

# Notice of Meeting

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## Schools Forum

**Monday, 10th October, 2016 at 5.00 pm**  
in Shaw House Church Road Newbury  
RG14 2DR

Date of despatch of Agenda: Monday, 3 October 2016

For further information about this Agenda, or to inspect any background documents referred to in Part I reports, please contact Jo Reeves / Jessica Bailiss on (01635) 519486 / 503124

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Further information and Minutes are also available on the Council's website at [www.westberks.gov.uk](http://www.westberks.gov.uk)



## Agenda - Schools Forum to be held on Monday, 10 October 2016 (continued)

**Forum Members:** Reverend Mark Bennet, Ben Broyd, Anthony Chadley, Catie Colston, Chris Davis, Paul Dick, Lynne Doherty, Antony Gallagher, Keith Harvey, Reverend Mary Harwood, Angela Hay, Jon Hewitt, Peter Hudson, Stacey Hunter, Brian Jenkins, Mollie Lock, Sheilagh Peacock, Derek People, Chris Prosser, David Ramsden, Graham Spellman (Vice-Chairman), Bruce Steiner (Chairman), Suzanne Taylor, Keith Watts and Charlotte Wilson

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# Agenda

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**Agenda - Schools Forum to be held on Monday, 10 October 2016 (continued)**

Andy Day  
Head of Strategic Support

West Berkshire Council is committed to equality of opportunity. We will treat everyone with respect, regardless of race, disability, gender, age, religion or sexual orientation.

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Note: These Minutes will remain DRAFT until approved at the next meeting of the Committee

**SCHOOLS FORUM**  
**MINUTES OF THE MEETING HELD ON**  
**MONDAY, 11 JULY 2016**

**Forum members Present:** Patricia Brims, Chris Davis, Keith Harvey, Reverend Mary Harwood, Angela Hay, Stacey Hunter, Sheilagh Peacock, Chris Prosser, Clive Rothwell, Graham Spellman (Vice-Chairman), Bruce Steiner (Chairman), Suzanne Taylor and Keith Watts

**Also Present:** Avril Allenby (Early Years Service Manager), Ian Pearson (Head of Education Service), Claire White (Finance Manager (Schools)) and Annette Yellen (Accountant for Schools Funding and the DSG), Councillor Dominic Boeck (Executive Portfolio: Education), Councillor Anthony Chadley (Council Member), Jacquie Davies (Pupil Referral Units), Councillor Mollie Lock (Shadow Executive Portfolio: Education and Young People, Adult Social Care) and Jo Reeves (Policy Officer)

**Apologies for inability to attend the meeting:** Reverend Mark Bennet, Catie Colston, Paul Dick, Anthony Gallagher, Jon Hewitt, Peter Hudson, Brian Jenkins, Derek Peaple, David Ramsden and Charlotte Wilson

**Forum members Absent:** Ben Broyd

**PART I**

**26 Minutes of previous meeting dated 6 June 2016**

**RESOLVED** that the minutes from the meeting held on 6 June 2016 were approved as a true and correct record and signed by the Chair.

**27 Actions arising from previous meetings**

The progress against actions arising from previous meetings was noted.

**28 Declarations of Interest**

There were no declarations of interest received.

**29 Schools Forum Membership and Constitution from September 2016**

The Schools Forum considered a report (Agenda Item 5) which presented a review of the membership and Constitution of the Schools Forum. Jo Reeves reported that the School Census May 2016 had revealed some minor changes in the spread of pupil numbers across the different sectors, including John O’Gaunt Secondary School about to join Excalibur Academies Trust. However these changes were not of a level to recommend that any alteration be made to the composition of the Schools Forum membership.

A number of Schools Forum members would be coming to the end of their term in September 2016; the report detailed what action was required of those members.

There had been no changes to the Schools Forum Regulations which required changes to the constitution.

Jo Reeves invited Schools Forum members to approve the membership and Constitution of the Schools Forum from September 2016.

Stacey Hunter sought clarity on a point in the Schools Forum Constitution (top bullet point, page 22 of the agenda). Jo Reeves explained that ‘education of children otherwise than at school’ included those who were Home Educated. Ian Pearson added that it would refer to children under Engaging Potential and at the Lighthouse. The Schools

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Forum had a broad remit and was consulted on arrangements for all children with funding from the High Needs Block.

Claire White, referring to paragraph 5.4, noted that the Early Years Steering Group would be meeting on 21 September 2016 to decide on their representative.

**RESOLVED** that the membership and Constitution of the Schools Forum from September 2016 be approved, subject to the bullet on page 2 of the Constitution being clarified (page 22 on the agenda).

### 30 Primary Schools in Financial Difficulty - Bids for Funding 2016/17

The Schools Forum considered a report (Agenda Item 6) which summarised two bids that had been received from schools with a deficit budget to access funding from the schools in financial difficulty de-delegated fund. The budget for the fund in 2016/17 was £332,600, which included the carry forward of the unspent budget from 2015/16 of £215,280. No payments had so far been made in the current financial year.

John Rankin Infant and Junior schools were in a federation, and from April 2016 were operating a single budget. The bid from John Rankin Schools was for £68,060 (out of a total deficit of £182,300) which was to cover one-off compensation/redundancy payments and the accountancy and IT additional support paid for to improve their financial systems and to put in place a deficit recovery plan.

The schools ended 2014/15 with a deficit, mainly due to poor financial controls. The schools set balanced budgets for 2015/16, but then didn't implement the changes required and failed to control the expenditure. Since then, the Chair of Governors, Chair of Resources, School Business Manager, and Executive Head had all left, and WBC Finance had been providing significant support to the new team. A new Executive Head teacher would start in September 2016.

The current five year budget plan had been largely prepared by WBC finance staff, working with the new Chair of Governors, interim executive head teacher, and new school business manager. Approval of this funding would bring the school out of a deficit position a year earlier, although the new executive head would need time to consider the staffing structure moving forward.

The Schools' Finance Manager verified that their current budget plan had been subject to scrutiny and that this bid met the criterion set by the Schools' Forum. The financial controls in the school were also now more robust.

The bid from Westwood Farm Schools was for £76,000 (out of a total deficit of £127,370) which was to cover one-off termination packages. The schools ended 2015/16 with deficits mainly due to the cost of unforeseen exit packages of senior staff. A permanent Executive Head had been appointed from September 2016, and she had been involved in the preparation of the deficit recovery plan alongside the interim Executive Head. The plan had been scrutinised by and discussed with WBC finance staff. Approval of the funding would bring the school out of deficit a year earlier, and reduce the risk of needing to make further savings at the detriment of the pupils.

The Schools' Finance Manager verified that their current budget plan had been subject to scrutiny and that this bid met the criterion set by the Schools' Forum.

The Heads Funding Group (HFG) was unanimous in recommending to Schools' Forum approval of both bids for the full amount requested. HFG were also asked to consider a proposal that where primary schools in deficit engage Schools' Finance to work with them on deficit recovery, that this cost be deducted from the Schools in Financial Difficulty Fund without schools needing to make a separate bid for this funding to the Group. HFG agreed, and recommended this proposal to Schools' Forum. The cost would

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be in the region of £2k to £3k if all primary schools currently in deficit were to pay for this additional support.

Keith Watts asked what guarantee could be offered that the schools would have proper management in the future. Ian Pearson advised that the Heads Funding Group had questioned the schools' representatives and had sufficient confidence in the management teams going forward to recommend to the Schools Forum that the bids be granted. Keith Harvey confirmed that both cases had been viable and heads had confidence that both schools could reach surplus balances in five years.

Bruce Steiner stated that both schools had changed management teams. Patricia Brims asked what mechanisms were in place to prevent the new management teams from falling into the same position. Claire White advised that schools had delegated budgets and it was difficult for the council to intervene unless they were invited to. Ian Pearson added that monitoring and support was available. The schools' governing bodies would scrutinise the schools budgets and the council offered training to governors to support them in their role. Bruce Steiner commented that as a finance governor he had received training.

Chris Davis asked what provision there was to support the schools to achieve financial efficiency. Claire White advised that when a school set a deficit budget there were rigorous controls and monthly budget monitoring. The budget planner provided to schools now included more information to help schools. The Schools Forum would receive a report in December 2016 to review the progress of all the schools with deficit budgets.

**RESOLVED** that the two bids for funding from the Schools in Financial Difficulty fund be approved and that the cost of additional support for schools in deficit from the Schools Finance team also be met from this fund.

### 31 School Funding Arrangements 2017/18

Claire White advised that no new information had been published by the government regarding the second-stage consultation on a National Funding Formula. She anticipated that this might mean further changes would be deferred until 2018/19.

### 32 De-delegation Proposals 2017/18

The Schools Forum considered a report (Agenda Item 8) which set out the details, cost, and indicative charges (de-delegations) to schools of the four services on which primary and secondary maintained school representatives are required to vote (on an annual basis) on whether to de-delegate or not.

Maintained primary and secondary members of the Forum were asked to consult with the groups they represented, to gauge whether these services should be de-delegated in financial year 2017/18. A decision would be taken at the October 2016 meeting of the Schools' Forum.

**RESOLVED** that the report be noted.

### 33 School Budgets 2016/17

The Schools Forum considered a report (Agenda Item 9) which set out the three year budgets of all maintained schools and highlighted some key observations. The overall position of the 74 maintained schools (69 budgets submitted as 5 sets of federated schools now operated with one single budget for 2 schools) was shown in Table 1. The number of surplus budgets was going down, with the number of deficit budgets increasing. However looking at overall balances compared to original forecasts, it was evident from these figures that many schools would set a "worst case scenario" budget,

## SCHOOLS FORUM - 11 JULY 2016 - MINUTES

but would manage spending decisions carefully during the year with sight of the longer term position.

Considering the overall position on the year two and three forecasts in table 4, if schools took no action there would be a significant overall deficit. 26 schools had forecasted a year 2 (2017/18) deficit of greater than £25k, compared to 20 schools in 2015/16. This position was unlikely to materialise, although the increase in numbers showed it was becoming more difficult for schools balance their budgets without making any changes to their operation. Unless in a deficit position and the school has been required to produce a detailed deficit recovery plan, for many schools years two and three were usually the position if nothing changed – i.e. pupil numbers were static so funding remained the same, staffing numbers and grades remain the same, yet costs (inflation and pay rises) go up.

Graham Spellman commented that in the commercial sector, budget forecasting was always completed on a worst case scenario basis because one could not be sure of future costs. It was good practice of schools to forecast in this way.

**RESOLVED that the report be noted.**

### **34 DSG Monitoring Month 3 2016/17**

The Forum considered a report (Agenda Item 10) regarding the DSG Monitoring for Month 3 of 2016/17. This was a regular report to the Forum.

Claire White explained that a chart had been inserted at paragraph 3.6 to reveal what proportion of the DSG spending could be considered high risk. For 2016/17 this was nearly £16m.

Table 4.1 was showing no variances at the end of month 3; changes were more likely to arise by month 7. The table would also help track the £697k planned overspend.

**RESOLVED that the report be noted.**

### **35 Vulnerable Children's Grant Annual Report 2015/16**

The Forum considered a report (Agenda Item 11) which laid out the position of the Vulnerable Children's Fund (VCF) as at the 2015/16 year end. The fund was used to support a school for a time limited period when pupils displayed challenging behaviour which might put them at risk of exclusion.

The table revealed that in 2015/16 there had been a reduction in requests to extend funding for a further time period. The VCF had been considered for a reduction in funding by the Forum earlier in the year but Heads were on the view it was a useful fund and a significant source of assistance.

Graham Spellman enquired how the fund was monitored in-year. Ian Pearson advised that Darren Suffolk would be the budget manager going forwards who would need to be stringent in considering applications for funding early in the financial year to ensure that there was still a balance available later in the year.

Stacey Hunter enquired how the impact of the Fund was measured. Angela Hay advised that primary schools particularly found it was important to access the VCF when children needed support. Chris Davis suggested that schools could provide case studies to testify to the VCF's benefit.

Claire White reminded the Forum that for 2016/17 an additional £40k had been added to the VCF from the unused exclusion budget.

Patricia Brims concurred that case studies would be useful and asked that they be anonymised to safeguard pupil confidentiality.



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**RESOLVED** that the report be noted. A selection of schools would be asked to provide case studies regarding the impact of the Vulnerable Children's Fund. (Action: Cathy Burnham)

### 36 Two Year-Old funding and Early Years Pupil Premium

The Forum considered a report (Agenda Item 12) regarding two year old funding and early years pupil premium funding.

Avril Allenby reported that the council now had 101 providers offering free entitlement spaces for two year olds. She took on board the comments made at the previous Schools Forum meeting regarding Pupil Premium and explained that there was an action plan to publicise the funding and make it easier to apply for. In Early Years, Pupil Premium equated to a relatively small amount of money and was used to enrich the environment rather than provide targeted support.

Regarding two year old places, there were now a high number of applications on the list provided by the Department for Work and Pensions (DWP) but many children who were on this list and eligible for funding did not then find an appropriate setting. Further work was being undertaken to address this.

Councillor Mollie Lock asked if there were enough places available. Avril Allenby advised that more schools were now ready to offer places to two year olds and more child minders were able to offer places. Provision of places had previously been an issue and now the challenge would be to get the child to the right place for them.

Ian Pearson suggested that the action plan be circulated with the minutes for the meeting.

Keith Watts asked whether there was data to compare the take up between rural and urban areas in the District. Avril Allenby advised this data was available for two year old places but not pupil premium.

Suzanne Taylor commented that there was a two-term lag in receiving the data from the DWP. Avril Allenby advised that the list was being reviewed regularly to ensure there was as high a take up as possible.

Keith Harvey posited that the time spent on these initiatives might outweigh the funding received. Suzanne Taylor advised that one child would receive £189 in Pupil Premium. Avril Allenby advised that for the Pupil Premium providers received 53p from the government and in West Berkshire this was increased to £1 through the early years funding formula.

**RESOLVED** that the report be noted. The action plan would be circulated to all members with the minutes from the meeting.

### 37 Forward Plan

**RESOLVED** that the Forward Plan for the next two meetings be agreed.

### 38 Date of the next meeting

The next meeting would be held on Monday 10<sup>th</sup> October 2016, 5pm at Shaw House.

*(The meeting commenced at 5.00 pm and closed at 5.50 pm)*

**CHAIRMAN** .....

**Date of Signature** .....

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# Agenda Item 3

## ACTIONS ARISING FROM PREVIOUS SCHOOLS' FORUM MEETINGS

Shaded rows are completed actions.

