

NOTICE OF MEETING

Schools Forum

Thursday 6 December 2018, 4.30 pm

**Room 4 Ground Floor South - Time Square, Market Street, Bracknell,
RG12 1JD**

To: The Schools Forum

Schools Members:

Liz Cole, Primary School Representative (Headteacher)
Jane Coley, Academy School Representative (Headteacher)
Karen Davis, Primary School Representative (Headteacher)
Neil Davies, Primary School Representative (Headteacher)
Peter Floyd, Special School Representative (Governor)
Martin Gocke, Pupil Referral Unit Representative (Governor)
Keith Grainger, Secondary School Representative (Headteacher)
Stuart Matthews, Academy School Representative (Headteacher)
Roger Prew, Primary School Representative (Governor)
Leslie Semper, Academy School Representative (Headteacher)
Phil Sherwood, Primary School Representative (Headteacher)
Debbie Smith, Secondary School Representative (Headteacher)
Richard Stok, Primary School Representative (Governor)
One Vacancy, Academy Representative
One Vacancy, Secondary School Representative (Governor)

Non-Schools Members

Dominic Asater, 16-19 Partnership Representative
Michelle Tuddenham, PVI Provider Representative
Greg Wilton, Teacher Union Representative
One Vacancy, Diocese Representative

Gill Vickers
Executive Director: Delivery

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If you require further information, please contact: Derek Morgan
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Published: 27 November 2018

Schools Forum

Thursday 6 December 2018, 4.30 pm

**Room 4 Ground Floor South - Time Square, Market Street, Bracknell,
RG12 1JD**

Sound recording, photographing, filming and use of social media at meetings which are held in public are permitted. Those wishing to record proceedings at a meeting are however advised to contact the Democratic Services Officer named as the contact for further information on the front of this agenda as early as possible before the start of the meeting so that any special arrangements can be made.

AGENDA

Page No

1. **Apologies for Absence/Substitute Members**

To receive apologies for absence and to note the attendance of any substitute members.

2. **Declarations of Interest**

Members are asked to declare any disclosable pecuniary or affected interests in respect of any matter to be considered at this meeting.

Any Member with a Disclosable Pecuniary Interest in a matter should withdraw from the meeting when the matter is under consideration and should notify the Democratic Services Officer in attendance that they are withdrawing as they have such an interest. If the Disclosable Pecuniary Interest is not entered on the register of Members interests the Monitoring Officer must be notified of the interest within 28 days.

Any Member with an affected Interest in a matter must disclose the interest to the meeting. There is no requirement to withdraw from the meeting when the interest is only an affected interest, but the Monitoring Officer should be notified of the interest, if not previously notified of it, within 28 days of the meeting.

3. **Election of Chairman**

4. **Election of Vice-Chairman**

5. **Minutes and Matters Arising**

To approve as a correct record the minutes of the meeting of 20 September 2018.

5 - 12

6. **Schools Forum - Constitution**

To provide the Forum with an updated copy of its constitution and membership.

13 - 28

7. **Improving Leadership and Governance Over Special Educational Needs Support and the High Needs Funding Block**

To consider a proposal to pilot a mechanism for children/young people to have prompt access to short-term additional specialist support from the High Needs Block without having to wait to go through an Education Health Care Plan statutory needs assessment to access

29 - 34

Element 3 'top up funding'.

8. **2019-20 Funding Policy for New and Expanding Schools**

To seek approval to the Start-up and Diseconomy Funding Policy for New and Expanding Schools to be applied in 2019-20.

35 - 58

9. **Proposals for the 2019-20 Schools Block Element of the Schools Budget**

To provide an update to the Schools Forum on the matters that can now be dealt with in respect of the Schools Block and Central School Services Block elements of the Schools Budget in order for the timely preparation of the 2019-20 budget, including considering the views from schools as expressed in their responses to the recent financial consultation.

59 - 80

10. **Date of Next Meeting**

The next meeting of the forum will be held on 17 January 2019.

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**SCHOOLS FORUM
20 SEPTEMBER 2018
4.30 - 6.10 PM**

Schools' Members

Liz Cole, Primary School Representative (Headteacher)
Karen Davis, Primary School Representative (Headteacher)
Neil Davies, Primary School Representative (Headteacher)
Peter Floyd, Special School Representative (Governor)
Martin Gocke, Pupil Referral Unit Representative (Governor) (Vice-Chairman)
Keith Grainger, Secondary School Representative (Headteacher)
Roger Prew, Primary School Representative (Governor)
Phil Sherwood, Primary School Representative (Headteacher)
Debbie Smith, Secondary School Representative (Headteacher)

Non-Schools' Members:

Michelle Tuddenham, PVI Provider Representative (Co-Optee)

Observer:

Councillor Dr Gareth Barnard, Executive Member for Children, Young People & Learning (Observer)

Apologies for absence were received from:

Jane Coley, Academy School Representative (Headteacher)
Dominic Asater, 16-19 Partnership Representative

59. Election of Chairman

The Forum was invited to elect a Chairman but no nominations were forthcoming. There were no nominations either for Vice-Chairman.

The Forum was therefore advised that, in view of the number of vacancies and the obvious reluctance of anyone present to take on either role, further discussions would take place outside the meeting regarding the roles. After further discussion, Martin Gocke agreed to take the Chair for this meeting.

Martin Gocke in the Chair

60. Declarations of Interest

Debbie Smith declared an interest in item 8, Arrangements for Additional Financial Support to Schools.

61. Minutes and Matters Arising

The minutes of the meeting of the Forum held on 21 June 2018 were confirmed and signed by the Chairman as a correct record.

Arising on the minutes, the Forum noted that:

- The figure £3,600 in minute 53 should be £3,500.
- The primary focus rather than focus of the Forum as referred to in minute 50 should be financial.

In addition, arising on minute 54, the officers were seeking to ensure that all SEN data was accurate and that the right support was there for those children who needed it. A funding bid to provide the additional capacity was being submitted and a school site sought which was willing to house the provision which would be for primary pupils as the gap in provision was at primary rather than secondary level. It would be a hub from which the right services would be available for the children who required it in the borough. The Department for Education would select the provider.

The Forum was, however, reminded that the Schools Forum had previously rejected the view that there was enough funding for vulnerable pupils. As a result, it was agreed that there was a need to have a further discussion at the next meeting on SEN and alternative provision.

The Forum was also advised that discussions about CAMHS in East Berkshire was ongoing. Opportunities were also being explored to do more joint commissioning in relation to health services overall and not just CAMHS.

62. **Consideration of Academy School Membership on the Forum**

The Panel was invited to consider whether it was appropriate for two of the academy school representatives to be from the same academy group.

After some discussion, it was apparent that, whilst the Forum may seek to influence the decision to ensure that one multi-academy group was not over-represented, it had no power to make the decision. In the circumstances, Paul Clark was asked to write to the academy schools asking if they wished to nominate a representative to the Forum, and, if more than three were forthcoming, seek to agree an appropriate appointment mechanism.

RESOLVED that Paul Clark engage with the academy schools to fill the current vacancies on the Forum, in as representative a way as possible.

63. **School and Education Funding for 2019-20: Preliminary Information**

The Forum considered a report on the latest government announcements on school funding and inviting it to consider some initial matters that would need to be considered as part of the 2019-20 budget setting process. It built on a number of previous briefings and decisions and incorporated the Department for Education's (DfE) technical paper Schools Revenue Funding 2019 to 2020 Operational Guidance. Paul Clark made a presentation to the Forum.

The Forum was advised that the Department for Education was in the process of implementing national funding reforms for schools and education with the introduction of a new national funding formula to distribute funds to local authorities via the ring-fenced Dedicated Schools Grant (DSG). This was based on a further formula, the Schools National Funding Formula (SNFF), that would eventually have to be used to distribute funds to individual schools.

The SNFF would contain uniform units of resource which would be paid at the same value for every school in the country, other than where an area cost adjustment was added to reflect specific, geographic costs. Bracknell Forest would receive a 5.61% local area uplift. To minimise the impact on individual school budgets, the new framework was being introduced on a phased basis and was expected to be fully implemented from April 2021 at which point there would be a much more limited role for local authorities in determining budget allocations for their local schools.

The reforms to the funding framework would be accompanied by additional funding. Initially this was announced at an extra £500m, but this was subsequently increased by a further £1.3bn for schools and high needs budgets across 2018/19 and 2019/20. Budgets beyond 2020 would be confirmed in the next spending review.

The Forum's attention was drawn to the following key elements of the new funding system:

1. The basic amount that every pupil would attract in 2018/19 and 2019/20 would increase from 2017/18 levels.
2. In calculating local authority funding allocations through the aggregation of individual school budgets on the SNFF, there would be gains of up to 3% a year per pupil, with every school receiving at least a 0.5% a year per pupil cash increase.
3. There would be minimum per pupil funding rates in 2019/20 for primary schools of £3,500 and secondary schools of £4,800. Meeting these minimum rates would be outside the 3% cap, meaning some schools would exceed the maximum 6% two year increase.

Before taking account of any potential increases in pupil numbers, provisional calculations indicated that per pupil funding for Bracknell Forest schools would increase by 2.4% next year (circa £1.529m) as further gains were experienced as the transitional funding arrangements moved on one more year. A small number of pressures had also been identified, most notably in respect of the widely known additional support required by new schools to fund diseconomy and other costs which was provisionally estimated at £1.3m. A joint funding proposal for these costs between the council and schools, including general unallocated balances held in the central Schools Budget, would be considered by the Executive in October.

The Forum was invited to comment on how the budget should be built and whether any specific questions should be asked of schools through an autumn term financial consultation. It's views were to be taken into account in producing the consultation with schools to gather wider views which would aim to conclude before 19 October 2018. The outcomes were to be reported to the Forum at its meeting on 6 December 2018 together with associated budget proposals. Final budget decisions would need to be taken on 17 January 2019 with the DfE notified no later than 21 January 2019.

Updated information on the teachers' pay award was provided. The DfE had not accepted the STRB recommendation for the first time. The pay award would be met by way of a Teachers' Pay grant to cover the additional cost above 1% which had been budgeted for. It was to be expected that ongoing funding would be addressed as part of the forthcoming spending review, but this had not been confirmed. The Forum was briefed on the anticipated basis of the calculation but advised that further guidance was expected.

The focus of the ensuing discussion was on a three-way approach to meeting the financial challenges facing the schools. This would be based on funding from the accumulated Schools Budget reserves and balances, the schools and the Council. The Executive Member for Children, Young People & Learning advised the Panel; that he was hoping the Executive would support making a contribution to the funding in partnership with the schools.

Although it was suggested that the Schools Forum's should have a duty of care to the schools first and foremost and could not necessarily be expected to support the suggested approach, the Forum welcomed the Council's approach and urged the Executive to do all it could to make a significant contribution to help mitigate the impact of the funding pressures on the schools. The Executive Member reminded the Forum that the Council's budget was finite and therefore any money going to one service would have to come from another, but he wanted the money to go where it was most needed and would achieve the most..

Members had concerns about precisely what the three way approach would actually look like, but were advised that more detailed modelling would be available once the Executive had reached its decision. It was, however, stated that whatever the Council did to help support the schools, there would be a need for existing schools to fund some of the additional costs and there were likely to be other difficult decisions ahead as the Government had not indicated any other forthcoming money.

The Forum also endorsed the questions to be put to the schools regarding the approach to funding which included also gathering views on how available money should be distributed to schools..

RESOLVED that

- 1 In order to aid planning for the 2019-20 budget for schools, the proposed approach to setting the 2019-20 Schools Budget be as follows:
 - 1 The Schools Budget will be set at the eventual level of grant income plus accumulated balances and reserves
 - 2 There will be no requests from the council to transfer funds between the different funding blocks of the DSG.
 - 3 Specific funding for pressures will only be provided (subject to sufficient resources) where it is included in the financial settlement from the DfE, represented a statutory requirement or a local priority. At this stage, this would be limited to:
 - (a) increases in pupil numbers,
 - (b) changes in the cost of business rates,
 - (c) anticipated growth allowance payments, in particular to existing schools experiencing significant in-year increases in pupil numbers or meeting the needs of Key Stage 1 class size regulations and diseconomy and other costs associated with new schools.
 - 4 To recognise that in the long term, schools budgets would be calculated through the SNFF, budgets for Bracknell Forest schools would again be calculated to be as close a fit to the SNFF as possible.

- 5 Furthermore, reflecting the estimated average per pupil funding increase of 2.4% and the intention to closely match the SNFF:
 - (a) The MFG would remain set at the highest permitted value of +0.5%, and match the minimum per pupil increase applied in the SNFF - the cost of funding protection to be financed through limiting gains at relevant schools.
 - (b) Minimum per pupil funding rates would be set at £3,500 for primary aged pupils and £4,800 for secondary, the same as applied in the SNFF.

- 6 That the services currently managed centrally by the council and funded through the CSSB would continue to be centrally managed, with budgets capped at the amount of CSSB DSG funding.

- 7 That views be sought from schools on:
 - (a) Whether the services permitted to be 'de-delegated' should continue to be returned to the council for central management.
 - (b) Whether to continue with the £20 per pupil contribution to 'general' education related statutory and regulatory duties that the council needed to meet from general resources, following withdrawal of £1.2m of DfE grant funding.
 - (c) Should a top slice to fund new schools be required, whether the remaining money should be:
 - (i) as close a fit to the SNFF as possible; or,
 - (ii) to boost funding to those schools receiving the lowest increases by meeting the 0.5% minimum increase and £3,500 and £4,800 minimum funding rates

- 2 That it be noted that:
 - (a) The Council's Executive would be considering a joint funding proposal with schools to meet the diseconomy funding costs arising as a result of the new school building programme and that this would have a significant impact on how the Schools Budget was funded.
 - (b) A review of pupil and place planning forecasting arrangements was to be undertaken by an independent, external specialist.
 - (c) Initial budget proposals for High Needs and Early Years services were to be presented to the Forum in December, when more up to date budget information would be available.

64. **Arrangements for Additional Financial Support to Schools**

The Forum considered a report seeking its approval for additional financial support to schools, in particular, approval of new applications for licensed deficit arrangements. An update on the current position in respect of previously agreed loans was also presented, as well as an update on the funding allocations made to schools in

financial difficulties under the powers delegated by the Forum to the Executive Director: People.

The Forum was reminded that schools could experience short term financial difficulties for a number of reasons and these would normally be readily resolved over the medium term. To help manage change through a planned rather than reactive process, the Schools Forum was able to agree support measures to maintained schools. Proposals for financial support for 2018-19 included agreeing medium term financial plans in three schools that required permission to overspend in aggregate by up to £0.590m in the short term but demonstrated the ability to fully repay the overspending and return to a surplus position.

The Forum noted that the previously agreed loans for the following schools were on target to be repaid in accordance with the agreed conditions:

- 1 Easthampstead Park Secondary School;
- 2 Birch Hill Primary School;
- 3 Ascot Heath Infant School;
- 4 Sandhurst Secondary.

Further requests were considered from Sandhurst Secondary, The Pines Primary School and Winkfield St Mary's Primary School.

The level of need at Sandhurst Secondary concerned the Forum. It was advised that the officers were confident that, despite the high level of support required, the increase in the school's number of pupils, would enable it to repay the loan. It was acknowledged that, although the department was generally aware of emerging financial problems in schools, the Sandhurst case had come as a surprise. With increasing financial pressures, there was no guarantee that another case of this magnitude would not occur, although monitoring was such that it was hoped this would not happen.

The Forum was advised that the increased requests for financial support showed that the current financial environment was having an effect on schools and would need to be monitored carefully to ensure schools could meet their financial obligations arising from the loans.

RESOLVED that, subject to the school governors confirming the funding schedule and compliance with the associated terms and conditions of the available deficit arrangement:

- 1 Sandhurst Secondary School receive a licensed deficit of up to £0.510m, for full repayment by 31 March 2022;
- 2 Pines Primary School receive a licensed deficit of up to £0.075m, for full repayment by 31 March 2021;
- 3 Winkfield St Mary's Primary School receive a licensed deficit of up to £0.030m, for full repayment by 31 March 2021.

NB: Debbie Smith, having declared an interest, left the meeting prior to discussion of this matter.

65. The Schools Budget - 2018-19 Budget Monitoring

The Forum considered a report on the 2018/19 forecast budget monitoring position for the Schools Budget, in order for it to be aware of key issues and management actions being taken and progressed to date on the Education Capital Programme.

Initial monitoring of the revenue budget indicated a forecast year end underspend of £0.116m which mainly arose as a result of the revised amount of Department for Education (DfE) grant income being £0.163m greater than the amount assumed when the budget was originally set. Work on the provision of school places continued to progress through the capital programme, with the secondary phase at Kings Academy Binfield now open and various other projects in progress. Significant maintenance schemes at schools were also underway, prioritised through the findings of condition surveys.

Capital spend of £13.636m was anticipated this financial year, with £9.439m slipping into 2019-20 to reflect the phasing of works. However, with the market continuing to tighten significantly and prices increasing, there was an on-going need for reviews of scope to remain within individual project budgets. At this stage, there was expected to be sufficient DfE grant funding and developer contributions plus the investment from the Council to fully finance the schemes required in the short term, with funding pressures expected to arise over the medium term. Due to an urgent and pressing need to complete a substantial number of high cost roof repairs, the planned maintenance programme was also facing pressure in delivering all the works required within available funds. However, a small amount of funds was being held in reserve for emergency works. This pressure was expected to continue into the medium term.

