

## Notice of Meeting

### Schools Forum

Jenny Baker, Special School Representative  
Sue Butler, Early Years PVI Provider  
Karen Davis, Primary School Representative (Headteacher)  
Nick Gibson, Secondary School Representative (Governor)  
Keith Grainger, Secondary School Representative (Headteacher)  
Tim Griffith, Academy School Representative  
Jo Lagares, Primary School Representative (Headteacher)  
Stuart Matthews, Academy School Representative  
Roger Prew, Primary School Representative (Governor)  
Elizabeth Savage, Academy School Representative  
Debbie Smith, Academy School Representative  
Grant Strudley, Academy School Representative  
Greg Wilton, Teacher Union Representative



#### Also Invited:

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

**Thursday 15 September 2022, 4.30 pm**  
**Zoom Meeting**

### Agenda

*All councillors at this meeting have adopted the Mayor's Charter  
which fosters constructive and respectful debate.*

Item	Description	Page
1.	<b>Apologies for Absence/Substitute Members</b>	
	To receive apologies for absence and to note the attendance of any substitute members. <b>Reporting:</b> Joanna Gibbons	
2.	<b>Election of Chair</b>	
	To elect a Chair of the Forum for the municipal year. <b>Reporting:</b> ALL	
3.	<b>Appointment of Vice Chair</b>	
	To appoint a Vice-Chair of the Forum for the municipal year. <b>Reporting:</b> ALL	
4.	<b>Declarations of Interest</b>	
	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	

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	<p>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.</p> <p>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.</p> <p><b>Reporting:</b> ALL</p>	
5.	<b>Minutes and Matters Arising</b>	5 - 12
	<p>To approve as a correct record the minutes of the meeting of 23 June 2022.</p> <p><b>Reporting:</b> ALL</p>	
6.	<b>Specialist Resource Provision Review</b>	13 - 22
	<p>To provide an update to the Forum on the review undertaken of Bracknell Forest Specialist Resource Provisions.</p> <p><b>Reporting:</b> Cheryl Eyre</p>	
7.	<b>Delivering Better Value in SEND Programme and other related matters</b>	23 - 34
	<p>To inform the Forum on the Delivering Better Value in SEND programme which is part of the DfE's support package to help local authorities maintain effective SEND services while functioning sustainably. The report also contains an update and draft timetable for the setting of the 2023-24 High Needs Block budget.</p> <p><b>Reporting:</b> Paul Clark</p>	
8.	<b>2022-23 Arrangements for Additional Financial Support to Schools</b>	35 - 46
	<p>To seek agreement from the Forum for additional financial support to schools, in particular, approval of new or amended applications for licensed deficit arrangements. An update is also provided on the current position in respect of previously agreed financial support arrangements.</p> <p><b>Reporting:</b> Paul Clark</p>	
9.	<b>2023-24 Budget Preparations for the Schools Budget and other related matters</b>	47 - 66
	<p>To provide an update to the Forum on the information currently available in respect of the 2023-24 Schools Budget for mainstream schools together with other relevant finance related matters.</p> <p><b>Reporting:</b> Paul Clark</p>	
10.	<b>Dates of Future Meetings</b>	

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	<p>The next meeting of the Forum will be held at 4.30pm on Thursday 17 November 2022.</p> <p><b>Reporting:</b> Joanna Gibbons</p>	
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Published: 8 September 2022

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**SCHOOLS FORUM  
23 JUNE 2022  
4.30 - 6.00 PM**

**Present:**

Stuart Matthews, Academy School Representative (Vice-Chairman)  
Jenny Baker, Special School Representative  
Liz Cole, Primary School Representative (Headteacher)  
Karen Davis, Primary School Representative (Headteacher)  
Nick Gibson, Secondary School Representative (Governor)  
Tim Griffith, Academy School Representative  
Roger Prew, Primary School Representative (Governor)  
Elizabeth Savage, Academy School Representative  
Phil Sherwood, Primary School Representative (Headteacher)  
Debbie Smith, Academy School Representative  
Richard Stok, Primary School Representative (Governor)  
Grant Strudley, Academy School Representative

**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  
Keith Grainger, Secondary School Representative (Headteacher)

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

The Forum noted the following new members:  
Nick Gibson as a Secondary School Representative (Governor);  
Tim Griffith as an Academy School Representative; and  
Debbie Smith as an Academy School Representative.

The Chair noted that this was the last meeting for Liz Cole, Phil Sherwood and Richard Stok and thanked them for their service and valuable input to the Forum. This left the Forum with five vacancies for the September meeting and Paul Clark was liaising with relevant parties.

**235. Martin Gocke**

Martin Gocke sadly passed away on 24 April 2022. Martin had been Chair since December 2018, having been a member of the Forum since 2012 and a long serving education officer prior to leaving the Council. Stuart Matthews, Jenny Baker, Paul Clark, Cheryl Eyre, and Councillor Barnard each made tributes to Martin and the following points were noted:

- Martin has contributed enormously to the lives of the children and young people of Bracknell Forest through all his work within the local authority,

Kennel Lane School, College Hall, Youthline, and as Chair of the Schools Forum.

- Martin originally worked at Berkshire County Council and then Bracknell Forest Council when it became a unitary authority in 1998; at that point, he was one of the assistant directors for education. By the time he retired in 2010, he was the acting Director of Children's Services, so he had responsibility for all children at that time.
- During his time working for the local authority, he looked after the key areas of SEN and education psychology but was also involved in many other services, including setting up the Early Years' service and the Children's Centres, managing the home-school transport service, admissions, education welfare and student finance (which became student loans).
- Martin also chaired the Management Committee at College Hall Pupil Referral Unit which has been consistently graded 'good' in Ofsted inspections, which was noted to be a rare accomplishment.
- Martin was honourable, supportive, and a great advocate for vulnerable and disadvantaged children and young people across the Borough.
- Colleagues commented on Martin's assertiveness, charisma, dedication, enthusiasm, integrity, professionalism, respectfulness, and his ability to be balanced and considered. He was described as "the exemplary Chair of the Schools Forum", holding the Council to account on SEND and a range of other issues in a way that was backed by the information and his drive and passion to support children and young people.
- Martin had a presence which was impossible to ignore. He was always the perfect gentleman, his deep knowledge, consideration, and care were testament to a life well lived.
- Martin always had a calmness and assuredness that helped people settle down and helped him get the best out of people he worked with. He took a genuine interest in people and often asked colleagues about their family. Martin never lost sight of the individual.
- Martin's legacy to the Schools Forum was that he led the Forum to become one that thinks and acts in the interests of the children and young people. The Forum expressed a commitment to try and uphold the passion he had to do the best for everybody that he could.

It was agreed to collate the tributes for Martin's widow, Christine.

**Action: Stuart Matthews**

**236. Declarations of Interest**

There were no declarations of interest. However, the Chair requested members of the Forum to use their discretion to declare any interests if they became evident during discussions later in the meeting, particularly around Item 9 (2021-22 Balances held by Maintained Schools).

**237. Minutes and Matters Arising**

**RESOLVED** that the minutes of the meeting of the Forum on 29 March 2022 be approved as a correct record.

Arising from minute 232, Martin Gocke had discussed with Paul Clark whether an extra meeting of the Forum was necessary to contribute to the School Places Plan and Capacity Strategy, but they concluded that an extra meeting was not necessary. The report was due to be presented to the Executive in July. Cheryl Eyre updated

that the Council has made rapid progress in identifying potential SEND developments. The main part of the Capital Strategy still to be completed was incorporating the final comments from the headteachers but this was on track.

Arising from the meeting held on 10 March 2022, there was an action for the Schools Forum to suggest a roadmap as to what updates it needed prior to January regarding the budget. Stuart Matthews has had conversations with Paul Clark and, as long as information is available from central Government, the Council would provide an outline report by December at the latest so that the Forum could be clear as to what the issues were. That would be overlaid with the Council's own plans and financial situation. Councillor Barnard expressed that it was better to make assumptions about what the Council expected from the Government and then tweak the budget as information is confirmed rather than delay presenting the information.

#### 238. **SEND Written Statement of Action**

Cheryl Eyre briefed the Forum on the completion and submission of the SEND Written Statement of Action (WSOA). The WSOA was submitted to Ofsted on 7 June 2022 and a response was expected on 21 June, but no response had been received yet. Once the document has been deemed fit for purpose, it would be uploaded on the public Bracknell Forest Council website and could not then be amended. The Council would be expected to deliver against it and would be held to account by the Department for Education (DfE) and the Care Quality Commission (CQC). The DfE and CQC were due to monitor progress for a period of 18 months, and it was expected that most actions would be delivered within those 18 months. Some capital projects would be delivered within a 3–5-year period, for example, if there were plans to build a new special school; however, the plans would be made within the 18-month monitoring period and regular progress reports would be made. The final WSOA would be submitted to the Forum when it is approved.

#### ***ACTION: Cheryl Eyre***

Cheryl Eyre updated that the Special Educational Needs and Disabilities (SEND) department was still working on the project workstreams and had started identifying what actions could progress to business as usual and what extra resources were needed to facilitate other actions, including co-production with all stakeholders. The work was moving at pace and the Forum would be kept updated. The department was two thirds the way through reviewing the Specially Resourced Provisions (SRPs). The department was also looking at arrangements to expand special school places and a working group has been established to look at the Social Emotional and Mental Health (SEMH) hub. The department has been working with schools and identifying land which could be built on, looking at current and expected Government funding so that opportunities would not be missed. A Capital Board was due to be set up in September to assist with this and representatives from all sectors would be needed to join the Board.

#### 239. **SEND Update**

The Forum considered a report providing an update on SEND developments and consideration of the implications of the SEND Green Paper proposals for the High Needs Block (HNB) and to identify where it aligns with the long-term proposals of the Capital Place Planning and SEND Strategy. Comments were being sought to provide input to the consultation document and therefore ensure that Schools Forum views were captured.

Cheryl Eyre highlighted that many of the Council's proposals aligned with the SEND Green Paper proposals. This empowered and supported the department with a mandate to continue with the actions set out in the WSOA, as long as the Forum was also in agreement.

The Forum asked what the impact would be on families and what they would see in terms of improvement in quality of education. Cheryl Eyre replied that they would see a digitised system – Capital One would hold all the EHCPs and parents and teachers would have access to the EHCPs of the children in their care with the ability to monitor and input into the system. Parents frequently asked for updates, and, with the new system, they would be able to go into the portal themselves. The Council was also increasing the number of local SEND places and there would be more places by the end of the year. A SEND behaviour support team and extra specialist teachers have been recruited, developing a greater resource to schools and assisting with earlier intervention. Top-up funding would be available whether children have an EHCP or not and this should result in quicker intervention. The panels and processes have been reconstituted with parents and schools being notified of outcomes the day after panel. The communication strategy has been developed to ensure that parents are kept updated with phone calls rather than just emails. There was a longer-term aim for more local provision and better quality.

The Forum queried whether the Council was able to fund those improvements to the required standard given the financial pressures. Cheryl Eyre explained that there was no extra cost for the behaviour team or SEND team. There were plans to create two additional roles which may result in some slight increase in costs but that would be a discussion for the Council. The department was also aiming to create a post-16 role. Going forward, providing SRPs and local places would be significantly cheaper than having out of Borough placements so this would lead to an eventual saving. There were different funding streams for SEND capital builds and the Council was committed to using any funds available to invest. Any additional capital funding request would be made to the Government and would not come out of the HNB.

The Forum asked the following questions to be answered at the next meeting:

- How many children are currently placed in primary SRPs?
- How many children were expected to be placed in primary SRPs in September 2022?
- What proportion of those children are attending the same school that they attended prior to the establishment of the SRP? I.e., what proportion of children effectively moved from being mainstream but supported within a mainstream setting and then became supported by an SRP but actually never moved school?
- What have the costs been, both capital and revenue, for primary SRPs since their establishment?
- What is the SEND team doing to direct parents to SRPs?
- How many children are currently in mainstream schools awaiting placement either in a unit or in a specialist provision?

**Action: Cheryl Eyre / Paul Clark**

The Forum expressed concern about how children can be placed in an SRP if their school does not have one. There did not seem to be a clear system which was easy for parents and schools to understand.

Cheryl Eyre explained that, because the local authority commissioned these places, admissions needed to come into the local authority whether they were from within the

Borough or out of the Borough. If places at SRPs were available and could meet the needs of the child, other local authorities could apply for places there as well. Only children with EHCPs could be placed in SRPs with the exception of one which had been set up for children with SEMH, with this SRP currently subject to review. Cheryl agreed that work needed to be done to educate parents. During the EHCP annual reviews, the SEND team looked at whether an SRP would meet their needs rather than escalating to another placement, but this required discussion with the SRP to see if they felt they could meet the child's needs. Stuart Matthews asked Cheryl to ask the Chair of the SRP subgroup to provide an update for the next meeting of the Forum.

**Action: Cheryl Eyre**

The Forum noted that pupils would not be moved until they were at suitable transition points and asked whether that meant the places potentially would not be filled or that places would be filled by out of Borough pupils before pupils from our Borough were ready to transition. Cheryl Eyre replied that there was always that risk and that the department needed to mitigate that risk by having good planning, knowing the data, and having effective processes which were always looking ahead. The Forum asked if the department had a set number of children that were expected to transition. Cheryl Eyre confirmed that there was, and that the department should know who those pupils are.

Jenny Baker shared that members of the SRP subgroup who were present at the last meeting felt that there were some robust plans regarding SRPs and felt more confident about their use. This was confirmed by Stuart Matthews who also attended the SRP subgroup.

**RESOLVED**

1. to NOTE
  - i. the capital build and provision of places;
  - ii. the focus on early intervention and inclusive practice in mainstream settings;
  - iii. the improved systems; and
  - iv. the development of Alternative Provision plans and a refocus on reintegrating children and young people back into mainstream provision; and
2. considering the consultation document, to AGREE to respond individually to the local authority collective response which will be organised centrally and a collaborative response from all stakeholders drafted and submitted to the DfE for the closing date 22 July 2022.

**240. 2021-22 Provisional Outturn on the Schools Budget**

The Forum considered a report which sought to inform members of the Schools Forum of the provisional outturn on the 2021-22 Schools Budget, including the allocation of balances and use of Earmarked Reserves. These funds were ring-fenced for the support of schools and pupils.

