

Notice of Meeting

Schools Forum

Martin Gocke (Pupil Referral Unit Representative (Governor))
(Chairman)
Stuart Matthews, Academy School Representative (Headteacher)
(Vice-Chairman)
Sue Butler, Early Years PVI Provider
Liz Cole, Primary School Representative (Headteacher)
Jane Coley, Academy School Representative (Headteacher)
Karen Davis, Primary School Representative (Headteacher)
Peter Floyd, Special School Representative (Governor)
Keith Grainger, Secondary School Representative (Headteacher)
Jo Lagares, Primary School Representative (Headteacher)
Roger Prew, Primary School Representative (Governor)
Elizabeth Savage, Academy School Representative (Headteacher)
Phil Sherwood, Primary School Representative (Headteacher)
Debbie Smith, Secondary School Representative (Headteacher)
Richard Stok, Primary School Representative (Governor)
Greg Wilton, Teacher Union Representative



Also Invited:

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

Thursday 16 September 2021, 4.30 - 6.30 pm
Zoom Meeting

Agenda

Item	Description	Page
1.	Apologies for Absence/Substitute Members	
	To receive apologies for absence and to note the attendance of any substitute members. Reporting: ALL	
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. Reporting: ALL	

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3.	Minutes and Matters Arising	3 - 10
	To approve as a correct record the minutes of the meeting of 15 July 2021. Reporting: ALL	
4.	2022-23 Budget Preparations for the Schools Block Budget and other Finance Matters	11 - 30
	To provide an update on the information currently available in respect of the 2022-23 Schools Budget for mainstream schools together with other relevant finance related matters. Reporting: Paul Clark	
5.	DfE Funding Consultation: Fair Funding for All	31 - 44
	To provide an update in respect of the next stage of national school funding reform being proposed by the Department for Education and to consider what response, if any, should be made. Reporting: Paul Clark	
6.	Dates of Future Meetings	
	The next meeting of the Forum will be held at 4.30pm on Thursday 18 November 2021. Reporting: Joanna Gibbons	

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SCHOOLS FORUM
15 JULY 2021
4.30 - 5.45 PM



Present:

Stuart Matthews, Academy School Representative (Headteacher) (Vice-Chairman)
Karen Davis, Primary School Representative (Headteacher)
Peter Floyd, Special School Representative (Governor)
Jo Lagares, Primary School Representative (Headteacher)
Elizabeth Savage, Academy School Representative (Headteacher)
Phil Sherwood, Primary School Representative (Headteacher)
Richard Stok, Primary School Representative (Governor)

Observer:

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

Apologies for absence were received from:

Sue Butler, Early Years PVI Provider
Jane Coley, Academy School Representative (Headteacher)
Martin Gocke, Pupil Referral Unit Representative (Governor)
Keith Grainger, Secondary School Representative (Headteacher)
Roger Prew, Primary School Representative (Governor)
Debbie Smith, Secondary School Representative (Headteacher)
Greg Wilton, Teacher Union Representative

183. Apologies for Absence/Substitute Members

The Chair welcomed Cheryl Eyre who had been appointed as Assistant Director for Education and Learning.

The Chair noted that this was the last meeting of the Forum that Kashif Nawaz would attend. The Chair and Councillor Barnard expressed thanks to Kashif for all his hard work and support to the Forum.

184. Declarations of Interest

In respect of Item 5 (2020-21 Balances held by Maintained Schools), affected interests were declared from Karen Davis (as Headteacher of Whitegrove Primary School), Phil Sherwood (as Headteacher of Uplands Primary School), and Richard Stok (as a Governor of Meadowvale Primary School).

In respect of Item 7 (2020-21 Funding Allocations to Mainstream Schools from Budgets Centrally Managed by the Council), affected interests were declared from The Chair (as Headteacher of Edgbarrow School), and Peter Floyd (as a Governor of Edgbarrow School).

185. **Minutes and Matters Arising**

RESOLVED that the minutes of the meeting of the Forum on 11 March 2021 be approved as a correct record.

Arising from minute 177, Paul Clark advised that a report showing the overall pressures on schools from the forecast numbers would be presented to the Forum under Item 8 (2021-22 Arrangements for Additional Financial Support to Schools).

Arising from minute 179, updates on the collation of SEN data for the Childcare Sufficiency Assessment would be presented to the Forum when available.

Action: Cherry Hall

Arising from minute 181 which stated that “Paul Clark also answered a question on Support for Learning which was an in-house SEN service and to what extent the funding was secure. He explained that all budgets within the HNB were regularly reviewed and could be subject to future changes”, Paul Clark clarified that Support for Learning was a budget area which the council was reviewing and where reductions could be made as part of the £84,000 target. This clarification had been sent in an email to the member who had posed the question.

186. **Minutes from the High Needs Block Sub Group on 10 March 2021**

The Forum received and considered the minutes of the High Needs Block (HNB) Sub Group held on 10 March 2021. The Forum also received a summary of the HNB business change project scope and update from July 2021.

Cheryl Eyre explained that the HNB business change project was moving at a fast pace with up to four SEND meetings a week. However, there remained a large amount to do. Once all the objectives had been met, the HNB was expected to be in a far stronger place.

Councillor Barnard expressed that it was his primary commitment to move this agenda forward and acknowledged the focus that Cheryl Eyre and all the other officers were bringing to this project. There was a significant increase in high level resource going into this project in the last three to four months and the project had the backing of the Chief Executive to move forward.

Cheryl Eyre proposed that the Sub Group would be involved in the final stage of this project and wondered if any new members wanted to be part of that. The first part of the final stage was around building relationships with partners including schools, external agencies, the local authority (the LA), and parents. The second part was around frameworks and processes; identifying best practice and highlighting any gaps. Cheryl Eyre explained that the expectation was that the processes would be agreed by the autumn and would be signed off and embedded shortly after.

The Forum commented that Headteachers have been actively working in partnership for the past seven years and would continue to support going forward. However, the Forum was unclear about what the specific expectations were of the Sub Group regarding this project. Cheryl Eyre replied that she would like to meet regularly and present the recommendations to get feedback from the Sub Group and agree what to take forward. It would be a working group and would include all stake holders.

The Forum expressed a willingness to help but were cautious about the timetable as schools were breaking up for summer and it would be difficult for Headteachers to

have a say during that time. The Forum needed a timeline of agendas and themes. Cheryl Eyre explained that her team would be progressing work over the summer holidays and Headteachers would not be needed until September. At that point activities would need to be worked through quickly. However, Cheryl Eyre would ensure that requests made on Headteachers would be reasonable, acknowledging the pressures. Councillor Barnard added that the timescales were needed to ensure that commissioning and resourcing work in parallel.

The Forum felt that a small group of people could make more rapid progress, and that those people already on the Sub Group should be allowed to finish the job rather than introducing new people. It was agreed that the current Sub Group would be best placed to support with this project. The Chair suggested liaising with Jenny Baker for a more detailed discussion and to agree timescales.

Paul Clark brought to the Forum's attention the Department for Education (DfE) funding consultation which was published on 8 July. The 30 September deadline to the consultation meant there would be time for further reflection on this at the next meeting of the Forum.

Paul Clark explained that the DfE intended to expand further the current policy objective of maximising a standard, national approach to education funding with the aim of removing the current flexibilities in the Education Funding Framework that local authorities could use. This would remove some powers and controls from the authorities and Schools Forums.

Any changes would take effect from financial year 2023-24 meaning there will be no changes to the existing Funding Framework for at least 1 more financial year.

A key objective would be a requirement for LAs to mirror the National Funding Formula (NFF). The consultation indicated this could still be work in progress after 2025-26. With the Council already mirroring the NFF, no immediate to medium term significant impact was expected.

A second consultation would follow once results to this one had been evaluated. A number of other, linked, more specific consultations would also need to take place on the following areas if the changes the DfE was proposing to make were to be effectively managed:

- Premises funding in NFF e.g. split sites, rentals, PFI, rates
- Central school services i.e. statutory duties, de-delegation and traded services
- Supporting effective SEND provision – linked to the wider government review on SEND
- Future role of Schools Forums

Additionally, the SEND government reform paper was expected to link into some parts of the funding reforms which meant further changes may emerge once that was published. The DfE was also considering moving to academic year budgets for maintained schools. Further detail would be reported to the Forum in September.

Action: Paul Clark

187. **2020-21 Balances held by Maintained Schools**

The Forum considered a report which updated on the level of balances held by maintained schools as of 31 March 2021 and how they compared to the previous financial year (in particular through the impact of the coronavirus pandemic).

Paul Clark highlighted that, against expectations, aggregate surplus balances had nearly doubled during the year and on average schools held a 3.6% surplus compared to annual income. However, six schools had deficit balances and five schools had surpluses below the 3% level recommended to be able to safely manage unforeseen in-year pressures. Overall, deficits had reduced which was positive.

Paul Clark explained that information provided by schools now indicated that in general the pandemic had helped balances as a number of schools made one-off savings on areas such as staffing and general resources as well as some intended projects needing to be deferred to 2021-22.

Paul Clark explained that eight schools had a significant surplus of funds. The Forum had previously agreed a claw-back scheme where significant balances were not being held for a valid purpose or if the surpluses were above the maximum cap. However, schools were permitted to make applications to retain funds where they were held for appropriate purposes and all relevant schools had provided such an assurance.

Uplands Primary School was the only school with a surplus balance above the maximum cap and its governors had submitted a request to retain this amount as it related to funds held in respect of the Teaching School which provided services to support all Bracknell Forest schools. Therefore, the recommendation was to retain that surplus and make an amendment to the policy moving forward to exclude any surplus generated from this activity from the normal calculation of the school's surplus balance.

Paul Clark reported that the schools which had significant surplus balances at the end of 2019/20 have confirmed that they had spent the money as planned. Forum members had previously requested more information on the frequency that individual schools generated a significant surplus. The report showed that two schools had generated a significant surplus balance in each of the past five years, and two schools had generated a significant surplus for three consecutive years. Over the last five years, 13 different schools have reported significant surplus balances.

The Forum sought clarification on what the activity of the Teaching School at Uplands Primary School would be referred to as. Paul Clark replied that it would be referred to as activity that performs borough-wide benefit for more than one school.