RESOLVED that:

- 1 The net forecast revenue underspending of £0.116m be noted; and,
- 2 That progress to date on the Education Capital Programme be noted.

66. Dates of Future Meetings

The Forum was advised that its October meeting would not be required, therefore, its next meetings were scheduled to take place at 4.30pm on:

6 December 2019
17 January 2019
14 March 2019

A briefing for members of the Forum would take place at 3.30pm before each of the meetings.

CHAIRMAN

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To: **Schools Forum**
18 January 2018

Schools Forum – Constitution **Director of Resources**

1 Introduction

- 1.1 To provide the Forum with an updated copy of its constitution and membership.

2 Supporting Information

- 2.1 The Forum's constitution has been tweaked to ensure reference to academies is up-to-date. This is in line with the good practice guidance which states "local authorities may wish to encourage academies to consider the pupil proportions across all academies when electing their representatives." If further schools become academies and the number of academy representatives increases, then this figure will be reviewed. In addition, the constitution now includes reference to a maximum of two members from any multi-agency trust or maintained school to prevent one institution having undue influence on the Forum.
- 2.2 The opportunity has also been taken to incorporate a summary of the respective roles of the Forum, the Council and the DfE as outlined in the Education and Skills Funding Agency's recently published guidance.
- 2.3 The membership of the Forum has also been updated with vacancies filled by the Executive Director: People following the receipt of no nominations when the vacancies were notified to schools during the spring term.
- 2.4 The latest guidance also stipulates that "the schools forum must elect a Chair from amongst its own members, so it is not possible to elect an independent Chair. In addition any elected member of the local authority or officer of the local authority who is a member of a schools forum may not hold the office of Chair."

3 Equalities Impact Assessment

- 3.1 Not applicable.

4 Strategic Risk Management Issues

- 4.1 Not applicable.

Background Papers

None.

Contact for further information

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BRACKNELL FOREST SCHOOLS FORUM CONSTITUTION

1. BACKGROUND

- 1.1 The Schools Forum was established by virtue of Section 47A of The School Standards and Framework Act 1998 (as amended by the Education Act 2002) which required local authorities to constitute a schools forum. The Forum is operated in accordance with the Schools Forums (England) Regulations 2010. The Forum has a legal identity but is not a corporate body of Bracknell Forest Borough Council.

2. MEMBERSHIP STRUCTURE

- 2.1 The Forum membership is divided into schools and non-schools members. Schools members will include senior members of school staff and governors. These representatives will reflect the proportion of pupils in academy schools and those maintained by the LA, with maintained school representatives also reflective of the proportion of pupils in primary and secondary schools. There is also a school member to represent special schools and a further member representing the Pupil Referral Unit.
- 2.2 Non schools members may constitute a maximum of one third of the total membership of the Forum to represent relevant bodies as defined in the Regulations and shown in the table below which sets out the approved membership of the Schools Forum in terms of representation, broken down into schools and non-schools categories:

	Head Teacher	School Governor	Academy	Total	%
<u>Academy Members</u>					
Secondary Academy			4	4	31
Primary Academy					
<u>Schools Members</u>					
Primary Maintained	4	2		6	46
Secondary Maintained	2	1		3	23
Special School				1	
Pupil Referral Unit				1	
Total Schools' and Academies' Members (minimum 66.7%)				15	79
<u>Non-Schools Members</u>					
16-19 Provider				1	
Early Years Provider				1	
Diocese Representative				1	
Independent				0	
Trades Union				1	
Total non-school members (maximum 33.4%)				4	21
Total Members				19	100
Executive Member for Children, Young People & Learning has observer status					

*Senior staff: This can be the principal, headteacher, assistant head teacher, bursar or person responsible for the financial management of a maintained school.

Education and Skills Funding Agency (ESFA) observer status will be given at School Forum meetings with the right to participate in discussions. This will enable the ESFA to support the local process and to provide a national perspective.

2.3 The current membership list is attached to this Constitution at Appendix B.

Term of Office

2.4 The table below details the term of office for each type of member once they have been elected/ appointed. Memberships will be valid until the term of office comes to an end or a member resigns or otherwise becomes ineligible for membership. At the end of their term of office, members can stand for re-election from the body they represent. There is no limit to the number of times a member can be re-elected.

Category	Term of office on Schools Forum
Senior Schools Staff	Three academic years
Governors	Three academic years
Academy representative	Three academic years
Non school members	Three academic years
Chairman/Vice-Chairman	One academic year

Elections and nominations of members

2.5 When a vacancy arises for a Schools member on the Schools Forum, a replacement will be elected according to the process agreed by the constituents represented by the members of that group or sub-group. For the election of academy members, each multi-academy trust shall hold one vote irrespective of the number of Bracknell Forest schools within the trust. Furthermore, no trust or maintained school may have more than 2 representatives on the Forum.

Restrictions on membership

2.6 Elected Members who hold an executive role in a Local Authority (a lead member/portfolio holder) are barred from being either a schools member (by virtue of them being a school governor) or a non-schools member. Officers who have a role in the strategic resource management of the authority are also barred from membership of the Forum. Democratic Services can provide advice on the eligibility of nominees, as necessary.

2.7 The Executive Member for Children, Young People and Learning at Bracknell Forest Council has the role of Observer at the Schools Forum. The Executive Member will be able to attend public meetings of the Forum and address the meeting when invited to do so by the Chairman however, they will have no formal status and will not be able to participate in voting.

3 Terms of Reference and Role of the Forum

3.1 The Forum has both a consultative and decision making role. The respective roles of schools forums, local authorities and the DfE are summarised in Appendix A. The overarching areas on which the Forum makes decisions on Council's proposals are:

- De-delegation from mainstream maintained schools budgets (separate approval will be required by the primary and secondary phase members of schools forum), for prescribed services to be provided centrally.

- To create a fund for significant pupil growth in order to support the local authority's duty for place planning (basic need), including pre-opening and diseconomy of scale costs, and agree the criteria for maintained schools and academies to access this fund.
- To create a fund for falling rolls for good or outstanding schools if the schools' surplus capacity is likely to be needed within the next three years to meet rising pupil numbers and agree the criteria for maintained schools and academies to access this fund.
- Agreeing other centrally retained budgets, including for local authority statutory responsibilities (where these relate to maintained schools only, voting is by the primary, secondary, special and PRU members of the Forum).
- Funding for central early years expenditure, which may include funding for checking eligibility of pupils for an early years place, the early years pupil premium and/or free school meals.
- Authorising a reduction in the schools budget in order to fund a deficit arising in central expenditure, or from de-delegated services, which is to be carried forward from a previous funding period in the 2018/19 funding year the schools block is ring-fenced – the Council requires the Schools Forum's approval in order to move up to 0.5% from the schools block to other blocks.

NB:

- (i) In each of these cases, the Council may appeal to the Secretary of State if the Schools Forum rejects its proposal.
- (ii) The Council cannot delegate its executive decision making powers to the Schools Forum, for example, decisions on the funding formula.

3.2 Regulations state that the Council must consult the Schools Forum annually in connection with various schools budget functions, namely:

- Amendments to the school funding formula, for which the voting is restricted by the exclusion of non-schools members except for PVI representatives.
- Arrangements for the education of pupils with special educational needs in particular the places to be commissioned by the Council and schools and the arrangements for paying top-up 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 local authority and schools and the arrangements for paying top-up funding.
- Arrangements for early years provision
- Administrative arrangements for the allocation of central government grants paid to schools via the local authority

3.3 The Council must also consult the Forum when it is proposing a contract for supplies and services which is to be funded from the Schools Budget and is in excess of the EU procurement thresholds. The consultation must cover the terms of the contract at least one month prior to the issue of invitations to tender.

NB: The Schools Forum has the responsibility of informing the governing bodies of all schools maintained by the local authority of the results of any consultations carried out by the local authority relating to these issues.

3.4 The Council will need to discuss with the Forum any proposals that they intend to put to the Secretary of State to:

- Vary the MFG.
- Use exceptional factors.
- Vary pupil numbers (Secretary of State approval is no longer required for increases relating to changes in admission limits or reorganisations).
- Allow additional categories of, or spending on, central budgets.
- Amend the sparsity factor.
- Vary the lump sum for amalgamating schools.
- Vary the protection for special schools and special academies.
- Move up to 0.5% from the schools block, where the Forum does not agree, or move more than 0.5% from the schools block.

4. ADMINISTRATION

- 4.1 The Forum is administered by Democratic Services who will notify members of meeting dates, circulate agendas, record and circulate minutes of the proceedings of the Forum's meetings, assist with the election of new members and process members' expenses claims. A record of the composition of the Schools Forum detailing the type of membership (schools/non-schools) and term of office will be maintained by the Clerk to the Schools Forum.

5. CONDUCT OF MEETINGS

Timing and Frequency of Meetings

- 5.1 Meetings of the Forum will take place on at least four occasions per annum.

Quorum

- 5.2 In accordance with the Regulations, 40% of the total current membership (excluding vacancies and observers) will constitute the quorum for Forum meetings and although inquorate meetings may proceed, any resulting advice given to the Council would not have to be taken into account by it.

Substitution

- 5.3 Members of the Forum may nominate substitutes to attend meetings in their place in the event that they are unable to attend themselves. The substitute must represent the same group as the member he/she is substituting. In order for a substitution to be formalised, his/her name must be notified to the clerk to the Forum at least thirty minutes prior to the commencement of the meeting to which the substitution applies.

Voting

- 5.4 Matters before the Forum for consideration shall be determined by voting on an individual basis with members having one vote each. The chairman shall have a second and casting vote in the event that there is an equality of votes cast.
- 5.5 The voting arrangements will be restricted by allowing only schools and Academy members (and the private, voluntary and independent sector - PVI members) to vote where this is prescribed in the Schools Funding Regulations.

Public Meetings and Papers

- 5.6 Meetings of the Forum shall be open to the press and public and associated agenda papers and minutes shall be available for public inspection except on occasions

when it is considered expedient to treat agenda papers with confidentiality and to agree a motion requiring the exclusion of the press and public from meetings. An example of such an occasion is a confidentiality issue surrounding individual schools' budgets.

Declarations of Interest

- 5.7 Members are required to declare at meetings of the Forum any interest they or their school may have in the business to be conducted at that meeting. The Forum will determine whether the declared interest is of a significant nature and the declarer's withdrawal from the meeting during the consideration of that issue is necessary.

Chairmanship/Vice Chairmanship

- 5.8 The Forum shall elect a chairman and vice chairman both of whom must be from amongst its own members, by a majority of votes cast on an annual basis at the first meeting in the academic year. Any non-executive elected member or eligible officer who is a member of a forum may not hold the office of chair.

Sub Groups

- 5.9 The Forum may establish sub groups and/or working groups on an ad hoc basis, however, any advice arising from these sub groups shall be approved by the Forum as a whole before being passed to the LA.

Right of Attendance

- 5.10 In addition to members, substitute members, official observers and officers in attendance, the press, public, other officers of the Council and any teachers or governors wishing to attend meetings of the Forum shall be able to do so except in the event that a motion is agreed to the contrary. The authority may also ask other observers to attend Schools Forum meetings, for example, expert advisors on relevant issues or any other body to attend as an observer. Only Forum Members, official observers and council officers attending for official forum business can participate in Forum meetings.

Urgent Business

- 5.11 Where there is a genuine business need for a decision or formal view to be expressed by the Forum before the next scheduled meeting, the authority may call an unscheduled meeting or alternatively, the Clerk to the Schools Forum will collate opinions from all members via email correspondence and a consensus decision or formal view will be formulated in consultation with the chairman.

6 FORUM BUDGET / MEMBERS' EXPENSES

Forum Budget

- 6.1 Each year the Forum is required to agree its budget for the forthcoming year on the basis of the anticipated number of meetings to be held that year and the estimated direct costs associated with holding meetings of the Forum.

Members' Expenses

- 6.2 All reasonable expenses incurred by members in connection with attendance at meetings of the Forum or in connection with the business of the Forum, including attending other meetings or training courses/conferences will be reimbursed.

A summary of the powers and responsibilities of schools forums.

Function	Local authority	Schools forum	DfE role
Formula change (including redistributions)	Proposes and decides	Must be consulted [voting restrictions apply - see schools forum structure document] and informs the governing bodies of all consultations	Checks for compliance with regulations
Movement of up to 0.5% from the schools block to other blocks	Proposes	Decides	Adjudicates where schools forum does not agree local authority proposal
Contracts (where the local authority is entering a contract to be funded from the schools budget)	Proposes at least one month prior to invitation to tender, the terms of any proposed contract	Gives a view and informs the governing bodies of all consultations	None
Financial issues relating to: <ul style="list-style-type: none"> • arrangements for pupils with special educational needs, in particular the places to be commissioned by the local authority and schools and the arrangements for paying top-up funding • arrangements for use of pupil referral units 	Consults annually	Gives a view and informs the governing bodies of all consultations	None

Function	Local authority	Schools forum	DfE role
<p>and the education of children otherwise than at school, in particular the places to be commissioned by the local authority and schools and the arrangements for paying top-up funding</p> <ul style="list-style-type: none"> • arrangements for early years provision • administration arrangements for the allocation of central government grants 			
Minimum funding guarantee (MFG)	Proposes any exclusions from MFG for application to DfE	Gives a view	Approval to application for exclusions
Carry forward a deficit on central expenditure to the next year to be funded from the schools budget	Proposes	Decides	Adjudicates where schools forum does not agree local authority proposal
Any brought forward deficit on de-delegated services which is to be met by the overall schools budget.	Proposes	Decides	Adjudicates where schools forum does not agree local authority proposal
De-delegation for mainstream maintained schools for: <ul style="list-style-type: none"> • contingencies 	Proposes	Maintained primary and secondary school member representatives will decide	Will adjudicate where schools forum does not agree local authority

Function	Local authority	Schools forum	DfE role
<ul style="list-style-type: none"> • administration of free school meals • insurance • licences/subscriptions • staff costs – supply cover • support for minority ethnic • pupils/underachieving groups • behaviour support services • library and museum services • School improvement 		for their phase. Middle schools are treated according to their deemed status	proposal
<p>General Duties for maintained schools</p> <ul style="list-style-type: none"> • Contribution to responsibilities that local authorities hold for maintained schools 	Proposes	Would be decided by the relevant maintained school members (primary, secondary, special and PRU).	Adjudicates where schools forum does not agree local authority proposal
<p>Central spend on and the criteria for allocating funding from:</p> <ul style="list-style-type: none"> • funding for significant pre-16 pupil growth, including new schools set up to meet basic 	Proposes	Decides	Adjudicates where schools forum does not agree local authority proposal

Function	Local authority	Schools forum	DfE role
<p>need, whether maintained or academy</p> <ul style="list-style-type: none"> • funding for good or outstanding schools with falling rolls where growth in pupil numbers is expected within three years 			
<p>Central spend on:</p> <ul style="list-style-type: none"> • early years block provision funding to enable all schools to meet the infant class size requirement • back-pay for equal pay claims • remission of boarding fees at maintained schools and academies • places in independent schools for non-SEN pupils • admissions • servicing of schools forum • Contribution to responsibilities that local authorities hold for all schools 	Proposes	Decides	Adjudicates where schools forum does not agree local authority proposal
<p>Central spend on:</p> <ul style="list-style-type: none"> • capital expenditure funded from revenue – projects must have been planned and decided 	Proposes up to the value committed in the previous financial year and where	Decides for each line	Adjudicates where schools forum does not agree local authority proposal

Function	Local authority	Schools forum	DfE role
<p>on prior to April 2013 so no new projects can be charged</p> <ul style="list-style-type: none"> • contribution to combined budgets – this is where the schools forum agreed prior to April 2013 a contribution from the schools budget to services which would otherwise be funded from other sources • existing termination of employment costs (costs for specific individuals must have been approved prior to April 2013 so no new redundancy costs can be charged) • prudential borrowing costs – the commitment must have been approved prior to April 2013 	<p>expenditure has already been committed.</p>		
<p>Central spend on:</p> <ul style="list-style-type: none"> • high needs block provision • central licences negotiated by the Secretary of State 	<p>Decides</p>	<p>None, but good practice to inform forum</p>	<p>None</p>
<p>Scheme of financial management changes</p>	<p>Proposes and consults the governing body and Head of every school</p>	<p>Approves (schools members only)</p>	<p>Adjudicates where schools forum does not agree local authority proposal</p>

Function	Local authority	Schools forum	DfE role
Membership: length of office of members	Decides	None (but good practice would suggest that they gave a view)	None
Voting procedures	None	Determine voting procedures	None
Chair of schools forum	Facilitates	Elects (may not be an elected member of the Council or officer)	None

MEMBERSHIP OF THE BRACKNELL FOREST SCHOOLS FORUM:

SCHOOLS MEMBERS:

Primary Representatives: (4) *Appointed by nomination of Primary Heads group*

Karen Davies, Whitegrove Primary School

Liz Cole, Owlsmoor Primary School

Neil Davis, Sandy Lane Primary

Phil Sherwood, Uplands Primary

Primary Governors: (2) *Appointed from all Primary Governors, by election where needed*

Roger Prew, Primary School Representative (Governors) (to 31 August 2019)

Richard Stok, Primary School Representative (Governors) (to 31 August 2019)

Secondary Representatives: (2) *Appointed by nomination of Secondary Heads group*

Keith Grainger, Head teacher, Garth Hill College

Debbie Smith, Sandhurst School

Secondary Governors: (1) *Appointed from all Secondary Governors, by election where needed*

Vacancy

Academy Representative: (4)

Jane Coley, Brakenhale School

Stuart Matthews, Edgbarrow School

Leslie Semper, Wildmoor Heath School

Vacancy

Special Education Representatives: (1) *Appointed from Special School Governors*

Peter Floyd, Kennel Lane (31.08.2020)

Pupil Referral Unit (PRU) Representative: (1)

Martin Gocke, College Hall PRU (Vice-Chairman)

NON-SCHOOLS MEMBERS:

Union Representative: (1)

Greg Wilton, Teacher Union Representative

Church of England or Roman Catholic Diocese Representative: (1)

Vacancy

16-19 partnership (1)

Dominic Asater

Early Years PVI providers (1)

Michelle Tuddenham

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TO: SCHOOLS FORUM
DATE: 6 DECEMBER 2018

**IMPROVING LEADERSHIP AND GOVERNANCE OVER
SPECIAL EDUCATIONAL NEEDS SUPPORT AND THE HIGH NEEDS FUNDING BLOCK**
Executive Director: People

1 PURPOSE OF REPORT

- 1.1. This is a proposal to pilot a mechanism for children/young people to have prompt access to short-term additional *specialist* support from the High Needs Block without having to wait to go through an Education Health Care (EHC) Plan statutory needs assessment to access Element 3 'top up funding'. The EHC Plan sets criteria for children and young people who are 'at risk', or 'in crises' in relation to their progress as learners and may or may not have been identified as having a special educational need.