Ref No.	Date – Item.	Action	Officer	Comment / Update
1.	11/07/16 Schools Forum Membership and Constitution from September 2016	<ul style="list-style-type: none"> <li>The bullet on page 2 of the Constitution being clarified (page 22 on the agenda).</li> </ul>	Jo Reeves	Completed - This point of the Constitution has been amended to read 'funding arrangements...' and the Constitution is appended to this actions list for information.
2.	11/07/16 Vulnerable Children's Grant Annual Report 2015/16	<ul style="list-style-type: none"> <li>All schools would be asked to provide a case study regarding the impact of the Vulnerable Children's Fund.</li> </ul>	Cathy Burnham	
3.	11/07/16 Two Year-Old funding and Early Years Pupil Premium	<ul style="list-style-type: none"> <li>The action plan would be circulated to all members with the minutes from the meeting.</li> </ul>	Avril Allenby/ Jo Reeves	Completed.

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# CONSTITUTION OF THE WEST BERKSHIRE SCHOOLS' FORUM

## **Background**

1. The West Berkshire Schools Forum (hereafter referred to as the "the Forum").
2. The requirement to establish a schools forum comes from the Education Act 2002. The main purpose of the Forum is to consider aspects of the relationship between schools and the local authority relating to financial matters.
3. The Forum is a decision making and consultative body in relation to matters concerning schools' budgets as defined in the School and Early Years Finance (England) Regulations 2014, the Schools Forum Regulations 2012 and the School Budget Shares (Prescribed Purposes) (England) 2002. The Schools Forum Regulations 2012 govern the composition, constitution and procedures of Schools' Forums.<sup>1</sup>

This document is divided into 3 sections:

- A. Terms of Reference of the West Berkshire Schools' Forum
- B. Membership of the West Berkshire Schools' Forum
- C. Operating Conventions of the West Berkshire Schools' Forum

## **A. TERMS OF REFERENCE OF THE FORUM**

### **Status of the Forum**

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

### **Annual Consultation on School Funding**

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

- Changes to the funding formula.
- The allocation of the Dedicated Schools Grant (DSG), including redistributions between blocks
- Contracts where the LA is entering into a contract to be funded from the schools budget
- Funding arrangements for pupils with special educational needs, in particular the places to be commissioned by the LA and schools, and the arrangements for paying top up funding

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<sup>1</sup> These Regulations can be accessed at:<http://www.education.gov.uk/schools/adminandfinance/financialmanagement/schoolsrevenuefunding/schoolsforums/a00213728/schools-forums-england-regs-2012>

- Funding arrangements for the use of Pupil Referral Units and the education of children otherwise than at school, in particular the places to be commissioned by the LA and schools, and the arrangements for paying top up funding
- Central spend on children and young people with high needs
- Funding arrangements for early years provision
- Central spend on licences negotiated centrally by the Secretary of State
- Administrative arrangements for the allocation of central government grants paid to the schools via the authority
- Changes to the Minimum funding Guarantee to go to the DfE for approval
- Any other matter concerning the funding of schools as the Forum sees fit

### **Annual Decisions on School Funding**

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

- The amount of expenditure the local authority can centrally retain from the school budget, including growth fund, falling rolls fund, admissions, servicing of schools forum, central spend on early years
- The criteria for allocating funding from the growth fund and falling rolls fund
- The de-delegation for mainstream maintained schools of allowable central budgets by the schools representatives of the relevant phase on behalf of all the schools they represent.
- Carry forward of over/under spend on central expenditure to the next financial year
- Revisions to the authority's Scheme for Financing Schools

## **B. MEMBERSHIP OF THE FORUM**

### **Composition**

Schools' Forums regulations 2012 state that the primary schools, secondary schools and Academies must be broadly proportionately represented on the forum having regard to the total number of the registered pupils. The proportionality of the membership will be reviewed annually (in June/July) so that elections if required can be held by the end of the end of the Summer term ready for the new academic year.

The Forum shall in total comprise of 24 members being 19 school members (including Academies) and 5 non school members. The school members shall be Headteachers, Governors or Early Years representatives drawn from the schools / partnerships in the West Berkshire Local Authority area. The Primary and Secondary Headteacher members groups may also include, at the Local Authority's discretion, representatives of Headteachers - senior members of staff, such as School Business Managers.

### **School Members**

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

- Primary Headteachers or their Representative**  
8 representatives from primary schools of which at least 4 must be Headteachers.

- b) Secondary Headteachers or their Representative**  
3 representatives from secondary schools of which at least 2 must be Headteachers.
- c) Special School Representatives**  
1 representative from the special schools.
- d) Nursery School Representatives**  
1 representative from the nursery schools.
- e) Academy Headteachers or their Representative**  
5 representatives from the Academies, as elected by the proprietors of the Academies, of which at least 2 must be Headteachers.
- f) Pupil Referral Unit Headteachers or their Representative**  
1 representative from the Pupil Referral Units.

### **Election of Schools Members**

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

Academy representatives shall be elected by the Academies proprietors.

Governors shall be elected by the Governors Forum.

The special school representative shall be elected by mutual agreement between the two special schools.

The nursery school representative shall be elected by mutual agreement between the two nursery schools.

The pupil referral unit representative shall be elected by mutual consent between the pupil referral units.

Support can be requested by Heads Forums or Governors Forum to help manage their election process. The Clerk of the Schools' Forum must make a record of the process by which the constituents of each group elect their nominees to the Forum. An election scheme must take into account the following factors:

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

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

### **Non-School Members**

In addition to the 19 school members a representative of the following groups will have full voting rights within the Forum except for voting on the funding formulae where only the Early Years PVI Provider representative can vote:

- Roman Catholic Diocese
- Church of England Diocese
- Trade Union
- Early Years PVI Provider
- Non school Post 16

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

### **Substitute Members**

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

and/or

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

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

### **Participation of Observers**

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

- The Education Funding Agency (EFA)

### **Council Officers and Elected Members**

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

- Corporate Director Communities or their representative
- Head of Finance or their representative
- Children & Young People Portfolio Holder
- Children & Young People Shadow Portfolio Holder
- Finance Portfolio Holder
- Clerk to the Schools' Forum



### **Terms of Office**

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

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

## **C. OPERATING CONVENTIONS OF THE WEST BERKSHIRE SCHOOLS FORUM**

### **Ordinary Meetings**

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

### **Administration of Meetings**

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

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

### **The Chair and Vice Chair**

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

### **Quorum**

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

### **Voting**

Each member shall only have one vote. Voting shall be by show of hands. If there are equal numbers of votes for and against, the Chair will have a second or casting vote. There will be no restriction on how the Chair chooses to exercise a casting vote. When the vote is on the schools funding formula only the schools members and the Early Years Representative are eligible to vote.

### **Sub-Committees and Working Groups**

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

### **Declaration of Interest**

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

Where it is clear that a decision in which a member has an interest is likely to arise at a particular meeting, the meeting concerned may invite a substitute member (with no interest to declare) in accordance with the constitution to attend the meeting in their place. Elected members are subject to the governance of the Council's Code of Conduct.

### **Status of Reports**

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

### **Expenses**

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

### **Interpretation of the Constitution**

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

### **Amendment of the Constitution**

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

### **Publicity relating to the Schools Forum**

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

Document approved by the School's Forum on 13<sup>th</sup> July 2015

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## School Funding Arrangements for 2017/18

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**Report being considered by:** Schools Forum

**On:** 10/10/2016

**Report Author:** Claire White

**Item for:** Decision **By:** All Forum Members

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### 1. Purpose of the Report

- 1.1 To set out the proposal for the primary and secondary school funding arrangements for 2017/18 and the briefing/consultation document to go out to schools.

### 2. Recommendation(s)

- 2.1 To agree the proposals as set out in paragraph 4.3 of this report, and to agree the document to go out to schools.

<b>Will the recommendation require the matter to be referred to the Council or the Executive for final determination?</b>	Yes: <input type="checkbox"/>	No: <input checked="" type="checkbox"/>
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### 3. Introduction

- 3.1 Due to delays following the Political upheaval caused by the European Referendum, the Government's proposed change to a national school funding formula will not be going ahead in 2017/18 and has been put on hold for a year. The second stage consultation is expected in the autumn.
- 3.2 The Government announced the funding arrangements for 2017/18 on 21<sup>st</sup> July, which can be accessed on this webpage:  
<https://www.gov.uk/government/publications/schools-funding-arrangements-2017-to-2018>
- 3.3 No changes are proposed which will affect West Berkshire, but local authorities are still required to review their formula and consult with schools. The 31<sup>st</sup> October deadline has been removed this year and the submission of the 2017/18 formula to the Education Funding Agency (EFA) is 20<sup>th</sup> January 2017.

### 4. Proposals

- 4.1 The document to go out to schools detailing the current formula and explaining the rationale for the proposals for 2017/18 is attached in Appendix A. Schools will be invited to comment on the proposals with a deadline of 8<sup>th</sup> November.
- 4.2 This document also details the factors that may impact on the funding available for the school formula from the schools block DSG (paragraph 3.5).
- 4.3 In summary, the proposals agreed at Heads Funding Group are:
- No change to the formula factors used.

- If there is a funding shortfall, this is addressed by adjusting the basic entitlement rate (per pupil funding) downwards, so all schools have a proportional cut to their budgets according to the size of their school.
- If there is additional funding available, that for the first £848k, 55% be added to the basic entitlement (per pupil funding) and 45% be added back to the lump sum. This is in proportion to the deduction that was made to school budgets in 2016/17 to transfer funding to the high needs block. Any additional funding over this amount will be added to the basic entitlement.

4.4 Schools' Forum in December will determine the final proposal after reviewing any comments received back from schools. This will then go to the Council's Executive meeting in January for final decision.

4.5 The consultation will also ask schools their views on the criteria currently used for additional funds, and on de-delegations. Final proposals on these will come back to Schools' Forum for final decision in December.

## 5. Conclusion

5.1 It is disappointing that the national funding formula has been delayed, meaning another year of uncertainty and a funding freeze whilst schools continue to struggle to set balanced budgets.

## 6. Appendices

Appendix A – Primary and Secondary Schools Funding - Proposed Funding Arrangements for 2017/18: Briefing and Consultation Document for Schools.

# Primary and Secondary Schools Funding Proposed Funding Arrangements for 2017/18

## Briefing & Consultation Document for Schools October 2016

### 1. Introduction

- 1.1 The Department for Education (DfE) launched a first stage consultation in March 2016, with the intention of reforming school funding, commencing April 2017. However, due to Political changes in June, this programme of change has been delayed. The second stage consultation is due in the autumn, with resultant changes due to be implemented from April 2018.
- 1.2 The schools revenue funding arrangements for 2017/18 were announced by the Government on 21<sup>st</sup> July 2016. As the expectation is for significant change from April 2018, there are no changes in respect of the primary and secondary formula that affect West Berkshire schools, other than some underlying data changes which may affect individual school allocations. There will however, be changes to early years funding and the formula for three and four year olds, and possibly to high needs funding allocations.
- 1.3 Although the Government is still upholding its manifesto pledge of “flat” cash year on year allocations per pupil, following a base lining exercise carried out by the DfE in March 2016, allocations for each of the three Dedicated Schools Grant (DSG) funding blocks have been rebased according to how each local authority is spending its in-year allocation. This has moved funding from the schools block and into the high needs block (for background and more detailed information on school funding, see **Appendix A** – An Explanation of the DSG).
- 1.4 The detail of the school revenue funding arrangements for 2017/18 can be accessed on this Government webpage:  
<https://www.gov.uk/government/publications/schools-funding-arrangements-2017-to-2018>.
- 1.5 As well as this document providing a briefing on the proposed local arrangements for 2017/18, schools are also invited to make comments on five specific areas, as highlighted in boxes within the text. Please e-mail your response to Claire White, Schools’ Finance Manager  
[claire.white@westberks.gov.uk](mailto:claire.white@westberks.gov.uk) by **8<sup>th</sup> November 2016**. In order for the Schools’ Forum to consider a suggestion for change, it should be

accompanied by clear rationale on why your proposal is a better solution and fair and equitable for all schools in West Berkshire Council (WBC), and not just for your own individual school. You should also check that it falls within the current funding regulations.

## 2. Current Formula and 2016/17 Funding Rates

2.1 Table 1 shows the current WBC formula factors used and the relevant funding rates, alongside the 2016/17 average funding rate per factor for all local authorities and the range of rates used by the majority of LAs:

**Table 1: West Berkshire Formula 2016/17 and Average Funding Rates Used by all LAs**

Factor	WBC Funding Rate	Units (no. of pupils unless specified)	WBC Funding	Main Range (All LAs)	National Average (All LAs)
<b>1.Basic Entitlement:</b>					
Primary	£2,937	13,038	£38,292,606	£2,500 to £3,250	£3,044
Secondary KS3	£4,364	5,470	£23,871,080	£3,500 to £4,500	£4,197
Secondary KS4	£4,364	3,622	£15,806,408	£4,000 to £5,000	£4,714
<b>2.Deprivation:</b>					
Primary FSM Ever 6	£875	1,766.97	£1,546,103		
Primary IDACI Band 1 (0.2 – 0.25)	£40	409.73	£16,389		
Primary IDACI Band 2 (0.25 – 0.3)	£120	517.70	£62,124		
Primary IDACI Band 3 (0.3 – 0.4)	£240	190.79	£45,790		
Primary IDACI Band 4 (0.4 – 0.5)	£240	190.69	£45,766		
Primary IDACI Band 5 (0.5 – 0.6)	£240	0	£0		
Primary IDACI Band 6 (over 0.6)	£240	0	£0		
Secondary FSM Ever 6	£670	1,477.12	£989,668		
Secondary IDACI Band 1	£60	385.19	£23,111		
Secondary IDACI Band 2	£180	377.52	£67,954		
Secondary IDACI Band 3	£360	227.68	£81,965		
Secondary IDACI Band 4	£360	140.85	£50,706		
Secondary IDACI Band 5	£360	0	£0		
Secondary IDACI Band 6	£360	0	£0		
(Total deprivation funding allocated per FSM pupil)	(£903)			(£1,500 to £3,000)	(£1,748)
<b>3.Prior Attainment:</b>					
Primary	£284	3,328.91	£945,411	£500 to £1,000	£869
Secondary	£1,125	1,821.29	£2,048,951	£500 to £1,250	£1,094
<b>4.Looked After Children</b>				Used by 91 LAs	
Primary & Secondary	Not used	0	£0	£500 to £1,250	£675
<b>5.English as an Additional Language:</b>				Used by 136 LAs	
Primary EAL 3	£345	745.94	£257,349	£250 to £1,000	£511
Secondary EAL 3	£345	290.33	£32,763	£250 to £1,500	£1,255
<b>6.Pupil Mobility:</b>				Used by 68 LAs	
Primary	Not used	0	£0	£250 to £1,250	
Secondary	Not used	0	£0	£250 to £1,250	
<b>7.Sparsity</b>				Used by 24 LAs	
Primary	Not used	0	£0	£90k to £100k	
Secondary	£100,000	1 (school)	£100,000	£90k to £100k	
<b>8.Lump Sum:</b>					
Primary	£121,400	66 (school)	£8,012,400	£90k to £150k	£129,923
Secondary	£121,400	10 (school)	£1,214,000	£120k to £175k	£142,281
<b>9.Split Sites</b>					
Primary & Secondary	Not used	0	£0		
<b>10.Rates:</b>					
Primary	Actual		£685,467		
Secondary	Actual		£382,463		

<b>11.Private Finance Initiative (PFI) contracts</b>	N/A for WBC				
<b>12. London Fringe</b>	N/A for WBC				
<b>13.Exceptional Premises factors</b>					
Joint use of leisure facilities – secondary schools	Actual	0	£0		
<b>14.Minimum funding Guarantee (-1.5%)</b>					
Primary			£473,389		
Secondary			£50,418		
<b>TOTAL</b>			<b>£95,102,281</b>		
Primary/Secondary Ratio			1.28	1.20 to 1.40	1.29
Percent of funding through basic entitlement			82.44%	75% to 80%	76.8%
Percent of funding through deprivation factors			3.1%	4% to 10%	7.6%
Percent of funding through lump sum			9.76%	6% to 10%	8.2%
Percent of funding through pupil Led			89.01%	88% to 94%	89.84%
Percent of funding allocated to notional SEN			4.8%	5% to 15%	10.0%

2.2 Compared to other local authorities, West Berkshire is not an outlier in terms of the formula factors used and the funding rates applied to the main factors, although our rate for every factor is below the average. Of the two main factors, the primary basic entitlement is £2,937 per pupil compared to the national average of £3,044; the secondary basic entitlement is £4,364 per pupil compared to the national (weighted) average of £4,404; the primary and secondary lump sum is £121,400 per school compared to the national averages of primary £129,923 and secondary £142,281. The primary:secondary funding ratio is just below the national ratio 1:1.29 (i.e. secondary schools receive 29% more funding than primary schools).

