfE guidance. Many LAs have routinely top-sliced Early Years funding at levels higher than 10%. The proposal is that this pattern is now adopted locally. Early information on Early Years funding for 2017-18 is in table 4.

**Table 4. Currently known Early Years funding for 2017-18**

16/17 universal funding (15 hours ) for 3&4 year olds	£6,275,000
17/18 universal funding (15 hours ) for 3& 4 year olds	£7,720,007 (+£1,445k)
Allocation for additional hours from September 2017	£1,326,813
<b>Total 17/18 3&amp;4 year allocation - funded hours only</b>	<b>£9,046,821</b>
5% of the total 3&4 year old allocation (re top slice)	£452,341
Additional allocation for maintained nursery school	£20,450
Additional allocation for EYPP	£40,481
Additional allocation for new disability access fund	£24,600
Additional allocation for funded 2 year olds	£455,653

The issue relating to ESG is a per-pupil figure transferred from ESG to DSG, with DfE advice being to retain that for LA expenditure, subject to Forum decision. That represents an in/out process analogous to what happens with rates, and in our case amounts to £373k.

## 10 A continuing education role for Wokingham: what do we have to do?

There is that funding gap, but LA's education functions are not changed: a new "Education for All" Education Bill was withdrawn last month, and anticipated consultation is yet awaited. It appears that there will still be special educational needs, admissions, vulnerable pupils and LA maintained schools with associated LA roles and liabilities after the funding changes. LA education duties are set out in statute, typically saying what should be achieved without specifying the means or quantifying anything. Consequently a definitive quantified account of a statutory minimum service is impossible. Behind statutory prescriptions lie implications for what is needed to put in place what is required, and with those come questions of risk.

The fundamental issue is about appetite for risk. There are key risks to DSG in the area of special educational needs. The High Needs Block is already heavily committed in Wokingham, with growing pressure on the resource needing to be committed to expensive out of borough special school placements. ESG-funded support services (the £1m identified in section 8 above) are of critical importance in supporting preventative activities and supporting schools. Without supportive psychology and therapy services the risk of escalating costs is significant.

The council recognises that such risks carry over to itself, with an interest in healthy prevention systems and positive inspection outcomes. The pre-existing investment of over £1m reflects this; it is anticipated that such investment will grow to £1.8m in 2017-18.

## 11 Proposals for continuing functions: balancing risk and cost

The original WBC report proposing council funding made structure and HR proposals which are not reproduced here. There was also a series of annexes setting out statutory requirements relating to Learning and Achievement functions. What is retained here is an account of proposed reductions in those teams. Those are summarised below in table 5.

**Table 5: Summary of Children's Services establishment reductions**

Function	Budget FTE	Proposed FTE Reduction	Proposed FTE	Proposed £k Reduction
School Improvement	4.60	-1.50	3.10	-96
Education Welfare inc Child Performance	4.66	-1.00	3.66	-49
Special Educational Needs	6.40	-0.58	5.82	-20
Early Years	6.80	-1.00	5.80	-25
Educational Psychology	6.20	-0.99	5.21	-41
Strategy & Leadership	2.33	-0.50	1.83	-47
	<b>30.99</b>	<b>-5.56</b>	<b>25.43</b>	<b>-279</b>

Table 6 puts this staffing reduction together with other potential savings to reduce the outstanding savings target to £649k.

**Table 6. Options to address Future Funding Gap**

<b>Options to address Future Funding Gap</b>	<b>£k</b>	<b>£k</b>
<b>Future Funding Gap</b>		<b>971</b>
<b>Options</b>		
<b>Cashable Savings</b>		
Match existing Children's Services resources to minimum (table 4)	279	
Redundancy costs previously charged to WBC but legislation states can be charged to Dedicated Schools Grant	30	
Further reduction in costs Early Years & Childcare Team (note initial £10k already part of MTFP 16-17)	10	
Reduction in "direct" element of Internal Recharges	3	
<b>TOTAL SAVINGS</b>		<b>322</b>
<b>Outstanding Funding Gap</b>		<b>649</b>

A summary of funding gap, funding and cost reduction options is shown in table 7.

**Table 7. Summary of funding challenge, funding and cost reduction options**

	<b>ESG Funded £k</b>	<b>LA Funded £k</b>	<b>TOTAL Funded £k</b>
Existing Education services including Children's Services & Non Children's Services functions	1,806	1,112	2,918
Future funding (see table 3)			<b>1,947</b>
Cost reduction (see table 6)			322
<b>Identified Funding Shortfall</b>			<b>649</b>

The impact of the identified shortfall of £649k in addition to the Retained WBC Budget 2016-17; base budget 2016-17 £1,112k is a total proposed WBC funding post ESG of £1,761k as set out in table 8. This is based on the balancing elements of £452k and £373k (table 3) which are asked for from Schools Forum, and savings of £322k (table 6) which complete a picture of shared interest in continuing support for services which predominantly (table 2) support vulnerable pupils through preventative functions which ultimately help to contain DSG High Needs Block commitments.

**Table 8. Proposed Funding post ESG reduction**

<b>Narrative</b>	<b>£k (WBC)</b>	<b>£k (DSG)</b>
Existing WBC Funding of Activities (base budget 16-17)	1,112	
Call on DSG (table 3)		373+30 = 403
Call on Early Years grant (table 3)		452
Outstanding Funding met by WBC (table 6)	649	
<b>TOTAL WBC Proposed Funding Augmented post ESG</b>	<b>1,761</b>	<b>855</b>

### Budget Monitoring Period 7 2016/17

#### .01 Purpose of the Report

To provide the Schools Forum with an update of the projected 2016/17 financial position. The report's objective is to help Forum to understand the financial pressures which are currently being faced, and explore how they may be mitigated.

#### .02 Suggested Action

The Forum is asked to note the contents of this report and work with Finance colleagues to ensure a clear understanding of the likely 2016/17 outturn.

#### .03 Background

This report provides an update of the anticipated financial outturn for 2016/17, taking into account revised estimates from all schools.

The paper examines the rolled up position (budget, YTD actuals and projected full-year position) as currently reported in the Council's financial reporting system WISER.