2 RECOMMENDATION

- 2.1 **To AGREE the pilot mechanism for children/young people to have prompt access to short-term additional *specialist* support from the High Needs Block without having to wait to go through an Education Health Care (EHC) Plan statutory needs assessment to access Element 3 'top up funding' as summarised in paragraph 5.7.**
- 2.2 **To AGREE in principle that any identifiable additional costs from the proposal are financed from the SEN Strategic Reserve (paragraph 5.15).**
- 2.3 **To AGREE that the proposed project is reviewed before the end of the summer term to determine on-going sustainability.**

3. REASONS FOR RECOMMENDATION

- 3.1. To respond to recommendations from the independent review of the High Needs Block, comments received from head teachers and to seek improvements in arrangements for pupils and young children with special educational needs.

4 ALTERNATIVE OPTIONS CONSIDERED

- 4.1 Stay as we are. There is an existing series of panels and processes within Bracknell Forest to oversee children and young people at different kinds and stages of crises. However, some children/young people are 'falling through the net' in terms of exclusions, identification of needs, and requiring additional support beyond capacity of schools.

5 SUPPORTING INFORMATION.

Background

- 5.1 This report presents a proposal on the High Needs Block (HNB) element of the Dedicated Schools Grant (DSG) that supports pupils with special educational needs and disabilities (SEND) and is intended to fund a continuum of provision for relevant pupils

and students from 0-24. Local Authorities (LAs) receive funding for these provisions from the Department for Education (DfE) and in general commission services from providers. In-house arrangements are made in a relatively small number of areas.

5.2 The DfE has determined that where the cost of provision is above £10,000 it will be classified as high needs. In such circumstances, a “place-plus” approach to funding will generally be used which can be applied consistently across all providers that support high needs pupils and students as follows:

5.2.1 **Element 1 or ‘core education funding’**: equivalent to the age-weighted pupil unit (AWPU) in mainstream schools, which the DfE has stated the national average is around £4,000.

5.2.2 **Element 2, or ‘additional support funding’**: a budget for providers to deliver additional support for high needs pupils or students with additional needs of up to £6,000.

Specialist and Alternative Providers (AP), such as special schools and Pupil Referral Units (PRUs) only cater for high needs pupils and therefore receive a minimum £10,000 (Element 1 funding plus Element 2) per agreed place.

5.2.3 **Element 3, or ‘top-up funding’**: funding above elements 1 and 2 to meet the total cost of the education provision required by an individual high needs pupil or student, as based on the pupil’s or student’s assessed needs. This element is paid to all provider types, for pupils with assessed needs above the £10,000 threshold.

5.3 Additionally, HNB DSG is also intended to be used where high needs provisions are not arranged in the form of places e.g. specialist support for pupils with sensory impairments, or tuition for pupils not able to attend schools etc.

5.4 The proposal presented in this report relates to pilot project relating to ‘top up funding’ to 5 BF mainstream schools and is in response to the recent independent review of the use of High Need Block funding which amongst other things highlighted the lack of head teacher confidence in the current allocation of funding. The survey of school leaders across Bracknell Forest offered evidence for the ‘need to develop increased confidence in the local SEND funding system across the school sector’ Only 20% of Bracknell Forest school leaders reported that the funding arrangements contribute to improved outcomes for children and young people with SEND, as compared to nearly 50% of the national sample.’ Piloting the hub would be a start to increasing this confidence through partnership work.

The Proposal

5.5 At the January 2018 school census, there were 2,348 (11.1%) pupils requiring SEN support with 446 (2.1%) in receipt of an ECH Plan or equivalent. Costs of ‘top up funding’ for BF mainstream schools have been steadily increasing from £0.667m in 2014-15 to a forecast £0.971m for 2018-19 (+45%). In addition, there is concern that fixed term exclusion are high at SEN support and that not all children and young people are receiving the right level of support - 30% of our schools are under-performing and the LA has a duty to ensure that the needs of children and young people in those schools are being met - a view that has been expressed by Forum members on a number of occasions.

5.6 At the moment, there is an existing series of panels and processes within Bracknell Forest to oversee children and young people at different levels and kinds of needs and/or stages of ‘crises’ but there are still children/young people who either ‘fall through the net’ or have not been signposted appropriately.

- 5.7 To consider whether an alternative approach would improve outcomes for children and also provide value for money, a pilot scheme is proposed to operate through to the end of the academic year. The key features of the proposal are:
- 5.7.1. To establish a multi-agency hub as a pilot until the end of the financial year to provide prompt, short-term and **specified** additional resource/support to children and young people through the High Needs Block, in the form of 'top-up funding'.
 - 5.7.2. A school representative would attend the hub to present the child's case, alongside a social worker if the child's case is open to social care. This face-to-face presentation would be in addition to a simple form sent to the hub beforehand setting out the child/young person's needs, **if these are not already captured in any other existing form** on the child/young person- a CAF, EHC assessment request etc... which would be welcomed instead.
 - 5.7.3. The impact of the additional resource/support on outcomes for the child/young person to be reviewed at the end of the time-period set by the hub and the hub would decide the next step.
 - 5.7.4. Where it is decided that no additional support/resource is necessary, guidance and signposting to appropriate services would be provided by the hub.
 - 5.7.5. To initially work with 5 schools
 - 5.7.6. An evaluation report will be presented to the Schools Forum to consider towards the end of the summer term to agree the future of the project
- 5.8 It is accepted good practice for High Needs Block funding to be allocated promptly and creatively through more than just the statutory assessment route for an EHC Plan. Local authorities are encouraged to be efficient and flexible in their use of High Needs Block funding and to work with local providers (particularly mainstream schools and academies, early years settings and further education institutions) to ensure there are clear processes for allocating top-up funding.
- 5.9 The Education, Skills and Funding Agency sets out that *'Although many of the pupils and students receiving high needs funding will have EHC plans, local authorities have the flexibility to provide high needs funding outside the statutory assessment process for all children and young people with high needs up to the age of 19'.¹ An EHC Plan is 'not a requirement'*. In this way, children and young people's needs could be met more promptly and effectively, preventing at times the need for further escalation.
- 5.10 The multi-agency hub would be taken forward **in partnership with schools** and establish routes for both the Local Authority and schools to further develop as commissioners to effectively meet needs of children and young people.
- 5.11 The work of the hub with individual children and young people would contribute towards strategic understanding of needs and identification as well as providing advice and guidance to schools. Census data shows BF has a lower than average identification rate of pupils with Social, Emotional and Mental Health Needs, and Speech, Language and Communication Needs. There is also an increasing rate of fixed and permanent

¹ *High Needs Funding: 2019-20. Operational Guide. Paragraph 80.* Education, Skills and Funding Agency September 2018.

exclusions.-If SEN or other needs were not being identified at the right time the hub would be a start to changing this.

5.12 There is a wider strategic need within Bracknell to establish the input of specialist teacher and trained assistant support for those children and young people with SEN (at SEN Support and EHC levels) and without SEN. This hub would take forward a model of good practice, rather than allocate funding without specification.

5.13 This proposal has the following key benefits:

5.13.1 Improving **outcomes for pupils** across underperforming schools (starting with a small pilot of 5 schools, then increasing to 10).

5.13.2 Reducing fixed term exclusions at SEN Support.

5.13.3 Modelling **value for money use of ‘top-up funding** (from the High Needs Block) to impact on outcomes for pupils who are at risk or in crises in relation to their progress and attainment as learners. This is the **eligibility criteria** at the 5 selected schools.

5.13.4 **Outcomes to be measured** in relation to each child/young person’s starting point.

5.13.5 **Modelling good practice**, by specifying and quantifying interventions and support that have evidence-based proven impact on pupil outcomes. Providing **consistency, transparency and equity** in relation to funding allocations and interventions according to need.

5.14 There are some aspects of the work of the proposal that would need to be carefully monitored including:

5.14.1 ***That it might ‘double-up’ or ‘overlap’ with existing processes.*** This does not adequately counter-act the stronger evidence and concerns that there are children/young people who are either ‘falling through the net’ or cannot access services in time.(We have an above average number of fixed term exclusions in relation to our statistical neighbours). The hub would also signpost children/young people to the relevant panel if need be.

5.14.2 ***That it would cost more money:*** -not necessarily- there is a 50% increase of EHC Plan requests. The hub could operate to prevent the need for further escalation. Also at the moment in Bracknell Forest, there is inadequate financial and quality controls around the money allocated to EHC Plans as there is no specialist support either available nor recommended as set out in the SEND Code and statutory regulations. The impact of teaching assistants (untrained) is well-researched as impeding progress, and at times is used for ‘containment’ rather than anything more strategic and sustainable in relation to a pupils’ outcomes.

5.14.3 ***That if it is a pilot where would the money come from to make it sustainable?***-Other local authorities have more than the statutory EHC needs assessment route to High Needs Funding, and at Schools Forum it is decided which percentage of the High Needs Block goes to the non-statutory and statutory routes.

5.15 In terms of anticipated financial implications, for the reasons set out above, these are difficult to predict until the hub is in operation and the impact can be properly measured. Starting with a time limited pilot, restricted to a maximum of 10 schools will ensure that should a cost increase occur, this will be relatively small. The Schools Forum has previously agreed that £0.439m of prior year DSG under spending should be set aside

in an SEN Strategic Reserve to help effect strategic change. The Forum is recommended in principle to agree that any identifiable additional costs from the pilot be met from this Reserve and to determine on-going sustainability before the end of the summer term.

6 ADVICE RECEIVED FROM STATUTORY AND OTHER OFFICERS

Director of Finance

- 6.1 The supporting information details the unknown nature of potential financial implications from the proposals, however, these are expected to be relatively low due to the limited time and restricted scope of the proposal. Should any costs emerge from the pilot, there are sufficient funds in the SEN Strategic Reserve to finance them.

Borough Solicitor

- 6.2 The Council has the legal powers to use the High Needs Budget in the way proposed in the report.

Equalities Impact Assessment

- 6.3 This would not disadvantage children and young people with SEND who have unmet needs but would pilot a mechanism to ensure we meet their entitlements to have their needs met.

This would remove or minimise disadvantages suffered by pupils who have identified or unidentified SEND (protected characteristic under the public sector equality duty)

Strategic Risk Management Issues

- 6.4 The main risks are:
- Outcomes for pupils across under performing schools will not sufficiently improve.
 - Fixed term exclusions arising from SEN support will not reduce.
 - Ensuring specialist support has the capability and capacity to deliver.

These risks will be mitigated by the pilot scheme which will help to determine medium term solutions. The identified risks are where we are now in relation to the current system for allocation of High Needs Funding on EHC plans, as we do not specify or quantify quality skilled specialist support and evidence-based interventions. (This is now being changed).

7 CONSULTATION

Principal Groups Consulted

- 7.1 People Directorate Management Team. Discussion with representative Head Teachers.

Method of Consultation

7.2 Written report to People Directorate Management Team; informal discussion with representative head teachers

Representations Received

7.3 Included in body of the report.

Background Papers

None

Contacts for further information

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TO: SCHOOLS FORUM
DATE: 6 DECEMBER 2018

2019-20 FUNDING POLICY FOR NEW AND EXPANDING SCHOOLS **Executive Director: People**

1 PURPOSE OF REPORT

- 1.1 The purpose of this report is present for approval to the Forum the *Start-up and Diseconomy Funding Policy for New and Expanding Schools* to be applied in 2019-20. It follows on from the June Forum meeting where proposed changes to the 2018-19 policy were discussed and agreed in principle.

2 RECOMMENDATIONS

- 2.1 **To AGREE the updated policy document attached at Annex 2.**

3 REASONS FOR RECOMMENDATIONS

- 3.1 To ensure that a clear, fair and transparent funding policy is in place that can be consistently applied to all new and expanding schools, placing the minimum financial burden on existing schools.

4 ALTERNATIVE OPTIONS CONSIDERED

- 4.1 This is a policy update. A range of options were considered when the policy was initially agreed and further changes are consider each year as part of the annual update.

5 SUPPORTING INFORMATION

Policy document

- 5.1 Supporting new and expanding schools in the initial years after they open, often with relatively low numbers of pupils as housing developments continue can require significant amounts of additional financial support over a number of years. As more schools open, more experience is gained and the policy therefore needs regular update to remain appropriate for the prevailing circumstances.
- 5.2 The policy is compliant with Department for Education (DfE) guidance which is set out in Annex 1.
- 5.3 Whilst the majority of the 2018-19 policy remains unchanged, the June Forum meeting agreed key 3 changes should be made for 2019-20:
1. A new category for one-off pre-opening start-up costs be added to recognise synergies and other benefits that arise when a group of schools are opening simultaneously by the same provider. This is relevant to the second school being opened by the Kings Academy Group and is a cost reduction.

2. One of the underlying principles of the diseconomy funding model is to link per pupil funding rates for new schools to the minimum rates that the DfE are setting into legislation through the School National Funding Formula (SNFF). The national rates will increase in 2019-20 from £3,300 to £3,500 for primary aged pupils and from £4,600 to £4,800 for secondary aged pupils. The funding model needs to be updated for this change, the cost of which is reflected in the DfE funding settlement.
 3. Add a new post opening revenue grant allocation of £250 per primary aged pupil and £500 per secondary aged pupil. This recognises that new schools experience initial high costs of stocking up with general resources which the day to day budget allocation does not recognise. This proposal replicates the funding allocations that the DfE make to the new free schools they open (see Annex 3).
- 5.4 The policy wording has now been updated to reflect the agreed changes with other minor amendments and clarifications where improvements have been identified, in particular at paragraph 8). where reference is made to needing to regularly amend the units of resource to reflect pay and price changes and making clear that should the funding of existing schools need to reflect the cost impact of new schools, the new school funding rates would also be subject to similar adjustments i.e. reductions.
- 5.5 Appendix 3 of Annex 2 sets out high level costing forecasts. These need to be viewed with caution due to their long term nature and the volatility of a number of factors in the calculation. Taking account of this, additional costs over the next 7 years to March 2026 are forecast at £9.109m. This comprises £2.765m in respect of in-year growth allowances and Key Stage 1 class size funding at existing schools and £6.344m for additional support to new schools. This is a gross cost before taking account of funding anticipated from the DfE which is estimated at £3.440m. The net cost after specific DfE funding is therefore estimated at £5.669m.

School place planning and pupil forecasting

- 5.6 Schools Forum has previously raised concerns about the way that the Council plans for school places, and that as a consequence, an independent review of this function was undertaken by an external specialist. This has resulted in a number of recommendations for changes to the way that the Council forecasts and plans for the provision of school places, which are set out in the attached Annex 4. These recommendations are being incorporated into the new School Places Plan and School Capacity Strategy for 2019-23 which will be finalised and published in the 2019 spring term.

6 ADVICE RECEIVED FROM STATUTORY AND OTHER OFFICERS

Borough Solicitor

- 6.1 The relevant legal issues are addressed within the main body of the report.

Director of Finance

- 6.2 Indicative financial implications from the policy are set out in the attached Annex 2 and a medium term funding policy is included in the 2019-20 budget proposals included on another item on this agenda. There are a number of volatile variables included within the forecasts which require regular review and update.

Equalities Impact Assessment

6.3 None identified.

Strategic Risk Management Issues

6.4 The risk to providing insufficient school places is considered low in the short to medium term as funds and agreements are in place to deliver new schools towards the beginning of major house building programmes, thereby creating the required places.

6.5 There will be a significant revenue pressure on the Schools Budget arising from the need to simultaneously adequately fund a number of new schools that are below their full capacity and therefore encountering diseconomies of scale. In the medium term, the additional cost pressure is proposed to be met from the additional income received through the national school funding reforms, the accumulated balance held in the centrally managed Schools Budget and a one-off funding contribution from the council.

7 CONSULTATION

Principal Groups Consulted

7.1 People Directorate Management Team, BF Schools Forum.

Method of Consultation

7.2 Written reports and presentations.

Representations Received

7.3 From People Directorate Management Team and Schools Forum have been used to formulate the policy.

Background Papers

None.