2.3 These comparisons are not as close as last year; the national averages have increased mainly due to additional funding that the lowest funded local authorities have received (West Berkshire now receives below average funding due to this uplift). Also, in order to maintain services in the high needs block the lump sum was reduced by £5k per school and transferred to the high needs budget in addition to the headroom arising in the schools block – so there were no increases to funding rates in 2016/17 compared to the 2015/16 rates.

2.4 It should be noted that not all formula factors are used by all local authorities, and the average rates provided in the above table are derived based on those authorities that are using that factor – there is no expectation that an authority should aim for the average rate for each factor, as each authority is funded at a different level and it would be impossible to replicate this.

2.5 For further information, the report from the DfE on the 2016/17 funding formulae review for all local authorities and each local authority's data can be found on the following webpage: <https://www.gov.uk/guidance/schools-block-funding-formulae-2016-to-2017>

### 3. Proposal for 2017/18 Formula and Funding Rates

3.1 **Appendix B** is an extract from the Government's school revenue funding arrangements document, detailing the allowable funding factors for 2017/18. The only changes compared to 2016/17 are:

- New bandings for the Index of deprivation affecting children (IDACI). This has no impact on WBC schools as our funding rates for the higher bandings are the same.
- Removal of the post 16 funding factor. This has no impact, as this factor is not used by WBC.
- Using a national weighting for secondary low attainment figures (due to the new KS2 assessments). We do not yet have the data for this to assess the impact.

3.2 It is proposed that there should be no changes to the West Berkshire formula factors in 2017/18, and if at all possible the funding rates remain the same, for the following reasons:

- The current formula is deemed to be a best fit for West Berkshire schools within the parameters allowed and funding available. Our concerns about small school viability and suggestions for change have not to date been accepted by the Government.
- To prevent any turbulence in school budget allocations and keep to what schools have been basing their longer term strategic financial planning on. To change the allocations could see some schools going into deficit for reasons completely outside their control.
- Changing allocations would mean that more schools would qualify for minimum funding guarantee; this then has a knock on effect of reducing the funding available, unless a cap is placed on schools gaining funding. It makes no sense to do this a year before national funding is due to be implemented.
- The largest proportion of funding is allocated through the basic entitlement (per pupil rate) and lump sum and these rates are still relatively close to the national average, which we would not want to move away from (reduce further) if this is the direction of a national formula. The primary/secondary ratio is very close to average, so we would not want to move funding between the two sectors.
- All our formula rates are below the national average, and we would need additional funding to get closer to these averages. In theory the national formula should deliver additional funding to bring WBC closer to the average, so in the meantime we should aim to keep our funding rates stable if at all possible.

3.3 The funding rate that can be applied to each factor is subject to the amount of funding we receive through the Dedicated Schools Grant (DSG), which will be confirmed in December 2016 for 2017/18. The funding rate for 2017/18 has been reduced by £20 per pupil from £4,368 to £4,348 due to the fact that in 2016/17 we moved funding from the schools block to the high needs block.

3.4 The schools block is not ring fenced in 2017/18, and the proposed changes to the funding formula for the high needs block is not going ahead in 2017/18, so funding pressures still remain in this block. The Government has not yet



announced how any additional funding available for this block will be allocated to local authorities.

3.5 Although we already know the funding rate of the schools block DSG, there are a number of reasons why the total amount of funding available for allocation to schools may change compared to the £95.1m allocated to schools in 2016/17:

- The DSG is based on the number of pupils in the October census – this may be higher or lower than the previous year, affecting the total funding received. As the formula factors are not all related to number of pupils, e.g. the lump sum or rates, a reduction in pupil numbers will mean there is less money left to put through the factors based on pupil numbers, and vice versa.
- Some factors may increase by default, leaving less funding for the other factors e.g. if there are any claims for exceptional premises funding from qualifying schools (there were none in 2016/17), and if rates bills go up significantly (schools are funded on actual cost of rates).
- The Minimum Funding Guarantee (MFG) payment may go up or down. MFG is payable where a school's funding decreases by more than 1.5% *per pupil* and therefore protects schools where there is a change to the formula and/or funding rates that adversely affect the school.
- The amount of funding required for centrally retained services that are also funded from the schools block DSG may change. In 2017/18 services previously funded by the retained duties element of the Education Services Grant (ESG), mainly education welfare services and asset management, are moving into the DSG which may have an impact if there is a mismatch between funding added to the DSG (£15 per pupil) and the actual cost of these services.
- There is a new primary school to be funded (up to 60 pupils) from September 2017, for which no additional funding is provided; the cost will therefore be a top slice of funding from the schools block DSG (via the growth fund).
- There may be a further shortfall of funding in high needs, which would possibly need to be met from schools funding if other savings cannot be found.

3.6 If there is not enough funding to maintain the current rates, it is proposed that in order to balance the budget, an adjustment is made to the basic entitlement (per pupil funding) rate, as this is the only factor that will impact every school equally in relation to the size of school. If there is additional funding available, it is proposed that for the first £848k, 55% be added to the basic entitlement (per pupil funding) and 45% be added back to the lump sum. This is in proportion to the deduction that was made to school budgets in 2016/17 to transfer funding to the high needs block. Any additional funding over this amount be added to the basic entitlement

#### **4. Formula Exemplification for 2017/18**

4.1 **Appendix C** shows the formula exemplification for 2017/18 using the same pupil numbers as 2016/17, and assuming the same funding rates. As there are no changes proposed to the formula, the exemplification just shows schools the effect of the continuation of the MFG. The small increase is for the

inflationary impact of the rates (NNDR) allocation. Actual individual school allocations will be dependent on the October 2016 census data.

4.2 This appendix is also available as a spreadsheet, and by entering the school cost centre in the orange box of the “school sheet” tab this will display the detailed formula for the school alongside the current funding received for each factor. Schools can also enter their expected/actual pupil numbers for October 2016 (yellow boxes) to see their likely funding for 2017/18 and beyond based on the current funding rates. The sheets do not include any high needs funding for individual pupils i.e. top ups, which is paid outside the formula, as top up funding is variable and follows the pupil.

1. Do you agree that the Council should keep to the current formula factors (as shown in Table 1)? If not, please let us know with your reasons why.

2. Do you agree that if there is additional funding available that for the first £848k, 55% will be added to the basic entitlement (per pupil funding) and 45% will be added back to the lump sum, with any additional funding over this amount being added to the basic entitlement. If there needs to be a reduction to funding rates that this is adjusted through the basic entitlement rate? If not, please let us know with your reasons why.

3. Do you think your school is eligible for exceptional premises funding? If yes, please let us know with your reasons why.

## 5. Future Changes to School Funding

5.1 The Government’s consultation in March 2016 proposed the following:

- The same formula factors and rates are to be applied to all schools in England, but with an area cost adjustment applied.
- In the first two years the allocations for individual schools will be aggregated and allocated to local authorities as the schools block DSG, and the local authority will determine the actual formula and funding rates to apply.
- In the third year all schools will receive their funding direct from the Government at the national rates.

5.2 Although schools are unlikely to see any inflationary increase to funding rates over the foreseeable future, given that WBC receives below average funding and our funding rates for each formula factor are lower than the average, in theory the new national formula proposed should deliver more funding to WBC schools.

5.3 More detailed proposals and an exemplification are expected in the second consultation, due sometime in the autumn.

## 6. Additional Funding Outside the School Formula

6.1 The current funding regulations allow for a few exceptional circumstances to be funded outside the formula and be top sliced from the DSG. For each fund

the Schools' Forum needs to agree the amount to set aside and clear criteria setting out the circumstances in which a payment could be made and the basis for calculating the sum to be paid. The current criteria for each fund each can be accessed via the WBC school funding web page: <http://info.westberks.gov.uk/index.aspx?articleid=31483>. There is no proposal to change the criteria to access these funds.

6.2 The funds are as follows:

- Growth Fund – support for schools required to provide extra places in order to meet basic need within the authority – including pre-opening, diseconomy and reorganisation costs
- Falling Rolls Fund – to support good or outstanding schools with falling rolls where local planning data shows that the surplus places will be needed in the near future
- Schools with a disproportionate number of high needs pupils which cannot be reflected adequately in their formula funding. This needs to be made through a formula.

4. If you have any comments/suggestions on the criteria set to access the additional funds please provide details.

6.3 Note that schools may also receive funding from the following sources:

- Early year's formula funding for two, three, and four year olds.
- Sixth form funding (national formula).
- High needs place and top up funding.
- Pupil premium grant.
- PE and sports grant.
- Universal infant free school meal grant.

Information on each can be also be accessed via the WBC school funding web page.

## 7. De-delegations 2017/18

7.1 From 2013/14 schools received funding for newly delegated central services. For some services (where offered by the local authority), maintained primary and secondary schools can collectively opt for the service to be de-delegated – which means that the funding continues to be centrally retained for the benefit of all maintained primary and secondary schools, and individual schools cannot make that choice for themselves (Academies may be given the option to buy into the service, as can Nursery schools, Special schools and PRUs). The de-delegations need to be re-determined on an annual basis.

7.2 The relevant Schools' Forum representatives for each phase will vote on whether each service is to be de-delegated or not. The services currently de-delegated are as follows:

- Behaviour Support Service
- Support to underperforming ethnic minority groups and bilingual learners
- Trade Union Local Representation
- Contingency for schools in financial difficulty (primary schools only)

- 7.3 Information about these services were included in a report to the Schools' Forum on 11<sup>th</sup> July 2016, agenda item 8, which can be viewed on this website: <http://decisionmaking.westberks.gov.uk/ieListMeetings.aspx?CId=335&Year=0>  
The amounts to be deducted from each school for 2017/18 will be different to those shown in the report, as they will be based on the October 2016 census data (the current exemplification is based on the October 2015 census).
- 7.4 In addition, it is being proposed that CLEAPPS become a new de-delegated service rather than an individual buy back, which may result in savings for most schools.
- 7.5 From 2017/18 some local authority **statutory** services carried out for maintained schools and previously funded by the general element of the ESG will be moved to the DSG (but with no funding added to the DSG) and be a deduction from maintained school budgets on a single per pupil rate. This includes statutory requirements in respect of school improvement, legal, finance, and HR. The financial impact of this will be brought to the December meeting of the Schools' Forum.
- 7.6 The final decision on each de-delegation will be made by the relevant Schools' Forum Members for each phase on 5<sup>th</sup> December 2016. Schools may wish to contact their Schools' Forum representative direct to express their view, or respond as part of this consultation.

5. If you do not agree with any of the above services being de-delegated, please let us know with your reasons why.

## 8. Timetable

- 8.1 The timetable for determining the school formula and schools budgets for 2017/18 is as follows:

Schools' Forum to review the 2017/18 school formula arrangements and agree on a proposal.	10 <sup>th</sup> October 2016
Briefing document to schools – with opportunity given to make comments on the proposals.	11 <sup>th</sup> October to 8 <sup>th</sup> November 2016
Heads Funding Group to consider the responses from schools and make a recommendation to Schools' Forum.	22 <sup>nd</sup> November 2016
Schools' Forum to agree on the formula and preferred funding rates to recommend to the Council. Vote taken on de-delegations and the criteria agreed for accessing the additional funds.	5 <sup>th</sup> December 2016
October census data issued by the DfE and final DSG funding allocation for schools and high needs blocks received. Final school formula rates determined according to funding available.	Mid December
Formal Political approval received.	Executive 19 <sup>th</sup> January 2017
2017/18 formula submitted to Education	20 <sup>th</sup> January 2017

Funding Agency.	
Schools' Forum to consider the overall DSG position and remaining budgets for all funding blocks.	23 <sup>rd</sup> January 2017
Confirmation of final budget allocations to maintained schools	By end of January 2017 (statutory deadline 28 <sup>th</sup> February 2017)
Schools' Forum to decide on the final budget for all DSG funding blocks	6 <sup>th</sup> March 2017

### **Appendices**

Appendix A – An Explanation of the DSG

Appendix B – Allowable Funding Factors

Appendix C – Proposed Formula 2017/18 - Exemplification for Individual Schools  
(also provided as separate spreadsheet for schools to see their own formula budget allocation detail and for their own modelling purposes)

## An Explanation of the Dedicated Schools Grant (DSG)

### Background

1. Since April 2006, funding for schools has come from a ring-fenced grant known as the Dedicated Schools Grant (DSG). It comes direct from the Government and is totally separate from all other Council funding and spending.
2. The grant is paid to the Council on a financial year basis and since 2013/14 has been split into three funding blocks – schools, early years, and high needs. Although separate allocations are received for each, the blocks are currently not ring fenced.
3. The use of the grant is governed by school finance regulations, and this includes setting out what (limited) centrally retained services can be met from the grant. Therefore not all the grant is directly allocated out to schools; some funding is retained by the Council to provide central services to schools with particular needs.
4. Any unspent centrally retained grant at the end of the financial year is carried forward for allocation in the following financial year. If there is an over spend this is deducted from the following years DSG allocation.
5. The Council uses a formula to allocate funding out to schools from this grant. The formula is largely prescribed by the Government, though the Council is free to choose which factors to use and at what funding rates, though the funding rates are very much governed by the amount of grant received. The Council must consult with the Schools' Forum and all schools on any changes.
6. The DSG allocated to the Council includes the funding for Academies and Free schools. Once the school formula has been determined, the Government then recoup the exact formula amount back in order for them to fund these schools direct.
7. A national formula is proposed for schools and likely to commence from April 2018. This will initially attempt to standardise the funding rates that every Council receives and will eventually lead to the same formula and similar funding rates (subject to area cost adjustments) for all schools in England.
8. Sixth form funding is not included in the DSG (other than high needs top up payments) and is paid to schools separately by the Government using a national formula and national rates.