Paul Clark explained that the Dedicated Schools Grant (DSG) overspent by £6.595m last year which was an increase from the £4.402m overspend the previous year. The biggest element of the overspend was the HNB which overspent by £7.143m. This was a large overspend, but there were many local authorities in a similar position.

The DfE was committed to underwriting the HNB and DSG deficits for 3 years ending March 2023, but there was uncertainty as to what the expectations would be on local authorities after that date, although the DfE have said that local authorities should plan to cover DSG deficits from their available reserves from 2023-24 onwards. The

actual deficit on the Schools Budget amounted to £9.34m once the earmarked surplus balances held by schools of £2.905m are excluded.

#### **RESOLVED**

1. to NOTE
  - i. that the outturn expenditure for 2021-22, subject to audit, showed an overspending of £6.595m (paragraph 6.6 of the report);
  - ii. the main reasons for budget variances (paragraph 6.8 of the report); and
  - iii. the cumulative £6.435m deficit balance held in the Schools Budget Dedicated Schools Grant Reserve, responsibility for which currently 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).

#### **241. 2021-22 Funding Allocations to Mainstream Schools from Budgets Centrally Managed by the Council**

The Forum considered a report presenting information on the in-year allocation of funds to mainstream schools through School Specific Contingencies and other budgets that were 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 policies. These funds related only to mainstream schools.

Paul Clark explained that there was an allocation of £0.423m to schools meeting the qualifying criteria in 2021-22 and this was an underspend of £0.188m. It has been agreed by the Schools Forum for these funds to be held as a targeted way to fund unpredictable additional costs that a small number of schools face in a way that the simplified national funding would not have the required sensitivity to do.

Paul Clark highlighted that the Executive Director had delegated powers to allocate funds to schools who had entered, or were at risk of entering, an Ofsted category of concern. This was subject to a cap of £0.030m per school which had never been exceeded before. However, during the course of last year the Standards Monitoring Board considered it necessary for an allocation of £59,078 to be made to St Michael's Easthampstead which was mostly to cover the placement of a new headteacher during the long-term absence of the substantive headteacher, meaning that the school had been effectively paying for two headteachers.

#### **RESOLVED**

1. to NOTE the following funding allocations to schools, made in accordance with approved policies:
  - i. £0.081m for significant in-year increases in pupils (paragraph 6.9 of the report);
  - ii. £0.101m for schools required to meet the Key Stage 1 Class Size regulations (paragraph 6.12 of the report);
  - iii. £0.015m for new and expanding schools (paragraph 6.16 of the report);
  - iv. £0.031m for schools with a disproportionate number of SEN pupils (paragraph 6.20 of the report); and
  - v. £0.185m for schools in financial difficulty (paragraph 6.26 of the report); and
2. to AGREE
  - i. £0.008m funding allocation to schools from the general schools' contingency (paragraph 6.28 of the report).

- ii. the £59,078 aggregate funding allocation to St Michael's Easthamstead Primary School as detailed in Annex 7 of the report, which exceeded the delegation limits awarded to the Executive Director; and
- iii. minor changes to text to improve clarity of policy and the updating of funding rates where relevant (paragraph 6.30 of the report).

#### 242. **2021-22 Balances held by Maintained Schools**

The Forum considered a report updating members of the Schools Forum on the level of balances held by maintained schools as at 31 March 2022, how these compared to the previous financial year, and to consider whether any significant surplus balances should be subject to claw-back and re-invested within the overall Schools Budget. Balances held by academy schools were not part of the council's accounts and were therefore excluded from this report. With Sandhurst Secondary School converting to an academy during the financial year, relevant funds have been excluded from this report to ensure an appropriate comparison can be made to the previous financial year.

Paul Clark highlighted that the DfE were doing more financial monitoring and were seeking action plans for schools with deficits in excess of 7% of their annual income. There were three schools meeting that criteria based on the 2021 accounts and the Council was working with those schools to produce the required information by the end of term.

2021-22 had shown good financial performance in terms of movement in surplus budgets which had increased by £0.517m to £2.906m. This equated to 4.9% of annual income which would provide some resilience to school budgets. Deficits had been reducing as per previous years. All the significant surplus budgets had been certified and signed off by the headteachers as being held for appropriate purposes. Capital balances equated to £354,027 which was a reduction of £111,000. This was due to a number of schools doing some large projects. Overall, school balances had significantly improved over the last 3 years.

#### **RESOLVED**

##### 1. to NOTE

- i. the key performance information on school balances, as set out in paragraph 6.3 of the report, and in particular:
  - a. aggregate surplus balances have increased by £0.517m to £2.905m (+22%);
  - b. the value of surplus balances has increased by £0.452m to £3.423m;
  - c. the value of deficit balances has reduced by £0.065m to £0.517m which continues to require careful monitoring;
  - d. significant surplus school balances have increased by £0.139m to £0.590m (31%);
  - e. at 4.9%, average balances are considered to be above the minimum level required for working balances to safely cover unforeseen circumstances; and
  - f. the three-year average change shows net balances in:
    - primary schools have improved by £0.889m to a £2.450m surplus (+57%);
    - secondary schools have improved by £0.405m to £0.698m surplus (+157%); and
    - specialist providers have deteriorated by £0.074m to £0.273m surplus (-21%); and

- ii. the requirement to complete an Action Plan for the Department for Education in respect of schools with deficits in excess of 7% of income, based on 2020-21 accounts (paragraph 6.20 of the report); and
2. to AGREE 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 6.13 of the report).

**243. Dates of Future Meetings**

The next meeting of the Forum would be held at 4.30pm on Thursday 15 September 2022.

The Forum would be invited to elect a new Chair at the next meeting and any expressions of interest by members should be made to Paul Clark.

**CHAIRMAN**

To: **Schools Forum**  
**15 September 2022.**

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## **Specialist Resource Provision Review** **Executive Director of People**

### **1 Purpose of Report**

- 1.1 The purpose of this report is to provide an update to Schools Forum on the review undertaken of Bracknell Forest Specialist Resource Provisions (SRP's).

To highlight areas of challenge identified through the review and for the forum to note recommendations to support the development of current SRP's and the development of further SRP's within Bracknell Forest.

Comments are sought to support the development of current SRP offer and to capture consideration for the further development of SRP's.

### **2 Recommendation(s)**

- 2.1 For the forum to be sighted on the findings to date of the review of SRPs in Bracknell Forest and to provide comments.

### **3 Reasons for Recommendation(S)**

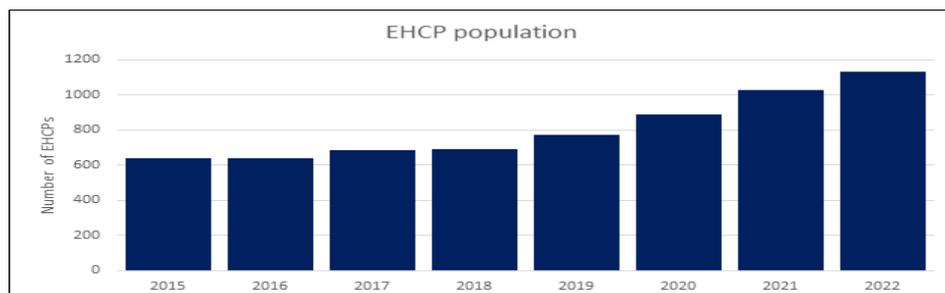
- 3.1 None

### **4 Alternative Options Considered**

- 4.1 None

### **5 Supporting Information**

- 5.1 In line with national data Bracknell Forest has continued to see a rise in the number of children and young people supported by an EHCP. See table below.



No of children and young people supported by an Education Health and Care Plan (EHCP) in Bracknell Forest

5.2 During this period Bracknell Forest has become increasingly reliant on the independent sector to meet its statutory requirement in providing suitable education for children and young people supported through an EHCP.

Specialism	Nos	Cost
ASD	70	£3,982,453
HI	3	£142,681
MLD	5	£170,669
PD	3	£238,310
PMLD	2	£94,526
SEMH	57	£3,212,891
SLCN	8	£244,870
SLD	6	£203,931
SPLD	5	£219,174
VI	1	£28,483
<b>Total</b>	<b>160</b>	<b>£8,537,988</b>

No of Children by primary need accessing Independent and non-maintained schools (june22)

5.3 In 2021 the decision was taken to develop SRP's across the education landscape to meet the growing demand and to provide an alternative to the use of independent and on maintained provision.

The SRP development process formalised the few existing units already developed by schools. The development of further SRP's was managed by an expression of interest process across the primary sector.

Following the conclusion of this process the borough supported the development of a further 4 SRP's (highlighted blue) within the primary sector. See below.

School	Specialism	Nursery	KS1	KS2	KS3&4	No of places at opening	Places filled:Aug21	Prev. placement	Total places
<b>North Bracknell</b>									
Birch Hill	Autism & MLD	X	√	√	X	4/5	3 + 2 unconfirmed	Mainstream school	10
Harmans Water	SEMH	X	√	√*	X	4	3 + 1 unconfirmed	2 x HWPS 1 x Wildridings	14
Kings Academy	ASC	X	√	√*	X	2	1	Kings (YR pupil)	10
<b>South Bracknell</b>									
Owlsmoor	SLD (SEN Unit)	X	√	√	X	5	5	N/a	8
Rainbow	Communication & Interaction/ ASC	√	√**	X	X	6	2	N/a	10
Meadow Vale	Speech & Language	X	√	√	X	TBC	TBC	N/a	TBC
<b>Crowthorne &amp; Sandhurst</b>									
Sandy Lane	Autism and/or Lang & Comm	X	√	√	X	8	5 (1 non-BFC) + 3 unconfirmed	Mainstream	14
The Pines	MLD with autism or S&L needs	X	√	√	X	12	9	N/a	20
The Rise	ASC	X	X	X	√	8	56 (14 non-BFC + 1 unconf.)	N/a	56

Chart detailing SRP's within Bracknell Forest following development in 2021.

## **6.0 Review Methodology**

- 6.1 With the exception of one primary, 6 schools hosting SRP's were visited, meetings were held with headteacher and key staff. The one primary not visited had an opportunity to feed into the review via a team's call.
- 6.2 A visit was planned for the one secondary SRP however this was cancelled at the end of term and this visit will be diarised for the new academic year.
- 6.3 Parents and carers were met on two occasions, face to face and virtually to gather parents experience and thoughts around SRP provision and development.
- 6.4 Discussion was held with the Head of Send, Head of Early Years and advisory teaching service.

## **7.0 Findings**

- 7.1 When visiting the schools, a high proportion of heads and senior staff voiced that they found the funding mechanism was complex and not well understood for the SRP provision, due to this they felt that they were not able to plan their budgets effectively. It has been confirmed that a slide deck has been developed to support and training has been provided by the finance team.
- 7.2 Rigidity of approach around the expected 50% attendance in the mainstream classroom created tension, it was felt that this approach was not always best for the child. This had a greater impact for those providers in the early stages of growth as the need to commit a Teaching Assistant (TA) to support 50% of the time in mainstream classroom, however lack of economies of scale created challenges.
- 7.3 At the time of the new SRP's being set up in 2021 there was the perception within the Local Authority (LA) that the 50% attendance requirement within a mainstream classroom setting for children accessing an SRP placement would allow twice the number of children to be placed, as these additional children could access the SRP while another child was accessing 50% within the mainstream classroom setting. This was not an achievable outcome given the complexity of children accessing the provision.
- 7.4 Many headteachers expressed the view that they did not feel that the education landscape in Bracknell Forest were fully aware of the SRP's, schools were unsure of the nature and needs of the children that the SRP's could support, and they were unclear how to secure a placement for an appropriate child.
- 7.5 It did not appear that there was a shared understanding between the LA and SRP headteachers as to the complexity of children that should be accessing the Resourced Provision. Headteachers felt that they received inappropriate consultations for placements from the LA. LA officer's felt that SRP's were reluctant to admit children with a level of complex need they felt should be accommodated within an SRP.
- 7.6 All SRP headteachers voiced concern over the lack of secondary options that their children could transition into; frequently leaving children and parents with a lack of clarity of where the child would be starting in year 7 creating high levels of anxiety.

- 7.7 Many headteachers voiced concern over a high level of consultations from other local Authorities. Invariably these consultations were earlier than Bracknell Forest consultations supporting the phase transfer process, potentially impacting on the number of places available for Bracknell Children. Many of these consultations were inappropriate, the situation was further compounded as the SEND Code of Practice (CoP) sets out the requirement for other LA's when consulting with maintained schools to also consult with the home LA. This is not happening consistently.
- 7.8 Headteachers also voiced concerns that phase transfer consultations for placements were disconnected and done in isolation. This was felt to be a missed opportunity to ensure the best provision fit for children being considered.
- 7.9 Schools that host an SRP do not receive an increase Educational Psychologist (EP) offer, resulting in staff having to make difficult decision how to utilise this support, potentially disadvantaging all children the attend a primary setting with an SRP.
- 7.10 Schools value the support that they received from the Behavioural Support Service and the Autism Advisory Service but did not feel that it was enough. It was felt that not enough support has been provided to SRP's to differentiate from the mainstream setting and to ensure a high level of skill and confidence to support the needs of the children they were supporting. There was no expectation defined by the LA as to the skill set and qualifications that the SRP lead should possess.
- 7.11 Some headteachers voiced that they were unhappy with some aspects of the Service Level Agreement (SLA) and had declined to sign resulting in a lack of legal framework to support both parties.
- 7.12 Parents said that they were unclear about the SRP's, they didn't know which schools hosted SRP's and how to access them. They had a lack of clarity of how each individual SRP would be able to support their child effectively. SRP's are not well detailed on the Local Offer, resulting in parents not being able to make fully informed decisions.
- 7.13 Through the review and visits it must be noted that all head teachers were committed to the SRP's that they hosted. Senior staff and lead teachers were keen to "make a difference" and to secure good outcomes for the children they supported within the SRP.

## **8.0 Meadow Vale School Rainbow Provision and Unit - special note**

- 8.1 During the process of undertaking the SRP review, Meadow Vale school have taken the decision that they no longer wish to host the Rainbow (nursery) Provision. The school were of the view that the provision was no longer financially viable and after discussions with the LA the decision was taken by the school to close the provision at the end of the 21/22 academic year.
- 8.2 It must also be noted that the school has voiced concern around the utilisation of Meadow Vale Speech language and Communication Needs (SLCN) provision that they currently host. The provision has been set up to host 20 children, however 21/22 saw only 4 children accessing the provision and in July 22, the school reported that they were only expecting 3 children to be with them for the 22/23 academic year. Given the low take up of places in the provision, further work needs to be undertaken to understand why this is the case and does the current model result in children with

SLCN needs in other schools not having their needs met sufficiently due to a high level of resource being focused on the SRP.