Contact for further information

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Doc. Ref

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ESFA guidance on the operation of a Growth Fund (July 2018)

114. Growth funding is within local authorities' schools block NFF allocations. For 2019 to 2020, growth funding will be allocated to local authorities using a new formulaic method based on lagged growth data. Details of this are set out in the policy document. The change in the method of funding local authorities has not changed the way in which authorities can allocate funding locally.

114.1. As it is within the schools block, a movement of funding from the schools formula into the growth fund would not be treated as a transfer between blocks. The schools forum would still need to agree the total growth fund.

115. The growth fund can only be used only to:

- support growth in pre-16 pupil numbers to meet basic need
- support additional classes needed to meet the infant class size regulation
- meet the costs of new schools

116. Local authorities are responsible for funding these growth needs for all schools in their area, for new and existing maintained schools and academies.

116.1. Local authorities should fund all schools on the same criteria, discussed below.

116.2. Where growth occurs in academies that are funded by ESFA on estimates, ESFA will use the pupil number adjustment process to ensure the academy is only funded for the growth once.

117. The costs of new schools will include the lead-in costs, for example to fund the appointment of staff and the purchase of any goods or services necessary in order to admit pupils.

117.1. They will also include post start-up and diseconomy of scale costs. These pre and post start-up costs should be provided for academies where they are created to meet basic need.

117.2. ESFA will continue to fund start-up and diseconomy costs for new free schools where they are not being opened to meet the need for a new school as referred to in section 6A of the Education and Inspections Act 2006.

118. The growth fund may not be used to support:

- schools in financial difficulty; any such support for maintained schools should be provided from a de-delegated contingency
- general growth due to popularity; which is managed through lagged funding

119. The growth fund may not be the most appropriate source of funding for growing schools and local authorities should consider varying pupil numbers where there is a more permanent and significant change to numbers, and where it's appropriate for the change to be reflected in the funding formula.

119.1. Local authorities will not need to submit a disapplication request for an increase to numbers where this is due to a change to the admission limit or a local reorganisation.

120. Local authorities are required to produce criteria on which any growth funding is to be

allocated, which must be agreed by the schools forum.

120.1. The schools forum must also be consulted on the total size of the growth fund from each phase, and should receive regular updates on the use of the funding.

120.2. ESFA will check the criteria for compliance with the regulations.

121. The criteria should provide a transparent and consistent basis for the allocation of funding, which may be different for each phase.

121.1. Criteria for allocating growth funds should contain clear objective trigger points for qualification, and a clear formula for calculating allocations with these criteria applying to all schools on the same basis.

121.2. Compliant criteria would generally contain some of the features set out below:

- support where a school or academy has agreed with the authority to provide an extra class in order to meet basic need in the area (either as a bulge class or as an ongoing commitment)
- additional support where a school has extended its age range (the majority of funding would be paid through the funding formula where the local authority should seek a variation in pupil numbers)
- support where a school has temporarily increased its pupil admission numbers (PAN), by a minimum number of pupils, in agreement with the authority
- support for KS1 classes where overall pupil numbers exceed a multiple of 30, by a minimum number of pupils
- pre-opening costs, initial equipping allowance, or diseconomy of scale allowance, for new maintained schools and academies; including new academies where the school is opening in response to basic need

122. Methodologies for distributing funding could include:

- a lump sum payment with clear parameters for calculation (usually based on the estimated cost of making additional provision for a new class, or the estimated start-up costs)
- a per pupil rate (usually based on AWPUP, and reflecting the proportion of the year which is not funded within the school's budget share)
- a per pupil rate, with a maximum ceiling

123. Where growth funding is payable to academies, the local authority should fund the increase for the period from the additional September intake through until the following August.

123.1. Local authorities should enter the cost of growth funding for the April to August period, along with appropriate justification, on the recoupment tab of the APT so that the recoupment calculation can be adjusted accordingly.

124. ESFA will not make growth fund recoupment adjustments for diseconomy of scale, or start-up funding; local authorities should not enter these on the recoupment tab of the APT.

124.1. This funding will continue to be met from the local authority's growth fund.

125. Where schools have agreed an expansion in pupil numbers with the local authority, the school should ensure that they understand the methodology for funding the increase and are content that the expansion is deliverable within the funding available.

126. Local authorities should report any unspent growth funding remaining at the year-end to the schools forum.

126.1. Funding may be carried forward to the following funding period, as with any other centrally retained budget, and local authorities can choose to use it specifically for growth.

127. Any overspent growth funding will form part of the overall DSG surplus or deficit balance.



START-UP AND DISECONOMY FUNDING POLICY FOR NEW AND EXPANDING SCHOOLS IN 2019-20

DECEMBER 2018

Background

- 1) Significant growth in pupil numbers has been experienced in recent years and the latest pupil forecasting information contained in the School Places Plan indicates the trend of increasing pupil numbers at the intake year in primary schools is now beginning to impact on secondary schools. In addition, a number of significant housing developments are also anticipated which will require additional school places.
- 2) All schools where site conditions allow for significant expansions have now been developed which results in any increase in demand for new places needing to be met from new schools. Where new schools are required, they will generally open at the start of an academic year with relatively low pupil numbers as housing construction continues and generally take a number of years to reach the point where the normal operation of the School National Funding Formula (SNFF) delivers sufficient funds to adequately resource the schools. Therefore, during this period, they will need to be funded at a higher rate than would ordinarily be provided, creating a budget pressure within the overall Schools Budget.
- 3) To effectively manage the resultant financial impact, a relevant funding policy needs to be agreed that can be applied consistently, fairly and transparently to all new / expanding schools whilst at the same time minimising the financial burden on existing schools. In addition, the funding policy will need to comply with the requirements of the School Funding Regulations.
- 4) It is important to remember that like the SNFF, the model to be used to fund new / expanding schools will be designed to deliver resources in line with the policy and available funds, with compromises needing to be made. It is therefore designed to be a relatively simple model to “best fit” requirements. In reality, each school will have a different cost base to the model as it will reflect the decisions taken by individual governing bodies and academy trusts. The funding model therefore aims to meet the overall policy objectives and requires individual schools to develop their spending plans accordingly.

Funding options

- 5) School funding is closely regulated by the Department for Education (DfE) and any arrangements to be put in place to provide additional financial support to new / expanding schools will need to be in accordance with current guidance. When growth funding is required over the long term the DfE supports funding schools through a variation to actual pupil numbers. Here, the LA requests to fund relevant schools with the number of pupils required for the normal operation of the Funding Formula to deliver the level of funds needed for the school to operate as determined by the new / expanding schools policy and not the relatively low actual or expected number on roll.

Funding on a variation to pupil numbers is therefore considered the appropriate methodology to adopt in BF due to the long term nature that additional financial support will need to be in place and the greater predictability of income.

Policy Objectives

- 6) As set out above, the new / expanding schools will initially need to be funded at a higher rate than would ordinarily be provided through the SNFF and this will create a budget pressure on the overall Schools Budget. To determine how the appropriate amount of additional funding should be calculated, the following key features and methodologies will be used:
1. The policy only applies to new / expanding schools meeting basic needs requirements i.e. insufficient school places. Pupils attending through parental preference will not be funded by the council.
 2. The need to recognise that new / expanding schools require funding allocations that reflect their additional costs in the initial years, usually as a result of a relatively high proportion of fixed costs compared to total costs.
 3. That a fair and transparent methodology is in place that can be consistently applied to all schools in similar circumstances and is readily understood.
 4. That where possible, units of resource are based on the SNFF, to ensure new / expanding schools move towards their on-going amount of funding, which is the affordable level to the Schools Budget.
 5. Whilst funding negotiations will not routinely be undertaken with individual schools, limited flexibility needs to exist to reflect exceptional / specific circumstances; in particular around the number of classes that need to be opened and pre-opening start-up costs. For example, if a new school fills up relatively slowly, then there is likely to be a need to review the size of the lump sum allocation as fixed costs will remain a larger proportion of costs than expected in the funding policy.
 6. That there is no financial incentive for schools approaching their capacity to remain on the new school funding policy with clear cut off points in place to determine when new schools move to the SNFF.
 7. As initial budgets will be largely based on assessed needs, where a school is found to be over funded for day to day costs in one year, there is the option to make a corresponding reduction to the budget allocation due in the next year. Over funding of up to one class would not normally be subject to repayment.
 8. To reflect the different cost bases, different funding rates will need to be applied to different types of schools i.e. primary, secondary or all through, and also whether it is a new or expanding school.
 9. The policy needs to be regularly reviewed to ensure it remains appropriate for the activity in the borough, remains compliant with ESFA guidance and is affordable.

Components of the proposed additional funding allocations

- 7) The funding elements of the policy are:
1. An allocation for pre-opening / start-up costs. New / expanding schools will incur start-up costs associated with planning and preparation activities required to ensure readiness to admit pupils. These apply to the period between the capital work being completed and the school opening and will characteristically cover salary costs of headteacher, caretaker and administration prior to opening and the purchase of any resources not covered by the capital element of the project necessary to admit pupils. There could also be cases when there is a delay to the scheduled opening date in which case extra costs would be incurred to maintain an empty school to a safe and efficient standard. These costs would need to be assessed on a case by case basis.

2. An allocation for diseconomies of scale. This relates to the need to incur a disproportionate amount of fixed management and premises costs as new schools build up their pupil numbers that the normal operation of the SNFF does not adequately fund when pupil numbers are relatively low.
3. An allocation for day to day operational expenses. DfE Funding Regulations require school budgets to be calculated on actual pupil numbers at the October prior to the commencement of the financial year. The new / expanding schools will all be opening after the census point used for funding purposes and will generally experience significant increases in pupil numbers at the start of each academic year and will therefore need an alternative funding methodology.
4. An allocation for rates. To operate in the same way as the SNFF. A full budget allocation at the estimated cost of rates. Note, due to their charitable status, academy schools receive 80% reduction on business rates and funding will therefore be allocated on 20% of the full cost in relevant circumstances.
5. Post opening funding. To support new schools get through the initial high costs of stocking up with general resources through a top up to the normal school budget which is only sufficient to finance established schools where less consumables and smaller value items would generally be required.
6. Discretion for the relevant Director to consider making adjustments to the funds allocated to new / expanding schools in exceptional circumstances. Any changes would subsequently be reported to the Schools Forum.

Units of resource

- 8) As expected, the financial modelling undertaken indicates different cost bases between school phases and that different units of resource need to be used, the details of which are set out in Appendices 1 and 2. The funding rates will also be subject to regular review to consider the impact of pay and price changes. The following paragraphs summarise the key points and display the illustrative amounts considered appropriate at this stage. Final amounts will need to be agreed by the Schools Forum and Executive Member as part of the normal budget setting process, with affordability likely to be a key issue and should the funding of existing schools need to reflect the cost impact of new schools, the new school funding rates would also be subject to similar adjustments. Therefore rates quoted in this policy need to be viewed as a guide and not guaranteed amounts.

Calculation of total budget

- 9) Total maximum budget allocations will be calculated through reference to the SNFFF, and in particular the new minimum per pupil funding rates i.e. £3,500 for primary and £4,800 for secondary (2019-20 amounts). A cap will be calculated on total funding available when a new school is full, based on the minimum per pupil funding rates required in the SNFF. This would then equate to the minimum budget a school can receive when funded on the SNFF and is consistent with national government funding policy. It will inform what levels of funding can be included in each element of this policy.
- 10) In addition to funding based on minimum per pupil funding rates, there would be an allocation for business rates as this is outside the DfE minimum rate calculation. Table 1 below illustrates how the total maximum budget of a new school would be calculated, using the primary phase as an example.

Table 1: Calculation of maximum budget allocation to a new primary school

FE	Pupils per class	Year Groups	Max NOR	Per pupil funding rate	Rates (estimated actual)	Total if Full
3 FE (assumed to open as 1 FE, then expanding to 2 FE and 3 FE when sufficient demand)						
First FE	30	7	210	£3,500	£20,000	£755,000
Second FE	30	7	210	£3,500	£0	£735,000
Third FE	30	7	210	£3,500	£0	£735,000

Table 1 illustrates the incremental funding to be received as a school expands over time in response to increasing pupil numbers. Assuming a £20,000 cost of business rates, a 1 FE school could receive up to £755,000, a 2 FE school £1,490,000 and a 3 FE school £2,225,000.

The relevant calculation for a 7 FE secondary schools would be:

	30 pupils per class		
X	5 year groups	=	150 pupils
X	7 Forms of entry	=	1,050 pupils
X	£4,800 per pupil	=	£5,040,000 per pupil funding
+	£80,000 rates	=	£5,120,000 maximum budget

- 11) To ensure new / expanding schools move quickly to the SNFF and most likely to higher funding allocations, thresholds will be in place based on actual pupil capacity in a new school. 1 FE schools will move to the SNFF once pupil numbers reach 95% of capacity, 2 FE at 90% and 3 FE and above at 85%. Funding thresholds are lower for larger schools which in general benefit from greater economies of scale. Table 2 below illustrates how this would work.

Table 2: Calculation of maximum NOR for a new primary school before being funded on SNFF

FE	Total if full (as per Table 1)	Maximum pupils			Pupil funding	Rates	Maximum funding on new school formula
		When at full capacity		When on new school policy			
3 FE (assumed to open as 1 FE, then expanding to 2 FE and 3 FE when sufficient demand)							
First FE	£755,000	210	95%	200	£698,300	£20,000	£718,300
Second FE	£1,490,000	420	90%	378	£1,323,000	£0	£1,323,000
Third FE	£2,225,000	630	85%	536	£1,874,300	£0	£1,874,300

Pre-opening / start-up costs – one-off

- 12) Funding will generally be made available for the 2 terms before opening, with headteacher costs funded at 1.0 FTE from January to August for a new school and 0.6 FTE for expanding schools. There is also funding for caretaking and support staff, together with an allowance for other costs such as recruitment and general resources. Expanded schools will receive lower funding levels than new schools due to the availability of an existing school infrastructure that can support this part of the process in a similar way that other expanded schools have.

Table 3: One-off pre-opening / start-up costs

School type	Provisional start-up costs		
	Jan - March	Apr - Aug	Total
Academy Primary School - stand alone	£34,500	£62,900	£97,400
Academy Primary School - satellite to existing school	£26,300	£0	£26,300
New Academy All Through School	£49,900	£160,400	£210,300
Expanded Maintained Primary School	£14,500	£40,800	£55,300

See Appendix 1 for full details.

Diseconomies of scale – on-going (fixed, lump sum payment)

- 13) Funding to be made available to support the senior management, general organisational structure and other costs that generally vary depending on the overall size of a school – forms of entry (FE) – and not the number of classes, and whether expanding or new. All of the primary schools are expected to be opening with an additional 1 FE and will be funded accordingly, with some then expanding to a 2 FE or 3 FE school when demand dictates, at which point additional resources will be required for a step up in organisational requirements, with opening of second FE triggering a payment at around 50% of the 1 FE amount, with the opening of a third FE triggering a payment at around 15% of the 1 FE amount.
- 14) For secondary and all through schools, the larger site dimensions result in proportionally higher fixed costs, and the calculation needs to be based on the final number of FE.

Table 4: Diseconomy funding

School type	Provisional diseconomies funding		
	1 FE	2 FE	3 FE
New Academy Primary School	£167,600	£249,400	£274,300
Expanded Maintained Primary School	£123,200	£192,800	£244,600
	Opening as secondary only	When all through *	
New Academy All Through School	£521,800	£605,600	

*To receive 50% of a new academy primary school amount to reflect economies of scale from an all through school.

See Appendix 2 for full details.

Day to Day expenses – on-going (fixed amount per agreed class)

- 15) The calculation of class funding will be the balancing amount after deducting the funding allocated for diseconomies of scale – on-going (fixed, lump sum payment) from the ‘Total if Full’ budget calculation set out in the Tables. Table 5 below illustrates how this would work for a primary school, with Table 6 showing the calculation for an all through school.

Table 5: Calculation of day to day expenses for a new primary school

FE	Total if full (as per Table 1)	Elements of the funding policy						Grand Total
		Rates	Lump sum (as per Table 4)	Class funding				
				No.	Amount per class (balance)	Total (balance)		
3 FE (assumed to open as 1 FE, then expanding to 2 FE and 3 FE when sufficient demand)								
First FE	£755,000	£20,000	£167,600	7	£81,060	£567,400	£755,000	
Second FE	£1,490,000	£20,000	£249,400	14	£93,310	£1,220,600	£1,490,000	
Third FE	£2,225,000	£20,000	£274,300	21	£101,440	£1,930,700	£2,225,000	

NB. For class funding, the first 7 classes are funded at the 1 FE school rate of £81,060, the next 7 at 2 FE school rate £93,310 and the final 7 at 3 FE school rate £101,440.

Table 6: Calculation of day to day expenses for a new all through school

FE	Total if full (as per para 10)	Elements of the funding policy						Grand Total
		Rates	Lump Sum (as per Table 4)	Class funding				
				No.	Amount per class (balance)	Total (balance)		
7 FE	£5,120,000	£80,000	£521,800	35	£129,090	£4,518,200	£5,120,000	

- 16) Appendix 3 shows a summary of the forecast pupil numbers and costs over the medium term which will be subject to change.

Post opening expenses – one-off (fixed amount per class required by BFC)

- 17) The post-opening revenue budget is intended to support new schools through the initial high costs of stocking up with general resources through a top up to the normal school budget allocation which is only considered sufficient to finance established schools where less consumables and smaller value items would generally be required as stock would be built up gradually over a number of years.
- 18) The policy uses the funding allocations that the DfE make to new free schools. One-off per pupil funding allocations are made in the value of £250 per primary aged pupil and £500 per secondary aged pupil. For each new class opened by a primary school as requested by the council would be paid at £7,500 for each class, at the start of the academic year it opens. A total of £52,000 would be paid to a 1 FE primary (7 classes). If a school chooses to open more classes that considered necessary by the council, they will not receive post opening expenses.
- 19) Secondary schools would receive £15,000 for each class required by the council, with a 7 FE school receiving £525,000 (35 classes).

