

Notice of Meeting

Schools Forum

Stuart Matthews (Academy School Representative) (Chair)
Elizabeth Savage, Academy School Representative (Vice-Chair)
Jenny Baker, Special School Representative
Stuart Bevan, Primary School Representative (Headteacher)
Sue Butler, Early Years PVI Provider
Simon Cope, Primary School Representative (Headteacher)
Juanita Dunlop, Primary School Representative (Headteacher)
Keith Grainger, Secondary School Representative (Headteacher)
Tim Griffith, Academy School Representative
Roger Prew, Primary School Representative (Governor)
Debbie Smith, Academy School Representative
Grant Strudley, Academy School Representative
Paul Tatum, Trades Union Representative



Also Invited:

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

Thursday 12 January 2023, 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.	Apologies for Absence/Substitute Members	
	To receive apologies for absence and to note the attendance of any substitute members. Reporting: ALL	
2.	Declarations of Interest	
	Members are asked to declare any disclosable pecuniary or affected interests in respect of any matter to be considered at this meeting. Any Member with a Disclosable Pecuniary Interest in a matter should withdraw from the meeting when the matter is under consideration and should notify the Democratic Services Officer in attendance that they are withdrawing as they have such an interest. If the Disclosable Pecuniary Interest is not entered on the register of Members interests the Monitoring Officer must be notified of the interest within 28 days. Any Member with an affected Interest in a matter must disclose the interest to the meeting. There is no requirement to withdraw from the meeting when the interest is only an affected interest, but the Monitoring Officer should be notified of the interest, if not previously notified of it, within 28 days of the meeting. Reporting: ALL	

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3.	Minutes and Matters Arising	3 - 8
	To approve as a correct record the minutes of the meeting of Reporting: ALL	
4.	2023-24 proposals for the Early Years Block Budget	9 - 20
	To seek agreement from the Forum to proposals for the 2023-24 Early Years budgets, including the values to be attributed to the Bracknell Forest Council Early Years Funding Formula. Reporting: Paul Clark	
5.	2023-24 proposals for the High Needs Block Budget	21 - 36
	To provide an update on the development of the 2023-24 High Needs Block element of the Schools Budget in advance of final proposals that will be presented to the Forum in March. Reporting: Paul Clark	
6.	2023-24 proposals for the Schools Block and Central School Services Block Budgets	37 - 60
	To present final proposals from the Council for the 2023-24 Schools Block and Central Schools Services Block elements of the Schools Budget. Reporting: Paul Clark	
7.	2023-24 proposals for the local authority budget	61 - 84
	To present to the Forum for comment a summary of the Council's draft budget proposals for 2023/24 as agreed by the Executive on 13 December 2022, with a particular focus on the impact expected on the People Directorate. Reporting: Paul Clark	

Sound recording, photographing, filming and use of social media is permitted. Please contact Derek Morgan, 01344 352044, derek.morgan@bracknell-forest.gov.uk, so that any special arrangements can be made.

Published: 3 January 2023

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**SCHOOLS FORUM
8 DECEMBER 2022
4.30 - 5.20 PM**

Present:

Stuart Matthews, Academy School Representative (Chair)
Elizabeth Savage, Academy School Representative (Vice-Chair)
Jenny Baker, Special School Representative
Sue Butler, Early Years PVI Provider
Karen Davis, Primary School Representative (Headteacher)
Juanita Dunlop, Primary School Representative (Headteacher)
Keith Grainger, Secondary School Representative (Headteacher)
Tim Griffith, Academy School Representative
Roger Prew, 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:

Stuart Bevan, Primary School Representative (Headteacher)
Debbie Smith, Academy School Representative

262. Apologies for Absence/Substitute Members

The Forum noted that Paul Tatum had taken over as the Trade Union representative. Paul Clark agreed to follow up on Paul Tatum's availability to join future meetings.

Action: Paul Clark

The Forum was informed that Angela Fright, the Schools Funding Officer for Bracknell Forest Council, had reduced her hours. Nicola Fletcher had been appointed to share that role and Nicola may join future meetings.

The Forum was advised that this was Karen Davis' last meeting and noted its thanks for Karen's nine years of service.

263. Declarations of Interest

There were no declarations of interest.

264. Minutes and Matters Arising

RESOLVED that the minutes of the meeting of the Forum on 17 November 2022 be approved as a correct record.

Arising from minute 260, Keith Grainger confirmed his approval of the proposed action to AGREE the continued de-delegation in secondary schools of budgets for the

services requested by the council. It was noted that, although it was rare for decision items to be isolated to one member of the Forum, officers may need to consider contingency plans for when members were not available for voting.

Also arising from minute 260, the Forum would be updated on the Specialist Resource Provision (SRP) review under Item 4.

Also arising from minute 260, the documents relating to the restructuring of Special Educational Needs and Disabilities (SEND) services had been shared with members of the Forum.

Also arising from minute 260, Cheryl Eyre had collated the information regarding the distribution of funds for Ukrainian children placed in schools in the Borough. This has been passed to Councillor Barnard and he was in the process of reviewing that. Cheryl will follow up with Councillor Barnard.

Action: Cheryl Eyre

265. **Specialist Resource Provision (SRP) Review Update**

The Forum considered a report which provided an update on the activity on two key areas of development. Firstly, the implementation of recommendations following the review of the boroughs SRP provision. Secondly to provide an update on the implementation of a proposed new banding tool.

Nathan Jones shared that a lot was being done to review the Speech Language and Communication Needs (SLCN) provision at Meadowvale which appeared to be an underutilised resource. Work was ongoing to understand what was happening. There was a need to utilise the provision more effectively to justify the level of funding going forward.

The Service Level Agreement (SLA) has been updated and sent out to all schools hosting SRPs. Some minor changes had been suggested but overall there was a favourable response from Headteachers and leads. The 50% requirement to access mainstream curriculum and the doubling of numbers due to 50% occupancy had been removed from the updated SLA.

A desktop exercise had been completed to define the individual schools' SRP offer. This had been used to develop a consistent approach to provide information which would be published on the Local Offer. The department had also been developing a policy around admissions into SRPs and special schools setting out all the providers, the admission routes, and what needs were being catered for.

An extensive list of SRP training needs had been collected and was in the process of being collated. There was some parity in responses and training would be rolled out to all SRPs. There had also been some localised training on finance and Nathan felt that there was a good level of understanding now. Further training would be offered in advance of any roll out of a new banding tool.

Birch Hill and Owlsmoor had asked about additional capacity within their settings, and given the pressure on Kennel Lane, Nathan felt it was beneficial to explore that.

Three secondary schools had submitted expressions of interest in hosting an SRP. Nathan had arranged and undertaken site visits and would be working with the Headteachers. Nathan had also had an initial meeting with the Headteacher at

King's Academy Binfield to look at how to bring the 40 SRP places online. Some capital investment may be required to ensure that the spaces were fit for purpose.

Nathan highlighted that he was in early discussions with Sandhurst School to develop a secondary transitional option for children moving out of Owlsmoor given the complexity of that cohort and the pressure on special school places.

The Forum asked what the council had learned from opening the SRPs and what would be done to ensure that everything was in place when opening future SRPs. Nathan replied that there was a need to spend more time at the start of the process to get things right, rather than trying to fix issues retrospectively. Nathan had been running a formal procurement process for the current phase of establishing secondary SRPs.

The Forum queried how many pupils were unplaced. Neil Hoskinson advised that he was not aware of any unplaced pupils. However, there were some parents who were electing to have their children educated at home, and some instances where special schools were saying that pupils were too complex resulting in those pupils staying in mainstream education. Cheryl Eyre added that the SEN case officers had started their review of pupils with an Education, Health & Care Plan (EHCP) who were due to transition in September 2023, to ensure that they had an identified provision.

The Forum noted that a peripatetic model may be beneficial; for example, having Speech & Language Therapy (SLT) provision which could move between schools.

The Forum enquired whether the council was confident about the quality and number of places available for September 2023. Nathan replied that he was not confident that all secondary SRP places would be generated by September as the level of build required may be substantial.

Nathan updated that an event had been held regarding the potential new banding tool and there was a good turnout of Headteachers and Special Education Needs Co-ordinators (SENCOs) from across the Borough. The potential new banding tool had been demonstrated, and attendees had provided valuable feedback.

266. **Initial Proposals for the 2023-24 Early Years Budget and Funding Formula**

The Forum considered a report which sought agreement on the principles for allocating any increase in funding to the elements of the Early Years Block Budget.

Cherry Hall explained that this report was focussed on the overarching principles and that another report would be presented in January 2023 with indicative amounts, subject to government funding announcements.

Cherry highlighted that taking account of the views from the Early Years Forum, no changes were proposed to the method of funding distribution to providers through the Early Years Funding Formula for 2023-24. If the council were to receive an increase in funding, any additional money would go into the base rates, meaning that all providers would receive the same increase in hourly funding rates.

RESOLVED

1. to AGREE in accordance with the views of the Early Years Forum:
 - i. that no changes are made to the Early Years Funding Formula for 2023-24;
 - ii. that there are appropriate arrangements in place for administration of the early years free entitlements; and

- iii. that final budget proposals are developed in accordance with the principles set out in paragraph 5.6 of the report; and
2. to NOTE the final 2023-24 Early Years Block Budget proposals and funding rates to be allocated to the Early Years Funding Formula will be presented to the Forum for comment in January.