### How the DSG is calculated

#### Schools Block

- Based on the previous October school census
- The calculation is the total number of primary and secondary pupils (year R to 11) x funding rate
- In 2016/17 this is 22,135 pupils x £4,368 = £96.686m. An additional £0.032m is paid for NQTs.
- The funding rate is historical and is different for every Council. In 2016/17 this ranges from £4,167 in Wokingham to £6,982 in Tower Hamlets (City of London £8,587).
- The funding rate has not increased since 2010/11, therefore schools have not seen any inflationary increases to their allocations

- However, in 2015/16 the Government allocated an additional £390m to the lowest funded Council's as a step towards closing the funding gap. West Berkshire received an additional £8 per pupil (0.2%).
- For 2017/18 the Government has rebased the funding rate according to how much of our allocation we are actually using in the schools block in 2016/17. The rate for 2017/18 has been confirmed as £4,348.
- The Government is currently consulting on a new methodology to allocate funding, as well as moving to a national formula, proposed to be in place 2018/19.

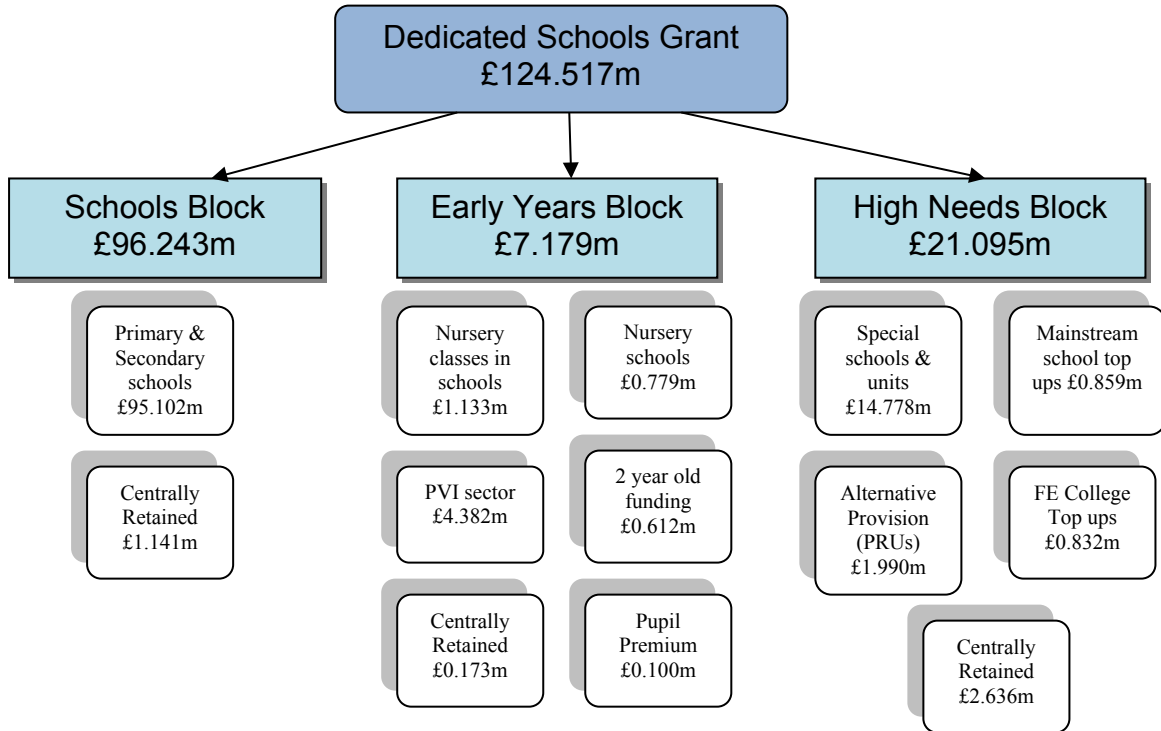
### Early Years Block

- Based on the January school and early years census
- Calculated 5/12 of the previous January nursery pupils plus 7/12 of the following January nursery pupils x funding rate.
- Different funding rates used for 3 & 4 year olds and 2 year olds.
- For the 2016/17 grant we do not know what the allocation for the year will be until March 2017 at the earliest, so estimates have to be made. There is always a shortfall between funding received and actual payments made to providers.
- In 2016/17 the grant estimate is:  
1,515 pupils x £3,911 = £5.925m for 3&4 year olds  
120 pupils x £5,092 = £0.611m for 2 year olds  
In addition, early year's pupil premium is estimated at £0.021m, and the adjustment in relation to the 2015/16 grant is a deduction of £0.091m.
- The funding rate for 3&4 year olds is historical, is different for every Council, and has not seen any increases. In 2016/17 the rate ranges from £3,080 in Solihull to £8,713 in Camden. The Government is currently consulting on a change to this formula. The rate for 2 year olds is standardised across all Councils and there is no proposal to change this formula. In 2016/17 the rate ranges from £4,607 to £5,766.
- The indicative rates given in the consultation for West Berkshire in 2017/18 are £4,465 for 3&4 year olds, and £5,453 for 2 year olds.

### High Needs Block

- This is a fixed sum. In 2013/14 this sum was derived by how much each individual Council had spent on high needs in the previous year
- There has been a limited increase to this sum since then, and so increases in the number of pupils requiring support, increases in the level of support and general increases in cost have not been funded.
- For 2016/17 this sum is £20.079m compared to £19.101m in 2015/16, although new additional funding responsibilities came with and had to be met from the bulk of the increase.
- As there was a funding shortfall in this block in 2016/17, £848k was transferred from the Schools block and £10k from the early years block in order to maintain the statutory provision for high needs pupils.
- The Government is currently consulting on a new methodology to allocate high needs funding to local authorities. We do not know at this stage whether this will provide additional funding for West Berkshire, or when this will be implemented from.

**Where the DSG is allocated in 2016/17**



**Notes:**

1. The figures above include expected carry forward of grant totalling £1.254m. The actual in-year grant allocation is £123.263m.
2. The main centrally retained services are:  
 Schools Block – licences for all schools, growth fund for schools, school admissions service  
 Early Years Block – quality monitoring & compliance, eligibility checking, sufficiency & sustainability planning  
 High Needs Block – ASD advisory support, Home Tuition, Engaging Potential service, therapy services, sensory impairment support, inclusion support, applied behaviour support, vulnerable children support, early intervention
3. The figures include funding to Academies and post 16 high needs place funding which form part of our allocation but not our budget as they are paid direct by the EFA – this totals £33,687k



## Allowable Funding Factors

Factor	Further information
<p><b>1. Basic entitlement</b> A compulsory factor that assigns funding on the basis of individual pupils, with the number of pupils for each school or academy based on the October pupil census.</p>	<p>Funding allocated according to an age-weighted pupil unit (AWPU). A single rate for primary age pupils, which must be at least £2,000. There may be different rates for key stage 3 and key stage 4, with a minimum of £3,000 for each. Local authorities may choose to increase the pupil number count where schools had previously had higher reception pupil numbers in January 2016 than in the October 2015 census.</p>
<p><b>2. Deprivation</b> A compulsory factor</p>	<p>Local authorities may choose to use free school meals and/or the Income Deprivation Affecting Children Index (IDACI). Free meals can be measured either at the previous October census or “ever 6”, which reflects pupils entitled to free meals at any time in the last 6 years, but not both. The IDACI measure uses 6 bands and different values can be attached to each band. Different unit values can be used for primary and secondary.</p> <p>Following the 2015 IDACI dataset update, we have redesigned the IDACI bands to return them to a similar size to previous years. The draft 2017 to 2018 APT will include data showing pupils matched to the new IDACI bands.</p>
<p><b>3. Prior attainment</b> An optional factor (although it is used by almost all local authorities). It acts as a proxy indicator for low level, high incidence special educational needs</p>	<p>May be applied for primary pupils identified as not achieving the expected level of development within the early years foundation stage profile (EYFSP) and for secondary pupils not reaching the expected standard at KS2 in either English or maths. The EYFSP changed in 2013, so a weighting may be used to ensure that funding delivered through the primary prior attainment factor is not disproportionately affected by the year groups (years 1 to 4) assessed under the new framework. For pupils assessed using the old profile (years 5 and 6), local authorities will continue to be able to choose between two EYFSP scores, targeting funding to either all pupils who achieved fewer than 78 points; or all pupils who achieved fewer than 73 points on the EYFSP.</p> <p>For pupils assessed at KS2 up to 2011, eligible pupils are those who did not reach level 4 in either the English or Maths elements.</p> <p>For pupils assessed from 2011, eligible</p>

	<p>pupils are those who did not reach level 4 in any of the reading test, teacher assessed writing, or Maths. This reflects the new KS2 English assessment methodology which was introduced in 2012, to include separately a reading test and teacher assessed writing. The 2016 KS2 assessments are the first which assess the new, more challenging national curriculum. At a national level, a higher number of the year 7 cohort in financial year 2017 to 2018 will be identified as having low prior attainment. We intend to use a national weighting to ensure that this cohort does not have disproportionate influence within the overall total.</p> <p>The weighting will be confirmed in advance of finalising 2017 to 2018 allocations and included in the APT in December, having taken into account the latest data about year 7 pupils in the October census. Local authorities will not be able to change the weighting, but would be able to adjust their secondary low prior attainment unit value as usual. This will enable local authorities in most cases to maintain their low prior attainment factor at previous levels without significant turbulence.</p> <p>Low prior attainment funding will be allocated to all pupils identified as not reaching the expected standard at the previous phase, regardless of their year group. It does not only apply to those pupils in their first year of schooling.</p> <p>As with current funding arrangements, pupils who have not undertaken the assessment are given the average LPA score of their year group, so are taken into account when calculating a school's LPA average.</p>
<p><b>4. Looked-after children</b> An optional factor</p>	<p>A single unit value may be applied for any child who has been looked after for one day or more as recorded on the local authority SSSDA903 return at 31 March 2016. This data is mapped to schools using the January school census, enabling identification of the number of looked-after children in each school or academy.</p>
<p><b>5. English as an additional language (EAL)</b> An optional factor</p>	<p>EAL pupils may attract funding for up to 3 years after they enter the statutory school system. Local authorities can choose to use indicators based on one, two or three years and there can be separate unit values for primary and secondary.</p>

<p><b>6. Pupil mobility</b> An optional factor</p>	<p>This measure counts pupils who entered a school during the last three academic years, but did not start in August or September (or January for reception pupils). There is a 10% threshold and funding is allocated based on the proportion above the threshold – so if a school has 12% mobility, then 2% of pupils would attract funding.</p>
<p><b>Proportion allocated through pupil-led factors</b></p>	<p>Local authorities must allocate at least 80% of the delegated schools block funding through pupil-led factors (the factors in lines 1-6 above, and London fringe uplift where relevant).</p>
<p><b>7. Sparsity</b> An optional factor</p>	<p>Schools that are eligible for sparsity funding must meet two criteria: first, they are located in areas where pupils would have to travel a significant distance to an alternative should the school close, and second, they are small schools.</p> <p>For the pupils for whom the school is their closest compatible school, the factor measures the distance (as the crow flies) from their home to their second nearest compatible school and the mean distance for all pupils is then calculated. Since the pupil population changes each year, it is possible for a school to be eligible for sparsity funding in one year but not in the next.</p> <p>In addition, the number of pupils in a school is divided by the number of year groups to determine the size of the average year group.</p> <p>Two qualification criteria for attracting sparsity funding must be met if schools are to attract sparsity funding:</p> <p>Primary schools qualify if the sparsity distance is greater than 2 miles and the average year group is less than 21.4.</p> <p>Secondary schools qualify if the sparsity distance is greater than 3 miles and the average year group is less than 120.</p> <p>Middle schools qualify if the sparsity distance is greater than 2 miles and the average year group is less than 69.2.</p> <p>All-through schools qualify if the sparsity distance is greater than 2 miles and the average year group is less than 62.5.</p> <p>Local authorities can reduce the pupil numbers and increase the distance criteria. The maximum amount which can be allocated to an individual school through this factor is £100,000 (including fringe uplift) and the value can be different for each phase of school.</p> <p>Local authorities can choose whether to use</p>

	<p>a single amount for all sparse schools, or to use a tapered amount which increases the smaller the school.</p> <p>Local authorities can apply for an exceptional factor to target up to an additional £50,000 of sparsity funding at very small secondary schools where the total number on roll is 350 or less, where the sparsity distance is 5 miles or more, and where pupils in years 10 and 11 are present.</p>
<p><b>8. Lump sum</b> An optional factor (although it has been used by all local authorities)</p>	<p>Local authorities can set different lump sums for primary and secondary (middle schools receive a weighted average based on the number of year groups in each phase). The maximum lump sum is £175,000, including London fringe uplift. Where schools have amalgamated during the financial year 2016 to 2017, or on 1 April 2017, they will retain the equivalent of 85% of two lump sums for the financial year 2017 to 2018 ie assuming a lump sum of £100,000, the additional payment would be £70,000 <math>((100,000 \times 2) \times 85\% - 100,000)</math>. Local authorities can apply to the EFA to reduce this in exceptional circumstances. Where schools amalgamate after 1 April 2017, the new school will receive funding equivalent to the formula funding of the closing schools added together for the appropriate proportion of the year. This means that they receive the combined lump sum for the remainder of the year and 85% in the following year, as outlined above. Local authorities may apply to provide a second year of protection. Applications must specify the level of protection sought, although in general we would not expect the additional protection to exceed 70% of the combined lump sums. Applications will be considered on a case by case basis.</p>
<p><b>9. Split sites</b> An optional factor</p>	<p>The purpose of this factor is to support schools which have unavoidable extra costs because the school buildings are on separate sites. Allocations must be based on objective criteria, both for the definition of a split site and for how much is paid.</p>
<p><b>10. Rates</b> An optional factor although it is used by all local authorities</p>	<p>These must be funded at the authority's estimate of the actual cost. Adjustments to rates may be made during the financial year but outside of the funding formula. For example, an additional allocation could be made to a school (e.g. from balances brought forward). This should be reflected in the Section 251 outturn statement and in each school's accounts. The effect on the</p>

	school would be zero since any rates adjustment will be offset by a change in the cost of the rates.
<b>11. Private Finance Initiative (PFI) contracts</b> An optional factor	The purpose of this factor is to support schools which have unavoidable extra premises costs because they are a PFI school and/or to cover situations where the PFI “affordability gap” is delegated and paid back to the local authority.
<b>12. London fringe</b> An optional factor, but only for the five local authorities to which it applies (Buckinghamshire, Essex, Hertfordshire, Kent and West Sussex)	The purpose of this factor is to support schools which have to pay higher teacher salaries because they are in the London fringe area, and where only part of the authority is in this area. It is applied as a multiplier of 1.0156 to the relevant factors.
<b>13. Exceptional premises factors</b> Local authorities can apply to EFA to use exceptional factors relating to premises. The most frequently approved factors are for rents and for joint-use sports facilities.	The exceptional factors must relate to premises costs and applications should only be submitted where the value of the factor is more than 1% of a school’s budget and applies to fewer than 5% of the schools in the authority’s area. Any factors which were used in 2016 to 2017 can automatically be used for pre-existing and newly-qualifying schools in 2017 to 2018, provided that the qualification criteria are still met.

