

TO: SCHOOLS FORUM
DATE: 18 JANUARY 2018

**PROPOSALS FOR THE 2018-19 SCHOOLS BLOCK AND
CENTRAL SCHOOL SERVICES BLOCK ELEMENTS OF THE SCHOOLS BUDGET**
Director of Children, Young People and Learning

1 PURPOSE OF REPORT

- 1.1 The purpose of this report is to present to the Schools Forum an update on school funding and to seek comments on the final proposals from the Council for the 2018-19 Schools Block and Central Schools Services Block elements of the Schools Budget.
- 1.2 Recommendations agreed from this report will form the basis of proposals to be presented to the Executive Member for Children, Young People and Learning, who has responsibility for agreeing most aspects of the Schools Budget although within the overall budget setting process, there are a number of areas where the Forum holds responsibility, and these are presented now for a decision.
- 1.3 There is a very tight timetable to meet, with views of the Schools Forum on the proposals being sought in advance of the 19 January deadline for submitting to the Department for Education (DfE) the actual Funding Formula for Schools to be used in 2018-19 with associated units of resource and total cost.

2 EXECUTIVE SUMMARY

- 2.1 The final work on next year's Schools Budget has been completed, and by using a measured withdrawal of funds from Earmarked Reserves to finance the additional costs arising from new schools, existing schools will receive the full benefit of the additional £1.7m of funds (2.7%) in next year's budget as a result of the introduction of the School National Funding Formula (SNFF).
- 2.2 The key cost pressure in BF moving forward relates to the additional diseconomy costs expected to be incurred to support the delivery of additional school places that are anticipated in response to new house building programmes. The DfE has yet to establish a long term funding policy for LAs creating new school places which presents a significant financial risk moving forward. Further clarity will be available when the DfE announces the funding formula it intends to use, although no date has been set for the release of further information.
- 2.3 In setting their budgets, schools will need to be aware that costs are starting to rise at a greater pace than the historically low amounts experienced in recent years, with the potential for around a 2% cost increase during 2018-19.

3 RECOMMENDATIONS

To AGREE

- 3.1 **As decision maker:**

1. that the arrangements in place for the administration of central government grants are appropriate;
 2. the budget amounts for each of the services centrally managed by the council and funded from the Schools Block and Central School Services Block DSG elements are as set out in Table 1 and Annex 3, with the Schools Block totalling £0.463m and the Central Schools Services Block totalling £1.041m;
- 3.2 In its role as the representative body of schools and other providers of education and childcare, the Forum REQUESTS that the Executive Member AGREES the following decisions for the 2018-19 Schools Budget:**
1. that the amount of DSG funding for delegation into school budgets through the BF Funding Formula be set at £67.425m;
 2. that £0.394m be drawn down from the New School start-up / Diseconomy Reserve and be included in delegated school budgets;
 3. that the units of resource for the BF Funding Formula be set at those shown in column 3 of Annex 2;
 4. that other Schools Block related grants be reset to the amounts anticipated in 2018-19;
 5. that the DfE pro forma template of the 2018-19 BF Funding Formula for Schools as set out in Annex 4 be submitted by the 19 January deadline.
- 3.3 To NOTE:**
1. that the full £1.728m increase in funding from the SNFF is allocated to existing schools;
 2. that proposals in respect of the Early Years and High Needs Block elements of the Schools Block will be presented to the Forum in March;
 3. the 2018-19 cost pressures that schools are likely to need to finance from within their budget allocation, estimated at between 2% and 3%;
 4. the on-going uncertainty from the DfE in respect of a long term funding solution for new and expanding schools, where significant cost increases are expected in BF in future years and which may impact on funding levels for existing schools;
 5. that whilst transitional funding protection is in place during the next 2 years to cap SNFF increases to 6%, this prevents 18 BF schools (49%) from receiving the full increases they are due, up to a 13.94% increase.

4 REASONS FOR RECOMMENDATIONS

- 4.1 To ensure that the 2018-19 Schools Budget is developed in accordance with the views of the Schools Form, the anticipated level of resources and the statutory funding framework, including the requirement to submit summary details of individual 2018-19 school budgets to the DfE by 19 January 2018.

5 ALTERNATIVE OPTIONS CONSIDERED

- 5.1 These are set out in the supporting information.

6 SUPPORTING INFORMATION

Background

- 6.1 Proposals for reforming school and education funding, most notably through the introduction of a SNFF, were initially announced by the government in March 2016 and are now reaching a conclusion. The SNFF will be in place from April 2018, with LAs receiving funding for schools in their area on the new national formula, but in order to aid a smooth transition to the SNFF, retain the freedom to calculate individual school budgets for the next 2 years, within the parameters of DfE School Funding Regulations.
- 6.2 From March 2020, the expectation is that the Education and Skills Funding Agency (ESFA) will implement the uniform SNFF for all schools in England, with minimal future involvement from LAs.
- 6.3 Following responses to the most recent DfE consultation in December 2016 and the outcomes from the general election result in May 2017, there will now be an additional £1.3bn for schools and high needs budgets across 2018-19 and 2019-20. There will be £416m more than was set aside at the last spending review for the core school budget in 2018-19, and £884m more in 2019-20. These amounts are in addition to the extra £500m announced to support the reforms as part of Spending Review 2015. Budgets beyond 2020 will be confirmed in the next Spending Review.
- 6.4 The Schools Forum has been kept up to date with these developments through regular reports which have confirmed that based on October 2016 data, over the next 2 years, funding for BF schools through the SNFF will be 5.1% higher (£3.24m) than the actual amount received through the current funding framework. This is sufficient to deliver an increase in per pupil funding for BF schools ranging from 1.0% to 8.5%. There is no noticeable benefit to BF schools from the extra £1.3bn funding as the majority will be allocated to schools in areas that were previously facing funding reductions of up to 1.5% or increases below the new minimum rise of 0.5% that is now guaranteed to every school.