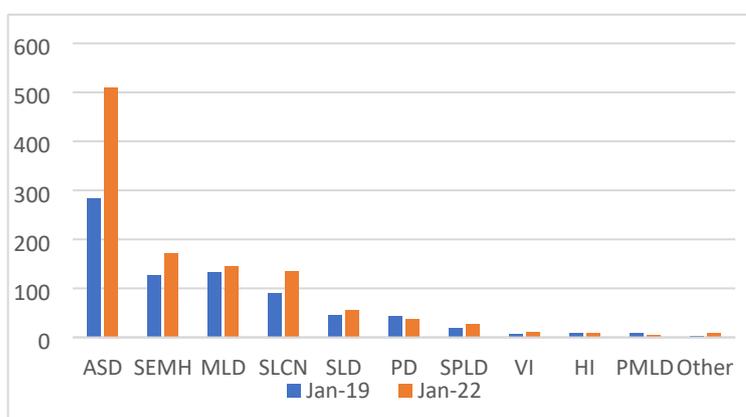
## **9.0 Recommendations - Primary**

- 9.1 A working group should be set up to review the current funding mechanism for SRP's to ensure that schools hosting SRP provision fully understand the funding mechanism to support effective budgetary planning and oversight.
- 9.2 To explore the removing of the requirement for children to be accessing 50% of their lessons within a mainstream classroom. While this should remain an ambition it should be a child led model and based on the child's needs and ability.
- 9.3 To consider moving away from the perspective that due to 50% attendance in mainstream that the SRP can double up the number of children it can host. Prior to the review there was not an awareness that this was an issue for any setting and was not an approach that had been adopted by the SEND Team. It is important to note that this was not reflected within the SLA.
- 9.4 To explore work between the LA, all SRP headteachers and/or leads to clearly define the needs of the children that can access their provision. To set out the approaches and specialist resource that can be accessed at the SRP. This will also define the skills and qualifications needed within the provision. This should appear on both the school's website, Can Do website and the LA's Local Offer. This should clearly define the admission route and the processes required to secure a placement. This will provide clear information to all, around placements.
- 9.5 The LA will need to consider developing further SRP's within the secondary sector to ensure that children accessing primary provision have an appropriate educational establishment to move onto. Further detail relating to the secondary sector is detailed further in this paper.
- 9.6 The local authority could consider the support offer to settings hosting an SRP. They should consider reviewing the level of allocation of EP provision to ensure children accessing schools hosting SRP's are not disadvantaged. The support offer should be detailed within the SLA and reviewed annually with flexibility built in to reflect the level of complexity of children accessing the provision. A skills audit should also be considered to support the development of a training package for SRP's leads to drive up quality.
- 9.7 The LA should consider the approach around phase transfer. It is recommended that a meeting is held between the LA and all SRP's to consider the best fit for children requiring a placement considering parental preference, geographical parameters and the nature and needs of individual children.
- 9.8 Due to the decision to close the Rainbow unit, further work needs to be undertaken to develop an alternative nursery option. This work is paramount as the Child Development Centre (CDC) have reported an increase of more than 70% of early years children that require specialist interventions.
- 9.9 Review the current SLA currently in place for Primary SRP's: Note this work has been undertaken during the summer break.

## 10.0 Recommendations - Secondary Development

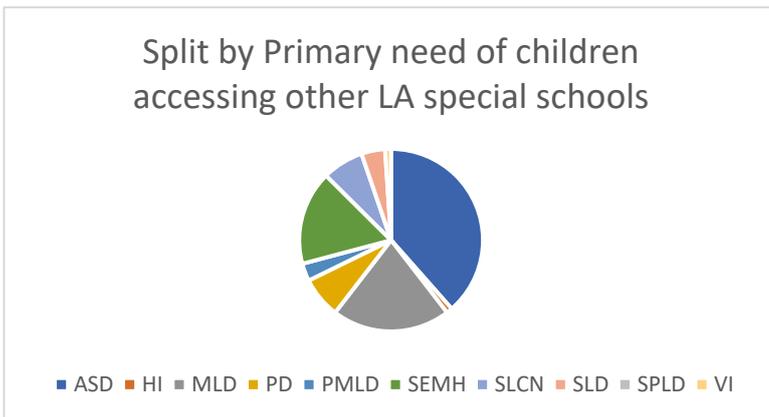
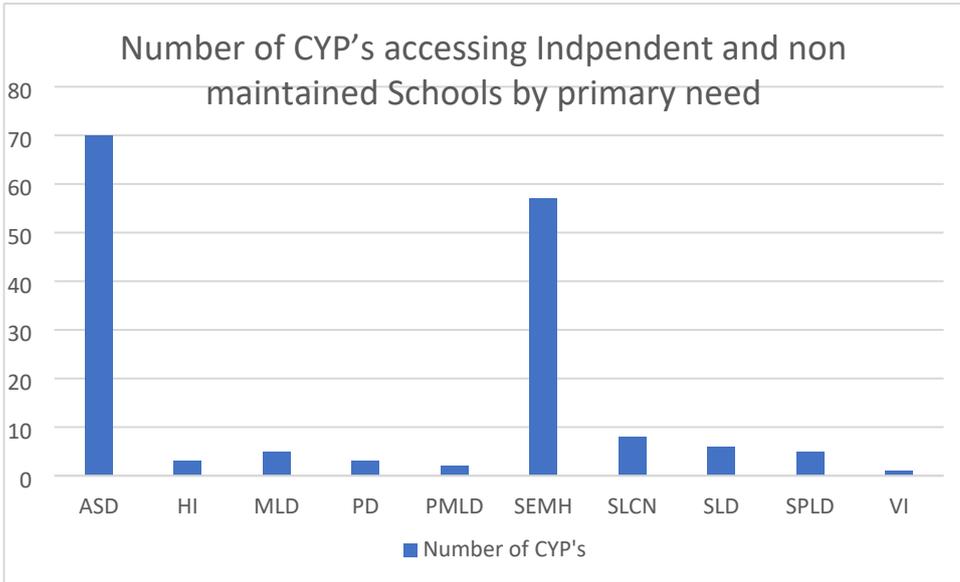
- 10.1 As detailed earlier in the paper, headteachers voiced concern around progression from primary to secondary due to lack of appropriate provision.
- 10.2 The joint inspection by Ofsted and the Care Quality Commission (CQC) in December 2021 identified that there was a lack of local provision in Bracknell Forest to meet the needs of SEND young people. Development of secondary SRP's will start to address this identified area of weakness.
- 10.3 It is well documented that nationally, many children make the move from a primary mainstream setting to a specialist secondary setting at the primary to secondary transfer stage, the development of secondary SRP's would provide a suitable solution that would retain more children in a secondary mainstream setting where published outcomes are better.
- 10.4 Currently Bracknell Forest has one secondary SRP, The Rise. The Rise is an SRP meeting the needs of an autism cohort. The Rise is invariably full at the beginning of each academic year leaving little headroom to secure places outside of the phase transfer process.

## 11.0 Data

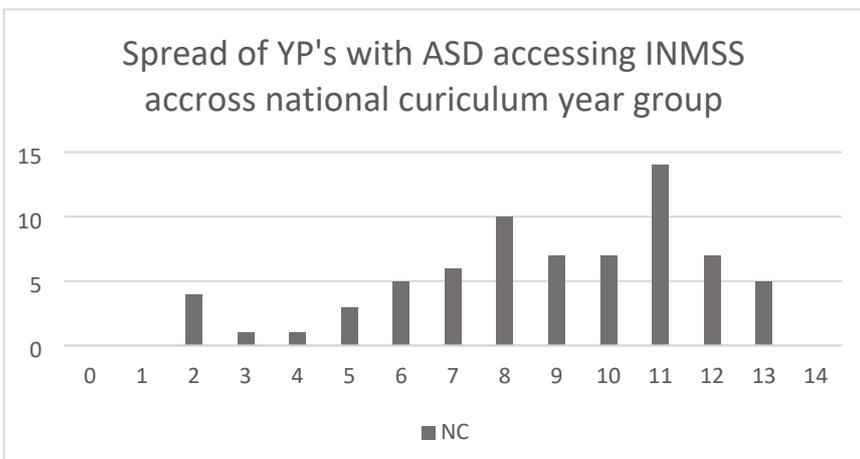


Illustrated growth of children with an EHCP by primary need over a 3-year period.

- 11.1 Bracknell Forest council have continued to see significant growth in the number of children and young people with a diagnosis of Autism. See above chart.



11.2 The largest cohort of children and young people accessing the independent and non-maintained (INMS) sector and other LA provision have a diagnosis of Autism. Above charts details the numbers, data taken June 2022.



11.3 Of those CYP's with Autism accessing INMSS provision the vast majority sit within the secondary phase of education. Above chart details split of ASD Children by national curriculum year group, data June 22.

- 11.4 The LA are proposing the development of secondary based ASD SRP's within Bracknell Forest to provide additional capacity to allow children to be educated within their home LA. These SRP's should cater to children with High Function Autism.
- 11.5 It is unlikely that the LA will be able to bring all children with ASD back into local SRP provision within the secondary sector due to complexity of need.
- 11.6 The development of further places will support the effective transition from the current SRP's into the secondary phase of education. It is important to note that a proportion of children accessing provision in primary SRP's will require more specialist provision than can be sourced within the proposed secondary SRP's as they move onto their secondary phase of education.
- 11.7 The high proportion of children with autism and the numbers reflected both within the INMS sector and within other LA specialist provision means we must focus our development of provision within the secondary sector for children with ASC.
- 11.8 It is proposed that 30 places will be created through a robust co-produced procurement exercise, these 30 places should be developed in 2 schools across the borough, with the option to expand further to respond to changing numbers, to be built into to any development. These figures have been developed through discussion with the send service and in conjunction with data detailed within this report.
- 11.9 Further work is currently being undertaken within the LA to review the number of children who Electively Home Educated (EHE), to consider the number of children currently accessing part timetables and Educated Other than at School (EOTAS) provision. Once this work is completed the LA may need to consider increasing the offer of SRP development in secondary.
- 11.10 To further enhance the offer to the secondary sector it is proposed that any new secondary SRP is able to provide outreach to the sector to increase skill and knowledge enhancing the sectors' ability to meet needs.

## **12 Consultation and Other Considerations**

### **12.1 Legal Advice**

### **12.2 Financial Advice**

The financial implications arising from the outcomes from this review will need to be quantified and considered as part of the normal budget setting process

### **12.3 Other Consultation Responses**

### **12.4 Equalities Impact Assessment**

An Equality Impact Assessment will need to be completed as we move to the implementation phase of the development of further SRP's within Bracknell Forest.

## 12.5 Background Papers



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### Contact for further information

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## Appendix 1

Setting	number of places created	Capital	21/22	High Needs Allocation 21/22	22/23
Birch Hill	10	£45,000	7	64,530	5
Harman's Water	14	£55,000	5	58,530	5
Kings Academy	10	0	1		1
Meadowvale Rainbow	10	0	2		0
Meadowvale language	20	0	4		5
Owlsmoor	8	£28,000	5	58,090	8
Sandy Lane	14	£10,000	11	71,385	11
The Pines	20	£15,000	11	82,168	14
The Rise	56	0	52		34

To: **Schools Forum**  
**15 September 2022**

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## **Delivering Better Value in SEND Programme and other related matters** **Executive Director - People**

### **1 Introduction**

- 1.1 This report is intended to inform the Schools Forum on the Delivering Better Value in SEND (DBV) programme which the Department for Education (DfE) announced details of in June 2022. The programme is part of the DfE's support package to help local authorities maintain effective SEND services while functioning sustainably.
- 1.2 There is also an update and draft timetable for the setting of the 2023-24 High Needs Block (HNB) budget.

### **2 Supporting information**

#### Background to DBV Programme

- 2.1 This new programme aims to support local authorities to improve delivery of SEND services for children and young people while ensuring services are sustainable. The programme will provide dedicated support and funding to 55 local authorities which have been selected based on those with the highest deficits as at 2020-21.
- 2.2 Newton Europe, in collaboration with the Chartered Institute of Public Finance and Accountancy (CIPFA), will work with the DfE to deliver the programme.
- 2.3 Newton works as a transformation and improvement partner to local authorities and CIPFA is the local government accounting standard setter in the UK. Between them, they have worked with hundreds of public sector organisations, particularly local authorities, have a comprehensive understanding of children's services and the SEND agenda, and have set out an approach that is:
  - **Outcomes-focussed.** Both organisations have worked extensively alongside local authorities to transform how services are delivered. Their focus is always on improving resident outcomes and ways of working, and consequently sustainably improving financial performance
  - **Evidence-based, data-driven and delivery-focussed.** Newton and CIPFA take a partnership approach to working with local authorities to create robust plans which will have a measurable and sustainable difference, and as delivery partners understand the challenges associated with implementing change
  - **Rooted in co-production:** The organisations believe any programme of work needs to be co-produced, bespoke, and based on detailed evidence of each local area – balancing visibility and assurance with local autonomy to genuinely add value to existing work
- 2.4 They will bring experience of working with local authorities to improve social care, alongside project management, change management, and analytical financial modelling capacity. With SEND practice advisers, they will support local authorities to engage with key stakeholders and conduct a comprehensive diagnostic process to identify the

opportunities to reform their high needs systems. Alongside SEND advisers, they will also support local systems to create a local delivery plan to realise these opportunities to improve. The department will then work with local authorities to determine which identified reforms to fund and will provide small grants directly to local authorities to implement and embed these reforms.

- 2.5 Local stakeholder engagement will be vital to ensure everyone has fed into the plan and has bought into the outcomes the local area wants to achieve together. Newton/CIPFA will support this engagement, which is expected to include the Schools Forum and The Parent Carer Forum.
- 2.6 A Sector Steering Group will provide sector-led advice, support and steers to the DfE in the delivery of the programme ensuring a channel of feedback for participating LAs and the wider sector. It will also ensure learning is shared more widely with the sector, building further on the research and guidance publications.
- 2.7 This programme will compliment work already underway in individual local authorities, building on existing progress and will not require a specific approach to be taken. Therefore, some of the work already undertaken in completing the Written Statement of Action to the SEND Ofsted inspection will support the outcomes sought through the DBV programme.