# Appendix C

## 2017/18 School Formula Allocations - August 2016 EXEMPLIFICATION Compared to 2016/17 Actual Allocations (using same pupil numbers)

Cost Centre	SCHOOL	2016/17 ACTUAL ALLOCATION (prior to MFG)			2017/18 EXEMPLIFICATION (prior to MFG)			Change	MFG			Overall Change	
		Formula Budget	Pupil No's (Oct 2015)	Per Pupil Funding	Formula Budget	Pupil No's (Oct 2015)	Per Pupil Funding		Prior to MFG	2016/17	2017/18	Change	(inc. MFG)
95200	Sheffield Church of England Primary School	208,430	25	8,337.20	208,506	25	8,340.26	76	14,845	13,375	-1,471	-1,394	0
95600	Chaddlesworth St. Andrew's Church of England Primary School	218,263	27	8,083.81	218,316	27	8,085.77	53	3,930	2,457	-1,472	-1,419	0
91700	Brimpton Church of England Primary School	258,937	43	6,021.79	258,989	43	6,023.00	52	15,503	13,246	-2,257	-2,205	0
91300	Beedon Church of England Controlled Primary School	282,299	49	5,761.21	282,341	49	5,762.07	42	10,228	7,693	-2,535	-2,493	0
92800	Erborne Church of England Primary School	313,650	60	5,227.49	313,661	60	5,227.68	11	142	0	-142	-131	0
92700	The Ittlesy's Primary School	325,666	66	4,934.34	325,730	66	4,935.30	64	2,548	0	-2,548	-2,485	0
93800	Inkpen Primary School	349,091	72	4,848.48	349,143	72	4,849.20	52	2,677	0	-2,677	-2,625	0
97400	Yatendon Church of England Primary School	346,124	73	4,741.42	346,150	73	4,741.78	26	17,292	13,681	-3,611	-3,584	0
97300	Woolhampton Church of England Primary School	396,865	90	4,409.61	396,888	90	4,409.87	24	12,564	8,262	-4,303	-4,279	0
93500	Hampstead Norreys Church of England Primary School	411,029	91	4,516.80	411,237	91	4,519.09	209	0	0	0	209	0
96400	Streatley Church of England Voluntary Controlled Primary School	408,130	91	4,484.95	408,254	91	4,486.30	123	1,999	0	-1,999	-1,876	0
95100	Shaw-cum-Donnington Church of England Primary School	418,423	92	4,548.07	418,533	92	4,549.27	110	50,981	45,819	-5,163	-5,052	0
96700	Welford and Wickham Church of England Primary School	417,516	95	4,394.91	417,621	95	4,396.01	105	9,858	5,347	-4,511	-4,405	0
94900	Purley Church of England Infants School	440,724	100	4,407.24	440,751	100	4,407.51	26	782	0	-782	-755	0
96500	Sulhamstead and Ufton Nerve Church of England Voluntary Controlled Primary School	438,005	102	4,294.17	438,029	102	4,294.41	24	0	0	0	24	0
91400	Beenham Primary School	453,815	102	4,449.17	454,031	102	4,451.29	216	7,932	2,989	-4,943	-4,727	0
91600	Brightwalton Church of England Aided Primary School	436,766	103	4,240.44	436,799	103	4,240.77	33	1,099	0	-1,099	-1,066	0
96300	Stockcross Church of England Primary School	431,714	103	4,191.40	431,729	103	4,191.54	15	2,953	0	-2,953	-2,939	0
92300	Curridge Primary School	441,745	104	4,247.55	441,862	104	4,248.68	118	0	0	0	118	0
92900	Englefield Church of England Primary School	441,553	105	4,205.27	441,583	105	4,205.56	30	0	0	0	30	0
91800	Bucklebury Church of England Primary School	502,564	121	4,153.42	502,745	121	4,154.92	181	5,509	0	-5,509	-5,328	0
91500	Bradfield Church of England Primary School	542,615	132	4,110.72	542,646	132	4,110.96	32	5,401	0	-5,401	-5,369	0
94200	Kintbury St. Mary's Church of England Primary School	559,727	137	4,085.60	559,986	137	4,087.49	259	26,887	20,103	-6,784	-6,525	0
91100	Basildon Church of England Primary School	573,154	144	3,980.23	573,360	144	3,981.67	206	0	0	0	206	0
94500	Mrs. Bland's Infant & Nursery School	679,912	167	4,071.33	680,124	167	4,072.60	211	0	0	0	211	0
95800	Mortimer St. Johns Church of England Infant School	652,234	168	3,882.35	652,415	168	3,883.42	181	7,075	0	-7,075	-6,893	0
96800	Westwood Farm Infant School	674,202	173	3,897.12	674,390	173	3,898.21	189	6,607	0	-6,607	-6,419	0
91000	Aldermaston Church of England Primary School	693,436	177	3,917.72	693,871	177	3,920.18	435	2,193	0	-2,193	-1,758	0
97700	St. John the Evangelist Infant & Nursery School	684,975	179	3,826.68	685,029	179	3,826.98	54	4,821	0	-4,821	-4,767	0
93100	Fir Tree Primary School & Nursery	743,932	179	4,156.05	743,985	179	4,156.34	53	23,286	13,638	-9,648	-9,595	0
92200	Compton Church of England Primary School	691,933	181	3,822.84	692,093	181	3,823.72	159	2,000	0	-2,000	-1,841	0
94300	Lambourn Church of England Primary School	741,598	185	4,008.64	741,894	185	4,010.24	297	833	0	-833	-536	0
93600	Hermitage Primary School	716,491	188	3,811.12	716,868	188	3,813.13	377	453	0	-453	-76	0
95900	Cold Ash St. Mark's Church of England Primary School	715,327	193	3,706.36	715,579	193	3,707.66	251	0	0	0	251	0
94100	Kennet Valley Primary School	773,932	193	4,010.01	774,186	193	4,011.33	254	0	0	0	254	0
91900	Burghfield St. Mary's Church of England Primary School	741,934	198	3,747.14	742,201	198	3,748.49	267	0	0	0	267	0
95700	St. Finian's Catholic Primary School	735,372	198	3,714.00	735,408	198	3,714.18	37	0	0	0	37	0
94600	Pangbourne Primary School	759,352	199	3,815.84	759,739	199	3,817.79	387	0	0	0	387	0
97800	St. Joseph's Catholic Primary School	780,464	205	3,807.14	780,428	205	3,806.96	-37	0	0	0	-37	0
92400	Chieveley Primary School	775,229	210	3,691.57	775,710	210	3,693.86	480	0	0	0	480	0
93400	Garland Junior School	810,351	211	3,840.53	810,613	211	3,841.77	261	0	0	0	261	0
92500	Downsway Primary School	789,367	212	3,723.43	789,631	212	3,724.67	264	0	0	0	264	0
96900	Westwood Farm Junior School	823,092	222	3,707.62	823,348	222	3,708.78	256	0	0	0	256	0
97500	Mortimer St. Mary's Church of England Junior School	816,767	224	3,646.28	816,818	224	3,646.51	52	0	0	0	52	0
94400	Long Lane Primary School	832,334	228	3,650.59	832,616	228	3,651.82	282	0	0	0	282	0
95000	Robert Sandilands Primary School & Nursery	883,124	230	3,839.67	883,465	230	3,841.15	340	0	0	0	340	0
92000	Calcot Infant School & Nursery	941,884	241	3,908.23	942,214	241	3,909.60	330	0	0	0	330	0
94700	Parsons Down Infant School	891,271	241	3,698.22	891,525	241	3,699.27	254	12,829	1,279	-11,550	-11,296	0
94000	John Rankin Junior School	909,660	250	3,638.64	909,890	250	3,639.56	230	0	0	0	230	0
96200	St. Nicolas Church of England Junior School	910,220	251	3,628.38	910,343	251	3,628.86	123	3,286	0	-3,286	-3,164	0
96600	Theale Church of England Primary School	941,568	257	3,663.69	941,829	257	3,664.71	261	0	0	0	261	0
93900	John Rankin Infant & Nursery School	975,493	268	3,639.90	975,674	268	3,640.57	180	0	0	0	180	0
92100	Calcot Junior School	1,047,237	271	3,864.34	1,047,566	271	3,865.56	329	0	0	0	329	0
95300	Speenhamland Primary School	1,035,096	272	3,805.50	1,035,385	272	3,806.56	289	1,470	0	-1,470	-1,181	0
97000	Whitelands Park Primary School	1,101,023	298	3,694.71	1,101,148	298	3,695.13	125	0	0	0	125	0
95400	Springfield Primary School	1,079,063	303	3,561.26	1,079,370	303	3,562.28	307	0	0	0	307	0
94800	Parsons Down Junior School	1,111,754	305	3,645.10	1,112,192	305	3,646.53	437	0	0	0	437	0
96100	St. Pauls Catholic Primary School	1,158,803	327	3,543.74	1,158,832	327	3,543.83	29	0	0	0	29	0
99400	The Winchcombe School	1,237,393	332	3,727.09	1,237,961	332	3,728.80	568	140,409	121,989	-18,420	-17,852	0
98700	The Willows Primary School	1,306,020	334	3,910.24	1,306,377	334	3,911.31	357	18,088	315	-17,773	-17,416	0
99700	Thatcham Park Church of England Primary School	1,433,654	403	3,557.45	1,433,925	403	3,558.13	272	0	0	0	272	0
93700	Hungerford Primary School	1,445,669	409	3,534.64	1,446,293	409	3,536.17	624	3,535	0	-3,535	-2,912	0
95500	Spurcroft Primary School	1,470,782	416	3,535.53	1,471,456	416	3,537.15	674	0	0	0	674	0
91200	Birch Copse Primary School	1,432,000	419	3,417.66	1,432,384	419	3,418.58	385	0	0	0	385	0
93000	Falkland Primary School	1,518,017	456	3,328.98	1,518,296	456	3,329.60	279	0	0	0	279	0
93200	Francis Baily Primary School	1,830,634	538	3,402.66	1,831,173	538	3,403.67	539	53,373	27,270	-26,103	-25,563	0
99000	John O'Gaut Community Technology College	1,989,871	348	5,718.02	1,991,370	348	5,722.33	1,499	13,487	0	-13,487	-11,988	0
99500	Theale Green Community School	3,330,774	666	5,001.16	3,331,288	666	5,001.93	514	0	0	0	514	0
99900	Trinity School & Performing Arts College	3,965,854	770	5,150.46	3,965,578	768	5,151.79	-9,277	8,177	0	-8,177	-17,453	-2
99300	Park House School	3,824,161	771	4,960.00	3,824,581	771	4,960.55	420	0	0	0	420	0
99600	The Willink School	4,165,978	858	4,855.45	4,167,482	858	4,857.21	1,505	0	0	0	1,505	0
98900	Denefield School	4,401,708	884	4,979.31	4,402,330	884	4,980.01	622	28,754	0	-28,754	-28,132	0
98800	The Downs School	4,257,919	898	4,741.56	4,258,386	898	4,742.08	467	0	0	0	467	0
99800	St. Bartholomew's School	5,915,952	1,248	4,740.35	5,916,552	1,248	4,740.83	600	0	0	0	600	0
99200	Little Heath School	6,122,320	1,276	4,798.06	6,122,604	1,276	4,798.28	284	0	0	0	284	0
99100	Kennet School	6,694,531	1,373	4,875.84	6,695,443	1,373	4,876.51	912	0	0	0	912	0
<b>PRIMARY TOTAL</b>		<b>49,909,405</b>	<b>13,038</b>	<b>3,828</b>	<b>49,923,136</b>	<b>13,038</b>	<b>3,829</b>	<b>13,731</b>	<b>473,389</b>	<b>297,462</b>	<b>-175,927</b>	<b>-162,196</b>	<b>0</b>
<b>SECONDARY TOTAL</b>		<b>44,669,069</b>	<b>9,092</b>	<b>4,913</b>	<b>44,666,614</b>	<b>9,090</b>	<b>4,914</b>	<b>-2,455</b>	<b>50,418</b>	<b>0</b>	<b>-50,418</b>	<b>-52,873</b>	<b>-2</b>
<b>TOTAL ALL SCHOOLS</b>		<b>94,578,474</b>	<b>22,130</b>		<b>94,589,749</b>	<b>22,128</b>		<b>11,276</b>	<b>523,807</b>	<b>297,462</b>	<b>-226,345</b>	<b>-215,069</b>	<b>-2</b>

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## Dedicated Schools Grant - Overview of Changes for 2017/18

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**Report being considered by:** Schools Forum

**On:** 10/10/2016

**Report Author:** Claire White

**Item for:** Discussion **By:** All Forum Members

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### 1. Purpose of the Report

- 1.1 To set out the changes known so far to the Dedicated Schools Grant (DSG) in 2017/18.

### 2. Recommendation(s)

- 2.1 To note the possible implications on the school budget in 2017/18.