Future Funding Arrangements

- 6.5 The Schools Budget is funded by a 100% ring fenced government grant called the Dedicated Schools Grant (DSG). Following the latest national funding reforms, the DSG now comprises 4 funding Blocks (was 3), each with a separate calculation and funding allocation; the Schools Block (SB); the Central School Services Block (CSSB, and the new funding block) 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.
- 6.6 This report concentrates on the SB element of the DSG which is intended to fund delegated school budgets and the small number of services that the DfE allows LAs to manage centrally on behalf of schools, and the CSSB, which covers a range of services that LAs can manage on behalf of schools. HNB and EYB funding matters will be subject to a separate report that will be presented for consideration in March.
- 6.7 There are 2 main elements of funding within the SB which together produce the funding for individual school budgets; business rates, high pupil mobility and the growth fund, which are currently funded at the same amount as included in each LA's 2017-18 base budget; and per pupil funding allocations for all other costs. These per pupil funding allocations have an added significance in the new arrangements in that

they will be used to make the calculation to ensure each school receives new, minimum per pupil funding rates of £3,300 for primary aged pupils, and £4,600 for secondary aged pupils. Therefore, school costs of business rates, high pupil mobility and allocations from the growth fund are excluded from the calculation of minimum per pupil funding rates.

- 6.8 As in previous years, each LA is funded for their SB through an individual DSG per pupil funding rate. This is now added to the block funding allocation received for business rates, high pupil mobility and allocations from the growth fund to calculate total funding. DSG per pupil funding rates are now calculated separately for primary and secondary aged pupils. They are calculated from running the SNFF on October 2016 census data and dividing the aggregate per pupil allocation for all schools by the total number of pupils to determine core funding rates for 2018-19. DSG per pupil funding rates are therefore calculated from lagged data, one year in arrears to the data used to fund schools, which in itself is collected 7 months before the start of the relevant financial year. The CSSB funding is determined through a new national formula and is allocated to fund budgets for central management by LAs. There are 2 elements; a per pupil amount paid at £39.68, and a fixed lump sum allocation paid to LAs at the individual amount, based on the cost of historic commitments on permitted services.
- 6.9 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.
- 6.10 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 is for the Schools Budget to be set at the eventual level of grant income plus any accumulated balances, with the Executive Member for Children, Young People and Learning authorised to make amendments and agree budgets as permitted by DfE Funding Regulations. This is scheduled to take place on 19 January 2018, taking account of recommendations of the Schools Forum.

The Schools Block

Progress to date

- 6.11 The 7 December Forum made a number of preliminary budget decisions taking account of the latest information from the DfE, views expressed by BF schools through the local financial consultation process and other related matters. Preliminary decisions were made in respect of:
- Moving the BF Funding Formula to as close to the SNFF as possible.
 - Setting the Minimum Funding Guarantee (MFG) – the mechanism used by the DfE to ensure each school receives a minimum change in per pupil amount of funding each year – at the highest permitted amount, capped at the same proportional increase most schools would expect to receive. The provisional rate was set at +0.38% (maximum rate +0.5%) to reflect the cost pressure from new schools that was a new unavoidable commitment and a top slice from total funds. The cost of the MFG is met from placing a cap on the amount that schools with funding increases above the minimum 0.5% can retain.

- The relevant services where budgets could be centrally managed on behalf of schools by the Council and the associated amounts.
- With maintained schools supporting on-going 'de-delegation' of those services permitted by the DfE, and where requested by the council, these could continue. Note the council will not be requesting SIMS licence fee¹ funding be returned for central management. Maintained schools will retain the relevant funding and will now need to budget directly to pay for the resultant cost. All other services previously 'de-delegated' will continue on that basis.
- With maintained schools supporting an on-going £20 per pupil contribution towards the cost of delivering 'general' education related statutory and regulatory duties, this would continue.
- Agreeing the updated policy and associated costs of the *Start up and diseconomy funding policy for new and expanding schools*. However, concern was expressed at the cost and the impact on existing schools, especially in respect of recruiting a full time Headteacher in advance of the school opening.
- Based on school responses to the annual financial consultation, provisional funding decisions for 2018-19 were agreed as follows:
 - That £0.325m would be allocated to schools to reflect the estimated 83 increase in the number of pupils compared to 2016.
 - That £0.512m would be allocated to fund increased diseconomy costs at new schools.
 - That net savings of £0.102m are expected on business rates, comprising £0.101m cost pressure from inflation and the reduced transition funding protection from the 2017 national revaluation and a saving of £0.203m from schools converting to academies during 2017-18 which then become eligible to 80% charitable rates relief.
 - A £0.009m increase in funding to be initially held by the Council in the Growth Fund, pending in-year allocation to qualifying schools.
 - The remaining £1.264m of the total £2.008m estimated funding increase should be allocated through the BF Funding Formula to ensure as close a match as possible to the SNFF.

Confirmed Schools Block DSG income

- 6.12 The DfE published verified October school census and other data that must be used to calculate 2018-19 school budgets on 21st December. This included funding for 16,007 pupils (+0.68%). Based on the BF specific per pupil funding rates of £3,616 for primary aged pupils and £4,849 secondary aged pupils, this delivers £65.180m, a decrease of £0.008m compared to the initial estimate.
- 6.13 The DfE has also confirmed that there will be a separate funding allocation to LAs for non-pupil based school costs, to be set at the 2017-18 budget amount and intended to finance the cost of business rates, high pupil mobility and the Growth Fund. The allocations for business rates and high pupil mobility of £1.528m and £0.013m respectively will ultimately be included in delegated school budgets. In terms of the Growth Fund, this amounts to £0.772m² and is a centrally managed budget that is

¹ This covers the cost of providing support to the software required to perform most of the administration tasks in schools. It relates to the payment to CAPITA (software supplier) for software maintenance support

² The Growth Fund comprises 3 elements that are allocated to schools after the start of the financial year which total £0.454m; significant in-year increases in pupil numbers at £0.312m; financial support to

generally allocated in-year to relevant schools once relevant census data is available to confirm where eligibility criteria has been met.