One-off pre-opening /start-up costs

New Primary Academy School - stand alone

Expense / Income	Pay point	Basic Pay / cost	Full Year Total	FTE Jan - Mar	Cost Jan - Mar	FTE Apr - Aug	Cost June - Aug	Cost Apr - Aug	Full cost
Headteacher	L11	£52,335	£66,204	1.0	£16,551	1.0		£27,585	£44,136
Caretaker - Caretaker grade	BG - I17	£21,392	£25,670	0.0	£0	1.0		£6,418	£6,418
School Business Manager	BG - I32	£29,652	£35,583	0.4	£3,558	0.6		£8,896	£12,454
Governing body		£4,000	£4,000		£1,000			£1,667	£2,667
Professional costs (legal / finance)		£25,000	£25,000		£9,375			£15,625	£25,000
Recruitment / hospitality		£5,000	£5,000		£4,000			£2,083	£6,083
Staff induction / training		£5,000	£5,000		£0			£3,125	£3,125
Equipment / Resources (Revenue)		£15,000	£15,000		£0			£6,250	£6,250
Office Services		£3,000	£3,000		£0			£1,250	£1,250
Costs between handover and opening							£15,000	£15,000	£15,000
Sub - Total					£34,500		£15,000	£87,900	£122,400
Less DfE grant		-£25,000	-£25,000					-£25,000	-£25,000
Total					£34,500		£15,000	£62,900	£97,400

New Primary Academy School - satellite to parent school

Expense / Income	Pay point	Basic Pay / cost	Full Year Total	FTE Jan - Mar	Cost Jan - Mar	FTE Apr - Aug	Cost June - Aug	Cost Apr - Aug	Full cost
Professional staff costs			£17,100		£10,400			£8,500	£18,900
Caretaking Assistant			£1,800		£0			£1,800	£1,800
Administration / Reception			£2,950		£0			£2,950	£2,950
Professional costs (legal / finance)			£6,000		£0			£6,000	£6,000
Recruitment / hospitality			£7,620		£7,560			£60	£7,620
Staff induction / training			£1,600		£0			£1,600	£1,600
Equipment / Resources (Revenue)			£9,280		£5,180			£4,100	£9,280
Office Services			£3,150		£3,150			£0	£3,150
Sub - Total					£26,300		£0	£25,000	£51,300
Less DfE grant			-£25,000					-£25,000	-£25,000
Total					£26,300		£0	£0	£26,300

New All through Academy school

Expense / Income	Pay point	Basic Pay / cost	Full Year Total	FTE Jan - Mar	Cost Jan - Mar	FTE Apr - Aug	Cost June - Aug	Cost Apr - Aug	Full cost
- Headteacher	L26	£75,012	£94,890	1.0	£23,723	1.0		£39,538	£63,261
Site Controller - Caretaker grade	BG I - 17	£21,392	£25,670	0.0	£0	1.0		£6,418	£6,418
School Business Manager	BG - F44	£40,558	£48,670	0.6	£7,300	1.0		£20,279	£27,579
Administration	BG - I25	£23,708	£28,450	0.6	£4,267	1.0		£11,854	£16,121
Governing body		£5,000	£5,000		£1,250			£2,083	£3,333
Professional costs (legal / finance)		£25,000	£25,000		£9,375			£15,625	£25,000
Recruitment / hospitality		£25,000	£25,000		£4,000			£10,417	£14,417
Staff induction / training		£20,000	£20,000		£0			£12,500	£12,500
Equipment / Resources (Revenue)		£45,000	£45,000		£0			£18,750	£18,750
Office Services		£7,000	£7,000		£0			£2,917	£2,917
Costs between handover and opening							£45,000	£45,000	£45,000
Sub - Total					£49,900		£45,000	£185,400	£235,300
Less DfE Grant		-£25,000	-£25,000					-£25,000	-£25,000
Total					£49,900			£160,400	£210,300

Maintained Primary school - expanding

Expense / Income	Pay point	Basic Pay / cost	Full Year Total	FTE Jan - Mar	Cost Jan - Mar	FTE Apr - Aug	Cost June - Aug	Cost Apr - Aug	Full cost
Headteacher	L11	£52,335	£66,204	0.6	£9,931	0.6	£16,551	£26,482	
Caretaker - Caretaker grade	BG - I17	£21,392	£25,670	0.0	£0	0.5	£5,348	£5,348	
School Business Manager	BG - I32	£29,652	£35,583	0.4	£3,558	0.6	£8,896	£12,454	
Governing body		£4,000	£4,000		£1,000		£1,667	£2,667	
Recruitment / hospitality		£5,000	£5,000		£0		£2,083	£2,083	
Staff induction / training		£5,000	£5,000		£0		£3,125	£3,125	
Equipment / Resources (Revenue)		£15,000	£5,000		£0		£2,083	£2,083	
Office Services		£3,000	£2,600		£0		£1,083	£1,083	
Total					£14,500		£40,800	£55,300	

Diseconomy Funding – Primary Expanded

Primary - Expanded	Data Source	Pay point	Basic Pay	On-costs %	On-costs £'s	Full year total	FTE	Gross Pay	1 FE	2 FE	3 FE
									Cost Apr - Mar	Cost Apr - Mar	Cost Apr - Mar
Senior Leadership - non teaching time	Pay & Conditions	L2	£41,847	26.50%	£11,089	£52,936	0.2	£10,587	£10,587		
Senior Leadership - non teaching time	& HR	L5	£44,976	26.50%	£11,919	£56,895	0.4	£22,758		£22,758	
Senior Leadership - non teaching time		L8	£48,346	26.50%	£12,812	£61,158	0.8	£48,926			£48,926
Assistant Headteacher - addition over mainscale	Pay & Conditions	N/A							£0		
Assistant Headteacher - addition over mainscale	& HR	L3	£8,281	26.50%	£2,194	£10,475	1.0	£10,475		£10,475	
Assistant Headteacher - addition over mainscale		L6	£11,493	26.50%	£3,046	£14,539	1.0	£14,539			£14,539
Teaching, Learning, Responsibility Allowances	Pay & Conditions	TLR	£6,386	26.50%	£1,692	£8,078	1.0	£8,078	£8,078		
Teaching, Learning, Responsibility Allowances	& HR	TLR	£6,386	26.50%	£1,692	£8,078	2.0	£16,157		£16,157	
Teaching, Learning, Responsibility Allowances		TLR	£7,546	26.50%	£2,000	£9,546	2.0	£19,091			£19,091
SEN support from SEN Co - addition over mainscale	HR	L1	£6,268	26.50%	£1,661	£7,929	0.5	£3,965	£3,965		
SEN support from SEN Co - addition over mainscale		L2	£9,327	26.50%	£2,472	£11,799	0.8	£9,439		£9,439	
SEN support from SEN Co - addition over mainscale		L2	£9,327	26.50%	£2,472	£11,799	1.0	£11,799			£11,799
Caretaker - Caretaker grade	HR	BG I - 17	£19,344	20.00%	£3,869	£23,213	1.0	£23,213	£23,213	£23,213	
Site Controller	HR	BG - I22	£22,552	20.00%	£4,510	£27,062	1.0	£27,062			£27,062
Midday Supervision	HR		£4,500	20.00%	£900	£5,400	1.0	£5,400			£5,400
School Bursar/Business Manager	HR	BG - I32	£28,762	20.00%	£5,752	£34,514	0.8	£27,612	£27,612		
School Bursar/Business Manager	HR	BG - F38	£33,761	20.00%	£6,752	£40,513	1.0	£40,513		£40,513	
School Bursar/Business Manager	HR	BG - F42	£37,668	20.00%	£7,534	£45,202	1.0	£45,202			£45,202
Office support reception, clerical	HR	BG - K10	£15,008	20.00%	£3,002	£18,010	0.2	£3,602	£3,602		
Office support reception, clerical	HR	BG - K11	£15,008	20.00%	£3,002	£18,010	0.5	£9,005		£9,005	
Office support reception, clerical	HR	BG - K12	£15,008	20.00%	£3,002	£18,010	0.5	£9,005			£9,005
Administration	HR	BG - I22	£28,762	20.00%	£5,752	£34,514	0.2	£6,903	£6,903		
Administration	HR	BG - I22	£28,762	20.00%	£5,752	£34,514	0.7	£24,160		£24,160	
Administration	HR	BG - I22	£28,762	20.00%	£5,752	£34,514	0.8	£27,612			£27,612
Governing body	Estimate		£2,600			£2,600		£2,600	£2,600	£2,600	£2,600
Fixed contribution to Grounds Maintenance	Estimate		£5,000			£5,000		£5,000	£5,000	£5,000	£5,000
Fixed contribution to Utilities	Estimate		£3,000			£3,000		£3,000	£3,000	£3,000	£3,000
Fixed contribution to split site	Estimate		£25,000			£25,000		£25,000	£25,000	£25,000	£25,000
Total Expanding Primary Diseconomy Funding									£119,600	£191,300	£244,200

Diseconomy Funding – Primary New

Primary - New	Data Source	Pay point	Basic Pay	On-costs %	On-costs £'s	Full year total	FTE	Gross Pay	1 FE	2 FE	3 FE
									Cost Apr - Mar	Cost Apr - Mar	Cost Apr - Mar
Headteacher - Leadership	Pay & Conditions	L9	£49,530	26.50%	£12,725	£62,255	1.0	£62,255	£62,255		
Headteacher - Leadership	& HR	L12	£53,241	26.50%	£14,109	£67,350	1.0	£67,350		£67,350	
Headteacher - Leadership		L15	£57,232	26.50%	£15,166	£72,398	1.0	£72,398			£72,398
Senior Leadership - non teaching time	Pay & Conditions	L2	£7,265	26.50%	£11,089	£18,354	1.0	£18,354	£18,354		
Senior Leadership - non teaching time	& HR	L5	£44,976	26.50%	£11,919	£56,895	0.5	£28,447		£28,447	
Senior Leadership - non teaching time		L8	£48,346	26.50%	£12,812	£61,158	0.5	£30,579			£30,579
Assistant Headteacher - addition over mainscale	Pay & Conditions	N/A		26.50%	£0	£0		£0	£0		
Assistant Headteacher - addition over mainscale	& HR	L3	£8,281	26.50%	£2,194	£10,475	1.0	£10,475		£10,475	
Assistant Headteacher - addition over mainscale		L6	£11,493	26.50%	£3,046	£14,539	1.0	£14,539			£14,539
Teaching, Learning, Responsibility Allowances	Pay & Conditions	TLR	£6,386	26.50%	£1,692	£8,078	1.0	£8,078	£8,078		
Teaching, Learning, Responsibility Allowances	& HR	TLR	£6,386	26.50%	£1,692	£8,078	2.0	£16,157		£16,157	
Teaching, Learning, Responsibility Allowances		TLR	£7,546	26.50%	£2,000	£9,546	2.0	£19,091			£19,091
SEN support from SEN Co - addition over mainscale	HR	L1	£6,268	26.50%	£1,661	£7,929	0.5	£3,965	£3,965		
SEN support from SEN Co - addition over mainscale	HR	L2	£9,327	26.50%	£2,472	£11,799	0.8	£9,439		£9,439	
SEN support from SEN Co - addition over mainscale	HR	L2	£9,327	26.50%	£2,472	£11,799	1.0	£11,799			£11,799
Caretaker - Caretaker grade	HR	BG I - 17	£19,344	20.00%	£3,869	£23,213	1.0	£23,213	£23,213	£23,213	
Site Controller	HR	BG - I22	£22,552	20.00%	£4,510	£27,062	1.0	£27,062			£27,062
Midday Supervision	HR		£4,500	20.00%	£900	£5,400	1.0	£5,400			£5,400
School Bursar/Business Manager	HR	BG - I32	£28,762	20.00%	£5,752	£34,514	0.8	£27,612	£27,612		
School Bursar/Business Manager	HR	BG - F38	£33,761	20.00%	£6,752	£40,513	1.0	£40,513		£40,513	
School Bursar/Business Manager	HR	BG - F42	£37,668	20.00%	£7,534	£45,202	1.0	£45,202			£45,202
Office support reception, clerical	HR	BG - K10	£15,008	20.00%	£3,002	£18,010	0.2	£3,602	£3,602		
Office support reception, clerical	HR	BG - K11	£15,008	20.00%	£3,002	£18,010	0.5	£9,005		£9,005	
Office support reception, clerical	HR	BG - K12	£15,008	20.00%	£3,002	£18,010	0.5	£9,005			£9,005
Administration	HR	BG - I22	£28,762	20.00%	£5,752	£34,514	0.2	£6,903	£6,903		
Administration	HR	BG - I22	£28,762	20.00%	£5,752	£34,514	0.7	£24,160		£24,160	
Administration	HR	BG - I22	£28,762	20.00%	£5,752	£34,514	0.8	£27,612			£27,612
Governing body	Estimate		£3,000			£3,000		£3,000	£3,000	£4,500	£3,000
Fixed contribution to Grounds Maintenance	Estimate		£5,000			£5,000		£5,000	£5,000	£8,000	£5,000
Fixed contribution to Utilities	Estimate		£3,000			£3,000		£3,000	£3,000	£6,240	£3,000
Total New Primary Diseconomy Funding									£165,000	£247,500	£273,700

Appendix 2

Diseconomy Funding – All Through New

All Through - New	Data Source	Pay point	Basic Pay	On-costs %	On-costs £'s	Full year total	FTE	Gross Pay	5 FE	6 FE	7 FE
									Cost Apr - Mar	Cost Apr - Mar	Cost Apr - Mar
Headteacher - Leadership	Pay &	L19	£57,232		£15,166	£72,398	1.0	£72,398	£72,398		
Headteacher - Leadership		L24	£71,105		£18,843	£89,948	1.0	£89,948		£89,948	
Headteacher - Leadership		L26	£74,618		£19,774	£94,392	1.0	£94,392			£94,392
Senior Leadership - non teaching time	Pay &	L8	£48,346		£12,812	£61,158	1.0	£61,158	£61,158		
Senior Leadership - non teaching time	Conditions	L19	£63,034		£16,704	£79,738	1.0	£79,738		£79,738	
Senior Leadership - non teaching time	& HR	L24	£71,105		£18,843	£89,948	1.0	£89,948			£89,948
Assistant Headteacher - addition over mainscale	Pay &	L6	£11,493		£3,046	£14,539	1.0	£14,539	£14,539		
Assistant Headteacher - 0.7 FTE non-teaching	Conditions	L10	£50,773		£13,455	£64,228	0.7	£44,959		£44,959	
Assistant Headteacher - 0.7 FTE non-teaching X 2	& HR	L13	£55,873		£14,806	£70,679	1.4	£98,951			£98,951
Teaching, Learning, Responsibility Allowances	Pay &	TLR	£7,546		£2,000	£9,546	3.0	£28,637	£28,637		
Teaching, Learning, Responsibility Allowances	Conditions	TLR	£7,546		£2,000	£9,546	4.0	£38,183		£38,183	
Teaching, Learning, Responsibility Allowances	& HR	TLR	£7,546		£2,000	£9,546	5.0	£47,728			£47,728
SEN support from SEN Co - addition over mainscale	HR	L2	£9,327		£2,472	£11,799	1.0	£11,799	£11,799		
SEN support from SEN Co - addition over mainscale	HR	L7	£12,706		£3,367	£16,073	1.0	£16,073		£16,073	
SEN support from SEN Co - addition over mainscale	HR	L9	£14,948		£3,961	£18,909	1.0	£18,909			£18,909
Caretaker - Caretaker grade	HR	BG I - 17	£19,344		£3,869	£23,213	1.0	£23,213	£23,213		£23,213
Site Controller	HR	BG - I22	£22,552		£4,510	£27,062	1.0	£27,062		£27,062	£27,062
Midday Supervision	HR		£4,500		£900	£5,400	1.0	£5,400	£5,400	£5,400	£5,400
School Bursar/Business Manager	HR	BG - F38	£33,761		£6,752	£40,513	1.0	£40,513	£40,513		
School Bursar/Business Manager	HR	BG - F42	£37,668		£7,534	£45,202	1.0	£45,202		£45,202	
School Bursar/Business Manager	HR	BG - F44	£39,557		£7,911	£47,468	1.0	£47,468			£47,468
Office support reception, clerical	HR	BG - K11	£15,008		£3,002	£18,010	1.0	£18,010	£18,010		
Office support reception, clerical	HR	BG - K12	£15,008		£3,002	£18,010	1.0	£18,010		£18,010	
Office support reception, clerical	HR	BG - K15	£17,069		£3,414	£20,483	1.0	£20,483			£20,483
Administration	HR	BG - I22	£20,861		£4,172	£25,033	1.0	£25,033	£25,033		
Administration	HR	BG - I23	£22,552		£4,510	£27,062	1.0	£27,062		£27,062	
Administration	HR	BG - I25	£22,878		£4,576	£27,454	1.0	£27,454			£27,454
Governing body	Estimate					£3,000		£3,000	£3,000	£3,000	£3,000
Fixed contribution to Grounds Maintenance	Estimate					£7,000		£7,000	£7,000	£7,000	£7,000
Fixed contribution to Utilities	Estimate					£4,000		£4,000	£4,000	£4,000	£4,000
Total New All Through Diseconomy Funding									£314,700	£405,600	£515,000