#### .04 Financial Summary

The current projection for this financial year is as follows:

<b>Summarised Financial Position</b>				
<i>all figures £k</i>				
	s251 Budget 2016/17	Actuals Oct 2016	Forecasted position at March 2017	Variance Budget v Forecast
<b>Expenditure</b>	£000	£000	£000	£000
ISB and PVI allocations	111,817	108,944	112,323	506
Central Expenditure	13,696	9,006	15,020	1,324
<b>Total Schools Budget</b>	<b>125,513</b>	<b>117,950</b>	<b>127,343</b>	<b>1,830</b>
<b>Funding</b>				
Dedicated Schools Grant	(116,820)	(68,313)	(117,109)	(289)
DSG Other	(56)	(284)	(468)	(412)
EFA	(8,324)	(5,245)	(8,141)	183
In year adjustments b/fwd to 2016/17	0		(1,081)	(1,081)
<b>Total Funding</b>	<b>(125,200)</b>	<b>(73,842)</b>	<b>(126,799)</b>	<b>(1,599)</b>
Total in-year (surplus)/ deficit	313	44,108	544	231
Brought Forward (surplus) /Deficit balance	(1,151)	(2,177)	(1,096)	55
<b>TOTAL YEAR-END (SURPLUS)/DEFICIT</b>	<b>(838)</b>	<b>41,931</b>	<b>(552)</b>	<b>286</b>
<i>Underlying (surplus) / deficit</i>	<i>(838)</i>		<i>529</i>	

Key points to note are:

- 1) Expenditure increase to budget of £1,830k. This is due to:
- 2)
  - a. An additional allocation of £1,274k to the Schools Block which was agreed at the January 2016 Schools Forum, item no. 58 refers;
  - b. Additional expenditure of £234k within Other Areas which is due to private hospital education costs £93k and an increase in internal recharges resulting from the move from the Foundry cost centre £168k (as previously reported);
  - c. Additional expenditure of £260k within Pupil Growth / Infant Class Sizes resulting from:
    - i. Project start-up costs for Shinfield West brought forward to September 2016;
    - ii. Start-up costs for Bohunt School Arborfield, confirmed funding for Montague Park.

Detailed information is provided in Appendix B.

- 3) An income / funding increase of £518k the major elements of which are:
  - a. An increase in DSG of £289k due to pupil numbers in the October 15 census;
  - b. An increase in pupil premium (5-16 years) of £153k;
  - c. A Universal Infant Free School Meals (UIFSM) of £33k which is based upon the pupil census data at January 2016.
- 4) The net overall year-end (surplus) / deficit position is now projected to be (£552k) which is an improvement on the planned (£500k) which was agreed at January Forum.

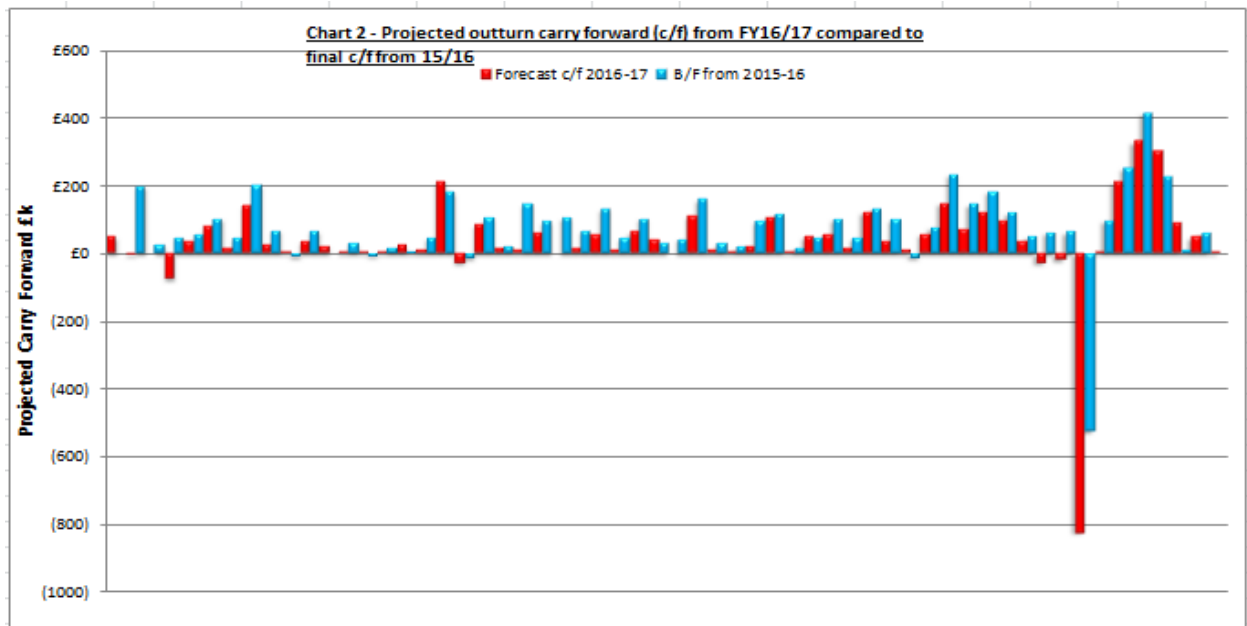
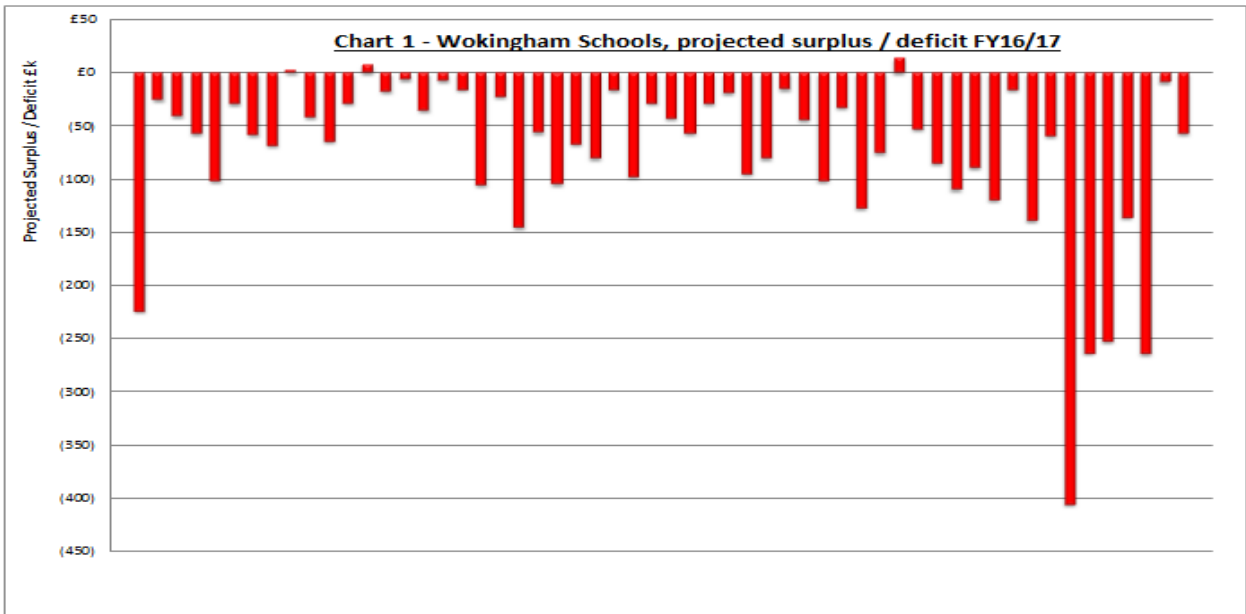
Detailed information is provided in Appendix A.