#### BF Position

- 2.8 The programme will be phased starting with a first tranche of 20 authorities in June 2022, followed by a second tranche of 20 authorities in autumn (2022) and the third tranche of 15 authorities in spring next year (2023). Bracknell Forest has been invited to join the first tranche.
- 2.9 An initial meeting has been held with Newton Europe and CIPFA 28 July where the phasing of the programme was further explained as follows:

1. **Phase 1:** 6 months and supported by a delivery partner, SEND Advisers and Financial advisers and involving comprehensive diagnostics comprising:
  - Local area stock take (assessment of existing processes, plans, capability, relationships, etc.).
  - Facilitation of key stakeholder engagement for each authority
  - Data analysis and assurance.
  - Identification of root cause/underlying cost drivers and mitigating solutions/reforms.
  - Improvement plan including reform implementation critical path
  - A quality assured DSG management plan.

DfE will provide a £0.045m grant to support data analysis and assurance at the beginning of this phase, which should be completed by the end of 2022.

DfE will agree with each LA critical elements of its action plan to be funded at the end of phase 1. There is £85m revenue funding available for DBV. The funding will not be distributed on a formulaic basis. The intention is that LAs will not need to bid for funding and compete against other LAs on the programme. Each LA's funding allocation will be determined by the action plan produced during the diagnostic phase up to an upper limit. Depending on the action plans, some LAs will get more funds and some will get less.

Annex A sets out a diagram provided by Newton Europe to illustrate “When has a Local Authority finished the diagnostic phase of DBV?”

2. **Phase 2:** 18 months and supported by SEND Advisers and regional teams. Implementation of action plans produced in phase 1, with critical elements funded through grant.

A second meeting between the council and Newton Europe and CIPFA is expected to take place in September.

#### Other DfE programmes: Safety Valve Programme

- 2.10 The Forum has previously received information on the DfE Safety Valve programme which is targeted to LAs with the largest deficits on their Dedicated Schools Grant (DSG) budgets. This programme is intended to support LAs in the delivery of reforms to their high needs systems, so that they can function sustainably and therefore in the best interests of the children and young people they serve. Additional resources are allocated by the DfE to LAs in the programme with the intention of removing accumulated deficits. Each LA agrees a medium-term action plan and provided set conditions are met, receives additional funding to move to a sustainable financial position, delivery of a balanced budget and elimination of cumulative deficits.
- 2.11 There have been 2 phases of the programme to date with 14 LAs completing formal agreements which if all conditions are met, will result in to access around £400m of additional funding
- 2.12 The council has not been invited to join the programme.

#### Government liability for financing DSG deficits

- 2.13 The Forum is aware that the government has put in place a temporary statutory override to ring-fence DSG deficits outside of LAs financial responsibilities. As it stands, this ring-fence is due to end after the accounts for the financial year 2022-23, at which point LAs will need to demonstrate their ability to cover DSG deficits from their available reserves. For BFC, the accumulated deficit is estimated at £18.2m, equivalent to 80% of the annual High Needs Block DSG income and will place a significant financial risk that will have implications for the council’s wider financial strategy.
- 2.14 Removing this override is raising serious concerns for a large number of LAs that will not have sufficient resources to manage the debt. The government has recognised this and is in the process of surveying LAs to establish the scale of net debt.
- 2.15 As a consequence, the Department for Levelling Up, Housing and Communities – the government Department responsible for the wider funding responsibilities of LAs - has conducted a survey amounts LAs to gather data on the potential impact from removing the statutory override on DSG deficits. This is intended to better understand the wide impact on LA finances.

## Initial HNB budget information for 2023-24

- 2.16 The HNB element of the Dedicated Schools Grant<sup>1</sup> (DSG) is allocated to Local Authorities (LAs) by the DfE through a national funding formula (NFF) to support pupils with Special Educational Needs and Disability (SEND) and is intended to fund a continuum of provision for relevant pupils and students from 0-24. It is a ring-fenced grant that defines the areas of permitted spend against which LAs in general commission services from providers. In-house arrangements are made for a relatively small number of provisions.
- 2.17 To assist LAs with their budget planning, the DfE publishes provisional HNB DSG allocations each July in advance of the relevant financial year. Further updates are provided in December but remain provisional as final funding allocations for the basic element factor relating to number of students in special schools and the import / export adjustment to compensate LAs educating pupils from other areas will be based on January 2023 data which is not confirmed until after the commencement of the financial year.
- 2.18 HNB funding is increasing by £570 million, or 6.3%, in 2023-24. All local authorities will receive at least a 5% increase per head of their 2 to 18 population, compared to their 2022 to 2023 allocations, with some authorities seeing gains of up to 7%.
- 2.19 Initial information from the DfE indicates a gross HNG DSG allocation for 2023-24 of £23.857m which reduces to £22.993m after adjusting for the provisional impact of the import / export adjustment that compensates LAs that educate pupils from other areas. BF will receive a 5% increase in funding from 2022-23.

Annex 2 provides more information on the national HNB funding framework and a breakdown of the component parts of the initial July 2022 BF notification.

- 2.20 In terms of presenting the 2023-24 HNB budget proposals to the Forum for consideration and comment, updates are expected at all 4 Forum meetings that will take place before the start of the financial year in April 2023. An outline of planned updates is as follows:
- 17 November: confirmation of key budget developments under consideration, update on 2022-23 academic year placement and top-up costs relating to EHCPs
  - 8 December: first draft costed budget plan for consideration
  - 12 January: updated costed budget plan, reflecting on comments received by the Forum in December and other data changes
  - 9 March: final HNB budget proposals reflecting current data and comments received from the Forum from 12 January

## **3 Equalities Impact Assessment**

- 3.1 There are no specific impact assessments arising from this report.

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<sup>1</sup> DSG is the ringfenced grant used by the DfE to fund LAs for prescribed education related services.

## 4 Strategic Risk Management Issues

- 4.1 If responsibility for the predicted DSG deficit is transferred to the council there is a significant risk to financial stability. Transforming services and enabling cost reductions will aid the movement to a balanced budget and greater financial stability.

### 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/\(112\)\\_150922/Delivering\\_Better\\_Value\\_Programme.docx](https://bfcouncil.sharepoint.com/sites/fina/bpm/FIBPSCB-FIN9.6/Schools_Forum/(112)_150922/Delivering_Better_Value_Programme.docx)

## Delivering Better Value: End of Phase 1 Criteria

### When has a Local Authority finished the diagnostic phase of DBV?

*They know what to change to have the biggest impact on key measures/outcomes*

There is sufficient evidence to determine the priority changes to make locally

The biggest impact areas are identified based on both the opportunity for improvement and the reality of feasible changes

*They know how the impact on key measures will profile over time*

There are clear profiles of spend and numbers of children receiving different levels of support in the future, with and without the changes (mitigated and unmitigated positions)

There are reasonable detailed calculations and assumptions used to generate the profiles

*They have a realistic activity plan to implement the high impact changes*

There are defined workstreams within the overall implementation plan

There is an activity plan per workstream with clear milestones to measure progress and associated expected completion dates, covering changes in processes, tools and behaviours

There is a risk analysis of the implementation plan, including appraisal of competing priorities that might impact leadership bandwidth to support the changes, with mitigating actions devised

*They know the conditions required for a successful implementation and have a plan to meet those conditions*

The resource (project and operational) required to support the delivery of the implementation plan – both capacity and capability – is known and there is a realistic approach to securing the resource

The digital infrastructure required to support the changes, and track their efficacy, is known and there is clear plan to deliver it

The appropriate governance to manage the implementation is mapped out, key decision makers are bought in and to-be owners are agreed

*Where possible, local partners & stakeholders have been involved in designing the implementation plan and have been briefed on it*

Current relationships with local partners and stakeholders are well understood, including areas for potential improvement

There is a clear plan to engage local partners and stakeholders to maximise the chances of success in Phase 2 of DBV

The implementation plan has been co-produced, and socialised in the most appropriate manner, with local partners and stakeholders to provide opportunity for input and collaboration

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## Delivering Better Value: Resource Requirements

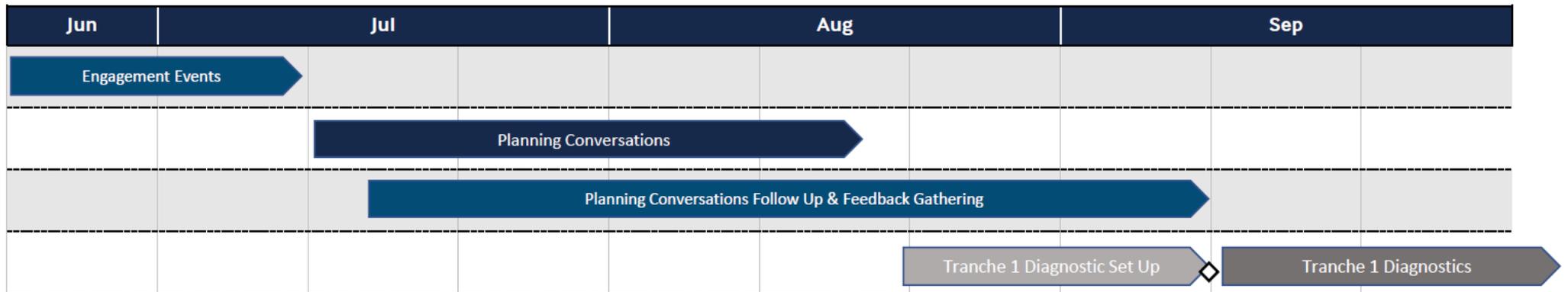
**The specific diagnostic activities will be tailored to each Local Authority depending on their needs, and this will be worked through with Local Authorities following these Planning Conversations. While specific activities will vary, a Local Authority requiring support across all modules are likely to require at least the following in terms of engagement and resource:**

### **Diagnostic likely to require:**

- Regular touchpoints with SEND Lead to feedback and iterate diagnostic activity
- A regular forum with Senior Leadership to update on progress of diagnostic, escalate risks and remove blockers
- 2-4 days from the SEND Lead to participate in training, then weekly calls for follow up coaching
- Additional 2-4 days training for additional people such as Data Leads, Transformation Team etc.
- Continued access to Management Information/Data Teams for additional data requests
- 12 hours of time with Operational Teams for Case Reviews
- Ad-hoc time with Operational Teams for 1:1s and meetings
- Time to complete 'improvement cycle' analysis
- Staff from across the organisation to partake in 'Environment for Change' survey, then time from an individual to analyse and review the results
- Appropriate time to engage your local forums for co-production with parents, carers, children and young people.
- Availability from Political Members
- *[If requested]* Access to LA site offices for DBV Team to provide face to face direct delivery support

# Delivering Better Value: Key Next Steps & Timelines

Over the coming weeks, we will be talking to all 55 LAs to better understand their needs and to be able to tailor next steps for each Local Authority. We will be setting up a calls with you to work through the detail of the modules activities and to begin setting up for diagnostics.



Please note: this plan shows timelines for Tranche 1 Local Authorities, there will be a different set of timelines for those in Tranches 2 & 3

In order to start the Diagnostic activity, we will need to liaise with the SEND Lead to work through a set of 'Set Up Checklist' of activities to prepare for beginning the diagnostic. This will include completing activities such as:

- Data sharing agreement (DSA)
- Data requests sent
- Resource agreed including LA Lead agreement
- Diagnostic start date agreed
- Diagnostic communications sent out within Local Authority
- Scheduling in modular coaching and training

## Overview of the HNB Budget

1. The HNB element of the DSG supports pupils with special educational needs and disabilities (SEND) and is intended to fund a continuum of provision for relevant pupils and students from 0-24. LAs receive funding for these provisions from the DfE and in general commission services from providers. In-house arrangements are made in a relatively small number of areas.
2. The DfE has determined that where the cost of provision is above £10,000 it will be classified as high needs. In such circumstances, a “place-plus” approach to funding will generally be used which can be applied consistently across all providers that support high needs pupils and students as follows:
  - a. **Element 1 or “core education funding”**: equivalent to the age-weighted pupil unit (AWPU) in mainstream schools, which the DfE has stated the national average is around £4,000.
  - b. **Element 2 or “additional support funding”**: a budget for providers to deliver additional support for high needs pupils or students with additional needs of up to £6,000.  
Specialist and Alternative Providers (AP), such as special schools and Pupil Referral Units (PRUs) only cater for high needs pupils and therefore receive a minimum £10,000 (Element 1 funding plus Element 2) per agreed place.
  - c. **Element 3, or “top-up funding”**: funding above elements 1 and 2 to meet the total cost of the education provision required by an individual high needs pupil or student, as based on the pupil’s or student’s assessed needs. This element is paid to all provider types, for pupils with assessed needs above the £10,000 threshold.
3. Additionally, HNB DSG is also intended to be used where high needs provisions are not arranged in the form of places e.g. specialist support for pupils with sensory impairments, or tuition for pupils not able to attend schools etc.
4. The statutory regulatory framework requires the council to decide on the arrangements to be put in place for the HNB and associated resources and for the Forum to comment on their appropriateness. The current approach in BF is to develop the services during the year in partnership with schools and has therefore created a sub-committee of the Forum to gather views and help shape arrangements. Final budget decisions are taken in March each year by the Executive Member for Children, Young People and Learning.