RESOLVED

1. to NOTE

- 1.1 the key performance information on school balances, as set out in paragraph 6.3 of the report, and in particular:
 - i. aggregate surplus balances have increased by £1.041m to £2.141m (+95%);
 - ii. the value of surplus balances has increased by £0.768m to £2.971m;
 - iii. the value of deficit balances has reduced by £0.273m to £0.830m which continues to require careful monitoring;

- iv. significant surplus school balances have increased by £0.203m to £0.452m (81%);
 - v. at 3.6%, average balances are considered to be slightly above the minimum level required for working balances to safely cover unforeseen circumstances;
 - vi. the three-year average change shows net balances in:
 - a. primary schools deteriorated by £0.488m to £1.562m surplus (-24%);
 - b. secondary schools improved by £0.959m to £0.268m surplus; and
 - c. specialist providers deteriorated by £0.059m to £0.311m surplus (-16%);
 - vii. that £0.730m of surplus balances are estimated to arise from the impact of the coronavirus pandemic:
 - a. £0.465m from one-off savings; and
 - b. £0.265m arising from having to defer spending plans to 2021-22; and
 - viii. the intention to amend the claw-back scheme to exclude from surplus balances calculations funds held from activities supporting a number of schools across the borough, such as the Teaching School; and
- 1.2 initial school spending plans anticipate £1.104m of funding to be set aside for recovery; and
2. to AGREE
- 2.1 that the entire significant surplus balances held by schools has been assigned for relevant purposes as set out in the approved scheme and should not be subject to claw back (paragraph 6.20 of the report); and
- 2.2 that the £0.048m of surplus above the maximum cap held by Uplands Primary School is retained to meet the financial obligations arising from the Teaching School.

188. **2020-21 Provisional Outturn on the Schools Budget**

The Forum considered a report which informed of the provisional outturn on the 2020-21 Schools Budget, including the allocation of balances and use of Earmarked Reserves. Those funds were ring-fenced for the support of schools and pupils.

Paul Clark highlighted that as previously reported, there was a significant overspend in the Schools Budget. The main factor of the overspend was from the HNB and this was a national issue, not just BFC. The report highlighted the changes over the year from the approved budget plan after transfers to or from reserves and balances. The DfE had recognised the significant financial effect arising in HNB budgets and has confirmed that in the medium term, liability for any debt accrued would fall on the DfE and not LAs. BFC would still be responsible for managing the HNB services but not liable for the debt.

Regarding the early years block underspend, the Forum asked for clarity as to what is included within the term “free entitlement”. Paul Clark replied that it covered all funded places: 15 or 30 hours for 3- and 4-year-olds, and 15 hours for the most disadvantaged 2-year-olds. The Forum asked whether there was any way for providers to recoup money they had lost in fees from parents above the free entitlement. Paul Clark explained that, as there was still a large overspend in the whole Schools Budget, and loss of parental income was outside the scope of the Schools Budget, it would not be appropriate to consider such an approach. The LA had met all its obligations on funded places so no providers should be financially disadvantaged on their free entitlement offer. The Forum asked if it could be clarified whether all unspent Early Years money would be going back into part funding the HNB budget overspend. Paul Clark confirmed that was the case.

RESOLVED

1. to NOTE
 - i. that the outturn expenditure for 2020-21, subject to audit, shows an over spending of £4.402m (paragraph 6.6 of the report);
 - ii. the main reasons for budget variances (paragraph 6.8 of the report); and
 - iii. the cumulative £0.484m deficit balance held in the Schools Budget Dedicated Schools Grant Reserve, responsibility for which rests with the Department for Education (paragraph 6.10 of the report); and
2. to AGREE the proposed transfers to and from Earmarked Reserves (paragraph 6.11 of the report).

189. 2020-21 Funding Allocations to Mainstream Schools form Budgets Centrally Managed by the Council

The Forum considered a report which presented information on the in-year allocation of funds to mainstream schools through School Specific Contingencies and other budgets that are funded from the Dedicated Schools Grant (DSG) and in the first instance centrally managed by the council. It also presented the opportunity to amend existing funding relating to mainstream schools.

Paul Clark explained that these budgets would possibly be subject to change following DfE consultations that were highlighted at the start of the meeting and could in future be included in a standard, national approach. The report set out the Funding allocations made in the year and also proposed a small number of clarifications on some policies to make processes clearer. The report also stated the intention to update the funding values. All policies had been previously agreed by the Forum.

Regarding the £7,500 given to Binfield and Oakwood Primary schools when they opened new classes in September 2020 to equip the classes with day-to-day resources, the Forum queried what those resources included.

Paul Clark clarified that this payment was specifically for new schools each time they open a new class, and the purpose was to ensure that schools could open on the first day with a fully equipped class as only core buildings were provided through the capital works. All revenue resources needed to be purchased at the same time for new classes, whereas an established school generally refreshed a proportion of resources in a class each year which was more affordable from the annual budget allocation. The Chair added that it was a contractual obligation and BFC's position was similar to other LAs. Councillor Barnard further clarified that schools were tied to the initial commissioned agreements and resources would only be released as and when required.

RESOLVED

1. to NOTE the following funding allocations to schools, made in accordance with approved policies:
 - i. £0.051m for significant in-year increases in pupils (paragraph 6.106.9 of the report);
 - ii. £0.153m for schools required to meet the Key Stage 1 Class Size regulations (paragraph 6.13 of the report);
 - iii. £0.015m for new and expanding schools (paragraph 6.18 of the report);
 - iv. £0.030m for schools with a disproportionate number of SEN pupils (paragraph 6.22 of the report);
 - v. £0.140m for schools in financial difficulty (paragraph 6.28 of the report); and
 - vi. no allocations were made from the general schools contingency (paragraph 6.30 of the report); and
- 2 to AGREE minor changes to text to improve clarity of a policy and the updating of funding rates where relevant (paragraph 6.32 of the report).

190. **2021-22 Arrangements for Additional Financial Support to Schools**

The Forum considered a report which sought agreement in respect of proposals for additional financial support to schools; in particular, approval of new or amended applications for licensed deficit arrangements. An update was also provided on the current position in respect of previously agreed financial support arrangements.

Paul Clark explained that a lighter touch approach to monitor schools which had deficits was used during the pandemic. It was now appropriate to fully apply approved policies and procedures to support schools. Relevant schools had responded very well to the increased financial scrutiny.

The overall position had improved, and the total level of deficit had reduced. There were 2 schools which needed further work on their recovery plans where work was progressing. There was also one school which had asked for a licensed deficit for the first time and this was supported by a recovery plan that demonstrated a plan in place to return to a surplus.

Surplus places were having an impact on the budget at a number of schools and had previously been highlighted by the Forum as a concern. The report set out how the authority was helping schools with a long-term approach, providing a pupil forecast model to run income scenarios and help budget planning. The accuracy of pupil forecasting at the authority had improved significantly. The authority had also reduced the number of spare places when there was agreement by governing bodies and was continuing to explore this approach.

Reflecting on more flexibility introduced into the DfE conditions that local authorities needed to meet when financing school deficits, and to provide an approach that was expected to be sustainable into the medium term, the authority proposed to amend the current policy to allow up to 3% of school budgets to be used to support deficits and loan.

The Forum asked whether Ascot Heath Primary School was getting the support it needed. Paul Clark replied that the deficit was a concern due to its size, but the school was working well with the Council and a recovery plan for the next five years had been developed that demonstrated a return to surplus. There was also the potential of a sale of the caretaker accommodation which could contribute significant funds to addressing the deficit. Restrictive covenants needed to be removed to enable the sale, and this was work in progress, so was not certain to happen. Furthermore, any sale of property would be a capital asset and would have to be swapped with some revenue funding that the council had set aside for this purpose. Should this sale conclude, there would be no further funds available to facilitate future funding “swaps”.

The Forum was pleased to hear of the progress made and thanked Paul Clark for his work to support schools throughout the pandemic.

RESOLVED to AGREE

1. that subject to the school governors confirming the financing schedule and compliance with the associated terms and conditions of the deficit scheme:
 - 1.1 the following amendments to existing licensed deficits:
 - i. Sandhurst Secondary School’s licensed deficit agreement be amended to a maximum deficit of £0.050m, for full repayment by 31 March 2023;
 - ii. Harmans Water Primary Schools receives a licensed deficit of up to £0.070m for full repayment by 31 March 2023;

- iii. The Pines licensed deficit agreement be amended to a maximum deficit of £0.075m, for full repayment by 31 March 2024; and
 - iv. Ascot Heath Primary School receives a licensed deficit of up to £0.330m, for full repayment by 31 March 2026; and
- 1.2 the following new licensed deficit arrangement:
- i. Cranbourne Primary School receives a licensed deficit up to £0.080m for full repayment by 31 March 2026; and
2. that the council continues to work on repayment schedules with the following schools, and that subject to the school governors confirming the financing schedule and compliance with the associated terms and conditions of the deficit scheme, that maximum deficits are as follows:
- i. Winkfield St Mary's receives a licensed deficit of up to £0.100m; and
 - ii. Easthampstead Park receives a licensed deficit of up to £0.200m; and
3. that subject to comments from schools following formal consultation, and agreement of the Schools Forum, that the financing arrangements for licensed deficit and loan applications are limited to 3% of final school budgets from the previous financial year (excluding brought forwards).

191. Dates of Future Meetings

The next meeting of the Forum would be held at 4.30pm on Thursday 16 September 2021.

CHAIRMAN

TO: SCHOOLS FORUM
DATE: 16 SEPTEMBER 2021

**2022-23 BUDGET PREPARATIONS FOR THE
SCHOOLS BLOCK BUDGET AND OTHER FINANCE MATTERS**
Executive Director: People

1 PURPOSE OF REPORT

- 1.1 To provide an update to the Schools Forum from the information currently available in respect of the 2022-23 Schools Budget for mainstream schools together with other relevant finance related matters.
- 1.2 Whilst the Department for Education (DfE) has yet to provide the final data that must be used to calculate individual school budgets, information is emerging that allows for updates to be provided on some key matters and some early decisions to be taken which will aid the finalisation of the budget which must be presented to the DfE by the statutory deadline of 21 January 2022.