267. **2023-24 Budget Proposals for the Schools Budget: Schools and Central School Services Block Elements**

The Forum considered a report which sought to ensure that final 2023-24 budget decisions could be made at the January Forum meeting in order to meet the 20 January 2023 statutory deadline. Therefore, updated proposals for the Schools Block (SB) and Central Schools Services Block (CSSB) elements of the Schools Budget were presented for consideration with a small number of decisions to be made.

The council was waiting for the Department for Education (DfE) to release the verified October 2022 census to enable the calculation of final budget. Therefore, changes were likely to this update which was based on BF data on pupil numbers but no update on current pupil profiles e.g. deprivation measures. From the data currently available, BF has seen a larger increase in pupil numbers this year than in the recent past and this would generate extra income from the DfE settlement.

Taking account of the new data, the proposals contained in the report indicated that to fully implement the factor values used by the DfE in the National Funding Formula (NFF) there would be a funding surplus of £0.046m, with schools on average receiving a 2.0% increase in per pupil funding. Adding the circa 3.5% expected from the autumn statement meant on average, schools would receive around a 5.5% increase in per pupil funding.

Options were being considered for use of a surplus if this remained in the final budget proposals.

Despite the funding increases, it appeared that these would be below the expected increase in costs that schools would face with an initial estimate indicating a funding gap of between 0.5% and 1.5%.

Following publication of this report, the DfE had announced a funding update for schools. This confirmed additional capital funding for schools of £500m, which would be paid at £0.010m per school plus £20 per weighted pupil.

There had also been clarification of the additional £2billion announced in the autumn statement: £400m to be allocated to LAs for high needs funding, and the remaining £1.6billion would be allocated as a new grant which BF estimated would add around 3.5% to per pupil funding allocations. There were no formal details of that grant but the informal information from the DfE was that it would be similar to the school supplementary grant being paid this year. The council had included the additional 3.5% funding from the autumn statement into this report.

The Forum recognised that the council had presented as much information as it could in advance with the information available.

Paul Clark highlighted that the department was recommending a change to the funding policy for significant in-year growth as some schools were expected to move from the new school funding formula to the main BF Funding Formula. In recognition of the impact of those potential transitions, the policy had been reviewed to ensure

that all schools were treated fairly and that the basis of the policy was to meet the actual costs arising at schools and not necessarily just crossing a funding threshold.

The Forum noted that the projections showed fewer spare places in reception than anticipated and asked whether schools which had previously gone from 2 FE to 1 FE should revert to 2 FE, as opposed to other 1 FE schools expanding. Paul Clark replied that he was not foreseeing an immediate pressure and was not aware of anything that needed to happen now. However, the situation would be monitored and there was usually a window of opportunity to make any changes needed.

RESOLVED

1. to AGREE that subject to any late changes proposed to the Forum in January, the 2023-24 budget is set in accordance with the supporting information, as summarised in Table 1 of the report, and in particular:
 - i. that the Growth Fund including appropriate elements is set at the amount reported in Annex 2 of the report; and
 - ii. that the elements of the CSSB and relevant budget amounts were as detailed in Annex 3 of the report; and
2. to AGREE the proposed amendment to the funding policy for significant in-year growth (Annex 1 of the report); and
3. to NOTE the options available to balancing the Schools Budget in advance of a decision in January (paragraph 6.36 of the report).

Item for Maintained Primary School representatives only

RESOLVED to AGREE that the per pupil deduction amounts for existing de-delegated services be increased by 5.0%, the average increase in per pupil funding expected to be received by schools (paragraph 6.26 of the report).

Item for Maintained Secondary School representatives only

RESOLVED to AGREE that the per pupil deduction amounts for existing de-delegated services be increased by 5.0%, the average increase in per pupil funding expected to be received by schools (paragraph 6.26 of the report).

268. Dates of Future Meetings

The next meeting of the Forum would be held at 4.30pm on Thursday 12 January 2023.

CHAIRMAN

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**TO: SCHOOLS FORUM
12 JANUARY 2023**

2023-24 PROPOSALS FOR THE EARLY YEARS BLOCK BUDGET

**Executive Director: People
Executive Director: Finance**

1 PURPOSE OF DECISION

- 1.1 The purpose of this report is to seek agreement from Schools Forum to proposals for the 2023-24 Early Years budgets, including the values to be attributed to the Bracknell Forest Council Early Years Funding Formula.

2 RECOMMENDATIONS

That the Forum considers the Early Years Budget proposal from the council and AGREES:

- 2.1 **That for the 2023-24 financial year the Executive Member for Children, Young People and Learning sets**
- i. **The Early Years Dedicated Schools Grant (DSG) income budget at £8.689m (Table 2)**
 - ii. **The funding rates in the Early Years Funding Formula are as set out in Table 3**
 - iii. **The proposed budgets as set out in Annex 2**
 - iv. **The proposed changes to the arrangements for the Early Years Special Educational Needs Inclusion Fund as set out in points 5.19 and 5.20**

That the Forum NOTES:

- v. **The impact of funding protection introduced by the Department for Education in the latest DSG on early years funding rates in Bracknell Forest as set out in points 5.7 to 5.9.**

3 REASONS FOR RECOMMENDATIONS

- 3.1 The proposals have taken account of local priorities and estimated levels of available resources.

4 ALTERNATIVE OPTIONS CONSIDERED

- 4.1 None. The proposals reflect the approach agreed by Schools Forum on 8 December 2022 and the overall affordability within the financial settlement allocated by the Government.

5 SUPPORTING INFORMATION

Background

- 5.1 This report presents proposals on the Early Years Block element of Dedicated Schools Grant that the Department for Education allocates to Local Authorities to fund provisions and support for children up to the age of 5. It covers:
- i. the 15 hours free entitlement to education and childcare for disadvantaged 2-year-olds
 - ii. the universal 15 hours free entitlement to education and childcare for all 3- and 4-year-olds
 - iii. the extended 15 hours free entitlement to education and childcare for eligible working parents of 3- and 4-year-olds
 - iv. the Early Years Pupil Premium
 - v. the Disability Access Fund
 - vi. the Special Educational Needs Inclusion Fund
 - vii. other specialist and general support services

National Funding Framework

- 5.2 The Department for Education uses an Early Years National Funding Formula to distribute Dedicated School Grant income to Local Authorities. This funding framework sets out key requirements on Local Authorities in setting their Early Years Block budgets for **3- and 4-year-olds**. These are:
- i. To develop and maintain a local Early Years Funding Formula in accordance with parameters set by the Department for Education, undertaking consultation with providers and the Schools Forum when any changes are proposed, where the Early Years Funding Formula:
 - i) should include a single funding rate (including the same base rate and supplements) for both entitlements (that is, both the universal 15 hours, and the additional 15 hours for working parents)
 - ii) must plan to pass on at least 95% of funding directly to providers – the “pass through rate”
 - iii) must use a universal base rate, paid at the same value to all providers
 - iv) must use a deprivation supplement to target additional funds to the providers admitting the most disadvantaged children
 - v) can include other discretionary supplements, which the Department for Education restricts to rurality / sparsity, flexibility of provision, English as an additional language or quality of provision
 - vi) supplements selected by a Local Authority can generally use any measure of eligibility, provided it is applied equally to all providers in a transparent and fair way
 - vii) must not allocate more than 10% of funding through supplements
 - ii. That a Special Educational Needs Inclusion Fund must be created to support children with lower level or emerging Special Educational Needs
 - iii. Required to pass on the Early Years Pupil Premium to providers to support eligible disadvantaged children

- iv. Required to pass on Disability Access Funding to providers to support disabled children's access to the entitlements
- 5.3 Requirements on funding providers for **the most disadvantaged 2-year-olds** is more straightforward than for 3- and 4-year-olds, with no "pass through rate" or payment of additional funding supplements with the Department for Education encouraging Local Authorities to pay a single flat rate amount. Neither is there a requirement for the Special Educational Needs Inclusion Fund to apply to 2-year-olds, although this is permitted and included in arrangements in the Bracknell Forest Special Educational Needs Inclusion Fund.

Provisional estimate of Early Years Block Dedicated Schools Grant income

- 5.4 In the summer 2022 the Government consulted on proposed changes to the Early Years National Funding Formula. The government's response to the consultation and the changes made to the formula were published on 16 December 2022 and proposed to update the DSG funding formulae for the early education entitlements for children aged 2, 3 and 4 as they are no longer using the most recent data available. Using up-to-date data will help to ensure the funding system remains fair, effective, and responsive to changing levels of need. The consultation also confirmed that the funding currently allocated through the Teacher's Pay and Pension Grant (TPPG) and paid to maintained schools would in future be mainstreamed into the main Early Years National Funding Formula. Therefore, from April 2023, maintained schools will no longer receive separate funding through the TPPG.

Annex 1 sets out the changes in more detail.