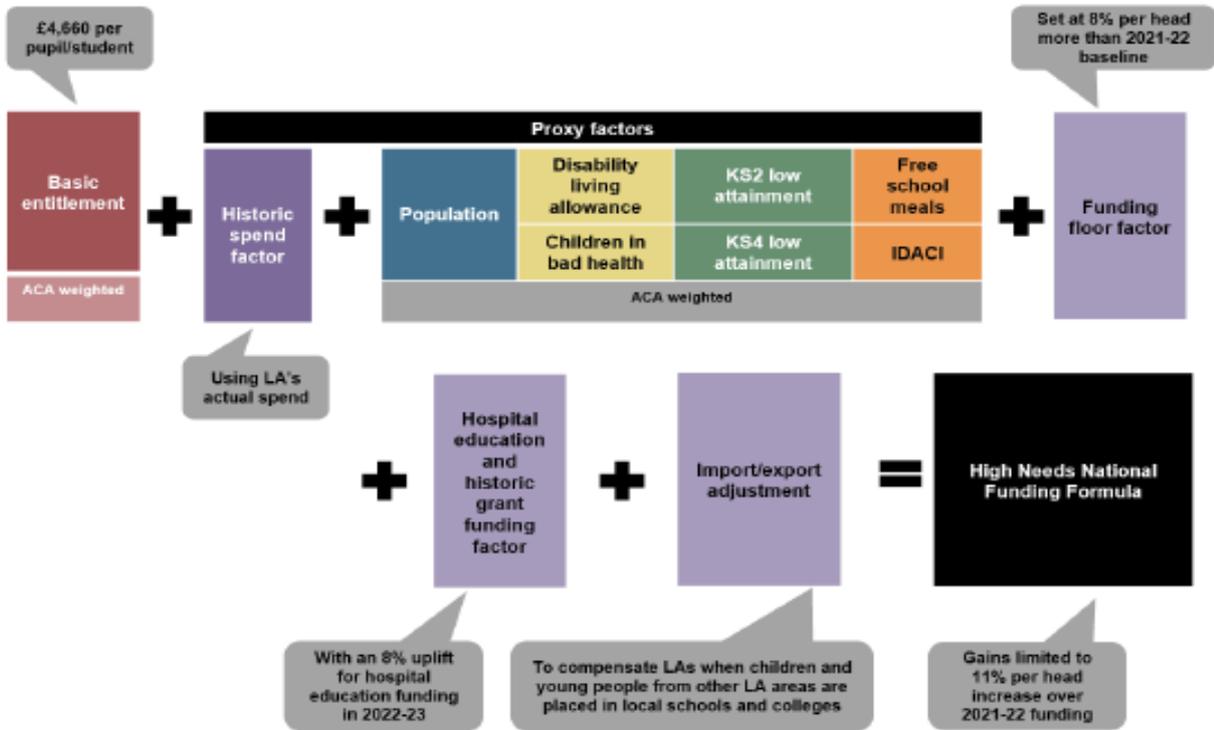
### DfE Reforms

5. A new National Funding Formula (HNB NFF) was introduced in April 2018 to replace a system that largely allocated funding based on historic spending decisions. The core elements of funds distribution to LAs now comprises:
  1. **Basic entitlement**: £4,660 (2022-23 amount) for each pupil / student that the LA is responsible for educating that is attending a special school
  2. **Historic spend**: 50% of 2017-18 baseline amount agreed with each LA
  3. **Population**: Share of national budget allocation based on projected 2-18 year olds at the relevant mid-year as a proportion of all 2-18 year olds)

4. **Free school meals** Share of national budget allocation based on resident pupils eligible to FSM as a proportion of all pupils eligible to FSM
  5. **Income Deprivation Affecting Children Index** Share of national budget allocation based on number of 2-18 year olds in IDACI bands A-F as a proportion of all pupils in IDACI bands A-F
  6. **Bad health** Share of national budget allocation based on number of resident children aged 0-16 in bad or very bad health in the general population census as a proportion of all projected children in bad or very bad health
  7. **Disability** Share of national budget allocation based on number of resident children aged 0-16 for whom parents are eligible to disability living allowance (DLA) as a proportion of all eligible DLA families
  8. **Key Stage 2 low attainment** Share of national budget allocation based on number of resident pupils who did not attain level 3 in reading tests plus those that did not attain a scaled score in reading test or were not entered as a proportion of all relevant children
  9. **Key stage 4 low attainment** Share of national budget allocation based on number of resident pupils who did not attain 5 GCSEs at grades A\* to G as a proportion of all relevant children.
  10. **Hospital education and historic pay, pensions and supplementary grant funding:** Hospital education is based on historic spend with the other allocations based on DfE national formulae.
  11. **Import / export adjustment:** An import / export adjustment so those LAs sending out more pupils to other LAs lose £6,000 per pupil funding to reflect the requirement of the resident LA to finance all place funding in the SEN institutions in their area, irrespective of which LA places the student. This amount is added to the £4,000 per pupil / student funding included in the main formula to achieve the £10,000 place funding cost. This is a lagged adjustment. LA funding allocations are adjusted from January census data, but actual places purchased will generally be based on actual student numbers taking up places during the year
  12. **Area cost adjustment:** reflects variations in labour market costs across the country by taking into account the general labour market trends and the particular salary variations in the teaching work
6. One of the key outcomes for the DfE from these reforms is to ensure that any change in the amount of funding allocated to individual LAs must be introduced slowly to allow those areas facing reductions time to adjust to the new amounts. This is because expenditure is mainly incurred on educational fees and these generally remain unchanged throughout the course of each pupil's time in the relevant institution which often presents commitments for over 10 years.
7. Therefore, the formula applies the protection of a funding floor to all the proxy factors. This ensures that, on a per head of population basis, these elements of the formula will increase by at least 5% in 2023-24 over 2022-23 funding baseline levels. There is then a limit of 7% on the gains for those local authorities gaining the most through the formula. In addition to the core factors set out above, there will be further adjustments to each LA's HNB funding as follows:

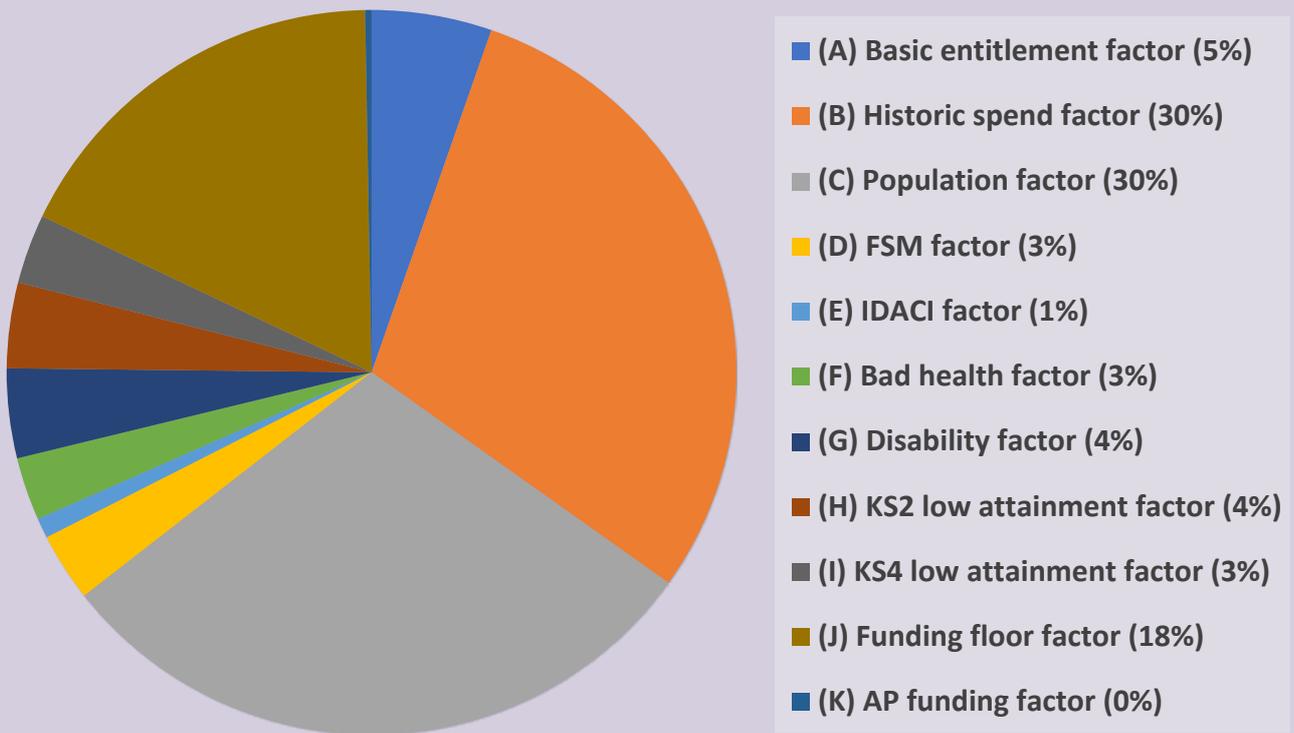
The allocations through the HNB NFF are illustrated in Figure 1 below with the impact in BF shown in Figure 2.

**Figure 1: Basic building blocks of the formula**



**Figure 1: This diagram shows that the factors will be added together to give the formula allocation, with an area cost adjustment applied to the proxy factors and basic entitlement.**

### Formula split for Bracknell Forest



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**TO: Schools Forum**  
**DATE: 15 September 2022**

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## **2022-23 Arrangements for additional financial support to schools** **Executive Director of People**

### **1 Purpose of report**

- 1.1 The purpose of this report is to seek agreement from the Schools Forum in respect of proposals for additional financial support to schools, in particular, approval of new or amended applications for licensed deficit arrangements. An update is also provided on the current position in respect of previously agreed financial support arrangements.

### **2 Executive summary**

- 2.1 Schools can experience financial difficulties for a number of reasons and these can ordinarily be resolved over the medium term. To help manage change through a planned rather than reactive process, the Schools Forum can agree support measures to maintained schools.
- 2.2 In setting 2022-23 budgets, good progress has been made by schools in terms of reducing the aggregate level of licensed deficits held to below the previously agreed limits. The expectation last year was that £0.685m would be outstanding in licensed deficits as at 31 March 2023 and this is now expected to reduce by £0.190m to £0.495m. At this level, licensed deficits would amount to 0.8% of all maintained school budgets (was 1.3% last year).
- 2.3 3 schools have fully repaid their licensed deficits, with 4 remaining in place.
- 2.4 Work continues with two schools where progress is being made on deficit recovery plans but where a full repayment schedule has yet to be formulated. £0.150m of deficits have yet to be accompanied by a recovery plan that demonstrates a return to surplus. This is expected to continue over the long term.

### **3 Recommendations**

- 3.1 **That subject to the school governors confirming the relevant financing schedule and compliance with the associated terms and conditions of the deficit scheme the Schools Forum AGREES:**
- a. **the licensed deficit agreement with full repayment plan for Ascot Heath Primary School be amended to permit a deficit of up to £0.250m for 2022-23, £0.150m for 2023-24 and £0.075m for 2024-25 before returning to a surplus in 2025-26.**
  - b. **that further work continues with schools that have yet to formulate a full repayment plan, with the following deficit limits agreed for 2022-23:**
    - i. **£0.100m for Winkfield St Mary's Primary, and**
    - ii. **£0.110m for Cranbourne.**

**3.2 That the Schools Forum NOTES the following schools have fully repaid their licensed deficits:**

- i. **Sandhurst Secondary**
- ii. **Harmanswater Primary**
- iii. **Easthampstead Park Secondary**

**4 Reasons for recommendations**

- 4.1 It is appropriate for the Schools Forum to be aware of, and where relevant, comment on these financial matters that are intended to provide medium term assistance to schools in financial difficulties.

**5 Alternative options considered**

- 5.1 A range of options are set out in the supporting information.

**6 Supporting information**

Background

- 6.1 The LA has two main options to support maintained schools requesting additional financial support. Where significant budget difficulties exist, and it is unreasonable to expect a school to be able to solve these through the management of their normal budget allocations, or where a school is in, or at risk of falling into one of the Ofsted categories of causing concern, additional funding can be provided that does not need to be repaid.
- 6.2 Alternatively, licensed deficits and loans can be agreed. In accordance with DfE requirements, licensed deficits can be used to assist a school that is experiencing medium term financial difficulties that over time can be readily managed and the school return to a surplus, or a loan can be used where a capital investment is proposed but the school does not yet have the full resources to afford the purchase. Governing bodies are required to agree to fully repay any amounts, including where relevant, any associated interest, before such arrangements are agreed. More information on terms and conditions of financial support are set out below.
- 6.3 Neither of these options are available to academy schools.
- 6.4 Where a school converts to an academy with a **licensed deficit**, statutory Regulations and DfE Policy determines that if the governing body makes the application which is approved through an Academy Order, then the deficit transfers with the school on the terms agreed with the LA and requires to be repaid. Where the conversion is as a result of the school being eligible for intervention through Part 4 of the Education and Inspections Act 2016, and underperforming schools which the Secretary of State judges are not strong enough to become an academy without a strong sponsor, the debt remains with the LA and will be charged against the Schools Contingency and funded through the Dedicated Schools Grant.
- 6.5 Any **loan agreements** in place for the purchase of significant one-off capital assets will require repayment through the agreed terms irrespective of the conversion type, unless the LA and school agree to liquidate the loan and pay it off at the point of transfer.

## Additional funding that is not required to be repaid

### Background and summary

- 6.6 School Funding Regulations allow for additional funds outside the normal operation of the Funding Formula to be provided to schools considered to be in financial difficulty. In agreement with the Schools Forum, this de-delegated budget has been returned to the Council for central management. The agreed criteria to be used to allocate this funding is if, in the opinion of the Director responsible for schools and the Director responsible for Finance, a school:
1. was unable to set a balanced budget and were in need of a licensed deficit arrangement at the start of the relevant financial year, and/or
  2. was in or likely to fall into one of the Ofsted categories of causing concern, including serious weaknesses or special measures.
  3. was a 1 form of entry (FE) school judged good or better that have more than 5% empty places
- 6.7 At this point in time, no additional financial allocations have been agreed for 2022-23 that schools do not need to repay, other than £0.040m for 1 FE schools judged good or better that have more than 5% empty places. The Schools Forum will receive a report on all allocations agreed at the conclusion of the financial year.

## Licensed Deficit and Loan Arrangements

### Background and summary

- 6.8 There are circumstances where schools may experience budget difficulties and in order for the school to continue to function effectively, a temporary overspend of budget allocation may be desirable. The Scheme for Financing Schools has provisions to allow for this through licensed deficit and loan arrangements which provide for additional short-term funding so that schools have sufficient time to manage expenditure reductions or receive additional income that demonstrates the ability to fully repay any over spending within an agreed period. Both the Schools Forum and Executive Member for Children, Young People and Learning need to agree requests.
- 6.9 In accordance with government requirements, the loan scheme is only available to support schools in the purchase of a capital asset, with a licensed deficit arrangement option used to support schools with a shortfall in general income compared to required spend.
- 6.10 There are no loan agreements in place with schools.
- 6.11 A summary of the circumstances in which a licensed deficit may be agreed is as follows:
1. Where a school would not otherwise achieve its improvement targets;
  2. It would not be reasonable to effect immediately the savings required as a result of a significant reduction in pupil numbers;

Annex A sets out the full details of the licensed deficit scheme.