2 EXECUTIVE SUMMARY

- 2.1 The release of preliminary 2022-23 budget information by the DfE has allowed for schools to be provided with an initial update on the potential financial implications and for early budget preparations to commence. In accordance with the agreed local funding strategy, these calculations have as far as possible replicated the DfE's National Funding Formula (NFF)¹ at an individual Bracknell Forest (BF) school level.
- 2.2 The coronavirus pandemic continues to cause some delay to the timeframe, including gathering views from schools through the annual financial consultation with schools which is currently underway following release by the DfE of key information, rather than the usual summer term circulation.
- 2.3 The previously announced 3-year high-level financial settlement reaches its final year in 2022-23 and indicates an average increase in BF per pupil funding, excluding premises costs, of 2.4% for primary schools and 2.9% for secondaries – 2.6% overall average - compared to the average 3.4% in 2021-22.
- 2.4 After making initial calculations that incorporate the expected local circumstances – the most significant of which relates to diseconomy funding for new schools - and adjustments that inevitably arise from a funding system that uses lagged data, there is a funding gap on school budgets of £0.467m, and £0.050m on centrally managed budgets. It is not unusual to have a funding gap at this stage of the budget process.
- 2.5 The options available to manage the indicated budget shortfall, with a decision needing to be made no later than December are:
1. Draw down funds from the Reserve created by the council to help finance the additional costs of new and expanding schools
 2. Draw down funds from the Reserve created in the Schools Budget to support the additional costs of new and expanding schools

¹ The NFF distributes funding based on schools' and pupils' needs and characteristics and uses the same factor values for all schools across the country. The exception to this being an area cost adjustment (ACA) uplift which is paid to areas with high costs. BF receives a 5.7% uplift.

3. Fund schools at a scaled percentage of the NFF rather than the full amount.

A combination of these options can also be used.

- 2.6 These are relatively high-level calculations which will be subject to change as more information becomes available. However, they do present a sound starting point for budget planning and early decision making where appropriate.
- 2.7 There are 3 further scheduled meetings of the Forum before the DfE January deadline that will consider updated budget proposals from the council.
- 2.8 For the High needs Block, more information will be presented at a future meeting. For the Early Years Block, 2022-23 budget setting information has yet to emerge from the DfE, with an update expected towards the end of the year.

3 RECOMMENDATIONS

To AGREE:

- 3.1 **That subject to consideration of school responses to the annual financial consultation and general affordability, the approach to setting the 2022-23 budget should remain broadly the same as for 2021-22, and in particular:**
 1. **That there should be no change to the current budget strategy of:**
 - a. replicating the NFF at individual BF school level;
 - b. setting minimum per pupil funding increases between financial years at the highest amount permitted by the DfE;
 - c. meeting the diseconomy costs at new and expanding schools in a measured way from a combination of council reserves, Schools Budget reserves, and funding allocated for the relevant year from the DfE.
 2. **That a centrally managed Growth Fund should be maintained for in-year allocation to qualifying schools (Table 2).**
 3. **On-going central retention by the Council of the existing Central School Services Block items (Annex 1).**
 4. **That the DfE be requested:**
 - a. **to approve that the council continues to disapply the Minimum Funding Guarantee where schools are funded on the Start-up and Diseconomy funding policy for new and expanding schools.**
 - b. **to approve that the council continues to add resources from the General Fund to support the additional cost of new schools**
 - c. **subject to the checks proposed in the supporting information, to increase split site funding for Warfield primary school, provisionally by £0.050m.**

To NOTE:

- 3.2 The latest update on the School and Education Spending review and the impact anticipated for BF at this time.**
- 3.3 The areas where schools are being asked to comment on through the annual financial consultation, to inform later decision making.**
- 3.4 The 2.6% average increase in per pupil funding that would be received by BF schools if the NFF is fully implemented.**
- 3.5 The current estimated funding gaps at Table 3 of:**
 - 1. £0.467m on the Schools Block**
 - 2. £0.050m for the Central School Services Block.**

4 REASONS FOR RECOMMENDATIONS

- 4.1 To ensure that the Schools Block (SB) and Central Schools Services Block (CSSB) 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 2022.**

5 ALTERNATIVE OPTIONS CONSIDERED

- 5.1 These are set out in the supporting information.**

6 SUPPORTING INFORMATION

Overview

- 6.1 This report concentrates on the SB and CSSB elements of the Schools Budget 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.**
- 6.2 The introduction of the current funding framework, including the structure of the Schools Budget commenced in April 2018 and elements of transitional funding protection remain in place to reduce the impact of financial turbulence from the policy change on both schools and LAs. These will continue into 2022-23.**
- 6.3 The DfE has yet to release any financial information in respect of the Early Years (EY) Block. Based on feedback from the EY Forum, a consultation will be undertaken with all early years providers who are registered to deliver the early years entitlements during September / October 2021. The consultation is based on proposed changes to the current EY Funding Formula to ensure it is clear, transparent, meets all statutory requirements and where required, funding is directed to and accessed by the most disadvantaged children. No budget update is therefore available at this time.**
- 6.4 For the High Needs Block (HNB) , this will be subject to an update at a future Forum meeting.**

Provisional budget position for 2022-23

DfE announcements

- 6.5 This section on DfE announcements sets out information that has recently been provided to schools through the financial consultation document to help them with their initial preparations for next financial year.

Schools Budget:

Overview

1. There will be no significant changes to the way school and education related funding is allocated next year with:
 - a. The DfE using the same separate formulae to allocate funding to LAs for SB, CSSB, HN pupils and EY provisions.
 - b. The DfE will continue to use the NFF to calculate each school's individual budget with no changes in the factors used. The NFF distributes funding based on schools' and pupils' needs and characteristics and uses the same factor values for all schools across the country. The exception to this being an area cost adjustment uplift which is paid to areas with high costs, such as those paying London Weighting to staff salaries. BF receives a 5.7% uplift.
 - c. LAs will continue to receive funding based on the DfE running each school's data (mainly October 2020 census, so lagged) through the NFF at confirmed 2022-23 factor values and aggregating together every school's allocation to determine the amount to be paid to that area. This is then converted to an average primary and secondary per pupil funding value which with final October 2021 pupil numbers will be used to calculate each LAs 2022-23 funding for their schools. This approach allows for early publication of each LAs confirmed per pupil funding rates.
 - d. The DfE place a ring-fence on funding provided to LAs for schools and education. This means it can only be used for the purposes defined by the DfE and cannot be diverted to fund other costs.
 - e. LAs will continue to be responsible for allocating funding to schools in their areas and are not required to fully implement the NFF.
 - f. Whilst LAs have responsibilities to set funding allocations for their schools, they must work within parameters set by the DfE which very closely follow the NFF and other national priorities.
 - g. In allocating funds to schools, LAs must use pupil and other relevant data provided by the DfE which is generally made available at the end of the autumn term.
 - h. In July the DfE launched a consultation on the next stage of reform. More information on this is provided under a separate agenda item.
2. There are a number of changes to the national process to allocate funds.
 - a. Data on pupils who have been eligible for free school meals at any time in the last six years (FSM6) is now taken from the October 2020 school

census instead of from the January census, to bring the factor into line with arrangements in place for funding schools for the pupil premium.

- b. Following the cancellation of assessments in summer 2020 due to COVID-19, funding allocations to schools for low prior attainment (LPA) will use 2019 assessment data as a proxy for the 2020 assessments for reception (primary schools) and year 6 cohort (secondary schools).
- c. Pupils who joined a school between January and May 2020 attract funding for mobility on the basis of their entry date, rather than by virtue of the May school census being their first census at the current school (the May 2020 census was cancelled due to COVID-19). To be eligible for mobility funding, the proportion of mobile pupils in a school must be above the national threshold of 6%.
- d. The business rates payment system for schools will be centralised and Education and Skills Funding Agency (ESFA) will pay billing authorities directly on behalf of state funded schools from 2022-23 onwards. Further details on this, including treatment in school accounts will be issued separately by the DfE in due course. There will be no overall financial impact on schools from this change.

National funding decisions for 2022-23

Note: all amounts quoted for BF in this section are provisional and subject to update as budget calculations progress and the final data is released by the DfE.

3. 2022-23 is the final year of a three-year funding settlement that will see core school funding increase by £2.6bn in 2020-21 compared to 2019-20, and by a further £2.2bn and £2.37bn in 2021-22 and 2022-23 respectively. In addition to this, the circa £2bn to fund additional teachers' pay and pension costs initially paid separately to schools through grant was permanently "mainstreamed" into the NFF from April 2021.
4. Nationally, school funding allocated through the NFF is increasing by 2.9% in cash terms which is equivalent to 2.8% per pupil. The main features are:
 - a. The key factors in the NFF will increase by 3% i.e. basic per-pupil funding, free school meals at any time in the last 6 years, income deprivation affecting children index (IDACI), LPA, EAL and the lump sum. The exception being funding for pupil eligibility to a FSM which will increase by 2% to reflect the expect cost increase in providing a free meal.
 - b. The minimum per pupil funding levels (MPPFL)² have been increased by 2% and ensure that every primary school receives at least £4,265 per pupil (£4,180 in 2021-22), and every secondary school at least £5,525 per pupil (£5,415 in 2021-22).
 - c. Provisional data indicates that 11 BF primary schools will be funded at these MPPFLs. All secondary schools are provisionally above the MPPFL.

² The NFF includes MPPFLs that are applied equally to all primary and secondary schools (£4,265 and £5,525 respectively in 2022-23). LAs must also apply these minimum rates in their local funding formula. The only factors not included in per-pupil funding for the purpose of the MPPL calculation are premises e.g. business rates, split site factor and growth funding.

- d. Where the normal operation of the NFF does not allocate at least 2% more pupil-led funding per pupil compared to its 2021-22 NFF baseline, top-up funding is added to meet this rate of increase i.e. the Minimum Funding Guarantee (MFG)³. Provisional data based on October 2020 Census point indicates that if MFG was agreed to be set at the maximum of 2.0%, the normal operation of the Funding Formula would exceed this level for all schools with no top-up funding needing to be allocated.
5. Using this initial data indicates that average per pupil funding for BF primary schools – excluding new schools where funding rates are very volatile due to significant changes in pupil numbers between years - will increase by 2.4 % to £4,329 and secondary schools by 2.9% to £5,844 These increases are intended to ensure that BF can closely replicate the allocations in the NFF and pay schools at the same values as calculated by the DfE although this may not be the case where there are local factors to consider that are not reflected adequately in the NFF, such as funding for new schools.