- 6.14 Therefore, the overall income for the SB will be £67.494m, with £0.463m agreed at the last meeting of the Forum to be retained by the council for in-year allocation to schools once eligibility criteria are met (a £0.009m increase), meaning the remaining balance of £67.031m – a reduction on £0.015m from the estimate made at the previous meeting - will be included in delegated school budgets.

Final budget proposals for 2018-19

- 6.15 As the DfE data that must be used for funding purposes has emerged, and more work has been undertaken on other budget calculations, a number of changes are now being made to the initial proposals that were agreed by the Forum in December.

Changes in pupil numbers

- 6.16 Using the actual DfE verified census data identified an error on the initial calculation of additional pupils. The reported increase of 83 pupils included 21 deferred entries into reception classes that reflected the actual January 2017 numbers compared to the October 2016 census. These pupils have previously been funded by the DfE, but will not be from April 2018. In addition, there was 1 duplicate pupil included on a school census return that has been removed through the DfE validation process. Therefore, the additional funded pupil numbers amounts to 61 – 12 primary and 49 secondary – and equates to a cost of £0.264m, a reduction of £0.061m on the previous estimate.

Growth Fund - Impact from new / expanding schools

- 6.17 With Binfield Learning Village (BLV) scheduled to open to secondary aged pupils in September 2018 (part year financial cost in 2018-19), and Warfield Woodhurst Primary School continuing to require diseconomy top-up funding, the cost of supporting new schools will increase from the £0.318m that the DfE will again provide for this purpose in 2018-19. Based on the updated units of resource in the BF Funding Formula, the actual cost next year has been revised to £0.814m, a reduction of £0.016m, which results in an overall budget pressure of £0.496m. The outline forecast for 2019-20 shows a further increase of £0.191m and mainly reflects the estimated cost of BLV being open for a full year together with additional pupils from September 2019 and reduced support at Warfield Woodhurst. Table 1 below summarises the financial information.

meet Key Stage 1 Infant Class Size Regulations at £0.086m; and pre-opening costs for new schools at £0.056m. A further element is allocated to new schools at the start of the financial year, for diseconomy funding when pupil numbers are low before growing to a viable number. There is currently £0.318m being paid into the initial budget of the recently opened Warfield Woodhurst Primary School.

Table 1: Additional financial support for new / expanding schools

Item	Warfield West / Woodhurst (Sept 2016)	Binfield Learning Village (Sept 2018)
<u>Running costs (financial year basis):</u>		
Fixed lump sum	£165,000	£300,420
Business Rates	£20,000	£46,670
Funding 6 classes from April – August	£188,580	-
Funding 7 Classes from September - March	£308,000	-
Funding 4 classes from September - March	-	£287,680
Total	£681,580	£634,770
	£1,316,350	
Funding Formula allocation (October 2017 confirmed school census data)	£501,950	£0
Total cost of Diseconomies	£179,630	£634,770
	£814,400	
Total Funding (at 2017-18 budget)	£318,400	
Pressure in 2018-19	£496,000	

- 6.18 As previously reported, the DfE are aware that historic spend on growth will not necessarily predict accurately the amount of funding that will be needed for growth in future – as evidence in BF for next year - and that a number of LAs are experiencing significant cost pressures from this approach. However, this will apply in 2018-19 while alternative options for the longer term are considered, with a current preference being a move to a formulaic approach. At this stage, it is unclear if this will result in more or less funding being received by BF.

Managing the additional £0.496m diseconomy cost at new / expanding schools

- 6.19 Table 1 above indicates a cost pressure of £0.496m from new and expanding schools. As reported in December, there is a £0.102m net saving on business rates as a result of a £0.203m saving on schools converting to academies in 2017-18 and subsequently qualifying for 80% charitable rates relief together with a cost increase of £0.101m arising from changes from transitional rates relief and general inflation. This net saving reduces the overall pressure on school budgets to £0.394m.
- 6.20 Meeting these commitments would ordinarily come from a top slice to existing school budgets resulting in reduced funding allocations. However, available funding can be adjusted by applying unspent DSG from previous years held in the general balances of the Schools Budget or other resources held in specific, earmarked reserves. As it has been known for a number of years that a pressure will arise from new / expanding schools, the Forum has previously supported proposals from the council that £0.8m of accumulated surplus balances should be set aside in Earmarked Reserve to help smooth out the effect of the pressure when it arises (£0.3m deposited in 2016/17 and £0.5m in 2017/18). This funding is available for consideration to finance the £0.394m shortfall.

- 6.21 As well as the earmarked reserve for new schools, current budget monitoring forecasts (based on the provisional November budget monitoring cycle) indicate a net year end saving in 2017-18 on the overall Schools Budget of £0.328m. The Forum will be aware that the Borough Treasurer considers that the Schools Budget should hold a minimum surplus of £0.66m to help manage unforeseen cost increases such as those experienced in 2014-15. The current unallocated balance of the Schools Budget totals £0.66m, indicating the likelihood of additional funds being available at the end of the financial year for support to future school budgets, including the potential to add further funds to the New School Start Up / Diseconomy Reserve.
- 6.22 As it is known that the costs of new schools will further increase in the coming years, a degree of caution needs to be exercised in considering the use of balances in the one-off support of school budgets. However, until such time as greater certainty is provided by the DfE on how these costs will be funded from 2019-20, the Forum is recommended to agree a draw down of £0.394m from the New School Start Up / Diseconomy Reserve (49% of the total balance) into the 2018-19 budget to ensure that the overall Schools Budget allocates to existing schools the full £1.728m increase in funding received through the SNFF.