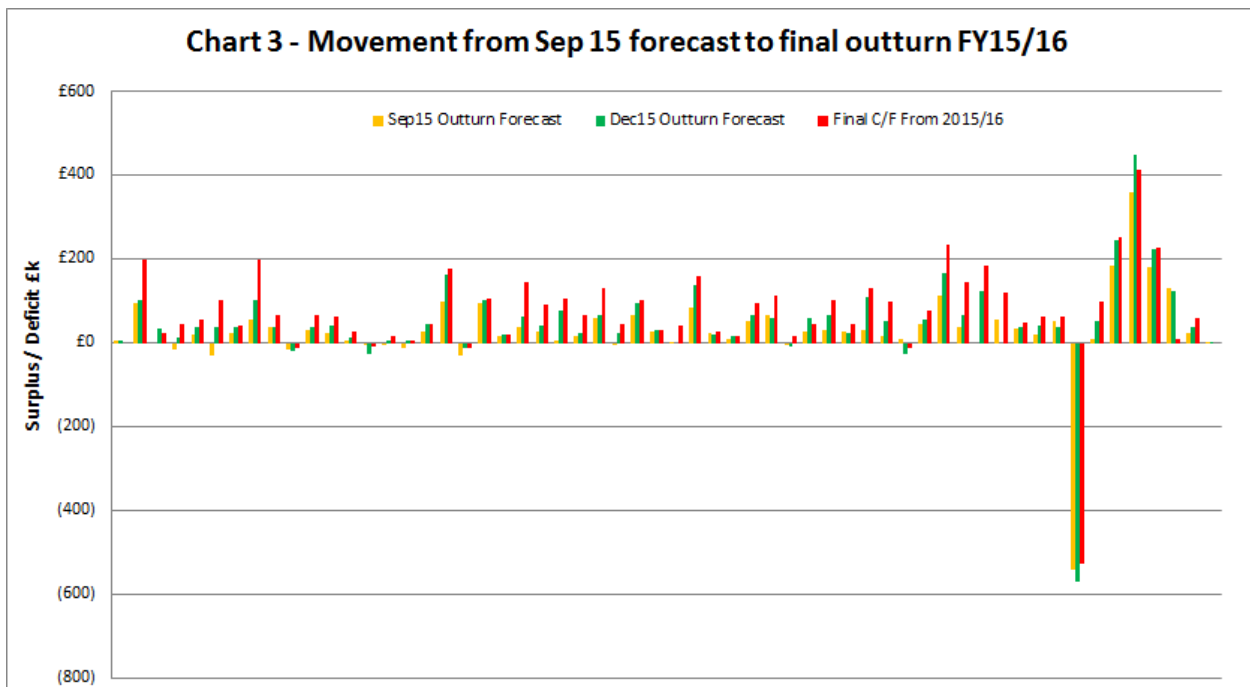
## .05 **Schools Position**

The Schools Finance Team continues to work closely with colleagues in schools to determine the likely financial outturn for the financial year. An analysis of the combined position suggests that the vast majority of schools will face deficits totalling £4,298k this year; they are being kept afloat by carry forward balances and / or other sources of funds.

The following anonymised charts refer:

- 1) Chart 1 – Projected surplus / deficit by school;
- 2) Chart 2 – A comparison of projected carry forward balances between 15/16 and 16/17.
- 3) Chart 3 – which examines the movement between the projected outturn position and the potential pessimism or prudence bias in the September 15 / October 16 projections.





#### .07 **Next Steps**

1. The Schools Finance Team to complete their school budget monitoring task, and ensure that WiSER reflects the agreed position by the end of December.
2. Where cumulative deficits for 16/17 are a reality the Schools Finance Manager (who will join the Council w/c 5<sup>th</sup> December) will work with schools to address - potentially via the use of loan agreements.

#### .08 **Recommendation**

That the report be noted and that schools continue to work with the Council's Finance Team to ensure a clear understanding of the 16/17 financial position and ensure that any emerging deficits are addressed in an appropriate manner.

**John Ogden**  
**Head of Finance**  
**November 2016**



**Appendix A – Schools Budget Monitoring November 2016 (October 2016 actuals)**

Appendix A - SCHOOLS Budget Monitoring November 2016 ( October Actuals )