CSSB:

6. The CSSB covers funding allocated to LAs to carry out central functions on behalf of pupils in maintained schools and academies. CSSB funding is split into two elements: funding for ongoing responsibilities and funding for historic commitments, where the LAs' total CSSB NFF funding is the sum of these two values.
7. The ongoing responsibilities element of the CSSB is allocated to LAs using a pupil-led formula. The formula uses two factors: a basic per-pupil factor, through which LAs receive the majority of funding (nationally 90% of funds are allocated through this factor), and a deprivation per-pupil factor (10% of national funds).
8. There is a protection to ensure no LA sees losses of greater than 2.5% per pupil, compared to 2021-22. BF will receive a 0.18% increase in per pupil funding in 2022-23. This is the first year that a per pupil funding reduction has not been applied.
9. The historic commitments element of the CSSB, which funds some LAs for commitments they made prior to 2013-14 that support the most vulnerable pupils is being reduced by 20% per annum from LA funding. This commenced in 2020-21 and for 2022-23, equates to a £0.052m funding reduction with associated income falling to £0.207m from £0.259m. Funding has now reduced by £0.199m from the £0.406m received in 2019-20.
10. The Forum agreed to fund the £0.146m funding shortfall in place at 2021-22 from both these deductions and this is assumed to continue.
11. Annex 1 sets out the services permitted to be charged to the CSSB and the 2021-22 budget amounts and includes elements of family support, education support for children looked after, school admissions and the centralised copyright license.

³ 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 the highest proportional funding gains.

Financial consultation with schools

- 6.6 The annual financial consultation with schools ordinarily takes place in the summer term in order for the Forum to consider the outcomes early in the autumn as budget planning commences. With the coronavirus pandemic, there was a delay in the DfE publication of their school funding consultation until July. The BF consultation needs to follow from this to ensure views are sought on all appropriate areas and this is now underway.
- 6.7 There are 3 areas on the consultation where views are being sought on 2022-23 budget proposals, all of which are regularly asked of schools. Additionally, the opportunity is also being taken to present proposed changes to the Scheme for Financing Schools which have previously been highlighted to the Forum. The areas to be covered in the consultation are:
1. De-delegation. To seek agreement from schools to fund central management of a small range of services where there is a benefit of risk sharing, achieving economies of scale or benefit from an area wide service from doing this e.g. classroom staff maternity leave scheme.
 2. Contribution by maintained schools to LA statutory duties. To contribute £20 per pupil to LA education related statutory duties where the DfE has withdrawn £1.6m of grant funding but still requires LAs to meet all the duties.
 3. Rate of the Minimum Funding Guarantee (MFG). To provide a degree of funding stability between financial years, each LA needs to set a minimum change in per pupil funding that a school can experience compared to 2021-22. For 2022-23, DfE will again permit the rate to be set between +0.5% and +2.0%. The NFF has applied a minimum 2% increase.
 4. Scheme for Financing Schools⁴ During the course of the year, it has become apparent that the Scheme would benefit from a small number of minor updates such as the Scheme to claw-back significant surplus balances from schools and the funding arrangements for licensed deficits. Schools views on these proposed changes will also be sought.
- 6.8 Questions 1 to 3 are necessary as the Schools Forum is required to decide each year on some budget matters and therefore needs to be confident that these are taken in the light of current opinions.
- 6.9 Schools are usually asked to comment on retaining the strategy to as far as practical replicating the NFF, and this approach has previously been supported by respondents. As outlined on another agenda item, with the DfE introducing further measures to ensure LAs move towards the NFF and away from any local modifications, this question is no longer being asked as there is unlikely to be any discretion on this in the future.
- 6.10 Responses to the consultation are expected to be reported to the Forum at the next meeting on 18 November.

⁴ All LAs must develop a "Scheme" which sets out financial roles and responsibilities of schools and LAs. It must cover minimum requirements set by the DfE, with some areas open to local determination. It is a legally binding document and can only be updated following consultation with schools and approval of the Schools Forum.

Initial budget planning

- 6.11 It is important that budget planning now commences, and work has therefore been undertaken to model the potential impact on the BF Schools Budget to enable the Forum to consider whether the right approach is being taken and to consider some early conclusions.

Estimated Schools Block Dedicated Schools Grant (DSG)⁵, income to be paid to BFC

- 6.12 The Forum will be aware that to determine an LAs SB DSG funding, the DfE applies the same uniform NFF factors and values to every school in the country, using lagged pupil number and other data sets e.g. FSM, test results. The resultant individual primary school budgets for an LA are then aggregated together and divided by total primary pupil numbers to determine an LAs standard primary per pupil funding rate – called the Primary Unit of Funding (PUF). The same calculation is also made for secondary schools to determine the Secondary Unit of Funding (SUF). Each LA is then funded at these per pupil funding rates on the most recent October census data.
- 6.13 For next year, the DfE has calculated the PUFs and SUFs against the confirmed 2022-23 NFF units and pupil headcount numbers and pupil additional educational needs top ups both taken from October 2020 census data. The final amount of funding to be received in 2022-23 will be calculated by multiplying the PUF and SUF against the October 2021 census data. This approach of using partially lagged data is taken to provide schools and LAs certainty of key funding data at an early stage of the budget setting process. Waiting for actual data would mean a release date of around a month before budgets must be finalised and approved through the local democratic process.
- 6.14 The DfE has confirmed the PUFs and SUFs that will be used to calculate 2022-23 DSG allocations at £4,344.46 for the BF PUF and £5,849.37 for the BF SUF. This equates to a 2.1% increase in the per pupil funding rate for primary aged pupils and 2.9% for secondary and an average 2.5% increase in per pupil.
- 6.15 Based on there being no change in the 16,407 pupils recorded on the actual October 2020 school census data, this would deliver £81.125m of SB DSG income, a cash increase of £1.995m.
- 6.16 The DfE has also confirmed the separate funding allocations to LAs for non-pupil-based school expenses. This is mainly intended to finance the cost of business rates and other specific costs agreed with individual LAs. Funding for these costs will be £1.703m and is allocated based on 2021-22 actual spend and for BFC comprises:
1. £1.579m for business rates (down £0.047m)
 2. £0.075m for split site costs (Warfield Primary). (No change).
 3. £0.049m for additional lump sum payments. This is the exceptional second year of funding DfE agreed for Ascot Heath Primary. (Down by £0.119m as lagged funding for the first year of amalgamation at College Town and Ascot Heath is removed).

As with all funding that is received on a lagged basis, there will be differences in the amounts received by BF and what is then provided to individual schools as this must use the most up to date data.

⁵ The DSG is the ring-fenced grant allocated by the DfE through a formula to LAs to fund most of their expenditure on school and education related services.

- 6.17 Whilst funding for business rates is included in the initial DSG calculation from the DfE, this is expected to be removed at a later stage of the budget process as a centralised payment system is to be introduced from April 2022, with the ESFA paying LAs directly for school business rates which will therefore be excluded from school budget allocations. More information on the practical implications is awaited from the DfE.
- 6.18 In terms of funding LAs for in-year increases in pupil numbers after the October 2021 census, the DfE will continue to use the Growth Fund⁶ to measure pupil growth between the two most recent October census points across small geographical areas. Per pupil funding is then allocated where there is a net increase in numbers, with no net-off against areas that experience a reduction. 2022-23 funding rates have yet to be confirmed, with increases in primary pupil numbers attracting £1,455 in 2021-22 and increases in secondary attracting £2,175.
- 6.19 The DfE has yet to release any data on this funding allocation for 2022-23, with a provisional estimate from BFC suggesting around £0.684m of DSG for this purpose.
- 6.20 Therefore, at this stage, the overall income for the SB is estimated at £83.512m, an overall increase from last year of £1.743m. Table 1 below sets out a summary of the change in funding from each element of the SB DSG.

Table 1: Forecast SB DSG for 2022-23

	Total £'000	Total £'000
Total DSG for 2021-22		81,769
<u>Forecast changes for 2022-23:</u>		
Effect of average 2.5% increase in DSG funding rates	1,995	
Change in business rates funding	-47	
Change in school amalgamation funding	-119	
Change in Growth Fund	-86	
Total forecast change		1,743
Total forecast DSG for 2022-23		83,512

Update on budgets for schools and council managed Schools Block items

- 6.21 The SB base budget approved at the January 2021 meeting of the Schools Forum amounted to £81.850m, of which £81.769m was funded by SB DSG income and £0.227m was added from the council as part of a 4-year funding plan to contribute £1m to the extra costs arising from new schools. The 2021-22 budget agreed to transfer £0.146m to the CSSB budget to meet the cost pressures and funding reductions being experienced on services that support the most vulnerable pupils (see Annex 1).

⁶ The Growth Fund 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 pre-opening, diseconomy and post opening costs for new schools.

Provisional update for 2022-23

Change in pupil numbers

- 6.22 The current budget planning assumption is that any change in pupil numbers from the October 2021 census that will drive 2022-23 school budgets will have a broadly cost neutral effect when compared to the consequential change in DSG funding and are therefore excluded at this stage from potential budget adjustments.

Growth Fund - Impact from new / expanding schools and other criteria

- 6.23 Forum members will be aware that the SB Budget is experiencing a significant medium-term pressure from the additional cost of new schools. The amount of additional funding to be provided is set out in the *Start-up and Diseconomy Funding Policy for New and expanding schools* of which the most recent update was approved in December 2019.
- 6.24 This decision confirmed an update on the determination of when a school moves from being funded on the *Start-up and Diseconomy Funding Policy for New and expanding schools* policy to the normal BF Funding Formula. This change confirmed the move would be at the earliest of either the school opening to all 5-16 year groups relevant to the school or when pupil numbers passed a threshold for the proportion of capacity achieved. There are different threshold values according to school size; 90% for a 1 Form of Entry (FE) school; 85% for a 2 FE; and 80% for 3 FE and above. The funding policy can be viewed here, with paragraph 11 of the policy setting out in full when new schools transition to the BF Funding Formula.

[New and expanding schools - Funding Policy 2020 to 2021 \(bracknell-forest.gov.uk\)](https://bracknell-forest.gov.uk)

- 6.25 No changes were made for 2021-22 and none are proposed for 2022-23, although in accordance with the policy, some of the factor values will need to be updated to current prices, in particular to reflect the new values of the MPPFLs which are a key element of the funding policy calculations.
- 6.26 In recognising that the financial impact arising from new schools is not being fully funded through the Growth Fund element of the SB DSG, the council's Executive agreed to provide £1m of funding over a 4-year period from the council's reserves as part of a medium-term budget strategy that was agreed by the Forum. This strategy also utilises the £1m originally held in the earmarked New School Start-up / Diseconomy Reserve of the Schools Budget that was created for this purpose and part of the annual increase in SB DSG.
- 6.27 In the absence of the October 2021 census, only a broad estimate of likely costs arising from new schools can be established. Similarly, the budget provision for Growth Fund responsibilities managed by BF in existing schools will also be reviewed once the census data is available to assess the amount of funds that are likely to be required.
- 6.28 Table 2 below summarises the estimated financial implications for 2022-23 which indicates a £0.013m cost reduction to the normal school budget, and a £0.008m increase in post opening funding to equip a new class.