- 5.5 The Government also announced additional funding for the early years entitlements of £20m in 2023-24 on top of the additional £180m for 2023-24 announced at the Spending Review, and the hourly funding rates for the 2-, 3- and 4-year-old entitlements for 2023-24.
- 5.6 In 2023-24 Bracknell Forest will receive an increase in funding for 3- and 4-year-olds of £0.26 per hour and for eligible 2-year-olds of £0.62 per hour. In addition, the national funding rate for early years pupil premium (EYPP) will increase by £0.02 per hour and the national funding rate for the disability access fund (DAF) will increase by £28 per year. Table 1 sets out the change in funding rates.

Table 1: Change to Early Years Funding received by BFC

	2022-23 funding rate	2023-24 funding rate	Change
2-year old's	£6.25	£6.87	9.9%
3- & 4-year old's	£5.32	£5.58	4.9%
EYPP	£0.60	£0.62	3.3%
DAF	£800	£828	3.5%

Note: the 2022-23 funding rates quoted above are after adjusting for the funding received separately through the TPPG that will in future be paid through the Early Years DSG.

- 5.7 As would be expected, changing the dataset in the Early Years DSG has resulted in a redistribution of funding between LAs. In order to ensure that every LA receives an increase in their hourly funding rate, the DfE has introduced funding protections that limit increases in order to fund top ups that are required to LAs that would otherwise

receive reduced funding. All LAs will therefore receive a minimum increase in their hourly funding rate of 1%, with gains in 3- and 4-year-old funding capped at 4.9% and 2- year-olds capped at 10%.

- 5.8 Without the gains cap, funding for 3- and 4-year-olds in BF would have been set at £5.90 per hour, £0.32 higher than the capped rate. This would have represented a 10.9% increase in funding rather than the 4.9% actual. Funding for 2-year-olds would have been set at £7.44 per hour, £0.57 higher than the capped rate which represents a 19.0% increase.
- 5.9 The capping of Local Authority funding rates in the early years national funding formula by the Department for Education impacts directly on the income of early years providers in Bracknell Forest. Whilst providers will see an increase in hourly funding rates for 2023-24, data from provider surveys indicates that costs are increasing at a higher rate than the funding increase and it is expected that providers will see a real terms reduction in funding.
- 5.10 To reflect potential fluctuation in take-up of the entitlements, and therefore costs, the Department for Education uses 2 census points to calculate each Local Authorities Early Years Block Dedicated Schools Grant income. January 2023 part-time equivalent actual head count data of eligible children aged 2, 3 or 4 for 15 or 30 hours are used to calculate the first 5 months of the financial year from April to August 2023; with the equivalent January 2024 data used to fund the 7 months from September 2023 to March 2024.
- 5.11 Table 2 below provides a summary of the £8.689m anticipated Early Years Block Dedicated Schools Grant income for 2023-24 and Annex 2 provides a more detailed breakdown of the calculation. The calculation uses January 2022 actual part-time equivalent data as a proxy for likely take up in 2023-24 financial year so represents an estimate.

Table 2: Forecast Early Years Block Income 2023-24

Item	Estimated amount
Funding for 3- & 4-year-olds: universal 15 hours	£5,465,781
Funding for 3- & 4-year-olds: extended 30 hours for working parents	£2,495,053
Sub Total: 3- & 4-year-olds	£7,960,834
Funding for 2-year-olds	£633,418
Funding for Early Years Pupil Premium	£55,590
Funding for Disability Access Fund	£40,042
Total	£8,689,884

Funding decisions previously taken by Schools Forum

- 5.12 The report presented to the Forum on 8 December 2022 proposed that no changes are made to the Early Years Funding formula for 2023-24.
- 5.13 In the absence of complete financial information from the Department for Education for the 2023-24 Early Years Block Budget, the Forum agreed the following approach to setting the budget and associated provider hourly rates:
- i. The components of the Early Years Funding Formula as agreed for 2022-23 are retained for 2023-24

- ii. The Early Years Block Budget for 2023-24 will be allocated using the following principles:
 - i) 95% of total income allocated to providers via the Early Years Funding Formula
 - ii) If the Department for Education announces an increase in the Early Years Block budget, the increase in funding is allocated to providers via the uniform base rate
 - iii) 5% of total income managed centrally by the council
- iii. The Disability Access Fund and Early Years Pupil Premium funding allocation should be allocated to providers at the same funding rate as received from the Department for Education

5.14 The current Early Years Funding Formula and funding rates are set out in Annex 3.

5.15 On 8 December 2021 Schools Forum agreed that the Deprivation Supplement would apply to the universal and extended entitlements for 3- and 4-year-olds. Feedback indicates that further clarification regarding the implementation of the Deprivation Supplement is required.

- i. All funded universal and extended hours for 3- and 4- year-olds eligible for the Early Years Pupil Premium attract a deprivation supplement of £2.00 per funded hour
- ii. For universal hours this supplement is comprised of
 - i) £1.38 from the Deprivation Supplement in the Early Years Funding Formula
 - ii) £0.62 from Early Years Pupil Premium funding.
- iii. For Extended hours the supplement is comprised of
 - i) £2.00 from the Deprivation Supplement in the Early Years Funding Formula

Budget Proposals

5.16 Reflecting on the DfE funding settlement, the final budget proposals for 2023-24 are as follows

1. The funding rate for the Deprivation Supplement will remain unchanged for 2023-24.
 - i) The number of funded hours claimed through the extended 30 hours entitlement are increasing year on year and this trend is forecast to continue. As these hours now attract deprivation funding for 3- and 4-year-olds eligible for the Early Years Pupil Premium the cost of the deprivation supplement is forecast to increase.
 - ii) To address this increase it is proposed that the deprivation supplement is increased from 3.8% to 4.1% of the total funds allocated to providers through the Early Years Funding Formula.
2. The funding rate for the Quality Supplement will remain unchanged for 2023-24.
3. The Quality Supplement will decrease as a proportion of the total funding allocated through Early Years Funding formula from 2% to 1.8%.
4. The Basic rate paid to providers will increase from to £4.60 to £4.92 from April 2023. The funding allocated to the Basic rate will decreased from 94.2% to 94.1% of the total funds allocated to providers through the Early Years Funding Formula.

5. The funding allocated to the Early Years Special Education Needs Inclusion Fund and the Provider 3- & 4-year-old Contingency will decrease from 1.4% to 1.3% of the total funds allocated to providers, remaining relatively unchanged in monetary terms.

5.17 Table 3 sets out the proposed 2023-24 Early Years Funding Formula that incorporates the proposed changes to the Formula and the agreed approach for setting the budget and associated provider rates.

Table 3: Summary of the proposed 2023-24 Early Years Funding Formula

EYFF Element	Weighting	Proposed hourly funding rate	% total EY funding
Deprivation Supplement	1.7% via average IDACI scores of children attending setting. Band 2 Band 1	£0.32 £0.16	
	2.4% via child eligibility to EYPP	£1.38	
	Quality Supplement	1.8% of EYFF via setting leadership qualification Level 5 and above	£0.14
Uniform Base Rate	94.1% of EYFF	£4.92	
	Indicative EYFF average provider rate	£5.23	92.4%
	Average SEN funding	£0.07	1.3%
	Average contingency funding	£0.07	1.3%
	Subtotal to providers (average)	£5.30	95%
	Average BFC funding (5%) max	£0.28	5%
	Indicative funding 3- and 4-year-olds	£5.58	100%
	Provider funding rate for 2-year-olds	£6.38	

5.18 Data on funded hours for the 2022 calendar year was used to compare the impact of the proposed 2023-24 Early Years Funding Formula to the current Early Years Funding formula on forecast provider income with the following highlight changes:

- i. 9 (6%) providers will see increased income of up to 6%
- ii. 129 (92%) providers will see increased income of up to 8%
- iii. 2 (1%) providers will see increased income of up to 10%

(This forecast is based on 140 providers funded in the 2022-23 financial year and is provided as an exemplar only).

Arrangements for the Special Educational Needs Inclusion Fund

5.19 The policy for the early years Special Educational Needs Inclusion Fund has remained unchanged since it was introduced in April 2017. The policy sets 3 levels of additional support, the criteria for each level against which a child's needs are assessed and the funding each level attracts. The Council is currently working on further developments to this policy to ensure the application process and use of the funds remain robust while meeting the needs of child, parents, and providers. However, while this work is

progressing it is proposed that the following changes to the policy are made to maximise the use of the allocated funding:

- i. Increase the funding for each level of support by 20%, so that for a child attending for the 15 hours universal entitlement the additional funding per term would be £852 for a low level of support, £1,272 for moderate and £2,124 for high.
 - ii. Extend funding to include the extended entitlement, so that for a child attending for the full 30 hours entitlement the additional funding per term would be £1,704 for a low level of support, £2,544 for moderate and £4,248 for high.
 - iii. Payments will be adjusted pro rata to reflect the actual hours a child attends a provision, up to a maximum of 30 hours a week.
- 5.20 Using funding data from 2022 as a proxy, the proposed changes to the Special Educational Needs Inclusion Fund are forecast to increase expenditure from £0.073m to £0.098m and is affordable within the proposed funding allocation for 2023/24 of £0.116m.