Schools Budget													All Schools	Maintained	Academies	High Needs	Early Years	Pupil Premium		
21 December 2016																				
		Actual	Actual	Actual	2015-16		2016-17													
		2012-13	2013-14	2014-15	Actual	Variance	Budget	Variance	June Forecast	Variance	Oct Forecast									
<b>INCOME</b>																				
	Maintained Schools Block	92,391	92,932	68,118	-3.8%	65,637	-0.6%	63,980	0.0%	63,980	0.0%	63,979		63,979						
	Additional Schools Grant		333	533	-2.3%	521	-52.0%	250	0.0%	250	0.0%	250	250							
	Academy Recoupment			19,872	24.4%	26,274	0.0%	28,999	0.0%	28,999	0.0%	28,999		28,999						
	High Needs Block			17,588	-4.7%	16,795	0.0%	17,092	0.0%	17,092	0.0%	17,092		17,092						
	Early Years Block			6,373	6.0%	6,780	-0.5%	6,749	0.0%	6,749	4.3%	7,038			7,038					
	Early Years Block 2 year olds					0		0		0		428			428					
	Universal Infant FSM			1,298	40.9%	2,195	0.0%	2,195	0.0%	2,195	-1.5%	2,162			2,162					
	Education Funding Agency	6,226	4,658	4,384	-24.3%	3,528	-9.6%	3,191	0.0%	3,191	0.1%	3,194		3,194						
	Pupil Premium Grant 5-16	1,237	1,913	2,735	-4.5%	2,618	2.7%	2,688	0.0%	2,688	-5.7%	2,535				2,535				
	Pupil Premium Grant 3-4					57	-1.8%	56	0.0%	56	-28.6%	40				40				
	<b>TOTAL FUNDING</b>	<b>99,854</b>	<b>99,836</b>	<b>120,901</b>	<b>17.4%</b>	<b>124,405</b>	<b>-0.5%</b>	<b>125,200</b>	<b>0.0%</b>	<b>125,200</b>	<b>0.4%</b>	<b>125,717</b>	<b>250</b>	<b>67,173</b>	<b>28,999</b>	<b>17,092</b>	<b>9,628</b>	<b>2,575</b>		
<b>OUTGOINGS</b>																				
1.0.1	Schools Block excluding Academies	84,944	-15.9%	73,264	-2.9%	71,195	-4.3%	68,282	-1.9%	64,683	1.3%	65,507	2.0%	65,960		65,960				
1.0.1	Academy Recoupment			19,872	24.4%	26,274	0.0%	28,999	-2.6%	28,240	0.0%	28,999		28,999						
1.0.1	High Needs Block allocation (across all schools)			6,328	10.3%	7,052	-45.0%	4,864	27.2%	6,807	0.0%	6,807	-11.5%	6,022		6,022				
1.0.1	Pupil Premium (exc Academies)			1,880	29.4%	2,663	-4.7%	2,543	2.8%	2,613	0.0%	2,613	-9.3%	2,369				2,369		
1.0.1	Universal Infant FSM			1,298	40.9%	2,195	0.0%	2,195	0.0%	2,195	-1.5%	2,163				2,163				
1.0.1a	Early Years Block allocation	3,983	31.7%	5,835	4.1%	6,087	5.5%	6,438	-0.9%	6,520	0.0%	6,520	4.4%	6,809			6,809			
	<b>Total ISB and PVI allocations</b>	<b>88,927</b>	<b>-1.9%</b>	<b>87,307</b>	<b>19.3%</b>	<b>108,167</b>	<b>2.2%</b>	<b>110,596</b>	<b>0.0%</b>	<b>111,817</b>	<b>0.1%</b>	<b>111,882</b>	<b>0.5%</b>	<b>112,322</b>	<b>0</b>	<b>65,960</b>	<b>28,999</b>	<b>6,022</b>	<b>8,972</b>	<b>2,369</b>
1.0.2	Pupil Premium mainstream	22	15.4%	26	46.9%	49	2.0%	50	0.0%	50	0.0%	50	158.0%	129				129		
1.0.3	Pupil Premium non-mainstream	34	-88.9%	18	21.7%	23	8.0%	25	0.0%	25	0.0%	25	48.0%	37				37		
	Pupil Premium 3-4 years					56	0.0%	56	0.0%	56	-28.6%	40						40		
1.1.3	Early Years contingency	172		0		184	36.3%	289	-20.8%	229	0.0%	229					229			
1.2.1	Provision for pupils with SEN (actual charges)	1,433	18.2%	1,752	25.2%	2,343	-11.2%	2,107	7.1%	2,468	0.0%	2,468		2,468		2,468				
1.2.2	Provision for pupils with SEN (additional charges)	110	5.2%	116	-3.6%	112	-460.0%	20	0.0%	20	0.0%	20		20		20				
1.2.4	Fees for Independent Special Schools	4,931	4.8%	5,182	8.4%	5,655	-41.9%	3,984	40.0%	5,262	12.5%	5,920	14.0%	6,000		6,000				
	Element 2 funding for post 16					546		0		0		0		0		0				
1.2.5	SEN transport	230	0.0%	230	0.0%	230	0.0%	230	0.0%	230	0.0%	230		230		230				
1.2.7	Inter-authority recoupment	-1,605		-46		0		0		0		0		0		0				
1.3.1	Pupil Referral Units	712	-54.8%	460	-22.0%	377	30.6%	543	22.8%	480	2.1%	490	-2.1%	470		470				
1.3.3	Education out of school	485	21.5%	618	2.1%	631	-8.4%	582	1.2%	617	-1.6%	607	15.1%	710		710				
1.3.4	14-16 More practical learning options	582		0		0		0		0		0		0		0				
1.4.5	Carbon reduction allowances			91		0		0		0		0		0		0				
1.5.1	School meals (nursery, primary, special)	223		0		0		0		0		0		0		0				
1.2.1	Support for inclusion	425	56.3%	973	-69.8%	573	-2.9%	557	0.9%	362	0.0%	362	0.0%	362		362				
1.2.3	Moderating panels					100	33.3%	150	0.0%	150	0.0%	150		150		150				
1.6.5	Miscellaneous	92	-24.3%	74	17.8%	90	70.6%	306	-69.9%	97	173.2%	265	173.2%	265	92	173				
1.5.2	FSM eligibility	0		0		0		0		0		0		0		0				
1.5.4	School kitchens (repairs and maintenance)	413		-152		103		0		0		0		0		0				
1.1.2	NQT induction			32	0.0%	32	0.0%	32	0.0%	32	0.0%	32		32		32				
1.6.3	School admissions	272	3.9%	283	-2.5%	276	-2.2%	270	4.1%	281	0.0%	281	0.0%	281		281				
1.6.6	Servicing of Schools Forum	4	0.0%	4	0.0%	4	0.0%	4	0.0%	4	0.0%	4		4		4				
1.1.2	School specific contingencies	744	-171.5%	274	9.3%	302	18.2%	369	-24.4%	340	0.0%	340	0.0%	340		340				
1.3.2	Behavioural Support Services	619	-27.1%	487	-51.7%	321	0.0%	321	0.0%	321	0.0%	321		321		321				
1.4.1	Support for ethnic minority and bilingual	134	-8.9%	123	9.6%	136	3.5%	141	3.5%	146	0.0%	146		146		146				
1.6.1	Insurance	568	1.7%	578	-2.3%	565	11.4%	638	-12.5%	586	0.0%	586	0.0%	586		586				
1.6.4	Licenses / subscriptions	191	20.7%	241	2.4%	247	-10.3%	224		339	0.0%	339	0.0%	339		339				
1.4.10	Pupil growth / infant class sizes			639	-4.6%	611	19.6%	760	-23.0%	1,232	39.0%	1,713	21.1%	1,492		1,492				
1.6.7	Staff costs - supply cover	415	-5.1%	395	0.3%	396	3.4%	410	-10.0%	369	0.0%	369	0.0%	369		369				
	<b>Total Central Expenditure</b>	<b>11,206</b>	<b>9.6%</b>	<b>12,398</b>	<b>7.2%</b>	<b>13,360</b>	<b>-5.9%</b>	<b>12,614</b>	<b>6.0%</b>	<b>13,696</b>	<b>9.5%</b>	<b>15,003</b>	<b>9.7%</b>	<b>15,020</b>	<b>1,869</b>	<b>2,306</b>	<b>0</b>	<b>10,410</b>	<b>229</b>	<b>206</b>
1.8.1	<b>TOTAL SCHOOLS BUDGET</b>	<b>100,133</b>	<b>-0.4%</b>	<b>99,705</b>	<b>18.0%</b>	<b>121,527</b>	<b>1.4%</b>	<b>123,210</b>	<b>0.6%</b>	<b>125,513</b>	<b>1.1%</b>	<b>126,885</b>	<b>1.5%</b>	<b>127,342</b>	<b>1,869</b>	<b>68,266</b>	<b>28,999</b>	<b>16,432</b>	<b>9,201</b>	<b>2,575</b>
	<b>Surplus / Deficit</b>	<b>-279</b>		<b>131</b>		<b>-626</b>		<b>1,195</b>		<b>-313</b>		<b>-1,685</b>		<b>-1,625</b>	<b>-1,619</b>	<b>-1,093</b>	<b>0</b>	<b>660</b>	<b>427</b>	<b>0</b>
	Reserves b/fwd	1,752		1,475		1,607		982		1,151		2,177		2,177						
	Reserves c/fwd	1,473		1,606		981		2,177		838		492		552						
Memo	WBC Central Overhead Costs					457	0.0%	457	0.0%	457		457								

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## SCHOOLS FORUM

### **.00 2017-18 DEDICATED SCHOOLS GRANT BUDGET STRATEGY**

#### **Purpose of the Report**

- .01 To update members on the national changes and local challenges affecting the 2017-18 Dedicated Schools Grant Budget.

To request the central retention and de-delegation of funds from the Schools Block, including the Growth Fund and those related to services formerly funded through the Education Services Grant (ESG).

To request 100% allocation of the transferred Retained Duties ESG funding from the Central Schools Block back to the LA for the discharge of statutory and regulatory duties for ALL Wokingham Schools and Academies.

To request Schools Forum to consider other potential areas of allocation and de-delegation of schools services following the withdrawal of ESG funding.

To request the topslice of the 3 & 4 Year old funding in the Early Years Block at 7% in 2017-18 and 5% in 2018-19 onwards for Early Years Centrally Retained Duties.