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

	Primary	Secondary	Current Proposed 2022-23	Actual 2021-22	Change from 2021-22
	£'000	£'000	£'000	£'000	£'000
<u>New schools:</u>					
Diseconomy costs	204.5	777.0	981.5	994.2	-12.7
	204.5	777.0	981.5	994.2	-12.7
<u>Retained Growth Fund</u>					
Start-up costs	0.0	0.0	0.0	0.0	0.0
Post opening costs	22.5	0.0	22.5	15.0	7.5
In-year pupil growth	107.5	107.5	215.0	215.0	0.0
KS1 classes	115.0	0.0	115.0	115.0	0.0
	245.0	107.5	352.5	345.0	7.5
Total estimated costs	449.5	884.5	1,334.0	1,339.2	-5.2
<u>Costs by school:</u>					
KGA - Oakwood	107.8	0.0	107.8	137.9	-30.1
KGA – Binfield	119.2	777.0	896.2	871.3	24.9
Total estimated costs	227.0	777.0	1,004.0	1,009.2	-5.2

6.29 Clearly, the funding plan will need to be kept under review. Financial year 2022-23 is the latest point that KGA Binfield Secondary school will be resourced through the new school funding policy. Notwithstanding any potential changes through the DfE review of school funding that is set out on another agenda item, from April 2023, funding for KGA Binfield Secondary school will move to the BF Funding Formula.

6.30 Costs are therefore expected to significantly reduce from 2023-24. This will be accompanied by a reduction in DSG income for pupil growth as pupil numbers reach capacity of the school. Furthermore, there will be a reduced need to draw down funding from the council and New School Start-up / Diseconomy Reserve. The KGA primary schools will still require additional funding support beyond 2022-23.

Split site schools

6.31 Warfield Primary school operates on 2 sites with a walking distance of 1.167 miles which presents unique issues and after 2 years' experience of managing the split site school, the school had identified a number of additional costs that needed to be incurred as a result of the site configuration for which there is no additional funding allocation. Top up funding of £0.075m was subsequently agreed.

6.32 The Headteacher has continued to monitor the additional costs being incurred and has indicated that the current funding is around £0.050m below additional costs with the main budget currently subsidising this. The school has not been able to expand to the 3 FE capacity due to demand for school places not being as high as originally predicted and the increased number of school places available in North Bracknell. Under optimised income presents additional challenges in meeting the costs of two separate sites.

- 6.33 Moving to a single site would therefore create financial benefits. Furthermore, there would undoubtedly be significant organisational improvements and benefits for pupils. This approach is being considered for the medium term and would also remove 210 primary places as the original school site would become surplus to requirements.
- 6.34 Any split site funding addition paid to a school must be agreed in advance by the DfE, with additional ring-fenced funding then allocated, but on a lagged basis. The deadline for such requests is 21 October, but there is no requirement to accept an approval if granted.
- 6.35 In order to provide maximum options for setting the 2022-23 budget, it is proposed to submit a request to increase split site funding by £0.050m to £0.125m, pending more work to analyse the costing information provided including the option of seeking support from another Headteacher to review the split site working arrangements to consider whether alternative options could be implemented.
- 6.36 Should the DfE agree this request, due to lagged funding, DSG income will remain unchanged at £0.075m in 2022-23, before rising to £0.125m in 2023-24. As a consequence, there would be a one-year pressure of £0.050m. At this stage, the budget calculations assume this approach and the Forum is recommended to agree the DfE is requested to increase funding support accordingly.
- 6.37 Whilst a pressure may ultimately arise from this, there are no immediate financial implications from this recommendation. Funding for the split site factor in 2022-23 will be considered by the Forum as part of the overall budget setting process and will be taken in light of all relevant information.
- 6.38 Any final proposal to increase split site funding would reflect outcomes from the additional work set out above, as well as confirmation from governors that the identified additional costs are appropriate. The amount of additional financial support will be subject to regular review and potential change.

School amalgamations

- 6.39 Forum members will recall that Governors at Ascot Heath Primary School raised concerns that cost reductions arising from the 2019 amalgamation were occurring at a slower rate than expected and requested that enhanced funding continued for a second year, albeit at a reduced rate of £0.050m. The Forum agreed this proposal.
- 6.40 With this being agreed for one year only, funding for school amalgamations will reduce in 2022-23 by £0.050m.

Meeting DfE per pupil funding requirements

- 6.41 After LAs have calculated school budgets through their local Funding Formula, there are 2 mandatory checks required by the DfE to ensure that each individual school budget has received the minimum levels permitted relating to:
1. the amount of per pupil funding received for the year i.e. the MPPFL, and
 2. the increase in per pupil funding from the previous year i.e. the MFG

MPPFL

- 6.42 The DfE has set mandatory MPPFL of £4,265 for primary aged pupils and £5,525 for secondary. These are the minimum per pupil funding rates that an LA must pay their schools unless specifically agreed by the DfE. The provisional calculations made at

this stage indicate additional payments of £0.717m allocated to 11 primary schools with no secondary schools receiving a top-up. This is a decrease of £0.198m compared to 2021-22 when 18 primary schools received £0.874m and 1 secondary school £0.041m.

- 6.43 For areas like BF that are relatively lowly funded, and with the primary MPPFL very close to the amount of DSG received in BF through the specific PUF (£4,344 compared to £4,265), there will be a relatively large number of primary schools receiving funding top-ups to achieve the minimum permitted level.

MFG

- 6.44 To limit turbulence between financial years at individual school level, the MFG must be applied to each school's per pupil funding rate. Where the normal operation of the local Funding Formula does not deliver the necessary change, an appropriate top-up is paid. For 2022-23, the DfE again requires each LA to set their MFG at between +0.5% and +2.0%.
- 6.45 Schools have consistently supported applying the maximum permitted increase in the MFG, and this is one of the questions included in the financial consultation with schools. MFG top-up payments are ordinarily financed from capping gains above the MFG at other schools and are therefore self-financing. Schools receiving top-ups to the MPPLF values are excluded from contributing to the cost of the MFG. A provisional calculation indicates that no BF school would be eligible for a funding top up if the MFG level was set at +2.0%. £0.028m of MFG funding top up was included in the 2021-22 budget.
- 6.46 The DfE recognise that there can be circumstances when the normal operation of the MFG can result in unexpected outcomes and LAs can therefore make a request for a "disapplication" of the MFG.
- 6.47 MFG disapplication requests have been approved previously where "the normal operation of the MFG would produce perverse results for very small schools with falling or rising rolls". Indeed, the DfE has approved requests from BFC since 2020-21 for the scenario being faced at Kings Academy Group schools of Binfield and Oakwood where the diseconomy funding model results in a reduction in per pupil funding between years as the significant increase in pupil admissions each year result in a lower per pupil funding allocation as the significance of diseconomy funding top-ups reduce.
- 6.48 The same issue is again faced in 2022-23 requiring an MFG disapplication request to again be made to the DfE.

The Central School Services Block

- 6.49 The CSSB 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 holding the statutory decision-making responsibility for agreeing the amount of funds that can be spent on each budget.
- 6.50 As set out above, the DfE are reducing funding for the historic cost element of the CSSB by 20% which is estimated at £0.052m. A £0.002m increase in funding for on-going commitments results in a net funding reduction of £0.050m. £0.406m was initially allocated by the DfE to BF for these historic services, with £0.259m expected in 2022-23. The council is currently examining ways to manage this outside of the Schools Budget and an update will be provided to a future Forum meeting.

- 6.51 Annex 1 sets out the services included in the CSSB, showing the 2021-22 base budget by individual budget area and the overall provisional funding for 2022-23.

Illustrative 2022-23 individual school budgets

- 6.52 In order to prepare this budget update, individual school budgets have been modelled in accordance with the overall budget strategy of reflecting the NFF funding rates in the BF Funding Formula and incorporating all of the potential budget changes that are set out above. At this stage all calculations use October 2020 information for pupil numbers and all of the other pupil characteristics used for funding purposes, such as FSM eligibility, test results etc. Final budgets will be calculated against October 2021 data.
- 6.53 Using these key assumptions, the following headline data is available for illustrative school budgets (NB in this context, per pupil funding is calculated on the MPPFL methodology of the whole school budget excluding business rates and new schools):
- 1 Primary schools would receive an average increase in per pupil funding of 2.4%, and secondaries 2.9 %. The average increase for all schools is 2.6%.
 - 2 The highest per pupil increase schools would receive is 3%. The lowest increases would be 2.0% in Primary and 2.1% in Secondary.
 - 3 The average per pupil funding amount for a primary school would be £4,329 and £5,844 for secondary.

Reasons why the NFF budget will not be delivered in BF

- 6.54 There are a number of reasons why despite the DfE fully funding the NFF, individual LAs are not always able to replicate the budgets locally. These include:
1. Differences between the lagged data sets used for funding purposes for LAs and the current year data that LAs must use to fund schools.
 2. Differences between DfE funding formula used for supporting the cost of new schools etc compared to the actual costs funded at a local level.
 3. Differences in the calculation of funding protection between years through the locally set rate of MFG and the 2% threshold used in the NFF.

Summary of proposed changes

- 6.55 Based on provisional budget data, a series of changes have been detailed above that could be applied in the 2022-23 budget. The Forum is recommended to agree this approach, with further updates planned to be presented at the November, December and January Forum meetings. At this stage, there is a £0.517m funding shortfall: £0.467m on the Schools Budget and £0.050m on the Central School Services Block. Table 3 below provides a summary of the estimated financial implications.