<b>Will the recommendation require the matter to be referred to the Council or the Executive for final determination?</b>	Yes: <input type="checkbox"/>	No: <input checked="" type="checkbox"/>
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### 3. Introduction

- 3.1 The Dedicated Schools Grant (DSG) consists of three funding blocks, Schools, Early Years, and High Needs, each calculated in a different way. A first stage consultation took place in the spring on both Schools and High Needs funding, which included proposed changes for the way funding for these blocks is allocated to local authorities.
- 3.2 The proposal for changes to schools funding are now not going ahead in 2017/18, although there are changes to the funding of this block. A second stage consultation is expected in the autumn with proposals for 2018/19.
- 3.3 A consultation on changes to early years funding from 2017/18 closed on 22<sup>nd</sup> September. Significant changes were proposed.
- 3.4 A second stage consultation on high needs funding is due by the end of the year; the timetable has been delayed and the funding reforms will not be going ahead in 2017/18.
- 3.5 The Department for Education (DfE) carried out an exercise in the spring to re-base the funding blocks. Changes have been made to the base line funding for each block in line with how the 2016/17 DSG allocation was being spent. This has implications in the schools and high needs blocks.

### 4. Changes to the Schools Block

- 4.1 Schools block funding is simply calculated as the number of primary and secondary pupils (counted in the October census) multiplied by the funding rate. The funding

rate is different for every Local Authority (LA) (historical calculation) and for West Berkshire has not changed for several years.

- 4.2 The base lining exercise has moved funding from the Schools Block to the High Needs Block due to the Schools' Forum decision to fund high needs pressures in 2016/17 from schools.
- 4.3 The Schools Block per pupil rate for 2017/18 has been confirmed as £4,348.43 compared to £4,368.03 in 2016/17. Assuming the same number of pupils in 2017/18, this is a reduction of £434k. The High Needs block has received an additional £1.021m, so in effect West Berkshire has overall gained funding from this exercise.
- 4.4 The surprise change is the moving of the Education Services Grant (ESG) into the DSG from 2017/18. This proposal was in the first stage consultation and linked into the other proposals which are not yet going ahead. The responses to the relevant questions in the consultation have not yet been published.
- 4.5 The ESG that LAs receive is made up of two elements:
  - **General Funding Rate.** This is to cover the statutory duties that are carried out for maintained schools. Examples include school improvement, finance, HR, health & safety. Academies receive the funding for these duties on top of their main formula funding allocation. It is calculated according to the number of pupils in maintained schools. In 2016/17 the LA funding rate is £77 for mainstream pupils (£327.25 for special schools, £288.75 for PRUs) and West Berkshire's grant totals £1,472,345. Adjustments are made during the year as and when schools convert to Academies.
  - **Retained Duties.** This is to cover statutory duties that are carried out for all schools including academies (mainly education welfare and asset management), and is calculated according to the number of pupils in all schools. In 2016/17 the funding rate is £15 per pupil and West Berkshire's grant totals £382,115
- 4.6 From September 2017 the local authority will no longer receive the general funding rate; it will be a cut to their budget allocation (it is not clear yet whether there will be any transitional protection other than the five months funding from April to August 2017). Academies will also have their equivalent grant removed from this date, but will receive protection until 2020.
- 4.7 School funding regulations will be amended to allow LAs to meet the cost of these duties from the schools block DSG (although there will be no additional funding for the general funding duties). This will be a top slice from maintained school's individual school budgets at a single rate per pupil, and will put maintained schools onto an equivalent arrangement as academies. The top slice will need to be agreed by the maintained schools members of the Schools' Forum.
- 4.8 From April 2017 the retained duties element will be added to the DSG (at £15 per pupil), and the cost of the eligible services will be met from the schools block DSG.



## 5. Changes to the Early Years Block

- 5.1 The funding for three and four year olds is currently based on a historical rate per child (counted in the January census), and is different for every LA. The current consultation proposes a new formula recalculating the rate for every LA.
- 5.2 A reasonable expectation would be that West Berkshire would benefit from this recalculation, currently being funded below average but located in a high cost region. However, the revised calculation still leaves West Berkshire's rate below the average when it should be well above.
- 5.3 Although the rate of funding for West Berkshire is proposed to be £4.70 compared to the current rate of £4.13, up to now unspent two year old funding has been used to maintain current funding rates for providers, and this additional funding simply helps plug the current funding gap. At the proposed single rate, many providers will see a cut to their funding.
- 5.4 More details on the implications of the early year's funding consultation are in another report on this agenda.

## 6. Changes to the High Needs Block

- 6.1 Funding for this block is received as a lump sum. There have been minimal increases to this block of funding over the past few years. The base lining exercise has added funding in accordance to how we proposed to use the 2016/17 in year allocation of DSG, but not what we actually propose to spend (planned overspend this year).
- 6.2 The funding arrangements for 2017/18 state that there will be no reduction to the 2017/18 allocation. No decision has been made on how any additional funding will be allocated to local authorities. This allocation will be notified in December.
- 6.3 A second stage consultation on a revised methodology of allocating high needs funding to local authorities (now planned for 2018/19) is due by the end of the year, which will largely be based on a formula using proxy indicators. The original proposal suggested a five year lead in to the new formula, during which the current allocation would gradually reduce, and funding calculated through the new formula increase.
- 6.4 It is not known whether West Berkshire would gain or lose from the new formula, but either way it is an advantage that the base line has increased.
- 6.5 When doing a year on year comparison, it should be noted that other adjustments have been made to the allocation, removing funding that the LA will no longer be responsible for, and adding funding that will become part of the LA allocation (but recouped); these adjustments should not have any financial impact.

## 7. Implications for Each Block

- 7.1 Appendix A models a year on year comparison using the current information about the DSG allocation for next year.
- 7.2 The schools block is modelled on October 2015 pupil numbers, and on this basis there is enough funding to maintain current formula funding rates and the current

centrally retained budget. However, this assumes that the additional funding for (ESG) retained duties will cover the actual cost and that the formula funding for the new primary school proposed to open in September 2017 can be met largely from the balance held in the growth fund.

- 7.3 The cost of the (ESG) general funding rate services will be passed on to maintained schools. This is currently at £77 per pupil but it is likely there will be savings in these service areas and the per pupil charge is likely to be less. Ideally, schools budgets should be increased to cover this cost, but it is unlikely that this will be affordable in 2017/18, and will thus represent a cut to school budget allocations.
- 7.4 The early years block has been modelled with the proposed rates and single formula as detailed in the consultation. Although this is shown to break even in year, it assumes pupil numbers/hours of provision don't vary and that there is no mismatch between funding received and payments made to providers. Any over spend would impact on the funding rate. The current year is currently forecasting an over spend (due to lower January 2016 census numbers which had an impact on the grant received) and this will need to be met from the 2017/18 grant.
- 7.5 Although the high needs block grant has been uplifted following the transfer of funding from the schools block, it is not enough to balance this block based on current budgeted spend. Unless West Berkshire receives an uplift in funding, further savings will need to be found in this block. A working group has been set up to determine options for reducing the cost of specialist placements.

## 8. Conclusion

- 8.1 Final grant allocations are subject to the October 2016/January 2017 census data and following the results of the early years funding consultation. Although this report provides an indication of the impact of the changes, it is too early to determine whether funding in 2017/18 will be sufficient, or whether significant savings will need to be found.

## 9. Appendices

Appendix A – Model of Effect on Changes to School Funding in 2017/18

## Appendix A

Model of Effect on Changes to School Funding (DSG) in 2017/18 (Position assumes same pupil numbers for 2017/18)							
	2016/17 (Current Position)			2017/18 (Model Only)			CHANGE
<b>Schools Block</b>							
<b>DSG Funding:</b>	<b>Rate £</b>	<b>Pupil Nos</b>	<b>Funding £</b>	<b>Rate £</b>	<b>Pupil Nos</b>	<b>Funding £</b>	
Per Pupil Rate	£4,368.03	22,135	£96,686,344	£4,348.43	22,135	£96,252,498	-£433,846
Additional sum for NQT			£32,000				
ESG				£15.00	25,474	£382,110	
<b>In year allocation</b>			<b>£96,718,344</b>			<b>£96,634,608</b>	<b>-£83,736</b>
Brought Forward			£372,990			£150,000	estimate of b/f growth fund for new school in 17/18
Transfers			-£848,000				
<b>Total Funding</b>			<b>£96,243,334</b>			<b>£96,784,608</b>	<b>£541,274</b>
<b>Expenditure:</b>							
School Formula - existing rates			£95,102,270			£94,887,211	17/18 MFG reduction
Centrally Retained - existing			£1,141,060			£768,070	16/17 includes c/f
Additional ESG services						£382,110	assume spend equals the additional funding - it won't!
Growth Fund - New School						£186,667	based on funding a school with 60 pupils (2 classes) from September 17
<b>Total Expenditure</b>			<b>£96,243,330</b>			<b>£96,224,058</b>	<b>-£19,272</b>
<b>NET POSITION SCHOOLS BLOCK</b>			<b>£4</b>			<b>£560,550</b>	<b>£560,546</b>
<b>Early Years Block</b>							
<b>DSG Funding:</b>	<b>Rate £</b>	<b>Pupil Nos</b>	<b>Funding £</b>	<b>Rate £</b>	<b>Pupil Nos</b>	<b>Funding £</b>	
2 year old funding	£5,092.00	120	£611,040	£5,453.00	120	£654,360	
3 & 4 year old funding	£3,911.25	1,515	£5,925,544	£4,465.00	1,515	£6,764,475	
PPG	£503.50	42	£21,147	£503.50	42	£21,147	
<b>In year allocation</b>			<b>£6,557,731</b>			<b>£7,439,982</b>	<b>£882,251</b>
Brought forward			£515,626			-£206,833	Changed due to incorrect Jan 16 census figures
Reduction in prior yr DSG			-£91,000				DFE final allocation (based on Jan 16 census) notified July 2016
Transfers			-£10,000				
<b>Total Funding</b>			<b>£6,972,357</b>			<b>£7,233,149</b>	<b>£260,792</b>
<b>Expenditure:</b>							
2 year old funding			£611,450	£5,453.00	120	£654,360	assume new hourly rate of £5.74
3 & 4 year old funding			£6,294,460	£4,275.00	1515	£6,476,625	assume new hourly rate of £4.50
PPG			£100,000	503.5	42	£21,147	
Centrally Retained			£173,100			£338,224	assume maximum 5% (to include SEN currently in high needs block)
<b>Total Expenditure</b>			<b>£7,179,010</b>			<b>£7,490,356</b>	<b>£311,346</b>
<b>NET POSITION EARLY YEARS BLOCK</b>			<b>-£206,653</b>			<b>-£257,207</b>	<b>-£50,554</b>
<b>High Needs Block</b>							
<b>DSG Funding:</b>							
Fixed sum			£20,079,154			£21,100,000	
Adjustments						-£1,390,000	NMSS removed, Post 16 added
<b>In year allocation</b>			<b>£20,079,154</b>			<b>£19,710,000</b>	<b>-£369,154</b>
Brought forward			-£635,800			-£793,266	adjusted for actual 15/16 c/f
Transfers			£858,000				
<b>Total Funding</b>			<b>£20,301,354</b>			<b>£18,916,734</b>	<b>-£1,384,620</b>
<b>Expenditure:</b>							
Place funding and top ups			£18,458,080			£16,498,080	NMSS removed
New responsibilities						£570,000	Post 16 added
Centrally retained			£2,636,540			£2,479,070	includes savings of £157k agreed in March 16
<b>Total Expenditure</b>			<b>£21,094,620</b>			<b>£19,547,150</b>	<b>-£1,547,470</b>
<b>NET POSITION HIGH NEEDS BLOCK</b>			<b>-£793,266</b>			<b>-£630,416</b>	<b>£162,850</b>
<b>TOTAL ALL BLOCKS:</b>							
In Year Allocation			£123,355,229			£123,784,590	£429,361
Total funding			£123,517,045			£122,934,491	-£582,554
Total Expenditure			£124,516,960			£123,261,563	-£1,255,397
<b>NET POSITION ALL BLOCKS</b>			<b>-£999,915</b>			<b>-£327,072</b>	<b>£672,843</b>

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## Early Years Funding Consultation

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**Report being considered by:** Schools Forum

**On:** 10/10/2016

**Report Author:** Claire White

**Item for:** Discussion **By:** All Forum Members

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### 1. Purpose of the Report

- 1.1 To brief members of the Forum on the early years funding consultation and implications for West Berkshire providers if the proposals set out in the consultation are implemented.

### 2. Recommendation(s)

- 2.1 To note the implementation work required and possible implications on funding for 2017/18.

<b>Will the recommendation require the matter to be referred to the Council or the Executive for final determination?</b>	Yes: <input type="checkbox"/>	No: <input checked="" type="checkbox"/>
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### 3. Introduction

- 3.1 The Government launched its plans for an early year's national funding formula (for three and four year olds) on 11<sup>th</sup> August 2016 (see <https://consult.education.gov.uk/early-years-funding/eynff> to download/read the document). Responses were due by 22<sup>nd</sup> September 2016.
- 3.2 An additional £1 billion is being invested into free childcare, and this includes extending the free entitlement to childcare from 15 to 30 hours a week for working parents, and increasing the funding rates.
- 3.3 All local authorities are currently funded at different rates for three and four year olds, ranging from £3,080 per (FTE) child in Solihull to £8,713 per (FTE) child in Camden. West Berkshire receives £3,911. The funding received is based on the number of children recorded in the January census week (5/12 from the previous January, 7/12 from the current year January). The final allocation is confirmed and adjustment made in the June following the end of the financial year.
- 3.4 Local authorities (LAs) distribute the funding to providers based on their own local formula, using a wide variety of methodologies. It is largely paid as an hourly rate according to the actual number of hours of provision. Thus the funding received (based on a proxy number in January) does not match the funding distributed and some LAs "profit", others lose.

## 4. Main Changes Proposed

- 4.1 The funding to be allocated to LAs will be based on a new national formula. There will be a universal base rate plus an additional needs rate which will be added together and multiplied by an area cost adjustment.
- 4.2 The methodology used to distribute funding to providers will be prescribed by the Government with little local flexibility. Only one base rate will be allowed with limited use of supplements, and the ability to use a quality supplement will be withdrawn. The funding level of supplements will be capped, as will the amount of funding set aside for centrally retained services. The thinking is that it will be a simple transparent single formula rate with the majority of funding received by the local authority being distributed to providers.
- 4.3 The funding formula for two year olds will not change, and LAs can continue to use their existing method to allocate to providers. Additional funding will be added and distributed through the existing formula.
- 4.4 The consultation also contained proposals for meeting the needs of disabled children through a disability access fund, and for local authorities to establish an inclusion fund to support children with special educational needs. Early year's pupil premium grant will continue to be funded separately.
- 4.5 What the consultation failed to address is that due to the mismatch between funding received (based on children counted in January census week) and the funding distributed (based on actual number of hours of provision), the hourly funding rate paid to providers may be significantly different to the funding rate received, and will fluctuate year on year. It continues to be an unfair system where some LAs can receive significantly more funding than they need, and others significantly less.