Moving the BF Funding Formula to a close match the SNFF

- 6.23 Whilst it was reported to the last Forum meeting that the DfE had made a late change to School Funding Regulations to allow LAs to implement an MFG rate of +0.5% to match the funding “floor” used in the SNFF, thereby assisting LAs in replicating the SNFF, it is still not possible to fully duplicate the SNFF allocations as there is no provision to apply the 3% “cap” on individual school increases applied by the SNFF. Therefore, the process to move as close as possible to the SNFF involves manually adjusting individual units of resource in the BF Funding Formula on a trial and error basis to a position that on balance provides as close a match to the SNFF as possible.
- 6.24 Annex 1 shows headline elements of individual school budgets through the SNFF, using the confirmed October 2017 census data and the proposed budget for each BF school i.e. assuming all the proposals in this report are supported. Key highlights from Annex 1 are:
- 17 schools (46%) receive higher allocations through the BF Funding Formula compared to the SNFF, with 20 (54%) receiving lower allocations (column 7);
 - The highest percentage that the BFC Funding Formula delivers above the SNFF is 1.09% (+£0.02m) with the lowest amount below being -1.85% (-£0.024m) (column 8);
 - That Edgbarrow is the only BF school receiving a per pupil top up to meet the new minimum per pupil funding rates of £3,300 for primary schools and £4,600 for secondary schools. The total allocation amounts to £0.058m (column 10);
 - The cost of the MFG is £0.051m, with 3 schools receiving a top up of up to £0.047m. In line with the SNFF methodology, only those schools above per pupil increases above the 3% SNFF “cap” increase contribute to meeting the cost of the MFG. In total, 8 schools contribute (column 11).
- 6.25 It is also apparent from Annex 1 that due to the 3% cap on per pupil funding increases arising from the SNFF that 26 (70%) of BF schools have their funding capped and illustrates that a significant number of BF schools will be funded below the true SNFF

allocation. Without the cap, primary schools would have received average per pupil funding increases of 6.08% and secondary 5.59% (column 4).

- 6.26 At this stage it is unclear how the DfE will move those schools below the SNFF to the expected level of funding and how long it will take as 2019-20 school budgets will also include a 3% “cap” on per pupil funding increases. There are 18 BF schools (49%) due to receive at least 6% increases in per pupil funding under the SNFF that are still likely to be below the true SNFF funding rate in 2 years time.

Annex 2 shows the SNFF units of resource and the amounts proposed to be used in the BF Funding Formula, based on the budget proposals contained in this report.

Centrally managed budgets within the CSSB

- 6.27 Costs incurred against centrally managed budgets have also been reviewed and this has highlighted that a further change is required. For the centralised copyright licence, where costs are based on pupil numbers which are rising, the DfE have announced the charge for BF schools will rise by £0.003m in 2018-19. The DfE requires LAs to pay this licence fee centrally. As reported in December, the budget for boarding placements for vulnerable children is greater than current costs and has capacity to manage a reduction to cover the cost increase. Annex 3 sets out the updated proposed budget allocations for these 2 services together with a reminder of all previously agreed budgets. There is no change to the overall £1.041m total CSSB grant allocation.

Summary of proposed changes – SB and CSSB

- 6.28 Based on the data set provided by the DfE and other relevant information, a series of changes have been set out above that the council proposes are reflected in the 2018-19 Schools Block and Central Schools Services Block budgets. They draw from the national funding framework, views expressed by schools through the Financial Consultation, previous decisions of the Forum and the estimated level of resources. Table 2 below summarises the changes proposed.

Table 2: Summary final budget proposals for 2018-19

Para Ref.	Item	Schools Block			Central Services Schools Block 4 £'000	Total School and pupil related 5 £'000
		Delegated school budgets 1 £'000	De-delegated budgets 2 £'000	Council Managed 3 £'000		
		6.14 / 27	Initial budget agreed at 7 December 2017 Forum	63,764		
		65,039				
	Confirmed 2018-19 DSG: funding by Block	67,031		463	1,041	68,535
	Increase in funding for allocation to schools	1,992				
	<u>Changes required for 2018-19:</u>					
6.16	Increase in pupils (61)	264		0	0	0
6.17	Dis-economy funding; new / expanded schools	496		0	0	0
6.19	Rates: revaluation and inflation	101		0	0	0
6.19	Rates: charitable relief at new academy school	-203		0	0	0
6.27	Savings - boarding places	0		0	-3	-3
6.27	Copyright licence for schools	0		0	3	3
	Total changes required for 2018-19	658				
	Remaining balance to allocate to schools	1,334				
	Proposed DSG funded budget for 2018-19	67,031		463	1,041	68,535
6.22	Proposed draw down from New School Reserve	394				
	Grand total proposed budget for 2018-19	67,425		463	1,041	68,929
6.22	Net increase in funding to existing schools	1,728				
	<u>Memo items:</u>					
	Total for DfE Pro-Forma (from Grand total above)	67,425		463		67,888
	Part funding of 'general' statutory duties to be transferred to BFC from maintained schools	-230		230		

Submission of DfE pro forma budget statement

- 6.29 The DfE closely monitors the progress of LAs in setting their individual school budgets and requires the completion and submission of a template that sets out the Funding Formula to be used, associated units of resource and total cost. The deadline for return has been set at 19 January 2018. Annex 4 shows the BF return, which has been completed on the assumption that all of the proposals set out in this report are approved. The £67.888m recorded against Total Funding for Schools Block Formula detailed at the end of the pro forma matches the totals in columns 1 to 3 of Table 2. The Forum is recommended to agree that the attached pro forma is submitted.

Other grant income

- 6.30 In addition to the DSG, a number of other significant grants are paid directly to schools and these have been reviewed for anticipated receipts in 2018-19. This includes reducing expected amounts to reflect the number of academies as these schools

receive relevant grant funding directly from the DfE. The Forum is recommended to agree that the Executive Member updates budgets where relevant:

- Funding rates allocated through the Pupil Premium for pupils eligible to a FSM at any time in the last 6 years and from a services family at any time in the last 4 years. Funding for Looked After Children will increase by £400 to £2,300. Total income to maintained schools next year is expected to be at around £2.37m.
- Funding for Universal Infant FSM and Primary School PE and Sport Grant are expected to amount to £1.278m and £0.514m respectively;
- Funding for sixth forms has been forecast in line with the existing national funding formula with £1.77m anticipated.