Table 3: Summary initial budget proposals for 2022-23

Item	Schools Block		Central	Total
	Delegated school budgets A £'000	Growth Fund - LA Managed B £'000	Services Schools Block C £'000	D £'000
2021-22 Schools Block budget	81,505	345	1,058	82,908
2021-22 base budget	81,505	345	1,058	82,908
Provisional 2022-23 DSG funding	83,167	345	862	84,374
On-going contribution to CSSB pressures	-146	0	146	0
2022-23 forecast income	83,021	345	1,008	84,374
+Surplus of income / - Deficit of income	1,516	0	-50	1,466
<u>Changes for 2022-23</u>				
New schools - 2022-23 change in cost pressure	-13	0	0	-13
In-year growth allowances, KS1 classes	0	8	0	8
Split site funding - impact of cost review	50	0	0	50
School Amalgamations	-50	0	0	-50
Cost of new year NFF funding rates	1,988	0	0	1,988
Total changes proposed for 2022-23	1,975	8	0	1,983
Shortfall to DSG Funding	-459	-8	-50	-517

Managing the shortfall to DSG funding

- 6.56 There has always been a funding gap at this stage of the budget setting process; between what is allocated by the DfE and the assessed local budget requirement which has been managed through:
1. A draw down funds from the Reserve created by the council to help finance the additional costs of new and expanding schools (current balance is £0.182m).
 2. A draw down funds from the Reserve created in the unallocated Schools Budget to support the additional costs of new and expanding schools (current balance is £0.746m).
 3. Fund schools at a scaled percentage of the NFF rather than the full amount.
- 6.57 A combination of these options can also be used, and funding proposals will be presented when there is greater certainty on the final budget requirement. In considering a draw down from Reserves, this will need to take account of the available amount and the expected duration of additional support. To allow some flexibility for costs to exceed the current estimated amount, a drawdown from Reserves of up to

£0.250m in each of the next 3 years is considered a reasonable approach to take, although this will need to be kept under review.

- 6.58 The funding framework sets out that funding for the Schools Budget is not currently an LAs responsibility and General Fund money should not be used for this purpose. The Secretary of State has the power to grant exemptions to this, and such a request will need to be made to allow for a financial contribution to be made by the council towards the additional cost of new schools. Such a request was approved in 2021-22 and a similar request is proposed to be made for 2022-23.

Summary of Per Pupil funding rates

- 6.59 It is recognised that School Funding uses a considerable amount of jargon and that many different values are quoted for per pupil funding rates, each of which have subtle, but important differences. To provide a comprehensive update to the Forum, his report necessarily reflects these issues, and the following table has been included in an attempt to summarise key data and implications into one section.

Table 4: Summary of key per pupil funding values

	Section 1		Section 2		Section 3	
	Allocation to BFC from DfE (PUF/SUF)		Minimum per pupil funding for a school (MPPFL) as prescribed by DfE		Estimated average allocation to BF schools if 100% NFF values affordable	
	Amount	Change	Amount	Change	Amount	Change
Primary	£4,344.46	2.1%	£4,265	2.0%	£4,329	2.4%
Secondary	£5,849.37	2.9%	£5,525	2.0%	£5,844	2.9%

- 6.60 Some key points from per pupil funding amounts in the above Table are:

1. The estimated average funding to be allocated to primary aged pupils should the NFF values be affordable (Section 3 of the Table) is only 1.5% above the MPPFL (Section 2). This means a large proportion of BF schools are likely to require top ups to achieve the MPPFL as the normal operation of the NFF delivers funding below this level.
2. The estimated average funding to be allocated to secondary aged pupils should the NFF values be affordable (Section 3) is 5.8% above the MPPFL (Section 2), meaning no schools require top ups to achieve the MPPFL.
3. The estimated average allocation to BF schools at Section 3 is subject to change as the budget setting process reaches a conclusion.

Issuing 2022-23 budgets to schools

- 6.61 Publication of 2022-23 individual school budgets will follow last year’s timeline, with provisional budgets issued in early January 2022 and final budgets in March 2022. The expectation is that the January provisional budgets will reflect the October 2021 verified census data (subject to this being provided by the DfE no later than mid-December) and the final budget decisions of the Schools Forum and will therefore be very close to final allocations.

Conclusion and Next steps

- 6.62 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 result in an overall gap to meeting the NFF and CSSB requirements, currently estimated at £0.517m.
- 6.63 Further updates will be provided to the Forum in November, December and January as more information emerges which will allow for budget decisions to be considered.

7 ADVICE RECEIVED FROM STATUTORY AND OTHER OFFICERS

Borough Solicitor

- 7.1 In respect of the aforementioned report, there are no legal issues arising that requires specific legal comments.

Executive Director: Resources

- 7.2 Included within the supporting information.

Equalities Impact Assessment

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

Climate Change Implications

- 7.3 The recommendations from this report are not expected to have an impact on emissions of carbon dioxide.

Strategic Risk Management Issues

- 7.4 Whilst the funding reforms and financial settlement 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 schools receiving the lowest increases.
 2. The ability of schools with licensed deficits to manage their repayments.
 3. Managing the additional revenue costs arising from the new / expanded schools programme and increased number of high needs pupils.
 4. 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 £0.190m (after academy deduction) to support maintained schools in financial difficulties that meet qualifying criteria – subject to on-going agreement to the funding.

8 CONSULTATION

Principal Groups Consulted

- 8.1 People Directorate Management Team. School governors, head teachers, Schools Forum and other interested parties will be consulted throughout the budget setting process.

Method of Consultation

- 8.2 Written reports 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:

Contact for further information

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Doc. Ref: [https://bfcouncil.sharepoint.com/sites/fina/bpm/FIBPSCB-FIN9.6/Schools Forum/\(105\)160921/2022-23 Schools Budget Preparations - v1.docx](https://bfcouncil.sharepoint.com/sites/fina/bpm/FIBPSCB-FIN9.6/Schools%20Forum/(105)160921/2022-23%20Schools%20Budget%20Preparations%20-%20v1.docx)

Central School Services Block

Item	Schools Budget Funded		
	2021-22 Budget	2022-23 Funding	Change
<u>Budgets</u>			
<u>Combined Services Budgets:</u>			
Family Intervention Project	£100,000		
Educational Attainment for Looked After Children	£133,590		
School Transport for Looked After Children	£42,890		
Young People in Sport	£15,960		
Common Assessment Framework Co-ordinator	£42,470		
Domestic Abuse	£2,000		
Education Health Partnerships	£15,000		
SEN Contract Monitoring	£32,680		
Central School Services - historic commitments	£384,590		
<u>Miscellaneous (up to 0.1% of Schools Budget):</u>			
Forestcare out of hours support service	£5,150		
Borough wide Initiatives	£28,930		
Support to Schools Recruitment & Retention	£7,920		
<u>Statutory and regulatory duties:</u>			
'Retained' elements	£275,755		
<u>Other expenditure:</u>			
School Admissions	£186,690		
Schools Forum	£20,935		
Boarding Placements for Vulnerable Children	£62,470		
Central copyright licensing	£85,560		
Central School Services - on-going responsibilities	£673,410		
Total Central School Support Services	£1,058,000		
<u>Funding</u>			
Historic commitments	£259,636	£207,709	-£51,927
On-going responsibilities	£652,671	£653,848	£1,177
Total Funding	£912,307	£861,556	-£50,751
Existing agreed transfer from Schools Budget	£145,770	£145,770	£0
Central School Services Total Funding	£1,058,077	£1,007,326	-£50,751

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TO: SCHOOLS FORUM
DATE: 16 SEPTEMBER 2021

**DfE FUNDING CONSULTATION:
FAIR SCHOOL FUNDING FOR ALL
Executive Director: People**

1 PURPOSE OF REPORT

- 1.1 To provide an update to the Schools Forum in respect of the next stage of national school funding reform being proposed by the Department for Education (DfE) and to consider what response, if any should be made.

2 EXECUTIVE SUMMARY

- 2.1 The DfE has issued proposals for the next stage of school funding reforms. It builds on the change process that commenced in April 2018, with a focus now on removing the remaining flexibilities in the Education Funding Framework that local areas can exercise, to be replaced by a standardised national approach.
- 2.2 To minimise disruption following the coronavirus pandemic, there will be no changes in 2022-23, meaning school budgets for next year will be calculated and subject to the same rules as are in place for the current year.
- 2.3 The consultation indicates a gradual move to requiring all LAs to mirror the school National Funding Formula (NFF) in terms of both the factors used and their funding values which could still be work in progress after 2025-26. This proposal coincides with the agreed budget strategy for Bracknell Forest, meaning no immediate to medium term impact should be expected from the primary element of the consultation.
- 2.4 Existing funding protection measures are expected to remain, thereby affording assurances to schools in their budget planning.
- 2.5 The DfE also makes clear the intention to centralise nationally the approach to funding eligible schools for a number of support budgets currently managed by LAs, such as the Growth Fund. The future of central school services, such as de-delegation, trading with schools and LA retained statutory duties is also proposed to be reviewed.
- 2.6 A second consultation will follow once results from this first one have been evaluated. This will also reflect on a number of other, linked, more specific and detailed consultations that will set out how relevant changes proposed by the DfE can be implemented and effectively managed. It also confirms that changes to SEND are likely, the details of which will follow once the government's SEND Review is published.
- 2.7 In the long term, the introduction of a hard NFF will change the role of schools forums in some important ways, but not remove the need for a local forum to facilitate the engagement of schools and other providers in decisions and consultation on local matters. DfE plan to conduct a wider review of the role of schools forums, including those relating to SEND.

- 2.8 At this stage, with BF already complying with the central change proposed in the consultation of mirroring the NFF, no significant issues are apparent. Once details emerge in the second stage consultations, more work will be required to understand any implications.

3 RECOMMENDATIONS

- 3.1 **To NOTE the content and changes proposed to School Funding through the DfE Consultation *Fair School Funding For All* and AGREE what response, if any should be made.**

4 REASONS FOR RECOMMENDATIONS

- 4.1 To ensure that the Schools Forum is aware of the changes to the Education Funding Framework proposed by the DfE and is in a position to make a response.

5 ALTERNATIVE OPTIONS CONSIDERED

- 5.1 Not applicable.