Arrangements for the Disability Access Fund

- 5.21 Disability Access Fund allocations to Local Authorities are based on Disability living Allowance recipient data which is not shared with the Council. Historically this has resulted in the Bracknell Forest Council receiving more funding for the Disability Access Fund than has been distributed. Where this is the case, the guidance to Local Authorities as set out in the Operational Guide is that *'local authorities are expected to spend any additional funding in line with the principles and aims of the fund'*.
- 5.22 The current arrangements for the Disability Access Fund underspend in Bracknell Forest, as previously agreed by Schools Forum, is to retain the underspend centrally to be used in supporting children in early years with Special Educational Needs and Disabilities.

Next Steps

- 5.23 The Early Years Block budget proposal for 2023-24 will be presented to the Executive member for approval on 21 March 2023.
- 5.24 Providers will be notified of indicative funding rates for 2023-24 by 1 February 2023, and funding rates for 2023-24 will be confirmed on 23 March 2023.

6 ADVICE RECEIVED FROM STATUTORY AND OTHER OFFICERS

Borough Solicitor

- 6.1 The legal issues are addressed within the report. Local authorities should follow the *Early Years Entitlement: local authority funding of providers operational guide 2023 to 2024*, published by the Department of Education on 16th December 2022, when setting the local funding formula. In setting the funding formula local authorities must consult the Schools Forum on changes to local early years funding formulas. Although the final decision rests with the local authority, the proposals put forward in this report seeks the agreement of the Schools Forum as a part of the consultation.

Executive Director of Resources

- 6.2 The Executive Director of Resources is satisfied that the anticipated financial implications arising from this report can be financed by the Early Years Dedicated Schools Grant.

Impact Assessment

- 6.3 No Equalities Impact Assessment is required as the proposed changes implement statutory guidance which includes eligibility criteria.

Strategic Risk Management Issues

- 6.4 There is no perceived risk, all proposals are within budget limits and are informed by feedback from the Early Years Forum.

Climate Change Implications

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

BACKGROUND PAPERS

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/718179/Early_education_and_childcare-statutory_guidance.pdf

Early education and childcare statutory guidance for local authorities - June 2018

[Early years entitlements: local authority funding of providers operational guide 2022 to 2023 - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/718179/Early_years_entitlements_local_authority_funding_of_providers_operational_guide_2022_to_2023_-_GOV.UK_(www.gov.uk))

Early years entitlements: local authority funding of providers operational guide 2022 to 2023

CONTACT FOR FURTHER INFORMATION

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Early Years Funding: Differences between 2022 to 2023 and 2023 to 2024

The EYNFF used for calculating 3 and 4-year-old hourly rates in 2023 to 2024 remains similar to the formula that was introduced and used directly between 2017 to 2018 and 2019 to 2020 and then used as the starting point for consecutive pence uplifts to hourly rates in 2020 to 2021, 2021 to 2022 and 2022 to 2023. However, as outlined in the consultation response we can confirm that the following changes have been made to the early years funding formulae for 2023 to 2024:

- the starting point hourly rates for each EYNFF formula factor have been updated for the first time since 2017 to 2018 (see table 2) based on the increased funding secured for 2023 to 2024 in the Spending Review, additional funding to reflect the recently announced National Living Wage increases and the majority of the money that has previously been paid through the early years element of the TPPG
- the additional needs formula factors have been calculated using more up-to-date part-time equivalent (PTE) volumes and pupil characteristic data, for example, January 2022 censuses. The definition of the disability living allowance (DLA) factor has been changed to better align with other funding formulae
- the area cost adjustment (ACA) factors have been updated for new data, where possible, and improved, for example the methodology for calculating the proxy factor for premises costs has been extended to better reflect the provider composition differences between local authorities
- year-to-year protections and funding floors have been revised for 2023 to 2024, for example, the loss cap protection has been removed and a new +1% year-to-year protection and +4.9% gains cap has been introduced. These are applied before rounding the hourly funding rates to the nearest penny

Several changes have been made to the 2-year-old entitlement formula:

- the base rate for the formula has been updated for the first time since 2015 to 2016 based on the increased funding secured for 2023 to 2024 in the Spending Review and additional funding to reflect the recently announced National Living Wage increases
- the base rate calculations for 2023 to 2024 are now based on the most up-to-date data available, for example, January 2022 censuses
- the ACA factor has been updated and improved, for example, the general labour market (GLM) data has been updated, and a proxy factor for premises costs has been introduced to align the method with the ACA used in the EYNFF
- a new +1% year-to-year protection and +10.0% gains cap has been introduced for 2023 to 2024. These are applied before rounding the hourly funding rates to the nearest penny

Following the outcome of the consultation the 2023 to 2024 calculations for supplementary funding for maintained nursery schools have also been changed:

- all local authorities' hourly supplementary funding rates have been increased in line with funding secured in the Spending Review and additional funding to reflect the recently announced National Living Wage increases
- teachers' pay grant and teachers' pension employer contribution (TPPG) funding has been rolled in
- a minimum funding floor and cap have been applied to create a fairer distribution of this funding

Proposed 2023-24 EY Budgets

<u>2023-24 EY Budget</u>	3 and 4 year olds						2 year olds			
	Hourly funding rate	Funded hours per week	Funded weeks per year	Total funded hours	Total Funding	%	Hourly funding rate	Total funded hours	Total Funding	%
<u>Forecast DSG funding from the DfE:</u>										
15 hours free entitlement funding forecast	£5.58	15	38	979,531	£5,465,781		£6.87	92,201	£633,418	
30 hours free entitlement funding forecast	£5.58	15	38	447,142	£2,495,053		-	-	-	
Total BFC estimate of EY DSG funding	£5.58			1,426,673	£7,960,834		£6.87	92,201	£633,418	
2022-23 rate *	£5.32						£6.25			
Change	£0.26	4.9%					£0.62	9.9%		
<u>For allocation through the EY Funding Formula (notional split by supplement):</u>										
Basic rate	£4.92	94.1%	of allocated funds		£6,919,222		£6.38	92,201	£589,078	93%
Deprivation supplement (average)	£0.21	4.1%	of allocated funds		£301,588		-	-	-	
Quality (average)	£0.09	1.8%	of allocated funds		£135,000		-	-	-	
Total BFC estimate of EY Funding Formula allocation	£5.23	(average)			£7,355,811	92.40%	£6.38	92,201	£589,078	93.0%
2022-23 rate *	£4.96						£5.62			
Change	£0.27	5.4%					£0.76	13.5%		
<u>Funding to be managed by the Council</u>										
<i>Outside the 5% cap of EY Funding Formula:</i>										
SEN Inclusion Fund	£0.07	1.3%	of total available funds		£103,491				£12,668	
Provider Contingency	£0.07	1.3%	of total available funds		£103,491					
					£206,982	2.60%			£12,668	2.0%
Total within the 95% allocation to providers - the "Pass through rate"					£7,562,792	95.00%			£601,747	95.0%

Proposed 2023-24 EY Budgets

	3 and 4 year olds				2 year olds		
<i>Inside the 5% cap of EY Funding Formula:</i>							
BFC Services	£0.28	5.0% of total available funds					
Outreach to parents				£42,010		£31,671	
Professional support to providers				£143,890		£0	
Business support to providers				£87,000		£0	
Free entitlement systems and software				£77,392		£0	
Management of the EY Funding Formula				£47,750		£0	
Total BFC estimate of funding to be managed by the Council				£398,042	5.0%	£31,671	5.0%
Total BFC estimate of EY funding				£7,960,834	100.00%	£633,418	100.0%
6 → Other Income							
Early Years Pupil Premium	£0.62	15	38	89,661	▼	£55,590	
Ring fenced Disability Access Fund		£828	per PTE	48.36	▼	£40,042	
Total anticipated income - DSG and other				£8,689,884			

* Includes addition of the TPPG funding @ £0.08

Annex 3

Summary of the 2022-23 Bracknell Forest Early Years Funding Formula

EYFF Element	Weighting	Proposed hourly funding rate	% Total EY funding
Deprivation Supplement	1.6 % of EYFF via IDACI scores Average IDACI score of children attending setting.		
	Band 2	£0.32	
	Band 1	£0.16	
	2.2% of EYFF via child eligibility to EYPP	£1.40	
Quality Supplement	2.0% of EYFF via setting leadership qualification Level 5 and above	£0.14	
Uniform Base Rate	94.2% of EYFF	£4.60	
	Indicative EYFF average provider rate	£4.88	92.2%
	Average SEN funding	£0.07	1.4%
	Average contingency funding	£0.07	1.4%
	Subtotal to providers	£5.03	95%
	Average BFC funding (5%) max	£0.26	5%
	Indicative funding 3- and 4-year-olds	£5.29	100%
	Provider funding rate for 2-year-olds	£5.81	

TO: Schools Forum
DATE: 12 January 2023

2023-24 Proposals for the High Needs Block Budget
Executive Director of People
Executive Director of Resources

1. Purpose of Report

- 1.1 To provide an update on the development of the 2023-24 High Needs Block (HNB) element of the Schools Budget in advance of final proposals that will be presented to the Forum in March.