Actual cost pressures estimated for 2018-19

- 6.31 Schools will experience a range of cost pressures next year and whilst funding is proposed to cover increases in pupil numbers, diseconomy funding for new schools, and the full £1.728m of additional funding from the new SNFF funding allocation, new pressures will arise that schools will need to fund. The main pressures, which are estimated to represent between a 2% and 3% cost increase are:
1. The cost of pay and price inflation. With a local government pay offer of 2% next year, with higher increases for the lowest paid, this will create a pressure. We have recently experiencing historically low inflationary pressures and these are expected to start to increase moving forward.
 2. The Bracknell Forest Supplement (BFS) is paid locally and has in the past been linked to the change in the Living Wage. For most staff, the offered pay award of 2% would take them above the BFS level over the next 2 years, if the same approach is applied. At this stage, the Council has not presented any firm proposals for the BFS for 2018-19 but a cost increase may occur.
 3. The underlying deficit on the Local Government Pension Scheme is being reduced by way of additional lump sum contributions. Payments due from schools in the BF Local Government Pension Scheme are forecast to increase by £0.1m.

Most of these cost pressures equally apply to centrally managed Schools Block budgets, meaning they will be required to make real terms savings of around 2.5%.

Other decisions required from the Schools Forum

- 6.32 The content of this report complies with requirements of the School and Early Years Finance (England) Regulations 2017. In addition to this, in setting the 2018-19 Schools Budget, there are also requirements from the Schools Forum (England) Regulations 2012 that need to be complied with.
- 6.33 There is a requirement to seek comments from the Forum in respect of administration arrangements for the allocation of central government grants. No changes are proposed on existing arrangements whereby relevant costs are absorbed by the council in normal day to day operations and the Forum is requested to agree this approach continues.

- 6.34 The Schools Forum Regulations also require the council to seek comments on arrangements for pupils with special educational needs, pupil referral units and other education out of school and early years provisions. In line with the publication of associated funding allocations, these matters will be presented to the Forum in March.
- 6.35 The Forum also has a decision making role on other budget matters, most notably in relation to Schools Block element funds held for central management by the Council on behalf of schools. Relevant budgets, including changes proposed in this paper are set out in Annex 3 and the Forum is recommended to agree relevant amounts for each budget line.

Conclusion Next steps

- 6.36 The SNFF has delivered around a 2.7% funding increase for schools next year. This represents a significant improvement in previous year where cash flat settlements have been received and most schools have needed to make real terms savings to balance their budgets. A further increase of 2.4% is expected in 2019-20, but that has yet to be confirmed. Drawing down a measured amount from reserves ensures that existing schools fully benefit from the increase, whilst at the same time resourcing new and expanding schools to meet their additional diseconomy costs. Schools will be aware that a number of costs will increase next year, and the expectation is that rises will be greater than the historically low amounts experienced in recent years.
- 6.37 Moving forward it will be important to understand how the DfE intends to fund LAs like BFC where significant housing growth is anticipated which is driving a need to create new school places at significant additional cost.
- 6.38 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 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.

Borough Treasurer

- 7.2 Included within the supporting information.

Equalities Impact Assessment

- 7.3 The budget proposals ensure funding is targeted towards vulnerable groups prioritised by the DfE SNFF and a BFC specific EIA is not required.

Strategic Risk Management Issues

- 7.4 The funding reforms and tight financial settlement present a number of strategic risks, most significantly:
1. Insufficient funding to cover anticipated pay and price inflation and changes in contributions to the Pension Funds.

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 real terms reduction in funding.
 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 admit an increasing number of pupils.
- 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. Subject to the outcomes from the consultation with schools, there remains a de-delegated budget of £0.185m (after academy deduction) to support schools in financial difficulties that meet qualifying criteria.
- 7.6 The increase in school academisation is 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 CYPL Departmental Management Team, schools and the Schools Forum.

Method of Consultation

- 8.2 Written reports to CYPL Management Team and the Schools Forum, formal consultation with schools

Representations Received

- 8.3 Included in body of the report.

Background Papers

None:

Contact for further information

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(01344 354054)

Doc. Ref

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Notes to Annex1

2018-19:

- Column 2: BFC calculation of the 2018-19 budget through the SNFF using October 2017 data (DfE have not completed this calculation). Includes school based funding for business rates and high pupil mobility and all per pupil related funding. Rounded to nearest £ thousand.
- Applies the 0.5% minimum per pupil “floor” increase and 3% maximum per pupil “ceiling” increase. Also, where relevant, adds minimum per pupil funding levels of £3,300 for primary aged pupils and £4,600 for secondary aged pupils.
- Column 3: Calculation of SNFF per pupil funding allocation before applying 0.5% minimum per pupil “floor” increase and 3% maximum per pupil “ceiling” increase. Also, where relevant, adds minimum per pupil funding levels of £3,300 for primary aged pupils and £4,600 for secondary aged pupils.
- Excludes school based funding for business rates and high pupil mobility.
- Shows per pupil funding if the SNFF was fully implemented without “floors” and “ceilings” transitional funding adjustments and indicates how far individual schools are away from being funded on the pure SNFF.
- Column 4: Change in per pupil funding from 2017-18 actual budget to per pupil funding if SNFF fully implemented without funding protection (i.e. as shown in column 3).
- Column 5: Calculation of SNFF per pupil funding allocation after applying 0.5% minimum per pupil “floor” increase and 3% maximum per pupil “ceiling” increase. Also, where relevant, adds minimum per pupil funding levels of £3,300 for primary aged pupils and £4,600 for secondary aged pupils.
- Excludes school based funding for business rates and high pupil mobility.
- Shows per pupil funding if the SNFF was fully implemented with “floors” and “ceilings” transitional funding adjustments.
- Column 6: Actual 2018-19 budget through the BFC Funding Formula. Aiming for close match to SNFF after application of “floors” and “ceilings”.
- Columns 7- 8: Sets out the difference between the BFC Funding Formula. Aiming for close match to SNFF after application of “floors” and “ceilings” i.e. columns 6 and 2.
- Column 9: Per pupil funding amount through the BFC Funding Formula, excluding business rates and high pupil mobility.
- Column 10: Total top up funding paid to schools below the minimum per pupil funding levels of £3,300 for primary aged pupils and £4,600 for secondary aged pupils.
- Column 11: Shows top up funding from the MFG and the amounts contributed from schools receiving greater than 3% increases in per pupil funding.
- Column 12: Actual budget allocation maintained schools will receive, after de-delegation deductions and contribution to LA statutory education related duties.