6 SUPPORTING INFORMATION

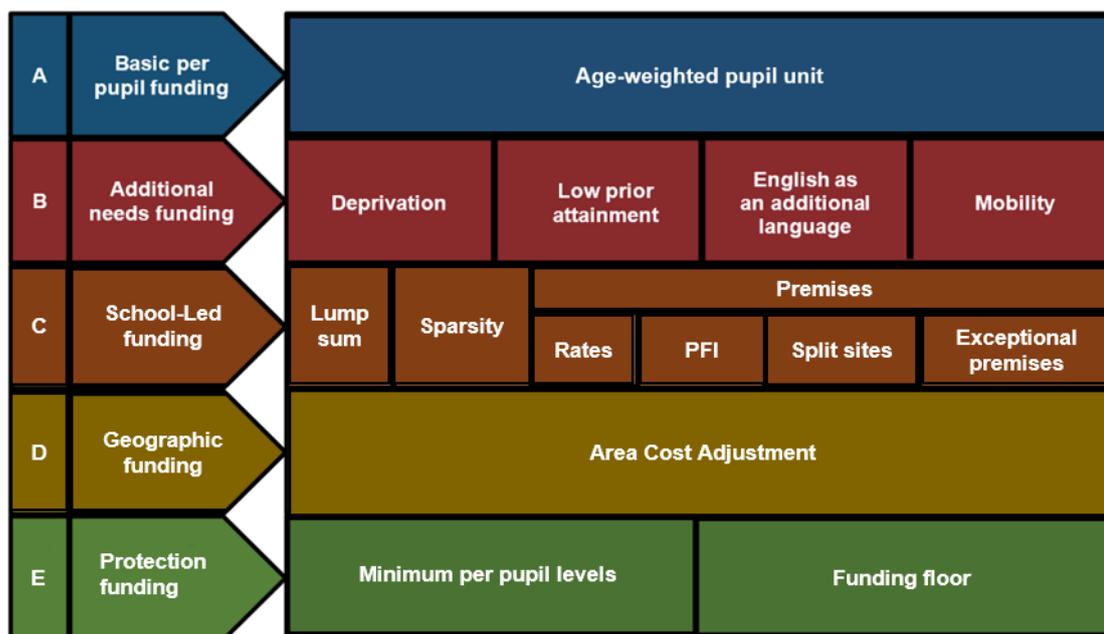
Introduction

- 6.1 The introduction of the current funding framework, including the structure of the Schools Budget commenced in April 2018. On 8 July, the DfE published the next phase of planned reforms through the [Fair school funding for all: completing our reforms to the National Funding Formula - Department for Education - Citizen Space](#).
- 6.2 The consultation is seeking views on the approach to completing the reforms to the NFF and how to most effectively transition away from local formulae to all schools' funding allocations being determined directly by the NFF.
- 6.3 It is the first stage of change, with a second consultation and more detailed proposals to follow. This initial consultation closes on 30 September.

Overview

- 6.4 The schools NFF is a single, national formula that allocates the core funding for all mainstream schools, both maintained and academies, for pupils aged 5 to 16. Early years, high needs (including special schools) and post-16 provision each have a separate national funding formula, reflecting the specific needs of those parts of the education system, and they are not the subject of this consultation.
- 6.5 The DfE uses the NFF to calculate individual school budgets drawing on the characteristics and needs of each school and its pupils. There are 2 funding protection mechanisms: schools receive at least a guaranteed minimum per pupil level of income each year plus a funding floor to ensure that all schools also receive an annual increase in pupil-led funding. The component parts of the NFF (not to scale) are set out below.

Figure 1 – Factors of the NFF



- 6.6 Since its introduction, the NFF has been a ‘soft’ formula. This means LAs determine individual schools’ final funding allocations through a local formula, within parameters set by the DfE. LAs have discretion about the amount of funding put towards each factor and some flexibility over which factors to use in the local formulae - therefore an individual school’s funding can vary from the NFF allocation.
- 6.7 The DfE has always intended to move to a funding system in which all individual schools’ funding allocations are set directly by the NFF without substantive further local adjustment. This would then become a ‘hard’ formula.
- 6.8 Whilst many LAs have moved closer to the NFF, with nearly half now mirroring the NFF funding factors almost exactly, there continue to be significant differences in the way in which some LAs allocate funding compared to the NFF. The consultation document highlights the extreme range of budgets a small sample of 6 schools would receive depending on which LA they were in.
- 6.9 In anticipation of this requirement, and to avoid any significant funding turbulence at the point of any mandatory change, it has been the long-standing agreed budget strategy of BF to closely mirror the NFF. Indeed, the 2021-22 BF Funding Formula exactly matched the NFF.
- 6.10 This consultation sets out proposals for how to move towards a ‘hard’ NFF. In order to avoid any unexpected disruption, there is no fixed target date by which the hard NFF will be fully in place.
- 6.11 This consultation includes proposals on how (and how quickly) LA formulae could move towards a hard NFF, as well as proposals on the eventual completion of these reforms to the NFF. During the transition, schools will continue to be protected against losses. The national funding floor and local minimum funding guarantee (MFG) protections will remain in place, so that schools will not lose funding in cash per-pupil terms as a result of moving towards a hard NFF, and all schools will continue to receive funding increases.

- 6.12 The key areas of school funding out of scope of this consultation are:
1. funding arrangements for high needs pupils, special schools and alternative provision
 2. Early Years provisions
 3. Post-16 provisions
 4. Education grants, such the pupil premium, universal infant free school meals etc
 5. The factors in the NFF, the data sources or the values assigned

Consultation content and questions

- 6.13 The consultation (62 pages) seeks views on the approach to moving to a direct, “hard” NFF and is broken down into a number of sections, with 14 questions.

3. Completing the NFF reforms

Section 3.1 The scope of the directly applied NFF

- 6.14 This section proposes that all the pupil-led funding factors, those reflecting additional needs and school-led funding factors i.e. Block A, B and C in Figure 1 above, should be included in the NFF, without further local adjustment.

The distribution of funding for some school-led factors currently relies on local knowledge e.g. split site factors, Public Finance Initiative contracts, “exceptional circumstances”. There is a recognition that new approaches to distribute this funding appropriately between schools will be required.

Question 1: Do you agree that our aim should be that the directly applied NFF should include all pupil-led and school-led funding factors and that all funding distributed by the NFF should be allocated to schools on the basis of the hard formula, without further local adjustment through local formulae?

3.2 Developing the schools NFF to support the directly applied NFF

- 6.15 This sets out initial proposals from the DfE on moving school-led factors currently funded on an historic cost base to current costs and needs. This aspect of the consultation impacts on BF to the extent that to reflect additional costs of operating across 2 sites, a split site factor is paid to Warfield . Moving forward the eligibility and funding allocation would be determined on a national model, not the local BF methodology.

The DfE are seeking views on the proposed national model approach to school-led factors and will consult on specific details at a later stage.

Question 2: Do you have any comments on how we could reform premises funding during the transition to the directly applied NFF?

3.3 Growth and falling rolls funding

- 6.16 The DfE recognise that a lagged funding system, without any approach to reflect growth, would be difficult for schools with significant rising rolls to manage. The consultation comments that this need for flexibility extends to new and expanding

schools, and those with falling rolls. As the current arrangements have led to the adoption of a wide range of different local criteria to allocate growth funding, the DfE intend to standardise this into a national approach.

- 6.17 For significant rising rolls, the proposal is that funding would be targeted to only those schools facing significant growth, where possible it would be paid in the initial NFF allocation with a standardised, national amount. There would be an adjustment process to validate that anticipated growth levels were achieved, to be processed annually in arrears. A similar approach would be applied to falling rolls (not used in BF).
- 6.18 For new schools, the DfE will seek to equalise the different approaches currently in place for DfE funded academy builds and LA funded developments, such as those in BF. If implemented, this would remove any funding responsibility from LAs for diseconomy costs at new academy schools resulting in a financial benefit for BF.
- 6.19 The Forum will be aware that Growth Funding – but not falling rolls funding – is provided in BF where schools experience significant in-year increases in pupil numbers. There are trigger points established depending on school size with additional funding allocated in-year when increases in pupil numbers exceed the thresholds. There is also the funding policy for new schools that allocates start-up funding enhancements. These arrangements would change if current DfE thinking is implemented.

Question 3: Do you agree with our proposal to use national, standardised criteria to allocate all aspects of growth and falling rolls funding?

Question 4: Do you have any comments on our proposed approach to growth and falling rolls funding?

3.4 Next steps for the transition to the directly applied NFF for schools

- 6.20 Since 2018-19, there has been a general movement of LA formulae towards the NFF, and an increasing number of LAs are now ‘mirroring’ the NFF in their local funding formulae. However, some LAs’ formulae remain significantly different from the NFF. The consultation proposes to gradually move LA formulae closer to the NFF, in advance of moving to a fully hard NFF. Given the complexity of the task to move to a hard NFF, and the importance of this for school budgets, a measured approach is proposed, requiring a limited initial movement of LA formulae closer to the NFF.
- 6.21 Change would start from 2023-24, with all LAs obliged to use each of the NFF factors in its local formulae, and only those factors. The exception to this will be any NFF factors that are significantly reformed in 2023-24 where transitional arrangements would be put in place. The other important aspect in ensuring a smooth transition to the hard NFF will be to move the cash values assigned to each factor in local formulae closer to the NFF values. The proposal is that in 2023-24, each LA would be required to bring each of its local formula factors at least 10% closer to the NFF factor value, compared to 2022-23 e.g. if the current LA factor was £100 below the NFF factor value in 2022-23, it can be no more than £90 less than the NFF factor value in 2023-24.
- 6.22 DfE will monitor the impact of this proposed initial step in 2023-24 before deciding the next steps to take to further harden the formula in subsequent years. The intention is to move towards a hard NFF through gradually increasing the pace at which local formulae are tightened in subsequent years. After an initial 10% movement closer to the NFF in 2023-24, and subject to the impact of this movement, the intention is to move at least 15% closer to the NFF in 2024-25 and at least 20% closer in 2025-26.

- 6.23 With the agreed BF funding strategy to mirror the NFF, and achieving it in 2021-22, there is no immediate impact from this proposal, although there is one subtlety to be aware of as follows.
- 6.24 There would be no requirement on LAs to move factor values nearer to the NFF if they were already very close to the NFF. Some divergence from NFF values is to be expected in LA formulae, as LAs use different (and more recent) pupil data to calculate school funding allocations than are used in the NFF. DfE would therefore set a threshold, such that if LAs are very close to the NFF, they should be classed as 'mirroring' the NFF and no further movement towards the NFF would be required. Currently, LAs which have local factor values within 1% of the respective NFF values are classed as 'mirroring' the NFF. Views are requested on an appropriate definition of 'mirroring' the NFF during the transition to a hard NFF.

For the 2 financial years that BF has aimed to mirror the NFF, funding has been at 99.8% and 100% of NFF rates. A 1% tolerance is not therefore expected to present any significant problems in achieving DfE proposed requirements.

Question 5: Do you agree that, in 2023-24, each LA should be required to use each of the NFF factors (with the exception of any significantly reformed factors) in its local formulae?

Question 6: Do you agree that all LA formulae, except those that already 'mirroring' the NFF, should be required to move closer to the NFF from 2023-24, in order to smooth the transition to the hard NFF for schools?