#### **Required Action**

##### **Early Years Block**

1. Schools Forum is asked to agree the topslice of 7% in 2017-18 and 5% from 2018-19 onwards of the 3 & 4 Year old funding for Early Years Centrally Retained Duties:

##### **Schools Block**

2. Schools Forum is requested to note the following proposed use Schools Block DSG:

##### **A. Transferred ESG funds**

- 3 Schools Forum is asked to agree the 100% allocation of the transferred ESG funds for Statutory and Regulatory duties.

##### **B. Centrally Retained DSG**

4. Schools Forum is asked to agree to allocate £1300k for the Pupil Growth / Infant class size Fund for 2017-18.
5. Schools Forum is asked to agree to allocate £4k for the costs associated with the Forum 2017-18.
6. Schools Forum is asked agree to allocate £304k to the School Admissions Service in 2017-18.

7. Schools Forum is asked to agree to allocate £265k for Support Costs in 2017-18.

### **C. De-delegation**

8. Schools Forum is asked that maintained school members agree de-delegation for School Specific Contingencies.
9. Schools Forum is asked maintained school members agree to de-delegation for Insurance.
10. Schools Forum is asked that maintained school members agree to de-delegation for Licences and subscriptions.
- 11(a). Schools Forum is asked that Members representing primary maintained schools agree to de-delegate Support to Underperforming Ethnic Minority Groups.
- 11(b). Schools Forum is asked that Members representing secondary maintained schools agree to de-delegate Support to Underperforming Ethnic Minority Groups.
- 12(a). Schools Forum is asked that Members representing primary maintained schools agree to de-delegate a Contingency for Behaviour Support Services.
- 12(b). Schools Forum is asked that Members representing secondary maintained schools agree to de-delegate a Contingency for Behaviour Support Services.
- 13(a). Schools Forum is asked that Members representing primary maintained schools agree to de-delegate funding for Trade Union Facilities time.
- 13(b). Schools Forum is asked that Members representing secondary maintained schools agree to de-delegate funding for Trade Union Facilities time.
- 14(a). Schools Forum is asked that Members representing primary maintained schools to consider agreeing to de-delegate Redundancy costs.
- 14(b). Schools Forum is asked that Members representing secondary maintained schools to consider agreeing to de-delegate Redundancy costs.

## **2017-18 DEDICATED SCHOOLS GRANT**

### **Early Years Block**

There will be a new Early Years Funding Formula from April 2017. EFA announced the outcome of the Early Years Funding Formula Consultation and the 2017-18 Early Years Operational Guidance on 1<sup>st</sup> December 2016. The new formula allocates funding to local authorities for the existing 15-hour entitlement for all three and four year olds and the additional 15 hours for three and four year children of eligible working parents. The funding rates for both the existing 15-hour entitlement and the additional 15-hour entitlement are the same. Funding in 2017-18 for the

additional 15-hour entitlement (the 30 hour childcare policy) is for part of the financial year, reflecting the fact that this policy begins in September 2017. The formula consists of a universal base rate plus factors for additional needs, using measures of free school meals; disability living allowance and English as an additional language.

Although WBC are able to topslice the 3 & 4 year old funding by 7% in 2017-18 and 5% in 2018-19 onwards to fund centrally retained duties for the provision of the Early Years services, they have opted for topslice of 5%.

Further modelling and strategic decisions will need to be made in the January 2017 Schools Forum with regards to consulting and amending the 3 & 4 year old funding formula and the use of the Early Years Block resources in setting budgets for 2017-18.

**Recommendation 1. Schools Forum is asked to agree the topslice of 5% in 2017-18 and 5% from 2018-19 onwards of the 3 & 4 Year old funding for Early Years Centrally Retained Duties.**

## **SCHOOLS BLOCK**

### **What's new or different for 2017 to 2018?**

The funding arrangements for 2017 to 2018 are broadly similar to last year. The main changes for 2017 to 2018 as advised by DfES are:

- the DSG blocks have been rebaselined to reflect current spending patterns.
- funding for ESG retained duties (£15 per pupil) will be transferred into the schools block for 2017 to 2018.
- the removal of the post-16 funding factor, but with protection through the minimum funding guarantee (MFG).
- that local authorities will be able to retain funding from the DSG from maintained schools, including special schools and pupil referral units (PRUs), for statutory duties previously covered by the ESG.
- using a national weighting for secondary low attainment figures.
- using new bandings for the index of deprivation affecting children (IDACI).
- that local authorities are submitting one authority proforma tool (APT) in January 2017.
- EFA are consulting changes to the arrangements for free school recoupment.
- EFA are introducing a grant to local authorities to cover monitoring and commissioning of school improvement and intervention in failing schools.
- clarification on the PFI factor, not all schools have to receive the same funding under the factor, it may vary between PFI contracts.

## **EFA November 2016 updates**

Changes included to the EFA Schools Revenue Funding 2017-18 Operational Guide in November 2016 are:

- update to the central retained budgets section, including guidance on the split of former ESG duties to be funded from centrally retained schools block funding.
- from 2017 to 2018, school improvement services offered to maintained schools are included in the list of de-delegated services – these are in addition to the statutory duties covered by a new school improvement grant.
- addition of annex 3 – applying a national weighting factor to the secondary low prior attainment factor for 2017 to 2018.
- links to the high needs funding arrangements for 2017 to 2018.
- removal of the limit on central expenditure for admissions and servicing of schools forums.

Whilst EFA have implemented technical changes to rebase the funding blocks, adjusted high needs funding for post 16 students and remove post 16 funding from the Schools Block, Wokingham Borough Council have not proposed any changes in the funding formula for 2017-18 other than for EFA changes.

**Recommendation 2                      Schools Forum is requested to agree to 5% EY topslice and the transfer of the ESG settlement for £373k from the DSG to contribute towards funding the shortfall for the ESG removal. Also note the following proposed use for the funds as detailed below.**

### **Education Services Grant (ESG)**

Changes in Local Authority (LA) funding will remove the Education Services Grant (ESG) from April 2017. The settlement funding for 2017/18 DSG included element for ESG for £373k transferred into the Schools Block DSG for Retained Statutory and Regulatory Duties. The LA can seek the Forum's permission to de-delegate funding for the remainder of services from maintained schools; the estimated gap in funding is detailed in the ESG report. Current de-delegated services are shown below:

1. Contingencies (including schools in financial difficulties and deficits of closing schools);
2. Behaviour Support Services;
3. Support to underperforming ethnic groups and bilingual learners;
4. Insurance;
5. Licences / subscriptions;
6. Staff cost for supply cover (e.g. maternity, paternity, trade union and public duties.)



Wokingham Borough Council proposes to use the £373k ESG settlement to contribute to fund statutory and regulatory duties which was previously funded through ESG.

Statutory and regulatory duties cover a variety of responsibilities including prepare and monitor budgets and financial regulations, provide internal audit, provide elements of human resource support, certain health and safety responsibilities and maintain the Standing Advisory Council on Religious Education. Some of these duties would diminish as schools convert to academies but others, such as the appointment of a Director of Children Services will remain. Whilst the LA continues to have maintained schools responsibilities will remain, as will the duty to appoint a Director of Children's Services.