2018-19 actual school budgets (subject to agreement)

SCHOOL	Allocation through DfE SNFF (BFC estimate)	SNFF per pupil funding before "floors" and "ceilings" - BFC Calculation			Budget allocation through the BFC Funding Formula	Difference: SNFF to BFC Funding Formula		BFC Funding Formula: Memorandum items			Net total after delegation and contribution to LA duties
		Before "floors" and "ceilings"	% Change from 17-18 Baseline	After "floors" and "ceilings"		£	%	Per pupil funding rate	Minimum per pupil top-up	Contribution to (-) / receipt from (+) MFG	
1	2	3	4	5	6	7	8	9	10	11	12
Ascot Heath Infant	£751,000	£3,733	0.86%	£3,733	£756,370	£5,370	0.71%	£3,762	£0	£0	£738,935
Ascot Heath CE Junior	£892,000	£3,613	2.16%	£3,613	£887,826	£4,174	-0.47%	£3,596	£0	£0	£867,603
Binfield CE Aided Primary	£1,434,000	£3,530	7.05%	£3,407	£1,438,091	£4,091	0.29%	£3,418	£0	£0	£1,399,945
Birch Hill Primary	£1,459,000	£3,682	8.71%	£3,503	£1,457,387	£1,613	-0.11%	£3,500	£0	£0	£1,418,274
College Town Infant and Nursery	£843,000	£3,790	4.79%	£3,735	£849,853	£6,853	0.81%	£3,764	£0	£0	£828,719
College Town Junior	£1,005,000	£3,726	5.44%	£3,649	£998,000	£7,000	-0.70%	£3,624	£0	£0	£974,018
Cranbourne Primary	£763,000	£3,731	1.06%	£3,731	£763,651	£651	0.09%	£3,739	£0	£3,307	£746,770
Crown Wood Primary	£1,911,000	£3,737	11.78%	£3,460	£1,924,483	£13,483	0.71%	£3,484	£0	£-5,651	£1,881,420
Crowthorne CE Primary	£805,000	£3,766	1.77%	£3,766	£802,213	£2,787	-0.35%	£3,754	£0	£0	£784,591
Fox Hill Primary	£875,000	£4,221	3.95%	£4,188	£859,959	£15,041	-1.72%	£4,114	£0	£0	£838,482
Great Hollands Primary	£1,618,000	£4,181	13.94%	£3,806	£1,630,455	£12,455	0.77%	£3,836	£0	£-6,876	£1,592,171
Harmans Water Primary	£2,041,000	£3,686	12.20%	£3,400	£2,060,571	£19,571	0.96%	£3,434	£0	£-10,433	£2,003,485
Holly Spring Infant and Nursery	£989,000	£3,922	6.44%	£3,810	£985,576	£3,424	-0.35%	£3,796	£0	£0	£958,712
Holly Spring Junior	£1,231,000	£3,979	12.50%	£3,673	£1,242,379	£11,379	0.92%	£3,709	£0	£-7,731	£1,210,369
Jennetts Park Primary	£1,409,000	£3,688	1.63%	£3,688	£1,394,769	£14,231	-1.01%	£3,650	£0	£47,258	£1,367,395
Meadow Vale Primary	£2,220,000	£3,710	11.45%	£3,443	£2,233,592	£13,592	0.61%	£3,465	£0	£-2,310	£2,170,778
New Scotland Hill Primary	£774,000	£3,846	4.09%	£3,812	£777,571	£3,571	0.46%	£3,831	£0	£0	£760,403
Owlsmoor Primary	£1,821,000	£3,561	10.22%	£3,342	£1,837,232	£16,232	0.89%	£3,372	£0	£-5,035	£1,788,283
The Pines Primary and Nursery	£1,150,000	£3,934	8.10%	£3,766	£1,139,446	£10,554	-0.92%	£3,753	£0	£0	£1,108,856
Sandy Lane Primary	£1,810,000	£3,752	12.39%	£3,457	£1,829,815	£19,815	1.09%	£3,499	£0	£-7,320	£1,778,854
St Joseph's Catholic Primary	£822,000	£3,828	1.77%	£3,828	£816,902	£5,098	-0.62%	£3,804	£0	£0	£793,649
St Margaret Clitherow Catholic Primary	£811,000	£3,960	3.16%	£3,955	£806,825	£4,175	-0.51%	£3,921	£0	£0	£788,831
St Michael's Easthampstead Primary	£918,000	£3,836	4.14%	£3,799	£915,519	£2,481	-0.27%	£3,788	£0	£0	£893,205
St Michael's Sandhurst Primary	£716,000	£3,747	0.95%	£3,747	£715,462	£538	-0.08%	£3,749	£0	£188	£699,644
Uplands Primary	£791,000	£3,719	1.74%	£3,719	£786,881	£4,119	-0.52%	£3,699	£0	£0	£769,005
Warfield CE Primary	£1,495,000	£3,544	8.09%	£3,390	£1,505,323	£10,323	0.69%	£3,412	£0	£-5,397	£1,465,728
Whitegrove Primary	£1,473,000	£3,524	6.86%	£3,406	£1,478,288	£5,288	0.36%	£3,419	£0	£0	£1,441,455
Wildmoor Heath	£793,000	£3,813	2.71%	£3,813	£787,288	£5,712	-0.72%	£3,786	£0	£0	£773,493
Wildridings Primary	£1,537,000	£3,958	10.88%	£3,697	£1,542,097	£5,097	0.33%	£3,715	£0	£0	£1,497,315
Winkfield St Mary's CE Primary	£774,000	£3,767	1.76%	£3,767	£774,645	£645	0.08%	£3,771	£0	£0	£757,632
Wooden Hill Primary and Nursery	£1,301,000	£3,813	6.04%	£3,713	£1,276,900	£24,100	-1.85%	£3,642	£0	£0	£1,244,112
The Brakenhale	£4,841,000	£5,382	7.40%	£5,166	£4,865,963	£24,963	0.52%	£5,166	£0	£0	£4,793,234
Kings Academy Binfield	£634,760	£0	0.00%	£0	£634,760	£0	0.00%	£0	£0	£0	£634,760
Easthampstead Park	£4,081,000	£5,369	2.95%	£5,369	£4,079,371	£1,629	-0.04%	£5,367	£0	£0	£4,011,556
Edgbarrow	£5,004,000	£4,742	8.54%	£4,600	£5,003,799	£201	0.00%	£4,600	£57,615	£0	£4,933,167
Garth Hill College	£7,212,000	£4,988	7.12%	£4,799	£7,197,549	£14,451	-0.20%	£4,789	£0	£0	£7,068,575
Ranelagh CE	£3,778,000	£4,768	6.64%	£4,641	£3,772,992	£5,008	-0.13%	£4,610	£0	£0	£3,719,916
Sandhurst	£4,615,000	£4,864	6.48%	£4,709	£4,595,543	£19,457	-0.42%	£4,688	£0	£0	£4,512,891
Primary total / average	£37,232,000	£3,784	6.08%	£3,672	£37,275,366	£43,366	-0.01%	£3,618	£0	£0	£36,342,135
Secondary total / average	£30,165,760	£4,302	5.59%	£4,184	£30,149,978	£15,782	-0.04%	£4,844	£57,615	£0	£29,674,099
Total / average ALL	£67,397,760	£3,879	5.99%	£3,766	£67,425,345	£27,585	-0.02%	£4,070	£57,615	£0	£66,016,234