## 5. Funding Implications

- 5.1 Appendix A is a Fact Sheet setting out the implications of these proposals for West Berkshire's early year's providers. This was sent out to all providers, encouraging them to respond to the consultation.
- 5.2 The main message is that this is not a good or fair deal for West Berkshire. The funding rate proposed for West Berkshire is below average, when it should be well above the average (as is the case for the more recently introduced two year old funding rates). Many providers will see a reduction in their funding, some significantly. In the last few years the funding rate we use for providers has been maintained due to using unspent two year old funding; the increase in the LA funding rate proposed just plugs this gap. When the Government states that most providers will see an increase in the funding they receive this was based on comparing proposed LA funding rates to current LA funding rates and not what providers are actually currently receiving.
- 5.3 The formula West Berkshire currently uses to distribute funding to providers will need to completely change, using one base rate instead of five, and removing the quality rates.
- 5.4 Once the final arrangements are announced by the Government the LA will need to consult with all providers on its proposals for implementing the change. The new formula will need to be implemented within two years, so funding floors and ceilings

to limit the losses during this period will need to be used, assuming West Berkshire's proposed funding rate as given in the consultation does not significantly increase.

- 5.5 If the funding rate is not increased, there is a high risk that many providers will be unable to afford to continue to provide the free entitlement, and there is a risk that there will not be a sufficient number of places, particularly for the 30 hour provision for those families that qualify.
- 5.6 There is also a risk that the removal of the quality rate will result in many providers no longer appointing qualified staff, in order to reduce costs.

## 6. Appendices

Appendix A – EYNFF Fact Sheet based on West Berkshire's Perspective

## Appendix A

### Early Years National Funding Formula – Consultation (closing date 22 September 2016)

#### Fact Sheet based on West Berkshire's (WBC) Perspective

##### The National Funding Rate – Funding from Central Government to Local Authorities (LAs)

1. The funding each local authority will receive will be based on a new national formula. The hourly funding rate determined by this formula will be the same for both the existing universal 15 hours and for the additional new 15 hour entitlement for children of working parents:

$(\text{Universal Base Rate} + \text{Additional Needs Rate}) \times \text{Area Cost Adjustment} = \text{Hourly Funding Rate per child.}$

2. For WBC this is:

$(\text{£}3.52 + \text{£}0.21) \times 1.26 = \text{£}4.70$  per hour per child.

3. The national average rate will be £4.71, with a range from £3.89 (Herefordshire) to £8.51(Camden). These are the rates without transitional protection and other add on's (such as pupil premium and disability access).
4. Our current rate is £4.13. The current national average is £4.43, with a range from £3.24 to £9.17. 112 LAs will receive greater per hour funding, 38 will get less.
5. The new range of funding is still a very wide variation – the highest rate is 2.2 times the lowest, compared to 2.8 currently. With 89.5% of the total funding being channeled through the universal base rate this is not the expected result, and does not seem to represent a fair “national” rate. The fact that those LAs losing funding will be limited to no more than a 10% loss even when the transitional protection ends, means some LAs (18 in total) will continue to be funded at artificially high levels, which does not seem fair or in line with the principles of the system.
6. It doesn't seem right that WBC's funding rate is below average. This result is because the area cost adjustment is relatively low for WBC - this is a multiplier of 1.26 in a range of 1.00 to 1.90. The expectation would be that WBC's funding rate and area cost multiplier would be well over the average, as is the case for the 2 year old funding rate. The general labour market (GLM) rates used appear reasonable, but the data used for rateable property costs could be flawed as this is creating the large variation in LA rates and bringing WBC below average. Given the above national average property costs in WBC, this does not make sense.
7. Compare this to the 2 year old funding rates (the methodology will not change for this). WBC currently receives £5.36 compared to the national average of £5.09. The new rate for WBC will be £5.74 compared to the national average of £5.39. The range will be from £5.20 to £6.50. This seems reasonable yet the proposed 3 & 4 year old rates are way out of line with this. If there is no change proposed for the 2



year old methodology as it is deemed to be “fair” and fit for purpose, why is this “simple” and understood methodology not being used for the funding of 3 & 4 year olds?

8. Additional needs factor – it is unclear why this is required in addition to the Early Years Pupil Premium (EYPP) and should be kept separate rather than complicate the base funding. The main methodology being proposed is using free School Meals eligibility for KS1 and 2 children. This will not accurately channel funding where it is needed. As there is already in place a system for determining early years pupil premium eligibility, why is this not being proposed which in theory should be much more accurate than based on a proxy measure? Instead of adding to the base funding formula, this element of funding should be added to the EYPP – it is, after all, for the same purpose.
9. Although on the face of it WBC will receive more funding (£4.70 per hour per child compared to £4.13 per hour per child), this does not mean that providers will receive more funding. What has not been taken into account is the fact that previous years under spends in 2 year old funding is being used to maintain current funding rates for 3 & 4 year olds, so the proposed increase in rate simply plugs the current funding gap (the DfE’s March 2016 base lining exercise looked at how the **in-year** allocation of DSG was being spent, not what the total current spending plan is, which includes use of previous year DSG under spends).

### Provider Rates – Local Authority Funding to Providers

1. The LA will still be responsible for distributing the funding it receives to all early years providers, via a local formula.
2. To make the formula more consistent between LAs, the proposal is that there will be just one base rate, the same for all types of providers (WBC currently use 5), and limited use of supplements. A quality supplement will no longer be allowed as good quality should be expected of all providers rather than an optional extra (although in WBC it has been used due to the correlation between provider costs and staff qualifications).
3. Assuming the LA hold back the maximum proposed 5% for central costs and do not apply any supplements (capped at 10%, and it is proposed that the deprivation supplement will remain mandatory), the maximum possible funding rate to providers would be £4.47 (the indicative rate for WBC providers given in the consultation is £4.50). It is questionable whether this is a sustainable rate of funding across all providers in WBC to deliver high quality early education and encourage provision of the 30 hours.
4. The cost of childcare review concluded that the average hourly cost of 3 & 4 year old provision was £4.25 in private settings and £4.37 in primary schools. In WBC the cost in many private settings is far greater than this.
5. The WBC current provider rates are:
  - PVI: range from £3.70 (preschool/childminder with no quality supplement) to £5.52 (private nursery with highest quality supplement); Average is £4.33
  - Maintained nursery class: £4.13
  - Maintained nursery school: £4.63

6. Maintained nursery schools currently also receive a lump sum. There will be supplementary funding from the DfE to protect this payment for a minimum of 2 years in order to give such schools time to work out how they can be more sustainable in the longer term. In WBC this lump sum is £128k per school, which will be a significant saving for these 2 schools to find in addition to the reduction in their hourly rate.
7. 34 of our providers (29%) would be on a lower rate – of up to 20% reduction. Even allowing a two year transfer period over to the new formula, the highest quality providers will be seeing significantly lower funding rates from April 2017. There is no funding protection/funding floor for individual providers mentioned in the proposals, although WBC will need to operate floors and ceilings over the two year implementation period.
8. The indicative funding rate does not, however, account for contingency (for in-year demographic growth) or for off-setting any shortfall in funding from the previous year – this would reduce the rate given above. Funding to the LA is based on two January census’ whereas payments are made to providers for actual hours of provision so there will always be a mismatch in funding to manage, leading to year on year uncertainty on provider rates. In setting the annual rate, LAs have to make a judgment on both likely funding based on a future census and how many hours of provision they will need to fund in the coming year, and add or subtract the under or over spend from the previous year – the resultant rate therefore may not be anywhere close to the “national” or the indicative provider rate.
9. In WBC the annual mismatch (shortfall) in 3 & 4 year old funding in recent years has been:  
  
2013/14 = £580k  
2014/15 = £668k  
2015/16 = £397k
10. The only way to have a fair and transparent funding system where it can be seen by all that the majority of funding is being passed over to providers is for funding to be paid to the LA on **actual** annual hours of provision in the year rather than the current system which is based just on hours of provision in January census week (this needs to be for 2 year olds as well as 3 & 4 year olds). The current mismatch allows the possibility of a significant in year funding gap to be recovered the following year, and will be further compounded by the additional 15 hours. Funding received for the year is already retrospective (i.e. final payment for 2015/16 notified and received July 2016) so a retrospective early years funding system would not be a departure from current practice. It would give LAs and providers the certainty they need on funding rates.

## Summary

In order to deliver a fair and transparent system, it is WBCs view that the following changes to the proposals need to happen:

1. The property element of the area cost adjustment (ACA) should be removed (as it is clearly not delivering reasonable results), and therefore put the ACA in line with that used in the 2 year old funding formula.
2. Additional needs funding should be removed from the main formula funding rate, with this funding added to the EYPPG instead (and therefore remove the mandatory deprivation supplement from provider rates).
3. The DSG funding needs to be calculated on actual hours of provision being funded, and not by using the January census as a proxy.
4. The 10% limit on losses needs to be removed, even if it means extending the two year transitional period.

More details on the proposals can be read in the Governments consultation document, available on this webpage:

<https://www.gov.uk/government/news/fairer-early-years-funding-plan-launched>

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## Dedicated Schools Grant Monitoring Report 2016/17 – Month 5

**Report being considered by:** Schools Forum  
**On:** 10/010/2016  
**Report Author:** Claire White, Ian Pearson  
**Item for:** Discussion      **By:** All Forum Members

### 1. Purpose of the Report

1.1 This report sets out the current financial position of the services funded by the Dedicated Schools Grant (DSG), highlighting any under or over spends.

### 2. Recommendation(s)

2.1 That the report be noted.

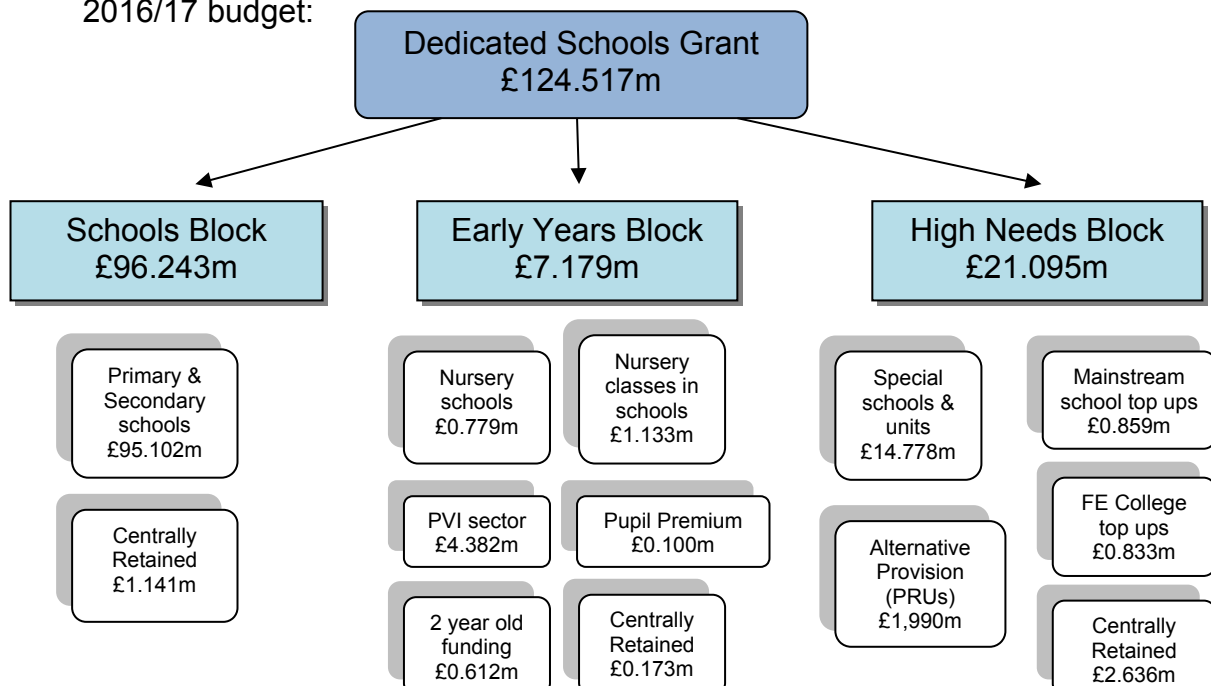
<b>Will the recommendation require the matter to be referred to the Council or the Executive for final determination?</b>	Yes: <input type="checkbox"/>	No: <input checked="" type="checkbox"/>
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### 3. Background

3.1 The Dedicated Schools Grant (DSG) is a ring fenced specific grant which can only be spent on school/pupil activity as set out in The School and Early Years Finance (England) Regulations 2015.

3.2 The grant is split into three funding blocks. Although separate allocations are received for each, the blocks themselves are not ring fenced.

3.3 The following diagram shows what is funded out of each of the three blocks in the 2016/17 budget:



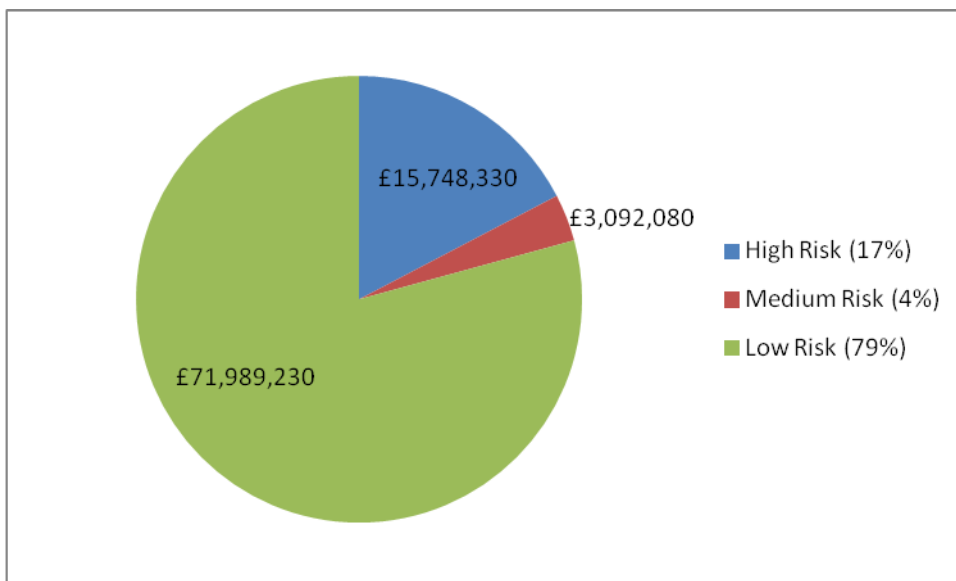
Notes:

1. The figures above include expected carry forward of grant totalling £1,254m. The actual in-year grant allocation is £123.263m
2. The main centrally retained services are:  
 Schools Block – licences for all schools, growth fund for schools, school admissions service  
 Early Years Block – quality monitoring & compliance, eligibility checking, sufficiency & sustainability planning  
 High Needs Block – ASD advisory support, Home Tuition, Engaging Potential, therapy services, sensory impairment support, inclusion support, applied behaviour support, vulnerable children support, early intervention
3. The figures include funding to Academies and post 16 high needs place funding which form part of our allocation but not our budget as they are paid direct by the EFA – this totals £33,687k.