- 6.12 As a preliminary to presenting a deficit or loan for comment and agreement, officers of the LA undertake detailed reviews of school requests. This usually involves discussions with the Headteacher, Chairman of Governors and Bursar.
- 6.13 The governing body of a school receiving agreement to financial support has to agree a medium-term budget plan which has been formulated from known facts, with a realistic provision for future events, and that it is kept under review with the LA on at least an annual basis. If it becomes apparent that any significant differences occur in the underlying budget and expenditure assumptions, then this may require subsequent changes, which should be notified without delay and will need to be agreed with the Director responsible for schools and the Director responsible for Finance and endorsed by the Executive Member. Should any changes be proposed to these arrangements during the year, they will be presented to the Schools Forum and Executive Member for a decision.

Update on existing licensed deficits

- 6.14 The Schools Forum has previously agreed licensed deficit arrangements to manage a shortfall in general income compared to required spend. This includes a number of schools where full recovery plans had yet to be established. The current status of each agreement, together with any recommended changes, are set out below.
- 6.15 There have been no new licensed requests from schools for 2022-23.

Deficits where a full repayment plan remains in place

*Sandhurst Secondary School*

- 6.16 The Forum agreed a £0.510m deficit for Sandhurst Secondary School in 2018-19, reducing to £0.385 in 2019-20, £0.175m in 2020-21, before generating a surplus in 2021-22. Very good progress was made in repaying the deficit with a £0.050m remaining balance at the start of 2021-22 which was expected to be fully repaid by the end of 2022-23 financial year.
- 6.17 With the school converting to an academy from 1 February 2022, the deficit balance at that point in time was fully repaid. **No action is required from the Forum.**

*Harmans Water Primary School*

- 6.18 For a number of years, the school benefitted from a significant surplus balance which was accumulated when the school was experiencing full 3 FE admissions but has recently been adapting to being much closer to a 2 FE admission. The school therefore restructured the budget over the medium term to reflect the reduced pupil numbers.
- 6.19 The financial limits previously agreed were a maximum deficit of £0.115m for 2020-21, £0.090m for 2021-22, £0.040m for 2022-23, before returning to a surplus in 2023-24. Last year's updated recovery plan indicated good progress on deficit recovery and that the deficit limit can be reduced to £0.070m for 2021-22 before returning to a surplus in 2022-23. The school returned a £0.021m surplus at the end of 2021-22 financial year and therefore no longer requires an approved deficit. **No action is required from the Forum.**

### Deficits where a full repayment plan is in place

#### *The Pines Primary*

- 6.20 The school has experienced fluctuating pupil numbers, and whilst these have been increasing, it has resulted in complicated and costly classroom organisation. At the end of 2019-20, there was an cumulative deficit of £0.167m which was forecast to increase to over £0.200m. Very good progress has been made since on managing this down and it had reduced to £0.034m at the end of 2021-22.
- 6.21 Recognising future changes in pupil numbers, the school will be reducing the Published Admission Number from 60 to 30 from September 2022 and restructuring the budget and associated plans accordingly. This indicates that the deficit at the end of 2022-23 will remain at a similar level to the £0.034m achieved for 2021-22, before returning to a surplus in 2023-24. This is unchanged from the current approved licensed deficit. **No action is required from the Forum.**

#### *Ascot Heath Primary*

- 6.22 The school has experienced a reduction in pupil numbers of 71 between the 2018-19 and 2020-21 budgets which equated to an annual loss in per pupil funding of around £0.296m and contributed to the accumulated year-end deficit at 31 March 2021 of £0.327m (22% of annual income and an increase in deficit of £0.107m).
- 6.23 Considerable work has been undertaken to develop a medium-term budget, with the Forum previously agreeing deficit limits of £0.330m for 2021-22, £0.300m for 2022-23, £0.200m for 2023-24 and £0.105m for 2024-25 before returning to a surplus in 2025-26. On-going work by the school, supported by the council, has identified further deficit reduction measures, with a request to reduce the deficit limits to £0.250m for 2022-23, £0.150m for 2023-24 and £0.075m for 2024-25 before returning to a surplus in 2025-26. **The Forum is recommended to agree the revised deficit limits.**
- 6.24 There is the potential to complete the sale of the caretaker's accommodation which could yield a net, one-off capital receipt of around £0.200m. This would be "swapped" with revenue funding held by the Council to then be applied in its entirety to reducing the remaining deficit. There are a number of external restrictions that are complicating the sale which are being progressed. The exact sum, if a sale can be achieved, will depend on resolving the remaining issues and how strong the property market remains at that time.
- 6.25 At this stage, the recovery plan excludes the impact from any potential capital receipt "swap".

### Deficits where a full repayment plan has yet to be developed

- 6.26 Forum members will recall that despite substantial work by schools with assistance from the council, in some instances, in considering budgets, it is not always possible to formulate a medium-term plan that demonstrates a return to surplus.
- 6.27 There are 2 schools in this position, both of which are making progress in difficult circumstances and are highlighted directly below.

### *Winkfield St Marys*

- 6.28 Is a 1 FE school that was granted a licensed deficit of £0.030m in 2018 to be fully repaid by 31 March 2021. This allowed the school to put in place a cost reduction plan in a measured way, that it achieved in 2019 and 2020, and during which time the school had an Ofsted inspection which improved its rating from RI to Good. However, at the end of 2021-22 financial year, the deficit had increased to £0.094m, driven by lost income due to the pandemic, and rising staffing costs from pay progression and increased numbers of pupils with SEND. As a consequence, last year, the Forum agreed a revised deficit limit of £0.0100m, with a full recovery plan yet to be completed.
- 6.29 As a 1 FE school, there are fewer opportunities for economies of scale and efficiencies compared to larger schools which is compounded by a number on roll (NOR) of below 200 which is more than 5% below full capacity.
- 6.30 Latest work on the budget plan includes reduced employee costs through staff changes at 2022. Income receipts are also forecast to increase. However, with 2 classes each with less than 25 pupils, pupil led income will remain at no more than 200 pupils for a number of years creating difficulties in balancing the budget. Provisional pupil number information indicates a full intake of 30 pupils at September 2022.
- 6.31 Taking account of the latest information, the current deficit is forecast to remain at £0.0100m for 2022-23, before reducing to £0.085m in 2023-24 and £0.075m in 2024-25. At this stage, progress has yet to be made on a plan to return the budget to a surplus. **The Forum is therefore recommended to agree the revised deficit limit set out above and that further work continues to produce a plan to return to a surplus.**

### *Cranbourne Primary School*

- 6.32 Is a 1 FE primary school which over spent in 2020-21 by £0.094m, mainly on staffing and building maintenance budgets. With pupil numbers expecting to gradually increase as older year groups with spare places are replaced with full admissions together with a range of budget restructures, the school successfully developed a medium-term recovery plan that returned the school to a surplus balance at the end of 2025-26. At the time of proposing this plan, it was reported that a number of elements to the recovery plan were dependent on external factors and will therefore need to be kept under review.
- 6.33 Financial performance during 2021-22 saw the deficit increase by £0.018m to £0.112m. This arose from a number of areas including higher than planned spend on staffing, building maintenance, utilities and school meals, with lower grant income and donations. The updated medium term budget forecast is for the deficit is forecast to remain at around the current level of £0.110m for 2022-23, before reducing to £0.095m in 2023-24 and £0.075m in 2024-25. At this stage, progress has yet to be made on a plan to return the budget to a surplus. **The Forum is therefore recommended to agree the revised deficit limit set out above and that further work continues to produce a plan to return to a surplus.**

## Early deficit repayment

### *Easthampstead Park Secondary*

- 6.34 Received a £0.450m loan in 2016 which was expected to be repaid by an increase in pupil numbers which has occurred but at a lower rate than originally expected and has yet to reach the peak levels initially forecast. Whilst a £0.124m surplus was achieved at the end of 2020-21, the medium-term recovery plan agreed last year envisaged a £0.100m deficit at the end of 2021-22, rising to a £0.200m deficit at the end of 2022-23. Planning beyond that point yet to commence in earnest.
- 6.35 Financial performance during 2021-22 greatly exceeded expectations as the school returned a surplus in the value of £0.220m, an increase of £0.096m from the previous year. With total statutory pupil numbers by year group generally numbering between 165 and 180 and with current forecasts for the immediate future not expected to show any significant change, the school is in a good position to sustain a surplus balance and **the Forum is therefore recommended to agree to dissolve the deficit agreement.**

### Summary loan / deficit position

- 6.36 Table 1 below provides a summary of aggregate outstanding deficit arrangements for each school, assuming the proposals in this paper are agreed. Annex B provides a more detailed breakdown of the current and proposed arrangements by school.

Table 1: Summary Schedule of School Loan and Licensed Deficit Requests

Item	Previously agreed	2022-23 changes proposed	2023-24 impact	2024-25 impact	2025-26 years	Future Years	Repayment date to be determined
Total advances	£805,000	£60,000	£5,000	£0	£20,000	£0	£0
Total repayments	£0	-£370,000	-£170,000	-£105,000	-£95,000	£0	£0
Total	£805,000	-£310,000	£330,000	£225,000	£150,000	£150,000	£150,000
Net Total Current Year	£495,000		0.8% of annual budgets				
Maximum advances (3% of school budgets)	£1,768,000						
Advances as % of permitted maximum	28%						
Balance available for new deficits	£1,273,000						
Change to previous year	-£310,000		-£165,000	-£105,000	-£75,000		

- 6.37 The Forum will be aware that the statutory Scheme for Financing Schools sets the conditions around deficit arrangements, and these must be in accordance with parameters set by the DfE.
- 6.38 The Scheme currently limits aggregate deficit permissions to a maximum of 3% of final school budgets from the previous financial year (excluding brought forwards). This currently amounts to £1.768m, with £1.273m available for further deficit approvals, should more eligible requests be made.

6.39 The current scheme can be viewed here, with paragraphs 4.9 and 4.10 relevant:

<https://schools.bracknell-forest.gov.uk/wp-content/uploads/scheme-for-financing-schools-2021.pdf>

#### Summary

6.40 In setting 2022-23 budgets, good progress has been made by schools in terms of reducing the aggregate level of licensed deficits held to below the previously agreed limits. The expectation last year was that £0.685m would be outstanding in licensed deficits as at 31 March 2023 and this is now expected to reduce by £0.190m to £0.495m. At this level, licensed deficits would amount to 0.8% of all maintained school budgets (was 1.3% last year).

6.41 3 schools have fully repaid their licensed deficits, with 4 remaining in place.

6.42 Work continues with two schools where progress is being made on deficit recovery plans but where a full repayment schedule has yet to be formulated. £0.150m of deficits have yet to be accompanied by a recovery plan that demonstrates a return to surplus. This is expected to continue over the long term.

## **7 Advice from statutory and other officers**

### Borough Solicitor

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

### Director of Resources: Finance

7.2 The financial implications of the report are outlined in the supporting information. The difficulties being experienced by a small number of schools in producing balance medium-term recovery plan indicates the need for ongoing advice and monitoring to ensure schools can meet their financial obligations arising from additional financial support arrangements.

### Equalities Impact Assessment

7.3 There are no specific impact assessments arising from this report.

### Strategic Risk Management Issues

7.4 There are strategic risks around ensuring all schools remain financially viable whilst delivering appropriate standards and effectiveness.

### Climate change impact

7.5 The recommendations from this report are not expected to have any direct impact on emissions of carbon dioxide as they relate to funding allocations to schools and will not impact on climate change.

## 8 Consultation

### Principal Groups Consulted

- 8.1 Leaders of schools in financial difficulty, Assistant Director: Education and Learning and People Directorate Management Team.

### Method of Consultation

- 8.2 Correspondence and meetings.

### Representations Received

- 8.3 Incorporated into the report.

### Background Papers

None.

### Contact for further information

Paul Clark, Business Partner – People Directorate  
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(01344 354054)

### Doc. Ref

Doc. Ref [https://bfcouncil.sharepoint.com/sites/fina/bpm/FIBPSCB-FIN9.6/Schools Forum/\(112\) 150922/2022-23 Support to schools in financial difficulties etc.docx](https://bfcouncil.sharepoint.com/sites/fina/bpm/FIBPSCB-FIN9.6/Schools%20Forum/(112)%20150922/2022-23%20Support%20to%20schools%20in%20financial%20difficulties%20etc.docx)

**Extract from the BFC Scheme for Financing Schools:  
Licensed deficit arrangements**

In exceptional circumstances, in agreement with the Schools Forum and Executive Member for Children, Young People and Learning, the authority will permit schools to over spend their budget allocation through a licensed deficit arrangement. The funding of such agreements would be through the collective annual income schools receive from the council through the Funding Formula for Schools. General features of the scheme are detailed below:

Circumstances in which licensed deficit arrangements may be agreed:

1. if in the opinion of the Executive Director responsible for schools a school could not otherwise achieve its improvement targets (there will still be a requirement of the governing body to demonstrate repayment).
2. if in the opinion of the Executive Director responsible for schools and Executive Director responsible for Finance a school could not reasonably be expected to effect immediately the savings required as a result of a significant reduction in pupil numbers (there will still be a requirement of the governing body to demonstrate repayment).

Outline features of the scheme.

- the maximum length over which schools may repay the licensed deficit is 3 years (i.e. reach at least a zero balance).
- arrangement for a licensed deficit will only be agreed where the governing body produces a plan which demonstrates to the satisfaction of the Executive Director responsible for schools and Executive Director responsible for Finance the savings or additional income required to repay the deficit within an agreed timescale.

In general the minimum size of loans which may be agreed will be the lesser of the following:

Primary schools	£10,000
Special schools	£20,000
Secondary schools	£30,000

**OR**

For all types of school, 5% of the size of the budget share as determined by the authority.

In general the maximum size of loans which may be agreed will be the greater of:

Primary schools	£50,000
Special schools	£150,000
Secondary schools	£250,000

**OR**

For all types of school, 15% of the size of the budget share as determined by the authority.

- interest will be charged at 1% above the Council's cost of borrowing on the date on which the licensed deficit is agreed unless the authority agrees for it to be waived. The requirement to pay interest will be assessed on the merits of each individual application, and in general, will not attract interest.