2. Executive Summary

- 2.1 The HNB funds support for children and young people with the most challenging educational requirements. It is the most complex part of school funding framework, with budgets needing to be set before a number of funding allocations are confirmed by the Department for Education (DfE).
- 2.2 Initial DfE funding allocations for the 2023-24 Bracknell Forest (BF) HNB confirmed an increase in per pupil funding of 5%, with total indicative income retained by BF of £22.993m.
- 2.3 The government's November 2022 autumn budget statement confirmed an extra £2bn funding for core school budgets of which it has subsequently been confirmed £400m will be used to support the HNB budget. This additional funding has been allocated to all LAs through a uniform 4.6% increase with BF receiving a further £1.034m, which along with other adjustments results in a total retained HNB Dedicated Schools Grant (DSG) allocation of £23.740m (+9.7%).
- 2.4 The work connected with the Written Statement of Action (WSOA) and the Developing Better Value (DBV) programme are influencing the future change programme although at this stage any potential impact from the DBV programme is excluded from the medium-term financial plan as the relevant work has yet to conclude.
- 2.5 Incorporating the key budget development items agreed by the Forum in November, the updated medium-term financial plan currently indicates a forecast deficit for the year of £7.166m. In terms of the cumulative deficit accrued in the HNB Budget, an over spending was first reported in 2019-20 which is forecast to aggregate to a £29.835m deficit at 31 March 2024 and £44.006m at 31 March 2026. It is intended that mitigating actions will be identified and implemented over that period that will materially improve this projection.
- 2.6 With reports that LAs in total are carrying £2bn of deficits, the DSG ringfence amendment to make clear that LAs are not liable for DSG deficits has been extended from the initial 3-year period that was due to expire at 31 March 2023 by a further 3 years to 31 March 2026.
- 2.7 In terms of statutory accounts, where an LA has an overall deficit, there is a requirement to publish a DSG Deficit Account. This not only includes The HNB deficit, but surpluses held from other areas such as the Schools Block and Early Years Block. Reporting on

this basis forecasts a £24.320m net deficit on the DSG at 31 March 2024. This is clearly a significant financial concern for the council.

3 Recommendations

- 3.1 That the Forum notes the updated medium-term financial plan which indicates an estimated deficit for 2023-24 of £7.166m and an accumulated HNB deficit at 31 March 2024 of £29.835m.**
- 3.2 That the Forum agrees whether any further budget developments should be included in the next update to the medium-term financial plan which will be reported to the Forum in March.**

4 Reasons for Recommendations

- 4.1 To ensure that the HNB Budget is set in accordance with the funding framework, the expected needs of pupils and that the views of the Schools Forum.

5 Alternative Options Considered

- 5.1 The proposals reflect the agreed budget strategy.

6 Supporting Information

Funding Framework

- 6.1 The HNB element of the DSG¹ 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.

More information on the scope of the HNB DSG and the determination of each LA's funding is set out in Annex 1.

Financial context - national

- 6.2 As previously reported, in response to the continuing growth in deficits on HNB budgets, in January 2020, the DfE updated the status of the DSG ring-fence to make clear that any deficit must be carried forward to the Schools Budget in the next financial year or future financial years. This ensured that no liability for a deficit would fall onto an LA's to finance from their General Fund.
- 6.3 In recognition of the significant on-going financial challenges faced by many LAs with their HNB deficits, the government has confirmed that the originally intended 3-year time-limited period that these deficits would remain within the Schools Budget has been extended to 6 years and is now planned to expire at 31 March 2026.

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

- 6.4 Whilst the legal framework requires accumulated DSG deficits to remain within the Schools Budget and outside the funding responsibility of LAs, day to day operational decisions continue to rest with LAs and as with all decisions around spending of public money, these are taken in accordance with the normal rules and professional financial management standards required by the Council in the Financial Regulations and other Financial Procedure documents.
- 6.5 To add some current context to national HNB budget information, the Chartered Institute of Public Finance and Accountancy (CIPFA), estimates that cumulative deficits of £2bn are being held against a national budget of £9.6bn.

Financial context - local

- 6.6 Locally, the BF HNB budget first overspent in 2019-20. The level of deficit has increased each year from £3.220m to a forecast £7.482m in 2022-23 with the cumulative deficit at the end of 2022-23 financial year forecast at £22.669m. This amount exceeds the annual DSG HNB income for the year retained by the council.
- 6.7 As previously reported, the key factors affecting the financial pressure are:
- Increasing numbers of pupils with a statement or Education Health Care Plan (EHCP)². In the 5 years between January 2018 and January 2023 (provisional), BFC has experienced an increase of 80%.
 - A shortage of local provisions results in an over reliance on relatively expensive private, voluntary, and independent (PVI) sector providers. Over the last 4 years, the number of placements, excluding those in relatively inexpensive FE institutions have increased from 83 to 159 (+92%). During the same period, average cost of placement has increased by 33% to £61,730³.
 - During the period 2017-18 to 2022-23, retained grant income from the DfE has increased by 47%.

Update on the Written Statement of Action (WSOA)

- 6.8 The Written Statement of Action entails development work that will align to the HNB.
- Inclusion and early intervention and support for children and young people with SEN that will meet need at the earliest opportunity and ameliorate the escalation for the need to apply for / issue an EHCP.
 - Timely and targeted intervention that will lead to more children and young people being reintegrated into their mainstream settings, rather than moving into specialist provision.
 - Further development of the Specialist Resource Provisions to provide children and young people with access to mainstream education, whilst providing a more bespoke curriculum and support.
 - The development of in borough special school provision that will provide places for children and young people who require a more specialist education offer, but at a significantly lower cost than independent specialist provision.

² An EHCP is a legal document that describes a child or young person's special educational, health and social care needs. It explains the extra help that will be given to meet those needs and how that help will support the child or young person.

³ Average FTE placements for the financial year that BFC is financially responsible for, reconciled to payments to providers

The cost of these provisions and interventions will deliver savings over time and provide good quality provision for our young people and deliver better value for the HNB.

Update on the Delivering Better Value (DBV) Programme

- 6.9 Work has continued on the DBV programme with DfE funded external specialists. This new programme aims to support local authorities to improve delivery of SEND services for children and young people while ensuring services are sustainable.
- 6.10 We remain in Phase 1 which supported by a delivery partner, SEND Advisers and Financial advisers involves producing a comprehensive diagnostic and comprises:
- 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.
- 6.11 2 of the 3 modules have now concluded: the data analysis; and using individual case reviews to identify the underlying cost drivers. Work is now progressing on refining the outcomes from these 2 modules to be in a position to complete an improvement plan to submit to the DfE as part of the funding bid. The deadline to submit the bid is 23 January 2023. Initial indications are that successful bids will receive around £1m to assist implementation. Work to date is in general validating the cost drivers and service development plan already identified by the council.
- 6.12 Until this work concludes, and the outcome of the funding bid is known, the potential impacts from the DBV programme are excluded from the medium-term financial plan. Phase 2 of the programme is implementation which is expected to last 12-18 months and deliver benefits to pupils and an improvement to the medium-term financial projections.

Working with other LAs

- 6.13 The Forum requested that the council consider how co-working with neighbouring authorities and sharing staff could bring costs down. A meeting with peers from neighbouring authorities to discuss therapeutic services and whether there was potential to work together has now taken place. Consultation has also been undertaken with neighbouring authorities on other pieces of work and has made good relationships with colleagues.
- 6.14 In addition to work around therapeutic services, neighbouring authorities were consulted regarding collaboration around special schools and provision and the council will continue to engage in discussions where this can affect collaborative working.

2023-24 Estimated HNB DSG income

- 6.15 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. The July DfE funding announcement indicated a gross HNG DSG allocation of £23.857m which reduced to £22.993m after adjusting for the provisional impact of the import / export adjustment⁴.

- 6.16 Subsequent to the initial funding notification, the DfE has provided a number of updates to funding allocations which informs the calculation of the £0.312m estimated deduction to directly fund commissioned places at academies and other relevant providers located within BF⁵ and other minor adjustments totalling to a £0.024m addition. The most significant change relates to an additional £1.034m that has been received that reflects the additional high needs funding being allocated following the 2022 budget statement. This increase has been allocated to all LAs as a 4.6% increase on their initial funding allocation.
- 6.17 The latest information from the DfE therefore indicates a net retained DSG allocation for 2023-24 of £23.740m an increase of £2.102m (+9.7%) from the 2022-23 amount.
- 6.18 Members of the Forum are reminded of that the current DSG allocation through the DfE HNB NFF includes a very significant top up from the Funding Floor factor. This factor works to provide funding stability to LAs that were previously spending above the level determined through the HNB NFF. BF receives a £4.207m funding top up, equivalent to 18% of all income. If the council's funding was allocated through the pure operation of the NFF, it would receive £4.207m less income. The England average is 2%⁶. Figure 2 of Annex 1 illustrates the breakdown of the BF and England average HNB funding by NFF factor.