**Recommendation 3. Schools Forum is asked to agree the 100% allocation of the transferred ESG funds as a contribution towards funding for Statutory and Regulatory duties.**

### **Centrally Retained DSG**

Local authorities may request Forum's permission to top-slice funding from the Schools Block of the DSG. In general, these budgets are capped at the level funded in previous years except for exceptional circumstances. The top-slicing occurs before the funding formula is calculated and impacts on maintained schools, free schools and academies. All state financed schools are therefore eligible to receive the services so funded.

As detailed in the First Draft of the 2017-18 Schools Budget Report Schools Forum is asked to note and agree:

**Recommendation 4. Schools Forum is asked to agree to allocate £1300k for the Pupil Growth / Infant class size Fund for 2017-18.**

**Recommendation 5. Schools Forum is asked to agree to allocate £4k for the costs associated with the Forum for 2017-18.**

**Recommendation 6. Schools Forum is asked to agree to allocate £304k to the School Admissions Service in 2017-18.**

**Recommendation 7. Schools Forum is asked to agree to allocate £265k for Support Costs in 2017-18.**

### **De-delegation**

As detailed in the De-delegated Services Paper Schools Forum is asked to note and agree:

- Recommendation 8.** Schools Forum is asked that maintained school members agree to de-delegation of School Specific Contingencies for 2017-18.
- Recommendation 9.** Schools Forum is asked that maintained school members agree to de-delegation of Insurance for 2017-18.
- Recommendation 10.** Schools Forum is asked that maintained school members agree to de-delegation for Licences and subscriptions for 2017-18.
- Recommendation 11(a).** Schools Forum is asked that Members representing primary maintained schools agree to de-delegate Support to Underperforming Ethnic Minority Groups for 2017-18.
- Recommendation 11(b).** Schools Forum is asked that Members representing secondary maintained schools agree to de-delegate Support to Underperforming Ethnic Minority Groups for 2017-18.
- Recommendation 12(a).** Schools Forum is asked that Members representing primary maintained schools agree to de-delegate a Contingency for Behaviour Support Services for 2017-18.
- Recommendation 12(b).** Schools Forum is asked that Members representing secondary maintained schools agree to de-delegate a Contingency for Behaviour Support Services for 2017-18.
- Recommendation 13(a).** Schools Forum is asked that Members representing primary maintained schools agree to de-delegate funding for Trade Union Facilities time for 2017-18.
- Recommendation 13(b).** Schools Forum is asked that Members representing secondary maintained schools agree to de-delegate funding for Trade Union Facilities time for 2017-18.

### **Redundancy Costs**

These are a Local Authority (LA) responsibility but can be passed on to a school where any of the following apply:

- 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 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.

**Recommendation 14(a). Schools Forum is asked that Members representing primary maintained schools to consider agreeing to de-delegate Redundancy costs**

**Recommendation 14(b). Schools Forum is asked that Members representing secondary maintained schools to consider agreeing to de-delegate Redundancy costs**

### **High Needs Block**

The budgetary pressures in the High Needs Block (HNB) remains. There is a review scheduled for HNB expenditure and Schools Forum will be updated with the details of the 2017-18 proposals when finalised in 2017 Schools Forum meetings.

### **Other Pressures – Apprenticeship Levy**

The Apprenticeship Levy will be imposed from April 2017. This is a levy on all employers whose payroll exceeds £3m and is charged at 0.5% of the pay bill. All maintained schools where the Council is the employer will count against Wokingham's levy, which will be passed on to schools. The position of voluntary aided and foundation schools is being clarified.

**John Ogden  
Head of Finance  
January 2017**

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APPENDIX A

Schools Budget 2017/18 - First Draft , December 2016

	S251 title	FINAL Budget 2016/17	Forecast as at the end of November 2016	First draft presented to December Forum 2017/18 Budget	Notes
1.0.1	Schools Block Allocation excl Academies net of de-delegated funds including HNB allocations	61,492	62,766	63,628	<p>Explanation will be provided as requested by Forum. Figure is partly made up of movements of trends of expenditure</p> <p>Explanation will be provided as requested by Forum. Figure is partly made up of movements of trends of expenditure</p> <p>Re-apportionment for internal re-charges previous reported under 1.6.5 Miscellaneous</p> <p>Increase forecast based on Summer Term payments in advance pupils at an average cost of £49k</p> <p>Foundry - Medically Vulnerable Places and Berkshire Adolescent Unit plus Independent Hospital Education. Various transactions are yet to be recharge to health which will reduce current spend trend.</p> <p>Internal re-charges of £168k moved to appropriate expenditure as per Forum request. ( See 1.2.3 and 1.6.3 for transferred budget )</p>
	6th form funding from EFA	3,191	3,194	3,258	
	Academy Recoupment from Schools Block	28,999	28,999	28,968	
	UIFSM Revenue / Start Up	2,195	2,163	2,228	
1.0.1	High Needs Block allocations	6,807	6,022	6,143	
1.0.1	Pupil Premium excl Academies	2,613	2,369	2,573	
1.0.1a	Early Years Block Allocation inc exp for Education of Children under 5s in Private/voluntary/independent settings	6,520	6,809	6,963	
	<b>Total ISB and PVI allocations</b>	<b>111,817</b>	<b>112,323</b>	<b>113,760</b>	
1.0.2	Pupil Premium allocated to schools - mainstream	50	129	129	
1.0.3	Pupil Premium in non-mainstream settings	25	37	37	
	Pupil Premium 3-4 years	56	40	42	
1.1.2	School-specific contingencies	340	340	340	
	NQT Induction	32	32	32	
1.1.3	Early Years Contingency	229	229	229	
1.2.1	Provision for pupils with SEN (including assigned resources)	2,468	2,468	2,517	
1.2.1	Moderating Panels	150	150	150	
1.2.2	Provision for pupils with SEN, provision not included in line 1.2.1	20	20	20	
1.2.3	Support for inclusion	362	507	507	
1.2.4	Fees for pupils at independent special schools & abroad	5,262	6,000	6,119	
	Element 2 funding for post 16		-	-	
1.2.5	SEN transport	230	230	230	
	Inter-authority recoupment				
1.3.1	Pupil Referral Units	480	470	470	
1.3.2	Behaviour Support Services	321	321	321	
1.3.3	Education out of school	617	710	710	
	14 - 16 More practical learning options	-	-	-	
1.4.1	Support to under-performing ethnic minority groups and bilingual learners	146	146	146	
1.4.10	Pupil growth/ Infant class sizes	1,232	1,492	1,300	
	Carbon reduction commitment allowances	-	-	-	
	Free school meals - eligibility	-	-	-	
	School kitchens - repair and maintenance	-	-	-	
1.6.1	Insurance	586	586	598	
1.6.3	School admissions	281	304	304	
1.6.4	Licences/subscriptions	339	339	346	
1.6.5	Miscellaneous (not more than 0.1% total of net SB)	97	97	97	
1.6.6	Servicing of schools forums	4	4	4	
1.6.7	Staff costs - supply cover (not sickness)	369	369	369	
	<b>Total Central Expenditure</b>	<b>13,696</b>	<b>15,020</b>	<b>15,017</b>	
1.8.1	<b>TOTAL SCHOOLS BUDGET</b>	<b>125,513</b>	<b>127,343</b>	<b>128,777</b>	
DSG	Schools Block Allocation	92,979	92,979	95,385	
DSG	High Needs Block	17,092	17,092	17,092	
DSG	Early Years Block 3-4 year olds	6,749	7,038	7,249	
	<b>Dedicated Schools Grant Total</b>	<b>116,820</b>	<b>117,109</b>	<b>119,726</b>	
DSG	Academy Recoupment from Schools Block	28,999	28,999	28,968	
DSG	Maintained Schools Block	61,242	63,947	63,378	
DSG	Early Years Block 2 year olds	0	428	428	
EFA	Additional School Grants	250	250	250	
EFA	UIFSM Revenue	2,195	2,162	2,227	
EFA	Education Funding Agency 6th Form Funding	3,191	3,194	3,258	
EFA	Pupil Premium 5-16 years	2,688	2,535	2,586	
EFA	Pupil Premium 3-4 years	56	40	42	
	<b>TOTAL FUNDING</b>	<b>125,200</b>	<b>125,290</b>	<b>128,088</b>	
	Total in-year (surplus)/ deficit	313	1,625	261	
	Brought Forward (surplus) /Deficit balance	(1,151)	(2,177)	(552)	
	<b>TOTAL YEAR-END (SURPLUS)/DEFICIT</b>	<b>(838)</b>	<b>(552)</b>	<b>(291)</b>	