#### Outline controls on licensed deficits

- the maximum proportion of the annual income schools receive from the council through the Funding Formula for Schools that will be used to support licensed deficits and loan arrangements will be 3%.
- the Executive Director responsible for schools and Executive Director responsible for Finance of the authority will make recommendations to the Schools Forum and Executive Member for Children, Young People and Learning to agree any licensed deficits and the terms on which they are offered.

The authority may request those schools operating external bank accounts to allow some or all of those balances to support the above arrangements.

## Summary school loan and deficit agreements for maintained schools – by school at each financial year end

School	Balance due at 2021-22 year end £	2022-23 £	2023-24 £	2024-25 £	2025-26 £	Repayment date to be confirmed £	Comment
Ascot Heath Primary	330,000	250,000	150,000	75,000	0	0	Full repayment plan in place
Cranbourne	80,000	110,000	95,000	75,000	75,000	75,000	Final repayment date to be determined
Harmanswater Primary	70,000	0	0	0	0	0	Fully repaid. Moved to surplus balance.
The Pines	75,000	35,000	0	0	0	0	Full repayment plan in place
Winkfield St Mary's	100,000	100,000	85,000	75,000	75,000	75,000	Final repayment date to be determined
Easthampstead Park	100,000	0	0	0	0	0	Fully repaid. Moved to surplus balance.
Sandhurst	50,000	0	0	0	0	0	Fully repaid. Now an academy school.
<b>Total</b>	<b>805,000</b>	<b>495,000</b>	<b>330,000</b>	<b>225,000</b>	<b>150,000</b>	<b>150,000</b>	

**TO: Schools Forum**  
**DATE: 15 September 2022**

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**2023-24 Budget Preparations for the Schools Budget  
and other related 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 2023-24 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 20 January 2023.

**2 Executive Summary**

- 2.1 The normal July release by the DfE of preliminary budget information has allowed for an initial update on the potential financial implications for 2023-24 and for early budget preparations to commence. These calculations have as far as possible replicated the DfE's National Funding Formula (NFF)<sup>1</sup> at an individual Bracknell Forest (BF) school level. This is in accordance with the agreed local budget strategy, which the DfE is requiring all LAs to move towards in the coming years.
- 2.2 The headline budget changes for 2023-24 are for an average increase in per pupil funding across England of 1.9%. For BF, the increase is estimated at 2.0%. These are provisional calculations that will be updated with the October 2022 census data.
- 2.3 There is concern that these increases are significantly below the level of rising prices with the July 2022 Consumer Price Index increasing to 10.1%, the fourth month in a row the figure has been above 9%. There is no indication at this stage that additional funding will be available to support schools and other education providers.
- 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 £0.077m, and £0.027m 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, including a combination of both, are:
  - 1. Draw down funds from the Reserve created in the Schools Budget to support the additional costs of new and expanding schools
  - 2. Fund schools at a scaled percentage of the NFF rather than the full amount.

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<sup>1</sup> 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.

- 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 to consider financial plans before a final budget needs to be agreed and returned to the DfE. Whilst setting most aspects of the Schools Budget is a council responsibility, this has always been on the basis of recommendations from the Schools Forum.
- 2.8 For the High needs Block, more information is presented on a separate agenda item. For the Early Years Block, detailed 2023-24 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 2023-24 budget should remain broadly the same as for 2022-23, and in particular:**
1. **That there should be no change to the current budget strategy of:**
    - a. **As far as possible, replicating the NFF;**
    - 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 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 2).**
  4. **To prevent over funding, that the DfE be requested to approve that the council continues to disapply the requirement for minimum per pupil funding increases where schools are funded on the Start-up and Diseconomy funding policy for new and expanding schools.**
- 3.2 **The proposed clarification to the Start-up and Diseconomy Funding Policy for New and expanding schools (Annex 1).**
- To NOTE:**
- 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 current estimated funding gaps at Table 3 of:**
1. **£0.077m on the Schools Block**
  2. **£0.027m 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 20 January 2023.

## **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.
- 6.3 The DfE has yet to release any financial information in respect of the Early Years (EY) Block. At this stage, subject to any new information from the DfE, no changes to local funding arrangements are proposed to be made. No budget update is therefore available at this time.
- 6.4 For the High Needs Block (HNB), an update is provided on a separate agenda item.

### 2023-24 financial settlement from the DfE

#### *Update on progress towards the National Funding Formula (NFF)*

- 6.5 The Forum is aware of the Government's intention to move all LA funding arrangements onto the NFF. In its response to the consultation on completing the reforms to the NFF, 2023-24 will be the first year of transition to the "direct" schools NFF. In summary, this will require:
1. In 2023-24, LAs will only be allowed to use NFF factors in their local formulae, and must use all NFF factors, except the locally determined premises factors e.g. split site factor
  2. LAs will also be required to move their local formula factors 10% closer to the NFF values, compared to where they were in 2022-23, unless their local formulae are already so close to the NFF that they are classed as mirroring the NFF. For this purpose, local factor values within 2.5% of the respective NFF values are deemed to be "mirroring" the NFF.
- 6.6 In accordance with the agreed budget strategy of the Forum, the BF Funding Formula for Schools is already fully compliant with these new requirements and no new specific

actions are therefore required. The NFF policy document that sets out the requirements on LAs to move their formulae closer to the NFF can be found here:

[The national funding formulae for schools and high needs \(publishing.service.gov.uk\)](https://publishing.service.gov.uk)

### *DfE funding announcements*

- 6.7 This section on DfE announcements sets out information that will shortly be provided to schools through the financial consultation document to help them with their initial preparations for next financial year.

#### **Schools Budget:**

##### Overview

1. The key parts to the way school and education related funding are to be allocated next year are:
  - a. The DfE will be 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. As set out above, there are some new minimum requirements on LAs to replicate the NFF, all of which BF currently achieves and no further action is required.
  - d. LAs will continue to receive funding based on the DfE running each school's data (mainly October 2021 census, so lagged) through the NFF at confirmed 2023-24 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 2022 pupil numbers will be used to calculate each LAs 2023-24 funding for their schools. This approach aids financial planning as it allows for the early publication of each LAs confirmed per pupil funding rates.
  - e. 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.
  - 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 very end of the autumn term.

2. There are a small number of changes to the national process to allocate funds.
  - a. The new School Supplementary Grant that was introduced in April 2022 to support schools to meet the costs of the Health and Social Care Levy and wider costs is being rolled into the schools NFF from 2023-24 and will no longer be paid separately. The aim of the approach for rolling the grant into the schools NFF is to ensure that the additional funding schools attract through the NFF is as close as possible to the funding they would have received if the funding was continuing as a separate grant in 2023-24, without adding significant additional complexity to the formula. This amounted to £2.5m in 2022-23 prices.
  - b. The post-16 and early years element of the School Supplementary Grant will continue as a separate grant for 2023-24, with details of this to follow in due course.
  - c. In calculating low prior attainment proportions, data from the 2019 early years foundation stage profile (EYFSP) and key stage 2 (KS2) tests is used as a proxy for the 2021 assessments, which were cancelled due to the pandemic.

#### National funding decisions for 2023-24

**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. Overall, core schools funding (including funding for mainstream schools and high needs) is increasing by £1.5 billion in 2023-24 compared with the previous year. Funding for mainstream schools through the schools NFF is increasing by 1.9% per pupil compared with 2022-23. The estimated increase in BF is 2.0%.
4. The main features of the settlement are:
  - a. The key factors in the NFF will increase by 2.4% i.e. basic per-pupil funding, pupil eligibility to a FSM, LPA, EAL and the lump sum.
  - b. Free school meals at any time in the last 6 years and income deprivation affecting children index (IDACI) will increase by 4.3%.
  - c. The minimum per pupil funding levels (MPPFL)<sup>2</sup> have been increased and ensure that every primary school receives at least £4,405 per pupil (£4,265 in 2022-23), and every secondary school at least £5,715 per pupil (£5,525 in 2022-23).
  - d. Provisional data indicates that 6 BF primary schools (11 last year) will be funded at these MPPFLs. All secondary schools are provisionally above the MPPFL.
  - e. Where the normal operation of the NFF does not allocate at least 0.5% more pupil-led funding per pupil compared to its 2022-23 NFF baseline, top-up funding is added to meet this rate of increase i.e. the Minimum

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<sup>2</sup> The NFF includes MPPFLs that are applied equally to all primary and secondary schools (£4,405 and £5,715 respectively in 2023-24). 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 MPPFL calculation are premises e.g. business rates, split site factor and growth funding.

Funding Guarantee (MFG)<sup>3</sup>. Provisional data based on October 2021 Census point indicates that if MFG was agreed to be set at the maximum of 0.5%, the normal operation of the Funding Formula would result in 2 schools receiving additional support totalling £0.004m.

5. The main reason why the national average increase in per pupil funding at 1.9% is below the 2.4% and 4.3% DfE increases in NFF factor values is a consequence of schools currently receiving MPPFL top-ups. As the main NFF factor values have increased in 2023-24 at a higher rate than the MPPFL, a number of these schools will lose their MPPFL top-ups or receive reduced allocations as they receive increases through the normal operation of the NFF, with consequential lower MPPFL top-ups. This results in lower overall per pupil funding increases.
6. 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 1.9% to £4,480 and secondary schools by 2.7% to £6,005. Average per pupil funding is £5,074, up 2.3%. The larger percentage increase in secondary school funding results from there currently being no schools on the MPPFL, meaning all their factor values increase by at least the minimum 2.4% included by the DfE. As there are 11 primary schools currently receiving MPPFL, average increases will be lower as they absorb a portion on the funding increase through reduced MPPFL top-ups.

#### CSSB:

7. 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. £0.839m is the provisional CSSB allocation for 2023-24.
8. 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).
9. There is a protection to ensure no LA sees losses of greater than 2.5% per pupil, compared to 2022-23. BF will receive a 2.2% increase in per pupil funding in 2023-24 which is in line with the national average increase. £0.673m is the provisional allocation.
10. The historic commitments element of the CSSB, which funds some LAs for commitments they made in prior years that support the most vulnerable pupils is being reduced by 20% per annum from LA funding. This commenced in 2020-21 and for 2023-24, equates to a £0.042m funding reduction with associated income falling to £0.166m from £0.208m. Funding has now reduced by £0.240m from the £0.406m received in 2019-20.
11. The Forum agreed to fund £0.141m of the funding shortfall and this is assumed to continue.

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<sup>3</sup> 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.

12. Annex 1 sets out the services permitted to be charged to the CSSB and the 2022-23 budget amounts and includes elements of family support, education support for children looked after, school admissions and the centralised copyright license.

### 2023-24 Budget Development from BFC

#### *Initial budget planning*

- 6.8 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 some early conclusions.

#### *2022-23 base budgets for schools and council managed Schools Block items*

- 6.9 The SB base budget approved at the January 2022 meeting of the Schools Forum amounted to £84.650m. Of this, £84.293m was funded by SB Dedicated Schools Grant (DSG)<sup>4</sup> income, £0.182m was added from the council as part of a 4-year funding plan to contribute £1m to the extra costs arising from new schools, together with £0.174m transferred from the DSG funded New School Reserve. These later two funding streams are one-off for 2022-23 only.
- 6.10 The budget approved for the CSSB amounted to £1.007m. This included £0.867m of CSSB DSG income as well as £0.141m of SB DSG income which has been agreed for a number of years to help meet the cost pressures and funding reductions being experienced on services that support the most vulnerable pupils.

#### *Financial consultation with schools*

- 6.11 An annual financial consultation with schools takes place each year in order for the Forum to consider the outcomes early in the autumn as budget planning commences. The BF consultation is about to commence as this needs to follow from the DfE publication of their school funding announcement, which took place in July.
- 6.12 With no significant changes to the funding framework being announced, there are usually 3 areas on the consultation. The consultation covers:
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 2022-23. For 2023-24, DfE will permit a much-reduced range to the rate which must be set between +0.0% and +0.5%.

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<sup>4</sup> 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.

- 6.13 These questions 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.
- 6.14 Responses to the consultation are expected to be reported to the Forum at the next meeting on 17 November.

*Estimated Schools Block DSG income to be paid to BFC*

- 6.15 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.
- 6.16 For next year, the DfE has calculated the PUFs and SUFs against the confirmed 2023-24 NFF units and pupil headcount numbers and pupil additional educational needs top-ups both taken from October 2021 census data. This includes adding £2.5m of the former School Supplementary Grant that was introduced as a separate funding stream in 2022-23.
- 6.17 The final amount of funding to be received in 2023-24 will be calculated by multiplying the PUF and SUF against the October 2022 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.
- 6.18 The DfE has confirmed the PUFs and SUFs that will be used to calculate 2023-24 DSG allocations at £4,556.66 for the BF PUF and £6,158.29 for the BF SUF. Excluding the impact of mainstreaming the School Supplementary Grant, this equates to a 2.0% increase in the per pupil funding rate for primary aged pupils and 2.2% for secondary and an average 2.1% increase in per pupil.
- 6.19 Based on the current assumption of there being no change in the 16,534 pupils recorded on the actual October 2021 school census data, this would deliver £86.154m of SB DSG income, a cash increase of £4.162m.
- 6.20 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 £1.786m and is allocated based on 2022-23 actual spend and for BFC comprises:
  1. £1.661m for business rates. Up £0.082m to 2022-23 actual costs.
  2. £0.125m for split site costs (Warfield Primary). Up £0.050m, and in accordance with previous agreement of the Schools Forum.

Note, the £0.050m time-limited funding received from the DfE in 2022-23 to provide an additional year's financial support to a recently amalgamated school has now expired.

As with all funding that is received on a lagged basis, there can 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.

- 6.21 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 expected to be introduced from April 2023, with the ESFA paying LAs directly for school business rates which will therefore be excluded from school budget allocations.
- 6.22 In terms of funding LAs for in-year increases in pupil numbers after the October 2022 census, the DfE will continue to use the Growth Fund<sup>5</sup> 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. 2023-24 funding rates have yet to be confirmed, with increases in primary pupil numbers attracting £1,485 in 2022-23 and increases in secondary attracting £2,220.
- 6.23 The DfE has yet to release any data on this funding allocation for 2023-24, with a provisional estimate from BFC suggesting around £0.693m of DSG for this purpose.
- 6.24 Therefore, at this stage, the overall income for the SB is estimated at £88.633m, an overall increase from last year of £4.199m of which £2.501m relates to transferring the former Schools Supplementary Grant into the DSG. Table 1 below sets out a provisional summary of the change in funding from each element of the SB DSG.