Budget Proposals

- 6.19 The previous meeting of the Forum agreed the key areas for budget for incorporation into the initial update to the 2023-24 medium-term financial plan. As well as incorporating this decision, account is also taken of the latest government spending announcements and the expected impact from current on-going commitments. The current plan follows in Table 1, with more commentary directly below, split between 2023-24 impact and future years. All amounts are indicative and subject to update for the March budget report as assumptions continue to be tested and reviewed and risks assessed.
1. As set out above, there is expected to be a £2.102m (+9.7%) cash increase in retained DSG income from the DfE. This is a provisional increase and is expected to change when final census data for SEND placements are confirmed in June, including the updated import / export adjustment.
 2. Whilst detailed government spending plans for the period 2024-26 are not known, the DfE have previously advised LAs to “use an assumption of a 5% year-on-year increase in 2023 to 2024, and 3% beyond that”. The spending plans announced in the autumn 2022 financial statement increased gross funding

⁴ The ESFA use an import / export adjustment to move funds between LAs at source (to avoid billing) for children and young people living in one area and attending provision in another as LAs are only financially responsible for children and young people living in their area.

⁵ In a similar way to the import / export adjustment, the ESFA also implements a centralised deduction to LA funding to compensate places purchased at academies and FE providers.

⁶ July 2022 data from DfE.

allocations in 2023-24 to around 9.5% but beyond that, the budget assumption is for a 3% increase. This suggests increases of around £0.747m in 2024-25 and £0.769m in 2025-26.

3. £7.207m additional spend to bring the 2022-23 forecast on-going overspend as at October into the base budget calculation and therefore reflect the medium-term nature that most of the commitments represent on budgets. Rolling commitments are estimated at £28.845m.
4. £1.648m for the increase in the number of EHCP pupils. These are forecast to increase by 7.5% between January 2023 (1,246 plans) and January 2024 (1,339), with an average number of EHCPs for the period of 1,292 (increase of 100). This compares to an increase of 9% between January 2022 and January 2023, 10% between January 2021 and 2022 and 16% between January 2020 and 2021.

To reflect the graduated approach to learning, there is an expectation that a high proportion of pupils will remain in mainstream settings and therefore 75% of new places are assumed to be placed in mainstream settings, 5% in SRPs, 10% in special schools and 10% in NMSS.

The rate of increase in EHCP pupils is forecast to continue to rise in future years but reducing to 5% (80) in 2024-25 and 3.5% in 2024-25 (58). This equates to further pressures of circa £1.357m and £1.034m.

5. £0.113m for the Child Development Centre (CDC)⁷. The November Forum meeting agreed that in recognition of a circa 50% increase in referrals since September 2021, that a budget proposal should be presented for 2023-24. As previously advised, this increases staffing by 1.7 FTE to 9.0 FTE and enhances pay grades to bring equity to roles within Early Help and SEN and aid recruitment and retention. Additional staff will help meet demand and further develop transition to school thereby improving early interventions.

Whilst no specific items have been identified as arising in future years, for budget planning purposes, the assumption is that £0.100m of pressure will emerge each year and is therefore included in the medium-term financial plan.

6. £1.586m for annual inflationary increases (average 5.5%) from:
 - a. 5.2% for provisions in LA schools and services centrally managed by the council. This is the estimated cost increase for the specialist SEND providers maintained by BF (Kennel Land Special School, College Hall Pupil Referral Unit and the SRPs). It takes account of anticipated pay awards, utility charges and general price inflation, and reflects the actual spend profile by these expenditure types in the 2021-22 accounts.

This means top up funding (Element 3) for mainstream schools will increase by 5.4%.

For the specialist SEND providers where funding follows the DfE “place-plus” approach, as the funding threshold set by the DfE remains unchanged for commissioned places at £10,000, additional funding for inflation can only be paid to schools through adjusting top up funding (Element 3). Furthermore, these providers tend to have a higher proportion of staff on Local Government pay scales than mainstream schools (41% compared to 18%), which increased by an average 10% in

⁷ The CDC delivers a service to children aged 0-5 years with SEND and their families, including: advice and guidance to early years settings, learning and development groups within the centre, transition from home to nursery, nursery to school, workshops/training for parents, workshops/training for professionals.

2022-23 resulting in a significant cost pressure. Taking account of overall affordability within the budget, it is proposed to add a further 1% to contribute to 2022-23 costs, making a total inflationary increase of 6.4%. The 1% addition equates to around £0.061m.

To ensure the specialist providers are adequately funded to an overall inflation uplift of 6.4%, the top up rates need to increase by a higher rate.

A similar rate of increase is assumed to be applied for BF placements in other LA schools.

- b. 5.2% for provisions in Non-Maintained Special Schools (NMSS) and other external settings.

Reflecting on the November 2022 inflation forecasts by the Bank of England, the rate of increase in costs is expected to be at a significantly lower rate in future years, with 2.0% assumed for 2024-25 and 1.5% for 2025-26. These assumptions indicate cost increases of £0.618m and £0.474m respectively.

- 7. -£1.286m aggregate cost reductions from the updated savings plan.

- a. Increased use of SRPs:

The primary school SRPs that opened in September 2021 – Birch Hill, Harmanswater, Owlsmoor, the Pines and Sandy Lane - now have 52 BF resident pupils on roll, with a notional capacity of around 70. A further 10-15 placements are expected to be commissioned from September 2023, with 2 SRPs looking at options to increase their current capacity.

Three secondary schools have submitted expressions of interest in hosting an SRP. Site visits have been arranged and discussions are underway with Headteachers. There has also been an initial meeting with the Headteacher at King's Academy Binfield to look at how to bring the 40 SRP places online that were included in the capacity design of the school. Some capital investment will be required to ensure that any new SRP spaces are fit for purpose, with the current budget plan forecasting 8 places from September 2023, rising thereafter.

This initiative is not expected to impact on the overall number of EHCPs but rather to use a lower of cost provision. Savings increase as more pupils are admitted to SRPs with a net saving of £0.487m forecast for 2023-24, primary through fewer placements in special schools, both maintained and NMSS. The forecast savings increase by a further £0.514m in 2024-25 and £0.550m in 2025-26.

To help manage the start-up and diseconomy costs anticipated for new SRPs, additional financial support is provided in the first 2 years. The Forum has previously agreed to the creation of an SRP Development Reserve which now holds a balance of £0.401m balance. Funding of £0.210m is expected to be required in 2022-23 with the remaining £0.191m funding expected to be utilised in managing the phased openings of the secondary SRPs.

- b. Increase the number of BF resident pupils attending KLS School
Planning conditions limit the capacity at KLS to 198 students and BF commissions all these places. Current admissions information indicates there are 194.6 FTE students on roll, split 158.3 FTE BF resident and 36.3 FTE other LAs.

Whilst it is recognised that there will always be cross border movement of students between special schools and SRPs, placing a higher number of BF resident students in KLS remains an objective to support more students in their home community as well as reducing travelling time, carbon emissions and costs. The council is working to increase local student placements with the aim of increased BF admissions and no other LA admissions into EYFS from September 2023.

The budget assumes 3 extra BF resident pupils attending KLS in Early Years Foundation Stage (EYFS) in September 2023, with a similar increase assumed in each subsequent September. This reflects the 5 other LA pupils currently at KLS EYFS.

If successful, this is expected to result in savings to the HNB of £0.029m in 2023-24, with further increases of £0.048m in 2024-25 and £0.050m in 2025-26. Savings are expected to continue to grow in future years.

- c. Increase the number of pupils receiving support in mainstream schools: Improving training and support to schools, including governors, and where relevant, allocating additional financial resources to enable earlier intervention and an increased ability to meet the need of pupils in mainstream schools.

To affect this proposal, an investment in 3.0 FTE specialist support staff into the Inclusion & SEMH Service was agreed as part of the 2022-23 budget, for a time limited period to August 2024. The increased staffing capacity has resulted in streamlined support to ensure analysis can be undertaken of the impact from interventions and support offered.

Training in a Trauma Informed Approaches for schools has been introduced along with other packages such as a training programme to support the development of Autism Support Assistants (ASAs) across all mainstream school settings. The aim is to develop the role of ASAs, as an additional resource within settings, to further support the inclusion of neurodiverse children and young people.

As well as the new staffing, there is also additional top up funding for mainstream schools to reflect the higher support needs expected to be managed. The forecasts assume that for each external placement avoided, the mainstream school retaining the high needs pupil would receive additional financial support in accordance with the funding matrix. This is estimated at an average £10,000 per pupil.

This approach is expected to reduce the number of requests for high cost, external placements with overall numbers of EHCPs not expected to reduce initially. An overall reduction in EHCPs can be expected over time as schools benefit from additional Early Help, other support and training to prevent some pupil needs progressing to an EHCP. There is expected to be scope in future years to increase savings once implemented and outcomes from the initiative emerges.

This initiative is expected to reduce the number of high cost EHCPs, primarily with less NMSS and alternative provision (AP) placements. The model includes a reduction of 18 external placements in 2023-24 saving £0.770m and a further 14 in 2024-25 saving £0.796m. No additional

savings are anticipated in the model thereafter, although there is a full year effect from the September 2025 impacts, creating a further saving of £0.342m in 2025-26.