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### Annual Review of De-delegated Services

#### Purpose of the Report

- .01 To explain the regulations around de-delegation and to propose that de-delegation from schools to the Council continues on the same basis in 2017/18 as 2016/17.

#### Suggested Action

- .02 The Forum are asked to agree the recommendation and to consider any other additional areas of service which schools may wish to procure as a traded service.

#### Background

- .03 Funding for delegated services must be allocated through the Authority Proforma Tool (APT) formula but can be de-delegated for maintained primary and secondary schools with Schools Forum approval. This de-delegation may only be agreed for one financial year at a time; and must therefore come to Forum on an annual basis for review. This is that review paper.

De-delegation is not an option for academies, special schools, nurseries and pupil referral units. However, where the provision of de-delegated services has been agreed for maintained schools the Council may offer the same service on a traded service basis to those schools and academies which are unable to de-delegate.

Schools Forum members for primary and secondary maintained schools must decide separately for each phase whether the service should be provided centrally and the decision will apply to all maintained mainstream schools in that phase.

Funding for these services will then be removed from the Formula before school budgets are issued. There may be different decisions for each phase.

- .04 **Services that may be de-delegated**

The services which may be de-delegated are shown below:

1. Contingencies (including schools in financial difficulties and deficits of closing schools);
2. Behaviour Support Services;
3. Support to underperforming ethnic groups and bilingual learners;
4. Insurance;
5. Licenses / subscriptions;
6. Staff costs supply cover (e.g. maternity, paternity, trade union and public duties.)

The table below shows the amounts de-delegated by phase for each of the above for financial year 2016/17. These are subject to change as part of the 2017/18 budget setting process. Any unspent de-delegated funding may be carried forward to the following funding period and can be used specifically for de-delegated services if the authority wishes.

	Primary	Secondary	
Contingencies	£ 2,490.57	£ 2,490.57	
Insurance	£ 10,528.30	£ 10,528.30	
Licences/ subscriptions	£ 4,226.41	£ 4,226.41	
Staff costs supply cover	£ 6,962.26	£ 6,962.26	
Support to underperforming ethnic minority groups and bilingual learners	£ 2,754.71	£ 2,754.71	
Behaviour support services	£ 6,551.02		
	<b>£ 33,513.27</b>	<b>£ 26,962.25</b>	

**.05 Recommendations**

That Forum agree that the services listed above are de-delegated for 2017/18. Although it is anticipated that the rates are essentially those above they may be subject to change as a result of the Indicative DSG allocations announcement expected in mid December 2016. For example, if more pupils move to Academies (who cannot de-delegate) the cost burden would be spread over fewer schools resulting in higher rates.

**.06 Next Steps**

Following receipt of the revised position from the DfE the amounts de-delegated are to be revised and presented to the January 2017 Schools Forum.

**John Ogden  
Head of Finance  
December 2016**



Local Authority Funding Reform Proforma

LA Name: Wokingham  
 LA Number: 872

Pupil Led Factors

1) Basic Entitlement Age Weighted Pupil Unit (AWPU)	Reception uplift	Yes	Pupil Units		34.00						
	Description	Amount per pupil		Pupil Units		Sub Total	Total	Proportion of total pre MFG funding (%)		Notional SEN (%)	
	Primary (Years R-6)	£2,780.81		14,553.49		£40,470,491	£74,429,525	43.31%			
	Key Stage 3 (Years 7-9)	£3,785.29		5,272.50		£19,957,942		21.36%			
	Key Stage 4 (Years 10-11)	£4,273.29		3,276.42		£14,001,093		14.98%			
	Description	Primary amount per pupil	Secondary amount per pupil	Eligible proportion of primary NOR	Eligible proportion of secondary NOR	Sub Total	Total	Proportion of total pre MFG funding (%)		Primary Notional SEN (%)	Secondary Notional SEN (%)
2) Deprivation	FSM6 % Primary	£619.17		1,238.86		£767,065	£2,278,130	2.44%			
	FSM6 % Secondary		£782.32		1,119.50	£875,813					
	IDACI Band F	£240.51	£278.98	317.63	300.42	£160,205					
	IDACI Band E	£293.96	£340.98	339.90	178.61	£160,817					
	IDACI Band D	£374.13	£433.97	72.93	111.10	£75,499					
	IDACI Band C	£481.02	£557.96	85.48	92.06	£92,480					
	IDACI Band B	£587.92	£681.95	79.23	146.15	£146,250					
	IDACI Band A	£855.15	£0.00	0.00	0.00	£0					
	Description	Primary amount per pupil	Secondary amount per pupil	Eligible proportion of primary NOR	Eligible proportion of secondary NOR	Sub Total	Total	Proportion of total pre MFG funding (%)		Primary Notional SEN (%)	Secondary Notional SEN (%)
3) Looked After Children (LAC)	LAC X March 16	£900.00		50.02		£45,014	£852,693	0.05%			
4) English as an Additional Language (EAL)	EAL 3 Primary	£247.09		1,552.45		£383,598		0.70%			
	EAL 3 Secondary		£1,235.68		222.60	£275,058					
5) Mobility	Pupils starting school outside of normal entry dates	£2,939.08	£2,939.08	50.60	0.10	£149,023		0.16%			
	Description	Weighting	Amount per pupil	Percentage of eligible pupils	Eligible proportion of primary and secondary NOR respectively	Sub Total	Total	Proportion of total pre MFG funding (%)		Primary Notional SEN (%)	Secondary Notional SEN (%)
6) Prior attainment	Low Attainment % new EFSP	100.00%	£226.07	34.97%	3,999.55	£904,179	£2,813,258	3.01%		100.00%	
	Low Attainment % old FSP 78			11.49%							
	Secondary low attainment (year 7)	48.02%	£1,188.97	19.97%	1,605.66	£1,909,079					100.00%
	Secondary low attainment (years 8 to 11)			18.47%							