Forecast Revenue Impact from New / Expanding Schools

School and estimated opening date		Actuals to date			Estimates						= school full		
		2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	= school on SNFF	
Pupil data		Forecast pupil numbers - start of academic year										Max Places	Max NOR on policy
Warfield West	Sep-16	94	165	184	203	237	266	297	324	352	381	420	378
Warfield East	May not be required	0	0	0	0	0	0	0	0	0	0	420	378
Amen Corner South	May not be required	0	0	0	0	0	0	0	0	0	0	420	378
KGA Oakwood	Sep-19	0	0	0	58	136	170	190	201	210	209	210	200
Crowthorne (TRL site)	Sep-23	0	0	0	0	0	0	0	90	144	180	420	378
KGA Binfield - Primary	Sep-19	0	0	0	28	58	119	148	183	229	249	420	378
KGA Binfield - Secondary	Sep-18	0	0	121	271	451	661	871	960	1,020	1,050	1,050	893
Total Forecast NOR		94	165	305	561	882	1,216	1,506	1,758	1,955	2,070	3,360	2,983
Financial data		Costs £k										Total still to fund	Total 2016-2026
Total growth in existing schools		348.0	85.0	385.0	365.0	400.0	400.0	400.0	400.0	400.0	400.0	2,765.0	3,583.0
Total Start up costs		42.1	117.0	91.0	25.0	0.0	0.0	14.5	40.8	0.0	0.0	80.3	330.4
Total Diseconomy Funding		250.9	338.6	814.4	1,200.7	1,311.8	1,151.0	983.0	811.9	321.4	214.6	5,994.4	7,398.3
Total post opening costs		0.0	0.0	0.0	75.0	37.5	30.0	22.5	45.0	30.0	30.0	270.0	270.0
Total cost - annual		641.0	540.6	1,290.4	1,665.7	1,749.3	1,581.0	1,420.0	1,297.7	751.4	644.6	9,109.7	11,581.7
Total cost - cumulative		641.0	1,181.6	2,472.0	1,665.7	3,415.0	4,996.0	6,416.0	7,713.7	8,465.1	9,109.7	9,109.7	11,581.7

Costed at 2018-19 prices

**A guide to new mainstream free school revenue funding
(Relevant extract from DfE guidance document)**

Post opening grant (central route projects only)

49. Free schools (with the exception of LA presumption free schools) are provided with a post opening grant to reflect the additional costs in establishing a new publicly-funded school which cannot be met through the GAG. The post-opening grant provides funding in two elements as the free school grows: non-staffing resources, paid on a per-pupil basis; and a leadership grant. These titles reflect the basis on which the funding is calculated, but the grant can be spent on any legitimate purpose of the school.

50. The first element (resources) is paid each year that the school builds up to capacity for each new pupil expected to be on roll and is not revisited to reflect actual pupil numbers and is taken from the final finance plan submitted before opening. It is paid at the following rates:

- £250 for each new mainstream pupil in the primary phase (years R to 6)
- £500 for each new mainstream pupil in the secondary and 16 to 19 phases (years 7 to 13)

51. The second element (leadership) is paid annually based on the number of year groups that the school will ultimately have that do not yet have pupils. The amount paid to mainstream schools with pupils aged 5 to 15 each year depends on how many year groups (cohorts) are empty, and is set out in the table below.

Empty cohorts	6+	5	4	3	2	1	Maximum
Primary	£80,500	£67,500	£54,000	£40,500	£27,000	£13,500	£283,000
Secondary (regardless of whether the school plans to have a sixth form)			£125,000	£93,500	£62,500	£31,000	£312,000
All-through (regardless of whether the school plans to have a sixth form)	£125,000	£93,500	£62,500	£54,000	£40,500	£27,000	£402,500

52. Free schools set up through the local authority presumption route are not eligible for the post opening grant. They should liaise with the local authority to agree what, if any, post opening/diseconomies funding the local authority will provide when the school opens.

Summary outcome from the review of school place planning in Bracknell Forest

Key strengths of forecasting system

1. Based on local data – on the numbers of 0-18 year olds from the Berkshire Child Health Information Service by postcode; Office of National Statistics (ONS) population projections for the Borough; School census data – January numbers on roll – for preceding years; primary school patterns of transition to secondary schools and additional pupils arising from housing developments with housing completion trajectories updated on an annual basis in collaboration with the Borough Planners.
2. 'Cohort-trend' basis to the model is well established.
3. Forecasts are calculated with most accuracy at the Borough-wide level, and slightly less accurate at the planning area level. The continuation of past trends is the best way of forecasting individual schools, subject to (possibly significant) variations due to the effects of parental preference and of new housing.

Key areas for improvements to forecasting system

1. Estimation of reception numbers, partly due to recent reductions in the birth rate
2. Impact of population changes and availability of places in neighbouring authorities.
3. Estimation and phasing of numbers/ages of children expected from new housing. Refine assumptions regarding:
 - a. The number of new children to the Borough resident in new housing (as opposed to moving in-Borough).
 - b. Whether or not children change schools as a result of a house move.
 - c. The family characteristics of those moving into the house vacated ('backfill')
 - d. If they do change schools, how old are the children that change and how long after they move house do they change school.
 - e. The proportion of children NOT going to local schools – i.e. going to independent, denominational, grammar, SEN or being home schooled.

Recommendations for change – forecasting system

1. Update pupil yields to latest values from updated survey undertaken in Sept/October 2018 and make appropriate changes to the existing assumptions as necessary – by March 2019.
2. Review the timing and currency of population and housing data receipt with more active engagement with data providers.
3. Consider adopting a system, along the lines of that introduced in the Royal Borough of Windsor and Maidenhead, of uniquely referencing new dwellings by type and size and cross referencing with pupils in schools. – Medium term, 2019-20.

Recommendations for change – place planning and provision

1. Avoid developer construction of new schools, and change to the Council taking Section 106/CIL contributions and building additional places when they are needed.
2. Review approach to opening new places, including
 - a. Change from opening with the youngest year group first to opening later in the lifetime of a development.
 - b. Building schools in phases, one form of entry at a time.
 - c. Pupils initially arising from a development could be placed in schools further way or in temporary pre-fabricated teaching accommodation.
 - d. Having to use mixed age classes rather than whole forms of entry.
3. Consider removal of 'Local schools for local children' policy
4. Consider removal of secondary school designated areas.
5. Consider more actively the possible reduction in demand across existing residential areas and the removal of surplus school places.
6. Re-introduce high level accountability mechanisms through 'ONE Council' programme boards

TO: SCHOOLS FORUM
DATE: 6 DECEMBER 2018

PROPOSALS FOR THE 2019-20
SCHOOLS BLOCK ELEMENT OF THE SCHOOLS BUDGET
Executive Director: People

1 PURPOSE OF REPORT

- 1.1 To provide an update to the Schools Forum on the matters that can now be dealt with in respect of the Schools Block and Central School Services Block elements of the Schools Budget in order for the timely preparation of the 2019-20 budget, including considering the views from schools as expressed in their responses to the recent financial consultation.
- 1.2 Whilst the Department for Education (DfE) has yet to provide the final data that must be used to calculate individual school budgets, decisions on some key matters are now being sought in order for a final budget to be presented to the DfE by the statutory deadline of 21 January 2019. As such, the Forum meeting on 17 January 2019 will present the final opportunity to take decisions on next year's budget for schools should there be any revisions to the budget setting data that is currently available.

2 EXECUTIVE SUMMARY

- 2.1 Responses from the financial consultation with schools show a clear direction for the development of school budgets. There is strong support from primary schools to continue the move to a local funding formula that closely matches the School National Funding Formula (SNFF) and that the Minimum Funding Guarantee should be used to ensure that all schools receive at least a +0.5% increase in per pupil funding. For secondaries, the preference is to meet the core objectives of the SNFF, but to also maintain a degree of funding stability with 2018-19 budgets. Therefore, different approaches to calculating individual school budgets are proposed for each phase.
- 2.2 Overall, per pupil funding for schools is forecast to increase by 2.3%, equivalent to £1.529m. However, this reduces to £1.005m after putting aside a share of the increase to part cover the impact of cost pressures not properly recognised in the DfE in the national funding settlement as well as adding in a further £0.345m income contribution from the council towards the costs arising from new schools.
- 2.3 Furthermore, in order to maximise the strategic and cost effective benefits that can arise from central management, schools agreed that a small number of services should continue to be provided directly by the council, including those requested through the de-delegation route, and that maintained schools should each continue to contribute £20 per pupil towards the cost to the council of meeting education statutory and regulatory duties that the DfE no longer provides LAs with grant funding to meet their responsibilities.
- 2.4 There is a tight timetable to meet, with the DfE setting the 21 January as the deadline for Local Authorities (LAs) to submit the Funding Formula for Schools they will use in 2019-20, together with associated units of resource and the total cost. Therefore, a range of budget proposals are now being presented to assist a timely resolution to the budget. As the data that must be used for budget setting purposes has yet to be released by the DfE, there may be a need to make further recommendations at the 17 January meeting of the Forum, which will aim to be in line with the general approach to setting the budget as set out in the main body of the report.

3 RECOMMENDATIONS

Items for all Members

To NOTE:

- 3.1 The outcomes from the financial consultation with schools as summarised in the supporting information and Annex 2.**

To AGREE:

- 3.2 That in accordance with the majority views of schools as expressed through responses to the financial consultation, that:**
- 1. The allocation of additional funds to primary schools should be through Option 3, which aims for a close fit to the 2019-20 SNFF allocation for each school.**
 - 2. The allocation of additional funds to secondary schools should be through Option 2, which follows the core principles of the 2019-20 SNFF allocation, but also maintains funding stability with 2018-19 budgets.**
 - 3. In line with the principles for allocating funds to schools included in both Options 2 and 3, the Minimum Funding Guarantee should be set at +0.5% with any associated costs, as in previous years, being met by applying a cap to the schools receiving the highest per pupil gains.**
- 3.3 The budget changes for 2019-20, as set out in Table 3, with particular consideration given to:**
- 1. The medium term funding strategy for meeting the additional cost arising from the Growth Fund, as set out in paragraphs 6.26 to 6.31.**
 - 2. The request for additional funding from Warfield Primary School to finance the additional cost of operating across two separate sites as set out in paragraphs 6.34 to 6.36.**
- 3.4 That to meet the expected financing requirements of the medium term funding strategy arising from new schools, that funds in the New School Reserve are increased to £1m (paragraph 6.32)**
- 3.5 On-going central retention by the Council of Central School Services funding for the services and amounts set out in Annex 4.**
- 3.6 That in order to provide more accurate budget information, provisional 2019-20 individual school budgets should be released at the beginning of January 2019, rather than before the end of the autumn term.**

Item for Maintained Primary School representatives only:

- 3.5 To AGREE the continued de-delegation of budgets for the services requested by the council.**

Item for Maintained Secondary School representatives only:

- 3.6 To AGREE the continued de-delegation of budgets for the services requested by the council.**

Item for all Maintained School representatives (includes Special and PRU) only

- 3.7 To AGREE that a £20 per pupil contribution continues to be made by maintained schools towards the cost of delivering 'general' education related statutory and regulatory duties.

4 REASONS FOR RECOMMENDATIONS

- 4.1 To ensure that the Schools Block and Central Schools Services Block elements of the Schools Budget are developed in accordance with the views of the Schools Forum and governors, the anticipated level of resources and the statutory funding framework, including the requirement to submit summary details of individual school budgets to the DfE by 21 January 2019.

5 ALTERNATIVE OPTIONS CONSIDERED

- 5.1 These are set out in the supporting information.

6 SUPPORTING INFORMATION

Background

- 6.1 The Forum has been kept up to date with DfE proposals for reforming school and education funding, most notably through the introduction of a SNFF since they were first announced by the government in March 2016. Annex 1 provides a brief outline of the reforms. It is an extract from the Financial Consultation with schools document that has previously been distributed to Forum members.

School and Education Funding Arrangements

- 6.2 The Schools Budget is funded by a 100% ring fenced government grant called the Dedicated Schools Grant (DSG). The DSG comprises 4 funding Blocks, each with a separate calculation and funding allocation; the Schools Block (SB); the Central School Services Block (CSSB) the High Needs Block (HNB); and the Early Years Block (EYB). The SB and CSSB directly support mainstream schools and are generally delegated to governors, the HNB and EYB are centrally managed by LAs although the majority of funds are ultimately used to pay schools and other providers for services to children.
- 6.3 The DSG can only be spent on the purposes prescribed by the DfE. Any under or overspending in a year must also be ring-fenced and applied to a future Schools Budget. There is a general ring-fence in place in that SB funding must be spent on school budgets, although where agreed by the local Schools Forum, up to 0.5% of the SB (circa £0.325m) can be transferred to fund costs that fall into other Blocks. Money can be freely transferred from other Blocks into the SB or from the SB to CSSB.
- 6.4 LAs can add to the DSG from their own resources to increase the size of the Schools Budget but are not permitted to plan to spend at a lower amount. The policy of the Council has previously been for the Schools Budget to be funded to the level of external funding, with the Executive Member authorised to agree the budget allocations.
- 6.5 Taking account of comments from the Schools Forum on the financial impact arising from the new school building programme, the Executive has agreed to support a 4 year funding strategy and will provide up to £1m from council balances over the period to help

finance this cost pressure. Further details on this policy change and associated funding strategy are set out below from paragraph 6.27.

- 6.6 In terms of approval by the Schools Forum of budget issues, when the impact is restricted to a particular group, the DfE requires that group only to make the decision, rather than all members. Therefore, for some decisions on this report, selective groups only are involved. The recommendations in section 3 of this report are set out to make clear which group of members has the decision making responsibility on each item.

The Schools Block

Overview

- 6.7 This report concentrates on the SB and CSSB elements of DSG which are intended to fund delegated school budgets and the small number of services that the DfE allows LAs to manage centrally on behalf of schools, where agreed by the local Schools Forum. Initial HNB and EYB funding matters will be presented to the Forum for review in January.

Outcomes from the financial consultation with schools

- 6.8 Following agreement from the Schools Forum, on 16 October a 4 week financial consultation with schools was issued which sought views on key issues for the 2019-20 budget. There were 3 questions, with some more relevant to different school types than others e.g. some do not impact on academy schools.
- 6.9 By the 16 November response deadline, replies had been received from 25 out of 40 schools (63% response rate). A reply was received from 19 primary schools (61%), 5 secondary schools (83%) and Kennel Lane Special School. This represents a good response rate and gives confidence that decisions on key matters can be taken with the knowledge of the majority view of schools.
- 6.10 The questions are set out below and responses summarised. Recommendations for change, where relevant, have also been added in boxes. A summary of replies to each question can be found at Annex 2.
- 6.11 Two primary schools made specific comments: firstly indicating that schools do not have the capacity to perform the de-delegated services and statutory duties, so have to support the proposals from the council; and secondly, it would have been useful if in addition to Table 2 of the consultation document – a written summary of the key features of the 3 different options proposed to allocate funds to schools - an analysis was provided that allowed the comparison of the relative impact of the different options across all BFC schools. The second comment will be considered for future consultations.
- 6.12 **Question 1**
In respect of allocating funds to schools, which Option do you prefer to use next year?

3 alternative options were identified for schools to consider, with attached annexes showing the potential financial effect of each option. As the illustrative financial impact was calculated on the October 2017 school census data which will be subject to change once the DfE makes available the validated October 2018 school census data and provisional budget decisions, it was made clear on the consultation document that all figures are estimates and subject to change.

Responses from the 24 schools directly impacted by this question indicated that Option 3, aim for a close fit to the indicative 2019-20 SNFF allocation for each school was the most popular choice (11 schools, 46%). The next most popular response was from 7 schools (29%) which supported Option 2 which aims for stability of funding to the 2018-19 BF Formula. 6 schools (25%) preferred Option 1, use a more simplified approach to matching the SNFF that was more efficient to manage and easier to explain, but less sensitive than Option 3. The question was not relevant to Kennel Lane Special School which therefore did not make a response.

Looking at the breakdown of responses between primary and secondary schools there are different preferences with 58% of primary schools supporting Option 3 and 80% of secondary schools supporting Option 2. As there are clear differences in the preferences according to school phase, and the funding arrangements permit a different approach to be taken, the recommendations reflect this.

The Forum is recommended to agree the most popular response from each school phase to the consultation should be used for allocating additional funds, with Option 3, aim for a close fit to the indicative 2019-20 SNFF allocation used for primary schools and Option 2 which follows the key principles of the SNFF but also includes measures to ensure stability of funding to the 2018-19 BF Formula, for secondary schools.

6.13 **Question 2**

To continue the strategic and cost effective approach in the use of the funds for contingencies (including schools in financial difficulties), support to underperforming ethnic groups, CLEAPSS licences / subscriptions, staff supply cover costs, premature retirement / dismissal cost, free school meal eligibility checking and Behaviour Support Services, do you agree that the Schools Forum should again agree to de-delegate all relevant funding for continued central management by the LA?

All 19 responses from schools that this question directly impacted on agreed that de-delegation of services should continue.

The maintained primary and secondary school representatives on the Forum are therefore recommended to agree to continue to de-delegate funding of services requested by the council for central management by the LA.

6.14 **Question 3**

In respect of making a financial contribution to the statutory and regulatory education related duties required of the council that will no longer be financed through DfE grant, do you agree that maintained schools should continue to make a £20 per pupil contribution?