- d. KLS outreach and increased capacity.
KLS is currently providing outreach support to Bracknell Forest provision, and it is envisaged that this will continue, whether the Free Special School Applications are successful or not. With demand for local special school places exceeding the available capacity at KLS, discussions are underway to explore the feasibility of two solutions.

Firstly, an outreach service to support children and young people stay within their mainstream settings. The outreach offer is expected to involve a small number of staff supporting schools with the most challenging pupils and is expected to be cost neutral to operate. This could be through the impact of resultant cost reductions, a traded service or a combination of both.

Secondly, an initial discussion has taken place about KLS operating a satellite site at another location or supporting other locations.

The financial assumptions are that 10 extra places will be available for KLS from September 2024, increasing by 10 each subsequent September, with full capacity achieved in 4 years. It is assumed that external places avoided will occur at a slower pace, with approximately half this number of places avoided initially, eventually reaching a similar level to the 40 new places expected to be available to KLS. Cost per place is assumed to be at the highest level currently provided at KLS, with savings at 85% of the average external placement.

Therefore, the budget assumes this provision grows over time with KLS able to take more pupils into EYFS / KS1 by moving current numbers off site to the new provision or putting the new provision on the new site. There is no expectation that all 40 places will be filled immediately as that will require a large number of pupils moving from their existing provision.

Whilst savings from reduced numbers of out of borough placements are expected at around £0.015m per pupil, due to the likelihood of needing to incur start-up and diseconomy costs, there is not expected to be any significant financial impact from this initiative over the current medium-term period to the end of 2025-26. At full capacity, annual savings of between £0.500m and £0.750m are forecast.

- e. Social, Emotional and Mental Health (SEMH) Hub.
Planning is underway for an SEMH Hub, with the potential to offer an assessment service as well as placements. At this stage, the intention is to provide around 30 places with capacity to undertake 10 assessments a term, with each assessment lasting 12 weeks with effective transference of knowledge and skill back to mainstream schools to support pupils reintegration back into mainstream education. For planning purposes, opening is expected to be from September 2024.

The budget assumptions are similar to KLS satellite. There are expected to be 10 new places available from September 2024, increasing by 10 each subsequent September, with full capacity achieved in 3 years. It is

assumed that external places avoided will occur at a slower pace, with approximately half this number of places avoided initially, eventually reaching a similar level to the 30 new places expected to be available. Cost per place is assumed to be at the highest level currently provided at KLS plus £5,000, with savings at 85% of the average external SEMH specific placement.

Therefore, the budget assumes this provision grows over time. There is no expectation that all 30 places will be filled immediately as that will require a large number of pupils moving from their existing provision.

As with the proposal to increase capacity at KLS, this initiative would generate savings from reduced numbers of out of borough placements and more cost-effective assessments. However, due to the likelihood of needing to incur start-up and diseconomy costs, there is not expected to be any significant financial impact from this initiative over the current medium-term period to the end of 2025-26. At full capacity, annual savings of between £0.350m and £0.550m are forecast.

- 6.20 A further piece of work underway that may have a financial impact relates to the review of the banding matrix that is used to assess the needs of pupils and determine the level of additional “top up” funding to be paid. on schools. A workshop for Heads and Special Educational Needs Co-ordinators has provided valuable feedback on the pros and cons of the proposed banding tool. This will provide a substantial base line to support effective modelling to understand the potential financial implications and is under evaluation.
- 6.21 To reflect the long-term nature of implementation of these initiatives as well as risks around the assumptions made on volatile, high-cost budgets, it is important to remember that the medium-term financial plan will be updated on a regular basis with the expectation that the anticipated financial implications will also be subject to change. This is particularly relevant at this point in time as most of the large-scale new developments are in their initial stages, or yet to commence, and therefore lack sufficient actual evidence of impact to present indicative financial implications.
- 6.22 Furthermore, a number of the savings plan items set out above will also require a detailed business case to verify current forecast outcomes. Some will also require capital funding for which costs have yet to be quantified or funding sources identified.

Updated HNB Budget Medium term financial forecast

- 6.23 Table 1 below sets out a summary of the interim medium-term budget forecast, reflecting the changes set out above and current information and assumptions. The deficit forecast for 2023-24, which is subject to change, is £7.166m. The annual deficit forecast remains at around £7m for following 2 years. The forecast for the end of the current 3-year plan to 31 March 2026 indicates a cumulative over spending of £44.006m.
- 6.24 In terms of statutory accounts, where an LA has an overall deficit, there is a requirement to publish a DSG Deficit Account. This not only includes The HNB deficit, but surpluses held from other areas such as the Schools Block and Early Years Block. Reporting on this basis forecasts a £24.320m net deficit on the DSG at 31 March 2024, and which is forecast to increase to £38.451m by 31 March 2026.
- 6.25 This is clearly not an affordable position for a small unitary authority like Bracknell Forest and it is essential that emerging plans to address the deficit are agreed quickly and enacted by the Council and schools.

Table 1: HNB Budget: Summary medium term financial forecast

Item	2021-22 £m	2022-23 £m	2023-24 £m	2024-25 £m	2025-26 £m
<u>Forecast income:</u>					
HNB DSG income - gross	20.328	22.741	24.891	25.638	26.407
<i>Annual change</i>	1.779 9.6%	2.413 11.9%	2.150 9.5%	0.747 3.0%	0.769 3.0%
<u>Adjustments:</u>					
Net impact of places in other LAs / NMSS	-0.894	-0.840	-0.840	-0.840	-0.840
BF academy places deduction	-0.256	-0.263	-0.312	-0.312	-0.312
Net retained funding	19.178	21.638	23.740	24.486	25.255
<i>Annual change</i>	1.859 10.7%	2.460 12.8%	2.102 9.7%	0.746 3.1%	0.769 3.1%
<u>Forecast spend - no interventions:</u>					
Actual spend	26.321				
Forecast spend / rolling commitments		27.027	28.845	30.906	31.623
New pressure - additional placements		1.289	1.648	1.357	1.034
New pressure - specific items		0.123	0.113	0.100	0.100
New pressure - inflation		1.195	1.586	0.618	0.474
<i>Annual change</i>		3.314 12.6%	2.557 8.8%	0.789 2.6%	0.251 0.8%
<u>Planned interventions:</u>					
Increased use of SRPs		-0.124	-0.487	-0.514	-0.550
Increased placements at KLS		0.000	-0.029	-0.048	-0.050
Inclusion at mainstream schools		-0.391	-0.770	-0.796	-0.342
Satellite special school with outreach		0.000	0.000	0.000	0.000
SEMH Hub		0.000	0.000	0.000	0.000
New ASD and SEMH Special Schools		0.000	0.000	0.000	0.000
Forecast impact of interventions		-0.515	-1.286	-1.358	-0.942
Cumulative savings		-0.515	-1.801	-3.159	-4.101
Net spend after planned interventions		29.120	30.906	31.623	32.289
Start-up / diseconomy costs at new SRPs		0.210	0.060	0.060	0.071
Draw down from SRP reserve		-0.210	-0.060	-0.060	-0.071
<u>HNB funding gap after interventions:</u>					
<u>HNB accounts from 31 March 2019</u>					
HNB under (-) / over (+) spend for the year	7.143	7.482	7.166	7.137	7.034
HNB surplus (-) / deficit (+) opening balance	8.044	15.187	22.669	29.835	36.971
HNB surplus (-) / deficit (+) closing balance	15.187	22.669	29.835	36.971	44.006
Deficit as a % of gross annual income	75%	100%	120%	144%	167%
<u>DSG Adjustment Account (all DSG balances)</u>					
DSG Adjustment account balance	9.340	17.194	24.320	31.416	38.451
Less Earmarked Reserves	-1.758	-1.374	-1.314	-1.254	-1.254
DSG Deficit - Unallocated	11.098	18.568	25.634	32.670	39.705

7 ADVICE RECEIVED FROM STATUTORY AND OTHER OFFICERS

Borough Solicitor

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

Director of Finance

- 7.2 The financial implications anticipated at this stage confirm the expected significant financial difficulties that will arise on HNB budgets. A number of developments are planned that are expected to contribute over the medium-term to widening choice and cost reduction. However, a significant funding gap remains, and further work is required to move to a sustainable budget position.

Equalities Impact Assessment

- 7.3 The budget proposals ensure funding is targeted towards vulnerable groups and therefore an EIA is not required.

Strategic Risk Management Issues

- 7.4 There are strategic risks around ensuring all schools remain financially stable as well as ensuring pupils with SEND receive timely and appropriate support for their education. A failure to develop a plan for a sustainable HNB budget will create a risk of needing to make more drastic changes at a later date.

8 CONSULTATION

Principal Groups Consulted

- 8.1 The Schools Forum, including the HNB sub-group, representative Headteachers and the People Directorate Management Team.

Method of Consultation

- 8.2 Meetings and written reports.

Representations Received

- 8.3 Incorporated into this report.

Background Papers

None.

Contact for further information

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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. All amounts relate to July 2022 DfE funding announcements, excluding any area cost adjustment, unless otherwise stated:
 1. **Basic entitlement**: £4,660 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. A further layer of protection for local authorities with falling population numbers ensures that no local authority receives less funding than the equivalent figure from the baseline year of 2021-22. 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.