Question 7: Do you agree that LA formulae factor values should move 10% closer to the NFF, compared with their distance from the NFF in 2022-23? If you do not agree, can you please explain why?

Question 8: As we would not require LAs to move closer to the NFF if their local formulae were already very close to the NFF, do you have any comments on the appropriate threshold level?

- 6.25 In the second stage of consultation on the hard NFF, DfE will seek feedback on whether, as a result of requiring LA formulae to move closer to the NFF from 2023-24, LAs should be allowed greater flexibilities over the level of MFG, in order to manage potential affordability pressures – or whether this will not be necessary, given LAs' flexibility to cap and scale gains.

Question 9: Do you agree that the additional flexibility for LAs in the EAL factor, relating to how many years a pupil has been in the school system, should be removed from 2023-24?

Question 10: Do you agree that the additional flexibilities relating to the sparsity factor should remain in place for 2023-24?

4. Completing our funding reforms within a school-led system

4.1 MATs' pooling of their funding

- 6.26 This section confirms the DfE view that pooling is a welcome provision for multi-academy trusts but is not appropriate for extending to other education sectors as MATs have unique structures with unified governance structure sitting across their schools as well as a role in turning around inadequate schools.

4.2 Central school services

- 6.27 DfE consider these to fit into three broad categories:
1. Local authorities' ongoing responsibilities for all schools – both maintained and academies (for example relating to admissions, or monitoring school attendance).
 2. De-delegated central functions for schools that local authorities (for maintained schools) and MATs (for academies) are responsible for. These functions are generally funded through local authorities or MATs top-slicing school budgets. Functions that can be funded this way by LAs are set out in regulations.
 3. Optional traded services for all schools paid out of individual school's delegated budget share that are offered to schools to buy or not.
- 6.28 Moving towards a hard NFF, the role that LAs currently have in the school funding landscape will change, leaving less flexibility to determine how the remaining DSG allocated to them is used. DfE intends to review central school services with the aim of bringing more consistency and reflecting changing roles to support a more school-based system. A second consultation will review which services best sit within each of the three categories mentioned above and whether there is scope to define clearer a list of services to be funded centrally, alongside a greater move towards de-delegated and traded services.
- 6.29 Following this review, there may be a decrease in services remaining with the LA that are centrally funded with more services de-delegated or traded. Under such a scenario DfE would consider whether the local authorities' funding for those should become part of MHCLG's Local Government Finance Settlement (LGFS) rather than a reduced DSG.

Question 11: are there any comments you wish to make on the proposals we have made regarding ongoing central school services, including on whether in the future central school services funding could move to LGFS?

- 6.30 The DSG includes a historic commitments element, relating to continuing expenditure by LAs on commitments entered into before 2013, on activities which since that date have been deemed not to be appropriate for local authorities to fund directly from the DSG.
- 6.31 Therefore from 2020-21, DfE have started to reduce the funding for historic commitments by 20% on the previous year's allocation and have continued the reduction at the same rate subsequently.
- 6.32 DfE now proposes that the remaining funding for historic commitments is fully removed by the time the hard NFF is introduced. The exception to this being the proposal to replacing funding for unavoidable legacy payments (those for termination of

employment costs and prudential borrowing) that some LAs will still be tied into, with a separate legacy grant.

Initial 2022-23 budget preparations are presented to the Forum on a separate agenda item, and this sets out the financial impact on BF from this existing approach with the 20% funding reduction estimated to amount to £0.052m in 2022-23. £0.406m was initially allocated by the DfE to BF for these historic services, with £0.260m expected in 2022-23. The council is currently examining ways to manage this outside of the Schools Budget which will cause difficulties and most likely necessitate changes to services.

Question 12: Do you agree with the proposal for a legacy grant to replace funding for unavoidable termination of employment and prudential borrowing costs? We will also invite further evidence on this at a later stage.

4.3 Supporting effective SEND provision

- 6.33 This consultation is being published ahead of the government's SEND Review. The SEND Review is considering improvements to make sure that the SEND system is consistent, high quality, and integrated across education, health and care, and to make it financially sustainable for the future. As such, the recommendations of the SEND Review will have important implications for how support for pupils with SEND is delivered and funded, including in mainstream schools.
- 6.34 Therefore, further consultation on the specific recommendations coming out of the SEND Review, once published, will be required.
- 6.35 This will include a review of the SEND proxies used in the NFF to make sure that they continue to reflect the relative prevalence of additional needs, and therefore costs. It will also consider whether a new mechanism, in place of the current DSG block transfers from schools to the High Needs Block should be introduced. Future consultations will also consider any changes to how mainstream schools receive high needs funding, and to the future of notional SEN budgets.

4.4 Local and national decision-making

- 6.36 In the long term, the introduction of a hard NFF will change the role of schools forums in some important ways, but not remove the need for a local forum to facilitate the engagement of schools and other providers in decisions and consultation on local matters.
- 6.37 DfE plan to conduct a wider review of the role of schools forums, including those relating to SEND. This wider review will consider the rules around the membership and structure of schools forums, to consider whether these remain appropriate in light of the direct changes as a result of the move to a hard NFF, and any new responsibilities that schools forums take on.
- 6.38 The table at Annex 1 summarises which of schools forums' responsibilities and powers will no longer apply following the introduction of a hard NFF, and which will be maintained (as well as highlighting areas where current responsibilities may change as a result of future policy developments – particularly related to SEND).

4.5 A consistent funding year

- 6.39 Maintained schools and academies are currently funded on different cycles: the April to March financial year for maintained schools, and the September to August academic year for academies. DfE want to explore the pros and cons of setting funding allocations for both academy and maintained schools, on a consistent academic year basis. The consultation is therefore being used to understand the appetite for a change in funding year for maintained schools, from a financial year to an academic year.

Moving to an academic year funding cycle for schools will add complications to the LA statutory accounting processes that cover the April to March cycle and would not be supported by BFC.

Question 13: How strongly do you feel that we should further investigate the possibility of moving maintained schools to being funded on an academic year basis?

Question 14: Are there any advantages or drawbacks to moving maintained schools to being funded on an academic year basis that you feel we should be aware of?

BFC response to the consultation

- 6.40 At this stage, with BF already complying with the central change proposed in the consultation of mirroring the NFF, no significant issues are apparent. Once details emerge in the second stage consultations, more work will be required to understand any implications.
- 6.41 The council is considering what response, if any to make and will provide a verbal update to the Schools Forum meeting.

7 ADVICE RECEIVED FROM STATUTORY AND OTHER OFFICERS

Borough Solicitor

- 7.1 The relevant legal provisions are addressed within the main body of the report. There are no legal issues arising that requires specific comments.

Executive Director: Resources

- 7.2 No significant financial implications are anticipated at this stage of the consultation. More information will emerge with the subsequent, technical documents, which may then indicate financial implications for schools and the council.

Equalities Impact Assessment

- 7.3 The DfE has included an equalities impact assessment in the consultation.

Climate Change Implications

- 7.3 Not applicable.

Strategic Risk Management Issues

- 7.4 None anticipated at this stage.

8 CONSULTATION

8.1 Not applicable.

Background Papers

[Fair school funding for all: completing our reforms to the National Funding Formula - Department for Education - Citizen Space](#)

Contact for further information

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Doc. Ref: [https://bfcouncil.sharepoint.com/sites/fina/bpm/FIBPSCB-FIN9.6/Schools Forum/\(105\) 160921/DfE Funding consultation - Fair school funding for all.docx](https://bfcouncil.sharepoint.com/sites/fina/bpm/FIBPSCB-FIN9.6/Schools%20Forum/(105)_160921/DfE_Funding_consultation_-_Fair_school_funding_for_all.docx)

Proposed changes to schools forum responsibilities

Function	Current schools forum role (as set out in regulations)	Proposal: remove or retain schools forum role under a hard NFF?
Formula changes, including redistributions	Must be consulted	Remove powers as these relate to the funding formulae for mainstream schools. Retain these powers as they relate to early years and high needs funding.
Movement of up to 0.5% from schools block to other blocks	Decides	Remove
Minimum funding guarantee	Gives a view	Remove – hard NFF will set a single, national funding floor level, replacing local MFGs
Central spend on and the criteria for allocating funding for: <ul style="list-style-type: none"> • Significant pre-16 pupil growth • Falling rolls funding 	Decides	Remove – we propose that we allocate ‘growth’ funding centrally, replacing local decisions
De-delegation for mainstream schools for example administration of FSM, supply cover staff costs, school improvement (LA intervention), joining RPA	Maintained primary and secondary schools to decide on proposals relating to their phase.	Retain
Central spend on early years block provision		Retain

Function	Current schools forum role (as set out in regulations)	Proposal: remove or retain schools forum role under a hard NFF?
Central spend on: <ul style="list-style-type: none"> • statutory responsibilities that LAs hold for all schools • remission of boarding fees at maintained schools and academies • places in independent schools for non-SEN pupils • admissions • servicing of schools forums 	Decides	Retain – if the Central School Services Block within the DSG continues under hard NFF (that is if funding is not transferred to the LGFS)
Central spend on: <ul style="list-style-type: none"> • high needs block provision • central licences negotiated by the Secretary of State 	None, but good practice to inform forum	Retain – but we will review how the LA role on central spending on high needs block provision will apply following SEND Review proposals
Financial issues relating to: <ul style="list-style-type: none"> • arrangements for pupils with SEN, in particular the places to be commissioned by the LA and schools, and arrangements for paying top-up funding • arrangements for use of PRUs and AP, and arrangements for paying top-up funding • arrangements for early years provision • administration arrangements for allocation of central government grants 	Gives a view	Retain in respect of responsibilities relating to central government grants and early years. Some responsibilities relating to SEN, PRUs and AP likely to still apply – but the details of these responsibilities will depend on policy decisions following the SEND Review.

Function	Current schools forum role (as set out in regulations)	Proposal: remove or retain schools forum role under a hard NFF?
<ul style="list-style-type: none"> • Central spend on historic commitments. For example prudential borrowing, termination of employment costs, capital expenditure funded from revenue 	Decides on each line	Retain - but a reduced role as we propose (that central funding for historic commitments is gradually removed in advance of introduction of a hard NFF, with a small legacy grant for those LAs with historic commitments that cannot be unwound by the time of the hard NFF implementation.
<ul style="list-style-type: none"> • Contracts (where the LA is proposing to enter a contract to be funded from the schools budget) 	Gives a view	Remove – these arrangements have now been replaced by traded services.

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