From April 2017, the DfE implemented a saving of £600m through the complete withdrawal of the Education Services Grant (ESG) which was the mechanism used to fund LAs for their statutory and regulatory education related duties as prescribed in various Education Acts and other relevant statutes. This resulted in the council losing £1.2m of grant but continuing to have to meet the same requirements. The DfE “recognise that local authorities will need to use other sources of funding to pay for education services once the general funding rate has been removed” and will “allow local authorities to retain some of their schools block funding to cover the statutory duties that they carry out for maintained schools which were previously funded through the ESG.” Schools have always previously agreed to a £20 per pupil deduction which would contribute around £0.23m to the £1.2m loss in grant. The deduction, if agreed, is taken after the calculation of final school budgets.

17 of the 20 respondents that this question impacted on (85%) agreed that a £20 per pupil contribution should continue.

The maintained school representatives on the Forum are therefore recommended to agree that the £20 per pupil contribution to education related statutory and regulatory duties continues.

Updated budget position for 2019-20

Estimated Schools Block DSG income to be paid to BFC

- 6.15 The DfE is expected to publish verified October 2018 school census and other data that must be used to calculate 2019-20 school budgets in the middle of December. Therefore, at this stage, DSG income continues to be an estimate. In terms of the overall quantum available next year, as previously reported, the DfE has already announced the individual per pupil funding rates that will apply to each LA to ensure sufficient funding to meet the +0.5% minimum increase in per pupil funding and the minimum per pupil funding rates of £3,500 for primary aged pupils and £4,800 for secondary aged pupils. A gains cap of a +3% increase in per pupil funding remains in place other than where a school is below the minimum per pupil funding rates which are excluded from the general gains cap.
- 6.16 For BFC, the rates will be £3,616 and £4,849 respectively and have been calculated from October 2017 data which means funding paid to LAs is lagged behind the data that must be used to fund individual schools. Based on there being no change in the 16,007 pupils recorded on the actual October 2017 school census data, this would deliver £66.710m, an increase of £1.529m which represents an average 2.3% increase in per pupil funding on a like for like basis to the 2018-19 BF average amount. This follows a 2.7% increase in 2018-19 and reflects the impact of the SNFF which is increasing the funding paid to the lowest funded LAs at a greater rate than the highest funded areas. With BFC receiving the 6th lowest funding rate on the previous funding system, increases from the SNFF are now being experienced.
- 6.17 The provisional October 2018 census data shows that pupil numbers have increased by 158 to 16,165 and this generates a further £0.964m DSG income. With this amount expected to closely match the extra funding needing to be allocated to schools as a result of the additional pupils on roll, no significant financial impact is anticipated in next year's budget as a result of changes in pupil numbers.
- 6.18 The DfE has also confirmed that there will be a separate funding allocation to LAs for non-pupil based school expenses which is intended to finance the cost of business rates, high pupil mobility and the Growth Fund. Funding for these costs are not subject to the same 2.3% increases being experienced in core per pupil funding detailed above.
- 6.19 There are lagged funding allocations for business rates and high pupil mobility which will be based on the 2018-19 actual funding allocations made to schools of £1.473m and £0.002m respectively. These represent reductions of £0.055m and £0.011m respectively.
- 6.20 In terms of the Growth Fund, which comprises 3 elements: funding for significant in-year increases in pupil numbers at existing schools; allocations to schools requiring additional financial support to meet Key Stage 1 Infant Class Size Regulations; and diseconomy and other costs for new schools, it was confirmed to the previous Forum meeting that for 2019-20 LAs would be funded on a new formula rather than the lagged funding approach used in 2018-19.
- 6.21 The new formula will use a measure of pupil growth by counting the increase in pupil numbers in each LA between the two most recent October censuses, so between

October 2017 and October 2018 which again represents a lagged approach to funding. The measure will be via small geographical areas used by the Office for National Statistics for various types of data analysis called middle super output areas (MSAO). These areas are considered small enough to detect pockets of growth. Only positive increases by MSAO will be counted. Reductions in other MSAO areas will not be deducted. Additional funding will also be provided in the year that a new school opens.

- 6.22 The DfE has recently released provisional data to assist LAs in calculating potential Growth Fund DSG income, which for BF, using provisional October 2018 pupil numbers, suggests around £0.800m, an increase of £0.300m from the original estimate and a £0.027m increase in the amount received in 2018-19.
- 6.23 Therefore, at this stage, the overall income for the SB is estimated at £69.949m, an overall increase from last year of £2.455m. Table 1 below sets out a summary.

Table 1: Forecast SB DSG for 2019-20

	Total £'000	Total £'000
Total DSG for 2018-19		67,494.3
<u>Forecast changes for 2019-20:</u>		
Effect of 2.3% increase in DSG funding rates	1,529.3	
Effect of 158 extra pupils	963.7	
Change in business rates funding	-54.7	
Change in high pupil mobility funding	-11.1	
Change in Growth Fund	27.5	
Total forecast change		2,454.7
Total forecast DSG for 2019-20		69,949.0

Current Schools Block base budget

- 6.24 The Schools Block base budget approved at the January 2018 meeting of the Schools Forum amounted to £67.888m, of which £67.494m was funded by DSG income and £0.394m from accumulated balances. Within the total, £67.425m was to be delegated to schools and £0.463m held centrally by the council in the Growth Fund to meet the cost of significant in-year increases in pupil numbers at existing schools and allocations to schools requiring additional financial support to meet Key Stage 1 Infant Class Size Regulations.

Proposed budget changes for 2019-20

Change in pupil numbers

- 6.25 Paragraph 6.17 above sets out that the provisional October 2018 census data which indicates that pupil numbers have increased by 158 and that this generates a further £0.964m DSG income based on the average per pupil funding allocation made to BF schools in 2018-19. This is therefore expected to closely represent the extra amount of funding allocated to schools this year and a budget pressure for this amount has been included in the proposals.

Growth Fund - Impact from new / expanding schools

- 6.26 Forum members will be aware that the most significant financial challenge facing the Schools Budget arises from the additional cost of new schools. A separate item on tonight's agenda seeks formal approval to the funding policy wording which has been updated to reflect changes agreed in principle by the Forum in June. The June meeting also requested that the council consider contributing resources to help finance the pressure in order to reduce the impact on existing schools.
- 6.27 This request has now been considered by the council's Executive, and despite the significant financial pressures being faced, including a forecast budget gap of £7m for 2020-21, it has been agreed to provide up to £1m of funding over the next 4 years from the council's reserves as part of a medium term budget strategy that also utilises the accumulated surplus balance in the Schools Budget and a proportion of the increase in funding from the SB DSG.

Annex 3 sets out a summary of the £4.3m cost anticipated over the next 4 years and the contribution from each funding stream. It represents the latest forecast and therefore is an update to the information presented to schools through the financial consultation.

- 6.28 The 2019-20 data column from Annex 3 indicates a £1.3m cost from new schools next year. Furthermore the budget provision for Growth Fund responsibilities managed by BFC in existing schools has been reviewed to reflect the medium term forecasts of likely need and this suggests an allocation of £0.325m for in-year growth allowances and £0.040m for KS1 classes which represents a reduction of £0.098m on the current £0.463m budget provision. For greater consistency, new school start-up costs are now included within the expenditure forecast for new schools rather than the funding held centrally by the council. With DSG Growth Fund income currently forecast at £0.800m, after funding the £0.365m anticipated cost at existing schools, there is £0.435m of DSG to contribute to the £1.3m cost of new schools, leaving £0.865m to finance.
- 6.29 Table 2 below summarises the funding strategy proposed by the council's Executive together with resultant budget requirements for 2019-20. The strategy comprises using the £0.435m DSG Growth Fund income not used to support existing schools, as detailed above in paragraph 6.28, for both the council and the increase in income from the SNFF element of DSG to each fund 0.5% of the pupil-led funding received by schools at £0.690m (i.e. 2 X £0.345m) with the £0.175m balance to be met from the accumulated surplus balance in the Schools Budget. For consistency and fairness, comparable funding elements in the new school funding policy have been reduced by 0.5% in the calculation of the £1.3m cost pressure amount to match the general hold back in funds from existing schools.

Table 2: Proposed financing and associated budget for the Growth Fund

	Primary £'000	Secondary £'000	Total £'000
<u>New schools:</u>			
Start-up costs	24.5	0.0	24.5
Diseconomy costs	386.5	814.4	1,200.9
Post opening costs	75.0	0.0	75.0
	486.0	814.4	1,300.4
<u>Existing Schools:</u>			
In-year pupil growth	166.2	138.4	304.6
KS1 classes	60.0	0.0	60.0
Total estimated costs	712.2	952.8	1,665.0
<u>By school:</u>			
Warfield Woodhurst	94.7	0.0	94.7
KGA Oaklands	241.5	0.0	241.5
KGA Binfield	149.8	814.4	964.2
Total estimated costs	486.0	814.4	1,300.4
<u>Financing:</u>			
BF council			345.0
DSG balances			175.4
2019-20 DSG income - balance on Growth Fund			435.0
2019-20 DSG income - from increase in SNFF			345.0
Total estimated costs			1,300.4

- 6.30 As the 2018-19 on-going DSG funded base budget includes £0.420m for new schools, the £0.780m of required DSG funding identified above in Table 1 (£0.435m and £0.345m) contains a net £0.360m increase in contribution.
- 6.31 In terms of the expected medium term 4 year funding requirements for new schools, Annex 3 details the estimated amount required from each funding stream at this stage. Due to the volatile nature of some of the data used in the calculations, the future cost estimate and associated funding requirement will be subject to annual review and revision.
- 6.32 Annex 3 indicates that £0.914m will be required from the general unused DSG balances over the next 4 years and the Forum is recommended to agree that the New School Reserve be increased from the £0.406m current balance to £1m. There is currently £1.334m of unallocated balances held in DSG funded Unallocated Schools Budget Reserve.

Impact from business rates revaluation

- 6.33 Forum members are aware that there was a business rates revaluation at April 2017 of which the outcome was a cost increase to most schools. However, the full financial impact is being phased in through a 5 year transitional protection scheme. There is also an annual uplift to charges levied through the business rates scheme. Taking account of the latest available information, including the changing school estate, there is estimated to be a cost increase to school rates of £0.115m. The actual cost calculation is subject to change which may require a budget revision in January.

Split site schools

- 6.34 A further pressure has been raised by an individual school. In 2016, Warfield Primary school was expanded by a further 2 forms of entry to accommodate additional pupils that would require a school place as a result of house building. The new school is located on a different site and has a walking distance of 1.167 miles from the original school.
- 6.35 After two years experience of managing the split site school, the school has identified a number of additional costs that need to be incurred as a result of the site configuration for which there is no additional funding allocation. These mainly relate to staffing needing to maintain a presence on 2 sites which creates inefficiencies, and includes office staff, especially main reception, lunchtime controllers and site staff. The most significant non-staffing cost relates to the need for a mini-bus to enable sharing of curriculum and sporting activities across both sites. The cost impact has been calculated at £0.075m.
- 6.36 The DfE recognise there can be financial implications for schools operating on split site locations as they only receive 1 fixed lump sum funding allocation (currently £0.160m), which is partly intended to fund some of the extra costs that have been highlighted. The DfE school funding operational guidance sets out that “A local authority formula can include a factor to provide additional funding to schools that operate on more than one site on school budgets from split site operations”. The budget proposals include the £0.075m funding for this item.
- 6.37 The Forum is requested to consider the approach to be taken on this item.

Teachers’ Pay and Pensions

- 6.38 The last meeting of the Forum was updated on the cost of the 2018 Teachers’ Pay Award which was estimated to increase costs to BF schools by around 2.8% and that the DfE would be funding around 1.8% of the cost increase from a specific grant, which equates to £0.67m for BF schools in a full year. The part funding of the grant reflected the view of the DfE that schools would already have budgeted 1% for the pay award in advance of the confirmed settlement outcome.
- 6.39 Subsequent to this announcement, the DfE has indicated that the 2016 public sector pension scheme valuations have been reviewed by the Treasury and changes are proposed to ensure the cost of pension schemes remain sustainable in the future. They reflect updates to long-term and short term earnings growth, increases in actual pension payments and post-retirement mortality rates. There is likely to be a 7.12% increase in the Employers Contribution to the Teachers’ Pension Scheme (from 16.48% to 23.6%). The DfE intends to “fund fully the contribution increase for state funded schools and academies.” The full year cost of this change for BF schools is estimated at £2.6m.
- 6.40 To avoid a real terms cut in funding, these cost increases, for which temporary funding is being provided, will place financial pressure on the DfE to provide on-going funding to schools during the next spending review period, which commences from April 2020.

The Central School Services Block

- 6.41 The central school services block has been created to ensure LAs can continue to carry out their important role in supporting the provision of excellent education for all children of compulsory school age. It covers pre-defined service budgets, with the local Schools Forum having this statutory decision making responsibility for agreeing the amount of funds that can be spent on each budget.
- 6.42 It covers two elements which are treated differently within the national funding formula: ongoing responsibilities and historic commitments. On-going responsibilities where an existing budget has previously been agreed by the BF Schools Forum comprise school admissions, servicing of the Schools Forum, places in independent schools for non-SEN pupils, contribution to responsibilities that local authorities hold for all schools and boroughwide initiatives (capped at up to 0.1% of the total Schools Budget).
- 6.43 Historic commitments generally support vulnerable children, have an educational benefit and link to other programmes funded by the Council which together result in better, more effective use of resources with improved outcomes for children than if provided and managed independently. Amongst other things, the funding is used to support the Family Intervention Project, Educational Attainment for Looked After Children, Young People in Sport and Education Health Partnerships.
- 6.44 Funding for ongoing responsibilities to LAs is now distributed 90% according to a per-pupil factor and 10% of funding according to a deprivation factor. Both elements are adjusted for area costs. The central school services block also provides funding for historic commitments based on current actual budgets. No new commitments are allowed and over time the expectation is that these costs will reduce. The DfE will be reducing funding allocations for historic commitments from April 2020 which will impact on the current £0.406m income. The amount of deduction has yet to be confirmed.
- 6.45 There are significant differences in LA spending on these duties and therefore the DfE has implemented transitional funding arrangements to balance the rate of change against the need to make progress towards the formula. The new formula will result in a 10.7% funding reduction through the per pupil funding element. Transitional funding protection limits the loss to 2.5%. Final funding will be confirmed in December, with £1.025m grant income estimated at this time, a £0.016m reduction.
- 6.46 Like most services, those held within the CSSB are facing significant financial pressures, in particular in respect of pay and pensions. There have been no inflationary increases to budgets in these areas for 7 years which is creating more significant financial difficulties each year and a funding increase of 3% to all budgets other than historic commitments is now proposed. The cost is estimated at £0.019m. No central services benefit from the teachers' pay and pensions grant income. Adding the £0.016m reduction in funding, these changes require a funding transfer of £0.035m from the Schools Block.
- 6.47 Annex 4 sets out the services proposed to be centrally managed by the council, showing the 2018-19 base budget and the funding proposed for 2019-20 which the Forum is recommended to agree.

Summary of proposed changes

- 6.48 Based on provisional budget data, a series of changes have been set out above that the council proposes are reflected in the 2019-20 Schools Block budget. The proposals draw from the national funding framework and the estimated level of resources.
- 6.49 To aid budget planning, the Forum is recommended to agree this approach, with final figures for the 2019-20 budget to be presented to the Forum for consideration at the 17 January 2019 meeting. At this stage, additional funds of £1.005m are expected to be available for schools, which represents around 70% of the expected increase in funds from the normal operation of the SNFF. Table 3 below summarises the changes proposed at this stage.

Table 3: Summary initial budget proposals for 2019-20

Para Ref.	Item	Schools Block		Central Services Schools Block	Total
		Delegated school budgets	Council Managed		
		1 £'000	2 £'000		
6.24	2018-19 Schools Block budget <i>As reported to 18 January 2018 Forum</i>	67,425	463	1,041	68,929
	Remove 2018-19 one-off funding	-394	0	0	-394
	2018-19 on-going Schools Block budget	67,031	463	1,041	68,535
6.23 / 6.45	Provisional 2019-20 DSG funding	69,949		1,025	70,974
	<u>One-off funding for new school costs:</u>				
	Draw down from DSG accumulated balances	175			175
	Contribution from BFC	345			345
	Change in funding	2,975		-16	2,959
	<u>Changes proposed for 2019-20:</u>				
6.25	Change in pupil numbers	964	0	0	964
	<u>Growth Fund:</u>				
6.28	BFC managed budgets	0	-98	0	-98
6.28	Growth Fund: New schools - 2019-20 cost	1,300	0	0	1,300
6.30	Growth Fund: New schools - 2018-19 cost	-420	0	0	-420
6.33	Rates revaluation and inflation	115	0	0	115
6.35	Split site schools - additional costs	75	0	0	75
6.46	Pay and pension pressure	0	0	19	19
	Total changes required for 2019-20	2,034	-98	19	1,955
6.49	Additional funds to allocate to schools	1,005			1,005
	Proposed budget for 2019-20	70,070	365	1,060	71,495
	<u>Memo items:</u>				
	Funding transfers between DSG Blocks	63	-98	35	
	Part funding of 'general' statutory duties to be transferred to BFC	-232	232		

- 6.50 After school budgets have been calculated, to ensure a degree of funding stability is maintained, the DfE requires the Minimum Funding Guarantee (MFG)¹ to be applied that sets a minimum change in per pupil funding that a school can experience between years. The DfE now permits LAs to set a rate locally that must be between +0.5% and minus 1.5%. With responses from schools to the financial consultation continuing to support a close match to the SNFF allocation where the minimum increase in per pupil funding is +0.5%, and it is therefore proposed to apply a MFG of +0.5%.
- 6.51 The cost of the MFG can be financed by applying a cap to the schools receiving the highest per pupil gains, which is the approach currently taken in BF and is proposed to continue into 2019-20. Schools receiving an increase in per pupil funding as a result of the new guaranteed minimum per pupil funding rates will not contribute to funding the cost of the MFG as this would reduce the total funding below the minimum permitted amount.