3.4 Overspends, unless funded from outside the DSG, are carried forward and top sliced from the following year’s DSG allocation. Under spends must be carried forward to support the school’s budget in future years.

3.5 The Authority and Schools’ Forum are responsible for ensuring that the DSG is deployed correctly according to the Regulations, and monitoring of spend against the grant needs to take place regularly to enable decision making on overspends/underspends and to inform future year budget requirements.

3.6 The following chart illustrates the proportion and value of the DSG budget that is volatile and high risk due to regulations requiring funding to follow the pupil according to their individual needs (top up funding, early years funding), and where increases are largely outside the control of officers:



Medium risk relates mainly to contracts with external providers where the charge may vary or where staffing budgets may vary, and low risk is for budgets such as school delegated funding and high needs place funding which is fixed and will not vary at all in year.

**4. Monitoring Position as at Month 5 (31 August 2016)**

4.1 The forecast under or over spend position at the end of August is shown in the table below. A more detailed position per cost centre is shown in Appendix A.

DSG Block	Total Net Budget	Forecast (under) / over spend					Change from last report
		Month Three	Month Five	Month Seven	Month Nine	Year End	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Schools Block (inc ISB)	66,043	0	0				0
Early Years Block	7,147	0	0				0
High Needs Block	16,919	0	0				0
<b>Total Net Expenditure</b>	<b>90,109</b>	<b>0</b>	<b>0</b>				<b>0</b>
Support Service Recharges	721	0	0				0
<b>Total Expenditure</b>	<b>90,830</b>	<b>0</b>	<b>0</b>				<b>0</b>
DSG Grant Expected	-90,830	697	1,000				303
<b>Net Position</b>	<b>0</b>	<b>697</b>	<b>1,000</b>				<b>303</b>

4.2 As at the end of August 2016 there were no variances emerging in any of the spending blocks compared to the budget set.

4.3 The forecast over spend on grant income is partly (£697k) as per the decision made by the Schools' Forum when the budget was set in March 2016 to allocate out more grant than that expected to enable the continuation of some key high needs services. This decision was taken after consideration of the two year position whereby it was forecast that the 2016/17 overspend can be met from the 2017/18 DSG allocation, assuming costs overall do not significantly increase and our DSG allocation remains at a similar level.

4.4 The remaining £303k variance on grant income is due to the January 2016 early years PVI census returning a lower number than that estimated in the budget. This was notified to the local authority in July and has resulted in a claw back of funding relating to 2015/16 (91k), and a lower estimate of funding for 2016/17.

## 5. Schools Block

5.1 The Schools Block is expected to be on-line, with any under or over spends in the growth and falling rolls fund (contingency) budget, primary schools in financial difficulty budget, and other de-delegated services being ring fenced and carried forward to 2017/18, not impacting on the overall position of the DSG. There may be

variations on the delegated primary and secondary budgets due to rating revaluations, but this will not be significant.

## **6. Early Years Block**

- 6.1 The early years block is difficult to predict due to the volatile nature of both early years block funding (the final grant allocation is largely based on the January 2017 census), and payments to providers (payments are made according to actual number of hours of provision each term). Summer term payments to providers were greater than budgeted, but lower numbers in the autumn term may well off set this. The report is therefore showing spend to be on-line until the autumn position is determined in month seven when the majority of payments for this term have been made.

## **7. High Needs Block**

- 7.1 The High Needs Block is currently on-line. The high risk top-up budgets are based on actual pupils in the spring term (plus or minus known changes), and there were minimal changes to this position in the summer term. Most changes in high needs placements take place in the autumn term, and no significant increases are currently showing. Month seven figures will provide a better indication of the financial year position. Charges for hospital tuition (in private settings) is becoming a growing pressure and the level/nature of these charges are currently being investigated.

## **8. Conclusion**

- 8.1 It is too early in the academic year to assess whether the DSG budget will continue to be on-line. Most funding changes occur in the autumn term, so a clearer picture will emerge by month seven.

## **9. Appendices**

Appendix A – DSG 2016-17 Budget Monitoring Report Month 5



Dedicated School's Grant (DSG) 2016-17 Budget Monitoring Month 5								
Budget manager	Cost Centre	Description	Original Budget	Net Virements in year	Amended Budget	Forecast	Variance	Comments
Ian Pearson	90019	DSG Servicing of Schools' Forum	42,220		42,220	42,220	0	
Ian Pearson	90020	Primary Schools	47,945,750		47,945,750	47,945,750	0	
Ian Pearson	90025	Secondary Schools	16,477,900		16,477,900	16,477,900	0	
Maxine Slade	90035	LAC Pupil Premium	0		0	0	0	
Ian Pearson	90038	Pupil Premium -	0		0	0	0	
Rob O'Reilly	90112	Special Costs Primary - closed	34,790	-34,790	0	0	0	
Rob O'Reilly	90117	Special Costs Secondary - closed	11,970	-11,970	0	0	0	
Rob O'Reilly	90113	Trade Union Costs - New	0	46,760	46,760	46,760	0	
Ian Pearson	90230	Schools in Financial Difficulty	117,320	215,280	332,600	332,600	0	
Ian Pearson	90235	School Delegated Contingency	290,000	143,920	433,920	433,920	0	
Ian Pearson	90236	Managed Moves/Exclusions	0		0	0	0	
Maxine Slade	90255	Virtual School Service	229,130	3,150	232,280	232,280	0	
Cathy Burnham	90349	Behaviour Support - DSG	203,890	10,640	214,530	214,530	0	
Caroline Corcoran	90583	CLA/MPA Licences	126,780		126,780	126,780	0	
Caroline Corcoran	90743	Admissions	190,400		190,400	190,400	0	
<b>Schools Block Total</b>			<b>65,670,150</b>	<b>372,990</b>	<b>66,043,140</b>	<b>66,043,140</b>	<b>0</b>	
Ian Pearson	90010	Nursery Schools	779,380		779,380	779,380	0	
Avril Allenby	90017	Early Years Support Team	95,960		95,960	95,960	0	
Avril Allenby	90018	Expenditure on 2 year olds	611,450		611,450	611,450	0	
Avril Allenby	90036	Early Years Funding for FVI	4,382,000		4,382,000	4,382,000	0	
Ian Pearson	90037	Early Yrs Funding Maintained Sector	1,133,080		1,133,080	1,133,080	0	
Avril Allenby	90051	Early Years Funding - Contingency	0		0	0	0	
Avril Allenby	90052	Early Years FPG & Deprivation Funding	100,000		100,000	100,000	0	
Rhian Ireland	90287	Pre School Teacher Counselling	45,000		45,000	45,000	0	
<b>Early Years Block Total</b>			<b>7,146,870</b>	<b>0</b>	<b>7,146,870</b>	<b>7,146,870</b>	<b>0</b>	
Nicola Ponton	90026	Academy Schools RU Top Ups	546,760		546,760	546,760	0	
Nicola Ponton	90539	Special Schools - Top Up Funding	3,142,550		3,142,550	3,142,550	0	
Nicola Ponton	90548	Non WBC Special Schools - Top Up Funding	1,068,100		1,068,100	1,068,100	0	
Nicola Ponton	90575	Non LEA Special School (OofA)	750,950		750,950	750,950	0	
Nicola Ponton	90579	Independent Special School Place & Top Up	1,683,500		1,683,500	1,683,500	0	
Nicola Ponton	90580	Further Education Colleges Top Up	832,650		832,650	832,650	0	
Nicola Ponton	90617	Resourced Units top up Funding maintained	367,910		367,910	367,910	0	
Nicola Ponton	90618	Non WBC Resourced Units - Top Up Funding	50,000		50,000	50,000	0	
Nicola Ponton	90621	Mainstream - Top Up Funding maintained	480,420		480,420	480,420	0	
Nicola Ponton	90622	Mainstream - Top Up Funding Academies	184,790		184,790	184,790	0	
Nicola Ponton	90624	Non WBC Mainstream - Top Up Funding	66,220		66,220	66,220	0	
Cathy Burnham	90625	Pupil Referral Units - Top Up Funding	1,033,340		1,033,340	1,033,340	0	
Nicola Ponton	90627	Disproportionate No. of HN Pupils NEW	127,690		127,690	127,690	0	
Jane Seymour	90237	Special Needs Delegated Contingency	0		0	0	0	
<b>High Needs Block: Top Up Funding Total</b>			<b>10,334,880</b>	<b>0</b>	<b>10,334,880</b>	<b>10,334,880</b>	<b>0</b>	
Cathy Burnham	90320	Pupil Referral Units	840,000		840,000	840,000	0	
Ian Pearson	90540	Special Schools	2,860,000		2,860,000	2,860,000	0	
Nicola Ponton	90584	Resourced Units - Place Funding (70)	470,830		470,830	470,830	0	
<b>High Needs Block: Place Funding Total</b>			<b>4,170,830</b>	<b>0</b>	<b>4,170,830</b>	<b>4,170,830</b>	<b>0</b>	
Rhian Ireland	90238	Sen Pre School Childrn	50,210		50,210	50,210	0	
Nicola Ponton	90240	Applied Behaviour Analysis	76,130		76,130	76,130	0	
Rhian Ireland	90280	Spec Needs Spprt Team	300,280	-27,840	272,440	272,440	0	
Rhian Ireland	90288	Elective Home Education Monitoring - New	0	27,840	27,840	27,840	0	
Jane Seymour	90289	Learning Independence for Travel	40,000		40,000	40,000	0	
Jane Seymour	90290	Sensory Impairment	238,800		238,800	238,800	0	
Jane Seymour	90295	Therapy Services	324,430		324,430	324,430	0	
Cathy Burnham	90315	Home Tuition	300,000		300,000	300,000	0	
Rhian Ireland	90555	LAL Funding	116,200		116,200	116,200	0	
Nicola Ponton	90565	Equipment For SEN Pupils	20,000		20,000	20,000	0	
Jane Seymour	90577	SEN Commissioned Provision	540,260		540,260	540,260	0	
Cathy Burnham	90582	PRU Outreach	117,000		117,000	117,000	0	
Jane Seymour	90585	HN Outreach Special Schools	70,000		70,000	70,000	0	
Nicola Ponton	90610	Hospital Tuition	20,000		20,000	20,000	0	
Rhian Ireland	90830	ASD Teachers	139,720		139,720	139,720	0	
Rhian Ireland	90857	Early Intervention - closed	0		0	0	0	
Cathy Burnham	90961	Vulnerable Children	60,000		60,000	60,000	0	
Rhian Ireland	90965	SEN Inclusion Programme - closed	0		0	0	0	
<b>High Needs Block: Non Top Up or Place Funding</b>			<b>2,413,030</b>	<b>0</b>	<b>2,413,030</b>	<b>2,413,030</b>	<b>0</b>	
<b>High Needs Block Total</b>			<b>16,918,740</b>	<b>0</b>	<b>16,918,740</b>	<b>16,918,740</b>	<b>0</b>	
<b>Total Expenditure across funding blocks</b>			<b>89,735,760</b>	<b>372,990</b>	<b>90,108,750</b>	<b>90,108,750</b>	<b>0</b>	
<b>SUPPORT SERVICE RECHARGES</b>			<b>720,890</b>		<b>720,890</b>	<b>720,890</b>	<b>0</b>	
<b>TOTAL DSG EXPENDITURE</b>			<b>90,456,650</b>	<b>372,990</b>	<b>90,829,640</b>	<b>90,829,640</b>	<b>0</b>	

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# Schools Forum Forward Plan

	Item	HFG Deadline	Heads Funding Group	SF Deadline	Schools Forum	Comments	Author
<b>Term 2</b>	Draft DSG Funding & Budget 2017/18	15/11/16	22/11/16	25/11/16	05/12/16	Discussion	Claire White
	Draft High Needs Budget 2017/18	15/11/16	22/11/16	25/11/16	05/12/16	Discussion	Jane Seymour & Cathy Burnham
	Draft Early Years Budget 2017/18	15/11/16	22/11/16	25/11/16	05/12/16	Discussion	Avril Allenby
	Update on Schools in Financial Difficulty	15/11/16	22/11/16	25/11/16	05/12/16	Information	Claire White
	Schools Funding Benchmarking Information			25/11/16	05/12/16	Information	Claire White
	DSG Monitoring 2016/17 Month 7			25/11/16	05/12/16	Information	Ian Pearson
<b>Term 3</b>	Overview of DSG Funding and Draft Budget 2017/18	05/01/17	11/01/17	13/01/16	23/01/17	Discussion	Claire White
	School Budget and School Formula 2017/18	05/01/17	11/01/17	13/01/16	23/01/17	Decision	Claire White
	High Needs Budget Proposals 2017/18	05/01/17	11/01/17	13/01/16	23/01/17	Discussion	Jane Seymour & Cathy Burnham
	PRU Strategic Review Update			13/01/16	23/01/17	Discussion	Caroline Corcorran
	Growth Fund and Falling Rolls Fund 2016/17			13/01/16	23/01/17	Information	Claire White
	DSG Monitoring 2016/17 Month 9			13/01/16	23/01/17	Discussion	Ian Pearson
<b>Term 4</b>	Work Programme 2017/18	15/02/17	21/02/17	24/02/17	06/03/17	Decision	Jo Reeves
	Final DSG Budget 2017/18	15/02/17	21/02/17	24/02/17	06/03/17	Decision	Claire White
	Final High Needs Budget 2017/18	15/02/17	21/02/17	24/02/17	06/03/17	Decision	Jane Seymour & Cathy Burnham
	Final Early Years Budget 2017/18	15/02/17	21/02/17	24/02/17	06/03/17	Decision	Avril Allenby
	DSG Monitoring 2016/17 Month 10			24/02/17	06/03/17	Information	Ian Pearson

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