Table 1: Forecast SB DSG for 2023-24

	<b>Total £'000</b>	<b>Total £'000</b>
<b>Total DSG for 2022-23</b>		<b>84,434</b>
<u>Forecast changes for 2022-23:</u>		
Effect of average 5.1% increase in DSG funding rates	4,162	
Change in business rates funding	82	
Change in school amalgamation funding	-50	
Change in split site school funding	50	
Change in Growth Fund	-45	
Total forecast change		4,199
<b>Total forecast DSG for 2023-24</b>		<b>88,633</b>

<sup>5</sup> 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 budget changes for 2023-24*

### ***Change in pupil numbers***

- 6.25 The current budget planning assumption is that and change in pupil numbers from the October 2021 census that will drive 2023-24 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.
- 6.26 Modelling the 2023-24 NFF funding rates against the October 2021 data set, and applying the funding protections within the NFF indicates additional allocations to schools of £1.710m.

### **Mainstreaming the Schools Supplementary Grant into the NFF**

- 6.27 With £2.501m of School Supplementary Grant being allocated to schools through the NFF from April 2023, this will result in a consequential increase in resources allocated through the BF Funding Formula for Schools.

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

- 6.28 Forum members will be aware that the SB Budget has 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.
- 6.29 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* 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.
- 6.30 The annual officer review of the policy has identified the need to add a further clarification to the point of transition from the *Start-up and Diseconomy Funding Policy for New and expanding schools* to the normal BF Funding Formula. This is to make clear that once the BF Funding Formula delivers higher funding, the school will move to the BF Funding Formula irrespective of any other defined trigger points. Annex 2 sets out the relevant paragraph, with the new wording highlighted, which the Forum is recommended to agree.
- 6.31 The existing funding policy can be viewed here:  
[New and expanding schools - Funding Policy 2020 to 2021 \(bracknell-forest.gov.uk\)](https://www.bracknell-forest.gov.uk/new-and-expanding-schools-funding-policy-2020-to-2021)
- 6.32 No further changes are proposed, 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 calculations.
- 6.33 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 provided £1m of funding over the 4-year period to March 2023 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.

- 6.34 In the absence of the October 2022 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 can only be tentatively estimated. These will need to be reviewed once the census data is available to assess the amount of funds that are likely to be required.
- 6.35 As previously highlighted, financial year 2022-23 is the latest point that KGA Binfield Secondary school will be resourced through the new school funding policy. Therefore, a significant additional cost pressure is removed from the overall 2023-24 Schools Budget.
- 6.36 In addition, whilst the new primary schools continue to open new classes on a phased basis, which often resulted in relatively small class sizes in the initial years, the new classes are opening to capacity, with the spaces initially available in other year groups also generally filling up. This results in a faster transition to the BF Funding Formula than originally expected with reduced diseconomy due in 2023-24.
- 6.37 In terms of the funding set aside to support schools in delivering the requirements of Key Stage 1 Class Size limitations and admitting additional pupils in-year, early expectations are that both these will increase in 2023-24, with a provisional £0.120m added.
- 6.38 Table 2 below summarises the estimated financial implications for 2023-24 which indicates a £0.649m overall cost reduction, comprising a £0.770m reduction in diseconomy funding, and an increase of £0.120m on Growth Funding to be allocated to schools in-year.

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

	<b>Primary</b>	<b>Secondary</b>	<b>Current Proposed 2023-24</b>	<b>Actual 2022-23</b>	<b>Change from 2022-23</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b><u>New schools:</u></b>					
Diseconomy costs	156.0	0.0	156.0	925.5	-769.5
	156.0	0.0	156.0	925.5	-769.5
<b><u>Retained Growth Fund</u></b>					
Start-up costs	0.0	0.0	0.0	0.0	0.0
Post opening costs	22.5	0.0	22.5	22.5	0.0
In-year pupil growth	86.5	86.5	173.0	93.0	80.0
KS1 classes	145.0	0.0	145.0	105.0	40.0
	254.0	86.5	340.5	220.5	120.0
<b>Total estimated costs</b>	<b>410.0</b>	<b>86.5</b>	<b>496.5</b>	<b>1,146.0</b>	<b>-649.5</b>
<b><u>Costs by school:</u></b>					
KGA - Oakwood	25.1	0.0	25.1	78.8	-53.6
KGA - Binfield	153.4	0.0	153.3	869.2	-715.9

- 6.39 The reduction in diseconomy cost funding is accompanied by a reduction in income received through the DSG “Growth Fund”. However, the income is calculated on a lagged data basis, meaning that whilst the 2023-24 budget will experience a significant reduction in costs, income will be retained at the higher level for an additional year resulting in a one-off saving.

### ***Business Rates***

- 6.40 Funding for school business rates is allocated by the DfE annually in arrears on a lagged basis and is therefore set at 2022-23 prices. At this stage the cost increase is assumed at 5%, equivalent to £0.083m. The actual rate of increase is set by the government and should be confirmed later on in the budget setting process.

### **Impact from updated pupil profiles from the October 2022 census**

- 6.41 Whilst changes in pupil numbers arising from the October 2022 census will be reflected in the final DSG income allocation and is therefore at this stage assumed to have no significant financial effect, other data updates are expected to result in a cost increase. The school census will also provide an update on the key pupil characteristics that are used for funding purposes, such as eligibility to a Free School Meal and English as an Additional Language.
- 6.42 Reflecting on the current economic climate, and the actual impacts in the 2022-23 budget when funding allocations increased by £0.205m, a provisional cost increase of £0.275m has been included.

### ***Meeting DfE per pupil funding requirements***

- 6.43 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***

- 6.44 The DfE has set mandatory MPPFL of £4,405 for primary aged pupils and £5,715 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 £0.372m being allocated to 6 primary schools with no secondary schools receiving a top-up. This is a decrease of £0.333m compared to 2022-23 when 11 primary schools received £0.705m.
- 6.45 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 (£4,557 compared to £4,405), there will be a relatively large number of primary schools receiving funding top-ups to achieve the minimum permitted level.

#### ***MFG***

- 6.46 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 2023-24, the DfE will require each LA to set their MFG at between +0.0%

and +0.5%. This is considerably below the most recently permitted range of +0.5% to +2.0%.

- 6.47 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 2 BF schools would be eligible for a funding top-up if the MFG level was set at +0.5% which would aggregate to £0.004m. £0.028m of MFG funding top-up was included in the 2022-23 budget.
- 6.48 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.
- 6.49 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.
- 6.50 The same issue is again expected to be faced in 2023-24 requiring an MFG disapplication request to again be made to the DfE.

#### The Central School Services Block

- 6.51 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.
- 6.52 As set out above, the DfE are reducing funding for the historic cost element of the CSSB by 20% which is estimated at £0.042m. A £0.015m increase in funding for on-going commitments results in a net funding reduction of £0.027m. £0.406m was initially allocated by the DfE to BF for these historic services, with £0.17m expected in 2023-24. 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.
- 6.53 Annex 2 sets out the services included in the CSSB, showing the 2022-23 base budget by individual budget area and the overall provisional funding for 2023-24.

#### ***Illustrative 2023-24 individual school budgets***

- 6.54 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 2021 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 2022 data.

- 6.55 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 1.9%, and secondaries 2.7 %. The average increase for all schools is 2.3%.
  - 2 The highest per pupil increase schools would receive is 3.0%. The lowest increases would be 0.5% in Primary and 2.5% in Secondary.
  - 3 The average per pupil funding amount for a primary school would be £4,480 and £6,005 for secondary

**Reasons why the NFF budget will not be delivered in BF**

- 6.56 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 0.5% threshold used in the NFF.

**Summary of proposed changes**

- 6.57 Based on provisional budget data, a series of changes have been detailed above that could be applied in the 2023-24 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 £0.104m funding shortfall: £0.077m on the Schools Budget and £0.027m on the Central School Services Block. Table 3 below provides a summary of the estimated financial implications.

Table 3: Summary initial budget proposals for 2023-24

Ref.	Item	Schools Block		Central Services Schools Block C £'000	Total D £'000
		Delegated school budgets A £'000	Growth Fund - LA Managed B £'000		
1	<b>2022-23 Schools Block budget</b>	<b>84,429</b>	<b>221</b>	<b>1,007</b>	<b>85,657</b>
2	<b>2022-23 base budget</b>	<b>84,429</b>	<b>221</b>	<b>1,007</b>	<b>85,657</b>
3	<b>Provisional 2023-24 DSG funding</b>	<b>88,412</b>	<b>221</b>	<b>839</b>	<b>89,472</b>
4	<b>Internal Schools Block funding transfer</b>	<b>-120</b>	<b>120</b>	<b>0</b>	<b>0</b>
5	<b>On-going contribution to CSSB pressures</b>	<b>-141</b>	<b>0</b>	<b>141</b>	<b>0</b>
6	<b>2023-24 forecast income</b>	<b>88,151</b>	<b>341</b>	<b>980</b>	<b>89,472</b>
7	<b>+Surplus of income / - Deficit of income</b>	<b>3,722</b>	<b>120</b>	<b>-27</b>	<b>3,815</b>
8	<b><u>Changes for 2022-23</u></b>				
9	Cost of new year NFF funding rates at circa +3%	1,710	0	0	<b>1,710</b>
10	Mainstream School Supplementary Grant	2,501	0	0	<b>2,501</b>
11	New schools - 2023-24 change in cost pressure	<b>-770</b>	0	0	<b>-770</b>
12	In-year growth allowances, KS1 classes etc	0	120	0	<b>120</b>
13	Rates: revaluation and inflation	83	0	0	<b>83</b>
14	Estimated impact from data changes - January 2023	275	0	0	<b>275</b>
15	<b>Total changes proposed for 2023-24</b>	<b>3,799</b>	<b>120</b>	<b>0</b>	<b>3,919</b>
16	<b>Shortfall to DSG Funding</b>	<b>-77</b>	<b>0</b>	<b>-27</b>	<b>-104</b>

Managing the shortfall to DSG funding

- 6.58 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 in the unallocated Schools Budget to support the additional costs of new and expanding schools (current balance is £0.572m).
  2. Fund schools at a scaled percentage of the NFF rather than the full amount.
- 6.59 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 £0.200m in each of the next 3 years is considered a reasonable approach to take, although this will need to be kept under review.

### Issuing 2023-24 budgets to schools

- 6.60 Publication of 2023-24 individual school budgets will follow last year's timeline, with provisional budgets issued in early January 2023 and final budgets in March 2023. The expectation is that the January provisional budgets will reflect the October 2022 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

- 6.61 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 £0.104m.
- 6.62 There is concern that the increases in funding are significantly below the level of rising prices with the July 2022 Consumer Price Index increasing to 10.1%, the fourth month in a row the figure has been above 9%. There is no indication at this stage that additional funding will be available to support schools and other education providers.
- 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.
  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.
  5. Emerging, significant inflationary pressures.
- 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 £0.170m (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/\(112\) 150922/2023-24 Initial Budget Preparations.docx](https://bfcouncil.sharepoint.com/sites/fina/bpm/FIBPSCB-FIN9.6/Schools%20Forum/(112)%20150922/2023-24%20Initial%20Budget%20Preparations.docx)

## Start-up and Diseconomy Funding Policy for New and expanding schools

Proposed new text is bold and highlighted yellow:

- 11) To ensure new / expanding schools move quickly to the BF Funding Formula, once a school has admitted pupils to all the intended pre-16 year old year groups it will move to the BF Funding Formula. Should a school consider there are existing circumstances that make this approach inappropriate, then a case can be made to the Assistant Director responsible for schools. The primary considerations will be the needs of pupils throughout the borough and the financial impact on the school, where it will be expected that a school can operate on the BF Funding Formula when pupil numbers are.
- 1 At least 90% of capacity for 1 FE schools
  - 2 At least 85% capacity for 2 FE schools
  - 3 At least 80% capacity for 3 FE and above schools.

Funding thresholds are lower for larger schools which in general benefit from greater economies of scale.

For all through schools, separate calculations will be made for the primary and secondary phases.

An appeal to the Assistant Director's decision can be made to the Executive Director responsible for schools whose decision will be final.

**Where the normal operation of the BF Funding Formula delivers a higher level of funding than this policy, the school will be funded on the BF Funding Formula irrespective of any other specified transfer points.**

### **Additional guidance note:**

The move to funding a school on the BF Funding Formula will take place whichever occurs first of a school admitting to all year groups or achieving the relevant percentage capacity for the school size. The calculation of a percentage of a school's capacity will be made through reference to the pupil numbers used in the BF Funding Formula for the relevant budget year. This is currently lagged by one year so will not be the same as the number admitted to the school at the start of the academic year.

Any change to the BF Funding Formula is expected to take place on 1 April, at the start of the financial year and reflecting prior year actual September pupil numbers.

## Central School Services Block

Budget Area	Schools Budget Funded		
	2022-23 Final Budget	2023-24 Funding	Change
<u>Combined Services Budgets:</u>			
Family Intervention Project	£100,000		
Educational Attainment for Looked After Children	£133,590		
School Transport for Looked After Children	£42,740		
Common Assessment Framework Co-ordinator	£42,470		
Domestic Abuse	£2,000		
SEN Contract Monitoring	£32,680		
<i>Central School Services - historic commitments</i>	<b>£353,480</b>		
<u>Other Permitted Central Spend</u>			
<u>Miscellaneous (up to 0.1% of Schools Budget):</u>			
Forestcare out of hours support service	£5,150		
Borough wide Initiatives	£9,720		
Support to Schools Recruitment & Retention	£5,000		
<u>Statutory and regulatory duties:</u>			
'Retained' elements	£284,725		
<u>Other expenditure:</u>			
School Admissions	£192,760		
Schools Forum	£20,935		
Boarding Placements for Vulnerable Children	£50,000		
Central copyright licensing	£85,560		
<i>Central School Services - on-going responsibilities</i>	<b>£653,850</b>		
<b>Total Central School Support Services</b>	<b>£1,007,330</b>		
<u>Funding</u>			
Historic commitments	£207,710	£166,170	<b>-£41,540</b>
On-going responsibilities	£658,880	£673,170	£14,290
Total Funding	£866,590	£839,340	<b>-£27,250</b>
Existing agreed transfer from Schools Budget	£140,740	£140,740	£0
Central School Services Total Funding	£1,007,330	£980,080	<b>-£27,250</b>

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