Issuing 2019-20 budgets to schools

- 6.52 In previous years, provisional budgets have been issued to schools before the end of the autumn term following agreement of the Schools Forum to the overall budget setting process. For 2019-20 a new approach is proposed, with provisional budgets issued to schools in the first week of the spring term. This change is being proposed because:
1. Provisional budgets have typically been issued on the last day of term with many schools then not having the opportunity to review them until the start of the spring term.
 2. As the DfE are not able to release the October 2018 census data that must be used for budget setting purposes until the middle of December, it is too late to incorporate into the individual school budgets which are therefore based on estimated data. Whilst pupil numbers can generally be estimated accurately from LA data, other measures, such as free school meal eligibility, and test scores are more difficult to accurately predict.
 3. With the introduction of universal credit, deprivation data is expected to be more volatile than in previous years, as is low prior attainment data for primary schools with the changes in the Early Years Foundations Stage assessments resulting in increases in pupils eligible for funding.

Therefore, issuing provisional budgets in early January will ensure the latest budget data is being used with reduced likelihood of significant changes when final, confirmed budgets can be issued towards the end of January.

Conclusion and Next steps

- 6.53 Due to the historic low funding levels, BF schools are in general gaining from the national funding reforms. However, there are local budget pressures that are not adequately resourced by the DfE that reduce the overall funding gain that can ultimately be passed on to schools. The council is providing £0.345m from its own resources in 2019-20 (up to £1m over 4 years) to ensure schools receive a larger increase than would otherwise be the case.

¹ The MFG compares per pupil funding allocations between years and where the change is below the minimum threshold, a funding top up is added to meet the minimum per pupil change requirement. The MFG calculation required by the DfE excludes funding for business rates and fixed lump sum allocations. The cost of top-up funding is financed by scaling back increases to schools experiencing funding gains. The SNFF calculation of per pupil funding only excludes business rates; fixed lump sum allocations are included. Therefore, the calculations are performed differently.

- 6.54 The recommendations presented in this report allow for some key budget decisions to be taken now that assists with the budget planning and allows the calculation and distribution of provisional 2019-20 budgets, subject to the timely release by the DfE of the data that must be used for budget setting purposes. Final SB and CSSB budget proposals for 2019-20 will be presented to the Forum to consider on 17 January, when all relevant data used for budget setting purposes is expected to have been finalised.
- 6.55 Further work is on-going relating to the High Needs and Early Years Block items where the level of funding to be received next year has yet to be finalised. Budget proposals on these areas of the Schools Budget will be presented to the Forum in January and March.

7 ADVICE RECEIVED FROM STATUTORY AND OTHER OFFICERS

Borough Solicitor

- 7.1 The relevant legal implications are addressed within the main body of the report.

Director of Finance

- 7.2 Included within the supporting information.

Equalities Impact Assessment

- 7.3 A decision on the need for an EIA will be taken when the final budget proposals are confirmed.

Strategic Risk Management Issues

- 7.4 Whilst the funding reforms in general result in schools receiving additional funds, a number of strategic risks exist, most significantly:
1. Insufficient funding to cover anticipated pay and price inflation and changes in contributions to the Pension Funds for those schools receiving the lowest increases.
 2. The ability of schools with loans to manage their repayments. Two secondary schools have significant loan advances that need to be managed during a period of financial change.
 3. Ensuring sufficient resources are allocated into general school budgets to meet their SEN responsibilities, up to the £10,000 limit.
 4. Managing the additional revenue costs arising from the new / expanded schools programme.
 5. The ability of schools to achieve school improvement targets.
- 7.5 These risks will be managed through support and assistance to schools in the budget setting process which is a well established programme. It has ensured that schools develop medium term solutions to budget shortfalls and draws on funding retained to support schools in financial difficulty or through the allocation of short to medium term loans. There remains a de-delegated budget of £0.195m (after academy deduction) to support schools in financial difficulties that meet qualifying criteria.
- 7.6 Any further school academy conversions are also likely to increase budget and general resource pressures on the council. These will need to be managed as they emerge.

8 CONSULTATION

Principal Groups Consulted

- 8.1 People Directorate Management Team, school governors, head teachers, Schools Forum and other interested parties.

Method of Consultation

- 8.2 Written report to People Directorate Management Team and Schools Forum; formal consultation with schools.

Representations Received

- 8.3 Included in body of the report.

Background Papers

None:

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Overview of School Funding Reform

National changes

1. The DfE are in the process of implementing national funding reforms for schools and education. This includes the introduction of the School National Funding Formula (SNFF) which ensures a consistent approach to funding all schools, with units of resource paid at the same value for every school in the country, other than where an area cost adjustment is added to reflect specific, geographic costs – BF receives a 5.61% local area uplift.
2. To minimise the initial impact of the reforms on individual school budgets, the new framework is being introduced on a phased basis and is not expected to be fully implemented until April 2021. At this point all schools are expected to be funded directly by the SNFF and there will be a much more limited role for Local Authorities (LAs) in determining budget allocations for their local schools.
3. However, building on progress made by LAs during the first year of transition in 2018-19, the DfE has confirmed that LAs will retain responsibility for calculating budgets for the schools in their area for the next 2 years and will continue to be funded via the ring-fenced² Dedicated Schools Grant (DSG). The amount of funds each LA receives will equal the total funding their schools would have received if the SNFF had been fully implemented.
4. The reforms to the funding framework will be accompanied with additional funding. Initially this was announced at an extra £500m, but this was subsequently increased by a further £1.3bn for schools and high needs budgets across 2018-19 and 2019-20. Budgets beyond 2020 are not yet known and will be decided through the next government spending review which will take place in 2019.
5. The key elements of the new funding system used by the DfE to fund LAs are:
 1. the basic amount that every pupil will attract in 2018-19 and 2019-20 will increase from 2017-18 base levels.
 2. in calculating LA funding allocations through the aggregation of individual school budgets on the SNFF, there will be gains of up to +3% a year per pupil, with every school receiving at least a +0.5% a year per pupil cash increase.
 3. in addition, there will be minimum per pupil funding rates for primary and secondary schools. Meeting these minimum rates is outside the +3% cap set out above, meaning some schools will exceed the maximum +6% two year increase.
 4. until 2021, whilst each LA remains responsible for setting budgets in their area within outline parameters set by the DfE, they are **NOT** required to replicate the SNFF i.e. LAs do not have to implement the +0.5% minimum per pupil funding increase or the minimum per pupil funding rates if local circumstances require a different approach. For example, some LAs have agreed with their schools to divert some money to support pupils with high needs. This means they will not have enough money to fully replicate the SNFF.

² The DfE place a ring-fence on funding provided to LAs for schools and education through the DSG. This means it can only be used for the purposes defined by the DfE and cannot be diverted to fund other costs.

6. Even where a LA wants to duplicate the SNFF in budget allocations to their schools, this will not be possible. How LAs can then pass on funding to their schools is dictated by the School Funding Regulations issued by the DfE. These Regulations do not allow LAs to fully replicate the funding methods used in the SNFF, most notably in the calculation of the minimum +0.5% annual increase in pupil funding.
7. The anticipated financial impact on schools in BF over the 2 year funding period 2018-19 and 2019-20 is that per pupil funding will be 5.0% higher (£3.2m) than the amount received through the funding framework in place up to 2017-18. The 2018-19 schools budget received a £1.7m (2.7%) funding increase with a further £1.5m (2.3%) expected to be received in 2019-20.
8. Funding increases have arisen as most BF schools have historically been receiving relatively low per pupil funding rates compared to similar schools in other areas of the country, and one of the key aspects of the new SNFF is to introduce uniform funding rates to ensure schools with similar characteristics receive similar amounts of funding, irrespective of where they are located.
9. Separate arrangements are in place to fund LAs and schools for costs in respect of business rates, high pupil mobility and the “growth fund”³. These are treated differently as the DfE do not consider that need to spend on these items correlates closely to the number of pupils on roll at census date. At the moment, these costs are generally funded on a prior year actual cost basis and are not counted in per pupil funding calculations. The DfE has indicated that this is not the long term approach to funding and that alternative, preferably formulaic solutions will be considered. As set out below in paragraph 12 a new formula will be introduced next year for the growth fund.

Bracknell Forest approach to the reforms

10. Arrangements regarding education funding in BF have been well established on the basis of a partnership with schools and the Schools Forum⁴. Whilst most funding decisions on school budgets remain the responsibility of the council, they have always been taken on the basis of recommendations from the Schools Forum, which follows consideration of the views gathered from schools on key budget matters through these annual financial consultations.
11. In setting the 2018-19 budget, 97% of the 30 school respondents to the 2017 financial consultation agreed that the strategy should be to aim for a close fit to the indicative SNFF allocation for each school. This recognised that all schools would move to the SNFF within 2 years and that there should be a smooth transition to the new arrangements. It also ensured that all schools would receive at least a 0.5% increase in per pupil funding. The Schools Forum supports continuing with this approach for 2019-20.

³ The growth fund covers diseconomy funding and other allocations to new schools such as pre-opening costs, and for existing schools, significant in-year increases in pupil numbers and Key Stage 1 funding top ups to limit classes to 30 pupils.

⁴ Each LA is required to establish and maintain a Schools Forum to represent Education providers and partners on key financial matters. The membership of the BF Forum has been drawn from head teachers, including academies, governors and representatives of the teacher associations, diocesan boards, Early Years providers and Bracknell and Wokingham College.

New changes from the DfE for 2019-20

12. The DfE will be making a small number of further changes for 2019-20, in particular the introduction of a new formula to calculate funding allocations to each LA for their growth fund responsibilities. This will now be determined by counting the increase in pupil numbers between the two most recent October censuses, so between October 2017 and October 2018. The measure will be via small geographical areas used by the Office for National Statistics called middle super output areas (MSAO). These areas are considered small enough to detect pockets of growth. Only positive increases by MSAO will be counted. Reductions in other MSAO areas will not be deducted. Additional funding will also be provided to an LA when a new school opens.
13. The funding allocation for growth is the key issue for the 2019-20 BF Schools Budget.
14. Other changes being made are:
 1. confirming increases in SNFF minimum per pupil funding rates to £3,500 for primary aged pupils and £4,800 for those of secondary age.
 2. the per pupil funding floor in the SNFF will again be set at a +0.5% increase from last year's SNFF allocation, with gains also continuing to be capped at +3%.
 3. to fairly fund new schools, those opening for the first time in 2019-20 will also have a funding floor applied. Their 2019-20 funding will be compared to a baseline calculated from average baseline budgets for all schools in the relevant LA. Details of how these calculations will be made have yet to be published.
 4. changes to the Early Years Foundation Stage Profile have gradually increased the cohort of pupils which is used for funding schools for low prior attainment (LPA), which is a proxy for SEN pupils. To account for a change arising from "the assessment, rather than changes to the underlying level of need", the DfE will maintain the proportion of funding allocated on primary LPA by balancing the increase in the eligible cohort with a reduction in the factor value from £1,050 to £1,022. This is the only SNFF factor value change. Annex 4 shows the SNFF values and also those used in the BF funding formula in 2017-18 and 2018-19.
 5. setting individual LA funding for premises and mobility factors on actual budget allocations made by LAs in 2018-19. LA funding amounts for 2018-19 were based on 2017-18 actual budget allocations to schools.
15. Items 1 to 3 above in paragraph 14 set out how the DfE will fund each LA for their 2019-20 Schools Budget. LAs are **NOT** required to replicate the SNFF in individual budget allocations to their schools. Flexibility remains to set budgets in accordance with local priorities.

Summary responses to the November 2018 financial consultation with schools

QUESTION	TOTALS				TOTAL	%
	PRIMARY	SECONDARY	ALL THROUGH	SPECIAL		
1 In respect of allocating funds to schools, which Option do you prefer to use next year? Option 1: Meets key objectives of SNFF. 2019-20 SNFF factor values all scaled down by the same percentage reduction to available funds; Option 2: Meets key objectives of SNFF together with funding stability with 2018-19. 2018-19 BF age weighted pupil unit funding increased. All other factor values unchanged; Option 3: Meets key objectives of SNFF together. Uses 2019-20 SNFF factor values scaled down to available funds, but different reductions in each factor to move to a relatively close match to SNFF						
Option 1	5	1	0	0	6	25%
Option 2	3	4	0	0	7	29%
Option 3	11	0	0	0	11	46%
NO REPLY AS NOT RELEVANT TO RESPONDENT	0	0	0	1	1	
2 To continue the strategic and cost effective approach in the use of the funds for contingencies (including schools in financial difficulties including those in or in danger of entering an Ofsted category), support to underperforming ethnic groups, CLEAPSS licence fees, staff supply cover costs, premature retirement / dismissal cost, free school meal eligibility checking and Behaviour Support Services, do you agree that the Schools Forum should again agree to de-delegate all relevant funding for continued central management by the LA?						
YES	17	2	0	0	19	100%
NO	0	0	0	0	0	0%
NO REPLY AS NOT RELEVANT TO RESPONDENT	2	3	0	1	6	

QUESTION	TOTALS				TOTAL	%
	PRIMARY	SECONDARY	ALL THROUGH	SPECIAL		
3 In respect of making a financial contribution to the statutory and regulatory education related duties required of the council that will no longer be financed through DfE grant, do you agree that maintained schools should continue to make a £20 per pupil / place contribution?						
YES	14	2	0	1	17	85%
NO	3	0	0	0	3	15%
NO REPLY AS NOT RELEVANT TO RESPONDENT	2	3	0	0	5	
Total responses	19 61%	5 83%	0 0.00%	1 50.00%	25 63%	
Maximum responses	31	6	1	2	40	

Medium Term funding plan for meeting the cost of new schools

		2015-16 to 2018-19 £m	2019-20 £m	2020-21 £m	2021-22 £m	2022-23 £m	4 year total £m	Share
	<u>New schools:</u>							
1	Start-up costs	0.250	0.025	0.000	0.000	0.014	0.039	
2	Diseconomy costs	1.404	1.201	1.311	1.151	0.983	4.647	
3	Post opening costs	0.000	0.075	0.038	0.030	0.023	0.165	
		1.654	1.300	1.349	1.181	1.020	4.851	
	<u>Existing Schools:</u>							
4	In-year pupil growth / KS1 classes	0.818	0.365	0.400	0.400	0.400	1.565	
5	Total estimated costs	2.472	1.665	1.749	1.581	1.420	6.416	
6	Estimated funding from DfE	-0.773	-0.800	-0.440	-0.440	-0.440	-2.120	
7	Funding gap	1.699	0.865	1.309	1.141	0.980	4.296	
	<u>Proposed funding sources:</u>							
8	Use of Schools Budget balances	0.787	0.175	0.549	0.175	0.014	0.914	21%
9	Contribution from BFC	0.000	0.345	0.208	0.207	0.207	0.967	24%
	SNFF allocation (DSG):							
10	<i>In year change</i>	-	0.345	0.208	0.207	0.000		
11	Cumulative	0.912	0.345	0.552	0.759	0.759	2.415	55%
12	Total funding	1.699	0.865	1.309	1.141	0.980	4.296	
13	4 year cost estimate		4.296					
14	<i>In year % contribution from existing schools</i>		0.50%	0.30%	0.30%	0.00%		
15	<i>Cumulative % contribution from existing schools</i>		0.50%	0.80%	1.10%	1.10%		

Services proposed to be centrally managed by the Council

Budget item	Schools Block Centrally Managed		
	Budget 2018-19 £	Proposed Changes £	Draft Budget 2019-20 £
<u>Historic commitments</u>			
<u>Combined Services Budgets</u> *:			
Family Intervention Project	£100,000	£0	£100,000
Educational Attainment for Looked After Children	£133,590	£0	£133,590
School Transport for Looked After Children	£42,890	£0	£42,890
Young People in Sport	£18,050	£0	£18,050
Common Assessment Framework Co-ordinator	£42,470	£0	£42,470
Domestic Abuse	£6,000	£0	£6,000
Education Health Partnerships	£30,000	£0	£30,000
SEN Contract Monitoring	£32,680	£0	£32,680
<u>Miscellaneous (up to 0.1% of Schools Budget):</u>			
Forestcare out of hours support service	£4,850	£150	£5,000
Borough wide Initiatives	£27,270	£820	£28,090
Support to Schools Recruitment & Retention	£7,470	£220	£7,690
<u>Statutory and regulatory duties</u>			
'Retained' elements	£260,000	£7,800	£267,800
<u>Other expenditure</u>			
School Admissions	£175,970	£5,280	£181,250
Schools Forum	£21,440	£640	£22,080
Boarding Placements for Vulnerable Children	£58,880	£1,770	£60,650
Central copyright licensing	£79,000	£2,370	£81,370
Total	£1,040,560	£19,050	£1,059,610

* Combined Service Budgets funded by the DSG generally support vulnerable children, have an educational benefit and link to other programmes funded by the Council which together result in better, more effective use of resources with improved outcomes for children than if provided and managed independently.