Other Factors

Factor	Lump Sum per Primary School (£)	Lump Sum per Secondary School (£)	Lump Sum per Middle School (£)	Lump Sum per All-through School (£)	Total (£)	Proportion of total pre MFG funding (%)	Notional SEN (%)	
7) Lump Sum	£175,000.00	£175,000.00			£11,200,000	11.98%	35.00%	35.00%
8) Sparsity factor					£0	0.00%		
Please provide alternative distance and pupil number thresholds for the sparsity factor below. Please leave blank if you want to use the default thresholds. Also specify whether you want to use a tapered lump sum for one or both of the phases.								
Primary distance threshold (miles)		Primary pupil number average year group threshold		Fixed or tapered sparsity primary lump sum?		Fixed		
Secondary distance threshold (miles)		Secondary pupil number average year group threshold		Fixed or tapered sparsity secondary lump sum?		Fixed		
Middle schools distance threshold (miles)		Middle school pupil number average year group threshold		Fixed or tapered sparsity middle school lump sum?		Fixed		
All-through schools distance threshold (miles)		All-through pupil number average year group threshold		Fixed or tapered sparsity all-through lump sum?		Fixed		
9) Fringe Payments					£0	0.00%		
10) Split Sites					£0	0.00%		
11) Rates					£1,879,481	2.01%		
12) PFI funding					£0	0.00%		
13) Exceptional circumstances (can only be used with prior agreement of EFA)								
Circumstance					Total (£)	Proportion of total pre MFG funding (%)	Notional SEN (%)	
Additional lump sum for schools amalgamated during FY16-17					£0	0.00%	35.00%	35.00%
Additional sparsity lump sum for small schools					£0	0.00%		
Exceptional Circumstance3					£0	0.00%		
Exceptional Circumstance4					£0	0.00%		
Exceptional Circumstance5					£0	0.00%		
Exceptional Circumstance6					£0	0.00%		
<b>Total Funding for Schools Block Formula (excluding MFG Funding Total) (£)</b>					<b>£93,453,087</b>	<b>100.00%</b>	<b>£6,733,258</b>	

14) Minimum Funding Guarantee (MFG is set at -1.5%)		£932,645	
Apply capping and scaling factors? (gains may be capped above a specific ceiling and/or scaled)		No	
Capping Factor (%)		Scaling Factor (%)	
Total deduction if capping and scaling factors are applied		£0	
		<b>Total (£)</b>	<b>Proportion of Total funding(%)</b>
MFG Net Total Funding (MFG + deduction from capping and scaling)		£932,645	0.99%
High Needs threshold (only fill in if, exceptionally, a high needs threshold different from £6,000 has been approved)			
Additional funding from the high needs budget		£0.00	
Growth fund (if applicable)		£1,000,000.00	
Falling rolls fund (if applicable)		£0.00	
<b>Total Funding For Schools Block Formula</b>		<b>£94,385,732</b>	
<b>% Distributed through Basic Entitlement</b>		<b>79.64%</b>	
<b>% Pupil Led Funding</b>		<b>86.00%</b>	
<b>Primary: Secondary Ratio</b>		<b>1 :</b>	<b>1.27</b>
Total funding for schools block formula contains funding from outside of the 2017-18 Schools Block allocation?		No	

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## Schools Forum Meeting 18 January 2017

### 2017-18 Financial Pressures arising from Independent Special School Placements: Additional Information

#### 1 Purpose of the Report

To clarify the sequence of events leading to the current identified over commitment in High Needs Block arising from independent special school (ISS) placements.

#### 2 Recommendations

Schools Forum is asked to note the information.

#### 3 Summary

The report identifies trends over the last 3 years in ISS placements. A drop in the number of placements in 2015-16 disguised the impact of an increase in average unit cost. Thus an increase in the number of places 2016-17 coupled with those costs has had a major impact on this year's commitments.

Growth in 2017-17 relates to:

- |                     |                      |       |
|---------------------|----------------------|-------|
| • Under 5s          | +1 (to 1) ...costing | £59k  |
| • Primary age-range | +10                  | £577k |
| • Post 16           | +10                  | £427k |
| • SEMH              | +9                   | £813k |
| • ASD               | +10                  | £509k |

Some areas have reduced, notably Hearing Impairment, and the number of *new* placements, particularly KS3-4 and SEMH (assuming the annual profile of placement starts continues, with a September bulge).

A zero-based budgeting approach is proposed to secure better understanding of budget pressures. Practically, if those extra pupils were not placed in ISS they would need to be in local schools; ultimately containing costs has much to do with confidence in local provision and capacity to meet needs.

#### 4 What the data tells us

Data tables are available; key points are noted above. The analysis includes:

- Number of placements overall, and by phase, cost and need showing differential pressures over three years as noted above
- % statements/EHCPs placed in ISS (grew 3% from 2015-16, but 0.7% from 2014-15)
- Cost of placements (grew by £920k) and cost by need; number of new placements

## 5 Conclusions

The notion that numbers can go down while costs increase illustrates the complexity of this area of work, and particularly making projections. In previous years no significant unpredicted growth occurred in terms of the overall budget, and the current difficulty was not foreseen. Had it been, consideration might have been given to the schools block quantum, or to exploring stringent gate-keeping of special school places.

Comment was heard at the last meeting about local pressure exerted by parental expectations and the decision-making powers of SEN tribunals. Such pressures are unlikely to retreat, and may indeed be legitimate. A test of that might be a benchmark analysis of ISS placements as a % of school population. Planning operationally needs to revisit the Local Offer and capacity; a positive illustration of that is in the local expansion of ASD places. And with the SEMH special school now operating as Northern house Wokingham Academy, it will also be important to see that as a key Wokingham provision with an ability to meet Wokingham needs.

A new approach is being taken to planning budgets in this area. This experience shows the need to understand undercurrents as well as the total budget. Whilst most pupils will continue with only inflationary increases in costs, others need to be treated more carefully with focus on

- Any emerging pressures in early years and primary, where SEMH and ASD needs have grown this year;
- The dynamic post-16 and post-19 areas with new client groups and growth;
- This year's starters and leavers with full-year effects next year;
- Accounting for phase-changes and new starters predictable from EHCP assessments and annual reviews.

In the light of this fiancé and SEN colleagues will work together on zero-based budgeting for ISS placements.

# Agenda Item 22

## Schools Forum Forward Plan 2016 /17

18th	January	Revenue Monitoring
	2017	Final Proforma submission
		SEN Alert
		Draft 2017/18 Budget - with Indicatives
		Indicative Budgets sent out to schools
		Report on expenditure on Education Out of School/Independent and Special Schools

22nd	February	Revenue Monitoring
	2017	SEN Alert
		Report on pupil movement and lagged/double funding

29th	March	Revenue Monitoring
		Final 2017/18 Budget
		Update on the 5 year plan with an analysis of variation

24th	May	Revenue Monitoring
		Outturn 2016/17
		SEN Alert
		Report on Foundry College and an alternative provision review

19th	July	Revenue Monitoring

18th	October	Revenue Monitoring
		SEN Alert
		Draft Proforma for Submission to EFA

13th	December	Revenue Monitoring
		Draft 2017/18 Budget

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