SNFF Units of Resource compared to BF Funding Formula

Factor	SNFF	BFC	BFC	BFC
	Actual	2017-18	2018-19	2018-19
	1	2	3	4
Unit of resource				
Age Weighted Pupil Unit: Primary	£2,747	£2,831	£2,796	£2,799
Age Weighted Pupil Unit: Secondary - KS3	£3,863	£4,060	£4,066	£4,079
Age Weighted Pupil Unit: Secondary - KS4	£4,386	£4,060	£4,270	£4,322
Additional needs funding				
Deprivation				
Current FSM top up (Primary)	£440	£470	£380	£465
Current FSM top up (Secondary)	£440	£1,450	£634	£634
FSM anytime in last 6 years: Primary	£540	£0	£86	£86
FSM anytime in last 6 years: Secondary	£785	£0	£350	£249
IDACI band F: Primary	£200	£406	£182	£282
IDACI band E: Primary	£240	£609	£445	£430
IDACI band D: Primary	£360	£813	£430	£542
IDACI band C: Primary	£390	£1,016	£430	£640
IDACI band B: Primary	£420	£1,219	£738	£738
IDACI band A: Primary	£575	£1,422	£914	£914
IDACI band F: Secondary	£290	£1,406	£1,329	£1,359
IDACI band E: Secondary	£390	£2,109	£1,254	£1,354
IDACI band D: Secondary	£515	£2,812	£2,940	£2,970
IDACI band C: Secondary	£560	£3,516	£1,998	£2,048
IDACI band B: Secondary	£600	£4,219	£7,370	£2,420
IDACI band A: Secondary	£810	£4,922	£2,831	£2,881
Low prior attainment				
Low prior attainment: Primary	£1,050	£642	£836	£619
Low prior attainment: Secondary	£1,550	£973	£1,216	£1,035
English as an additional language (EAL)				
EAL: Primary	£515	£247	£427	£328
EAL: Secondary	£1,385	£247	£777	£617
LAC				
LAC	£0	£281	£0	£0
Mobility				
Mobility	£0	£315	£315	£315
Lump sum:				
Lump sum: Primary	£110,000	£160,000	£155,833	£160,833
Lump sum: Secondary	£110,000	£170,000	£148,573	£144,780

IDACI is a deprivation measure linked to low family income and a pupil's home address post code.

Services proposed to be centrally managed by the Council

Service Area	2017-18 Base Budget	Schools Block	Central School Services Block
<u>Historic commitments:</u>			
Combined Services Budgets*:			
Family Intervention Project	£100,000		£100,000
Educational Attainment for Looked After Children	£133,590		£133,590
School Transport for Looked After Children	£42,890		£42,890
Young People in Sport	£18,050		£18,050
Common Assessment Framework Co-ordinator	£42,470		£42,470
Domestic Abuse	£6,000		£6,000
Education Health Partnerships	£30,000		£30,000
SEN Contract Monitoring	£32,680		£32,680
<u>Miscellaneous (up to 0.1% of Schools Budget):</u>			
Forestcare out of hours support service	£4,850		£4,850
Borough wide Initiatives	£27,270		£27,270
Support to Schools Recruitment & Retention	£7,470		£7,470
<u>Growth Fund:</u>			
Significant in-year growth in pupil numbers	£311,650	£311,650	
Key Stage 1 class sizes	£86,390	£86,390	
Start up costs for new schools	£56,100	£56,100	
<u>Statutory and regulatory duties:</u>			
'Retained' elements	£260,000		£260,000
<u>Other expenditure:</u>			
School Admissions	£175,970		£175,970
Schools Forum	£21,440		£21,440
Boarding Placements for Vulnerable Children	£75,880		£75,880
Central copyright licensing	£76,000		£76,000
Total	£1,508,700	£454,140	£1,054,560
<u>Changes agreed December 2017:</u>			
Significant in-year growth in pupil numbers		-£25,840	
Start up costs for new schools		£34,900	
Boarding Placements for Vulnerable Children			-£14,000
<u>Changes proposed January 2018:</u>			
<i>Boarding Placements for Vulnerable Children</i>			-£3,000
<i>Central copyright license</i>			£3,000
Total		£463,200	£1,040,560

* 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.

2018-19 DfE Pro Forma

Pupil Led Factors

1) Basic Entitlement Age Weighted Pupil Unit (AWPU)	Reception uplift	No	Pupil Units		0.00					
	Description	Amount per pupil		Pupil Units		Sub Total	Total	Proportion of total pre MFG funding (%)	Notional SEN (%)	
	Primary (Years R-6)	£2,795.72		10,136.42		£28,338,563	£53,299,481	42.03%	2.00%	
	Key Stage 3 (Years 7-9)	£4,066.36		3,861.01		£15,700,267		23.29%	2.00%	
	Key Stage 4 (Years 10-11)	£4,269.55		2,169.00		£9,260,651		13.73%	2.00%	
	Description	Primary amount per pupil	Secondary amount per pupil	Eligible proportion of primary NOR	Eligible proportion of secondary NOR	Sub Total	Total	Proportion of total pre MFG funding (%)	Primary Notional SEN (%)	Secondary Notional SEN (%)
2) Deprivation	FSM	£380.37	£633.68	868.54	512.29	£654,995	£2,386,755	3.54%	7.00%	7.00%
	FSM6	£85.55	£349.72	1,480.91	1,098.99	£511,023			7.00%	7.00%
	IDACI Band F	£182.30	£1,328.92	734.53	369.00	£624,283			0.00%	0.00%
	IDACI Band E	£445.48	£1,254.32	251.04	161.93	£314,946			0.00%	0.00%
	IDACI Band D	£430.48	£2,940.28	156.20	70.22	£273,707			0.00%	0.00%
	IDACI Band C	£430.48	£1,997.94	1.00	0.00	£431			0.00%	0.00%
	IDACI Band B	£737.68	£7,369.51	0.00	1.00	£7,370			0.00%	0.00%
	IDACI Band A	£914.49	£2,830.85	0.00	0.00	£0			0.00%	0.00%
	Description	Primary amount per pupil	Secondary amount per pupil	Eligible proportion of primary NOR	Eligible proportion of secondary NOR	Sub Total	Total	Proportion of total pre MFG funding (%)	Primary Notional SEN (%)	Secondary Notional SEN (%)
3) Looked After Children (LAC)	LAC X March 17			59.09		£0	£400,689	0.00%	0.00%	
4) English as an Additional Language (EAL)	EAL 3 Primary	£426.61		742.08		£316,576		0.59%	0.00%	
	EAL 3 Secondary		£777.38		105.30	£81,858		0.00%		0.00%
5) Mobility	Pupils starting school outside of normal entry dates	£314.75		7.16	418.30	£2,255	0.00%	0.00%	0.00%	
	Description	Weighting	Amount per pupil	Percentage of eligible pupils	Eligible proportion of primary and secondary NOR respectively	Sub Total	Total	Proportion of total pre MFG funding (%)	Primary Notional SEN (%)	Secondary Notional SEN (%)
6) Prior attainment	Low Attainment % new EFSP	100.00%	£836.24	31.15%	2,888.60	£2,415,558	£3,997,548	5.93%	100.00%	
	Low Attainment % old FSP 78			14.47%						
	Secondary low attainment (year 7)	58.05%	£1,216.21	24.86%	1,300.75	£1,581,990				100.00%
	Secondary low attainment (year 8)	48.02%		23.20%						
	Secondary low attainment (years 9 1 11)			19.67%						

Other Factors

Factor	Lump Sum per Primary School (£)	Lump Sum per Secondary School (£)	Lump Sum per Middle School (£)	Lump Sum per All-through School (£)	Total (£)	Proportion of total pre MFG funding (%)	Notional SEN (%)	
7) Lump Sum	£155,833.48	£148,572.74			£5,808,942	8.62%	0.00%	0.00%
8) Sparsity factor					£0	0.00%	0.00%	0.00%
9) Fringe Payments					£0	0.00%		
10) Split Sites					£0	0.00%		
11) Rates					£1,473,117	2.18%		
12) PFI funding					£0	0.00%		
13) Exceptional circumstances (can only be used with prior agreement of ESFA)					£0	0.00%		
Additional funding to meet minimum per pupil funding level					£58,812			
Total Funding for Schools Block Formula (excluding MFG Funding Total) (£)					£67,425,344	100.00%	£5,145,159	
14) Minimum Funding Guarantee			0.50%		£50,753			
Apply capping and scaling factors? (gains may be capped above a specific ceiling and/or scaled)					Yes			
Capping Factor (%)	3.00%	Scaling Factor (%)	75.84%					
Total deduction if capping and scaling factors are applied					-£50,753			
					Total (£)	Proportion of Total funding(%)		
MFG Net Total Funding (MFG + deduction from capping and scaling)					£0	0.00%		
High Needs threshold (only fill in if, exceptionally, a high needs threshold different from £6,000 has been approved)					£0.00			
Additional funding from the high needs budget					£0.00			
Growth fund (if applicable)					£463,200.00			
Falling rolls fund (if applicable)					£0.00			
Total Funding For Schools Block Formula					£67,888,544			
% Distributed through Basic Entitlement					79.05%			
% Pupil Led Funding					89.11%			
Primary: Secondary Ratio					1 :	1.36		
Total funding for schools block formula contains funding from outside of the 2018-19 Schools Block allocation?					Yes			