The component parts and associated allocations through the HNB NFF are illustrated in Figure 1 below with the financial impact in BF and the England shown in Figure 2.

Figure 1: the structure of the high needs national funding formula

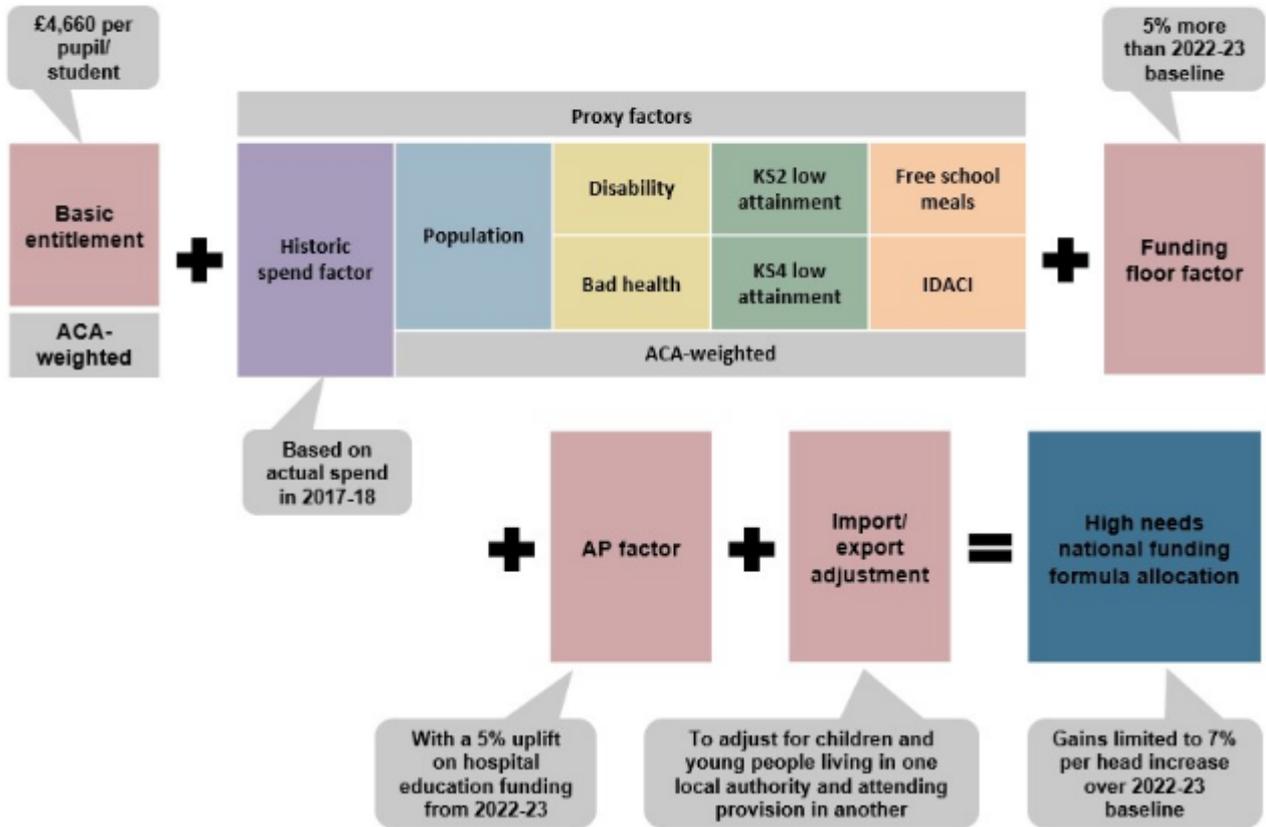
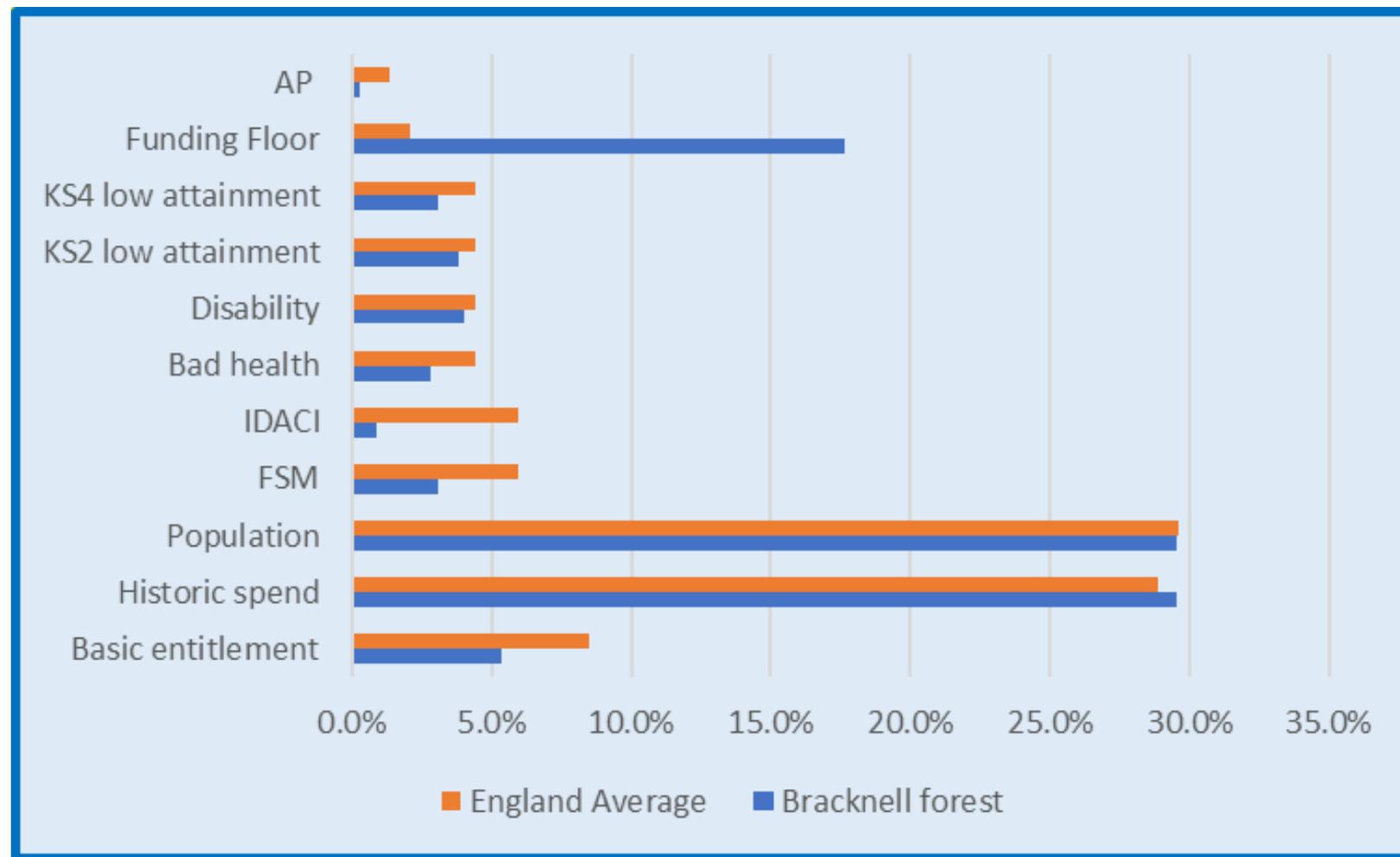


Figure 2: HNB Funding Formula split for BF and England average



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Key themes on BF funding compared to the national average: BF basic entitlement from pupils in special schools is below the national average (5% compared to 8%) and reflects limited places in BF; deprivation funding (4% compared to 12%) considerably lower and reflects relative low levels of deprivation; Funding Floor factor significantly higher (18% compared to 2%) and represents funding received above the level delivered through the HNB funding formula and reflects the higher level of spend being incurred in BF before the new funding formula was introduced.

To: Schools Forum
Date: 12 January 2023

**2023-24 Proposals for the Schools Block and
Central School Services Block Budgets
Executive Director: People
Executive Director: Resources**

1 Purpose of report

- 1.1 To present final proposals from the Council for the 2023-24 Schools Block (SB) and Central Schools Services Block (CSSB) elements of the Schools Budget.

2 Executive Summary

- 2.1 Building on earlier decisions agreed by the Forum together with the release by the Department for Education (DfE) of the key data that must be used to calculate school budgets, final work on next year's Schools Budget is now complete.
- 2.2 Inevitably, this has led to some changes from the previous update which forecast a £0.046m funding surplus compared to the funding allocated by the DfE through the Dedicated Schools Grant (DSG) National Funding Formula (NFF). The surplus has now increased to £0.188m which represents an improvement of £0.142m.
- 2.3 Looking forward into 2024-25, early indications suggest a net funding shortfall of £0.235m. This arises as a number of gains in 2023-24 are one-off in nature and the recent trend of significant unfunded pressures from increased Additional Educational Needs (AEN) measures are expected to continue. Taking this into account, the Executive Director: Finance considers that any use of the 2023-24 budget surplus should be one-off in nature and seek to minimise the risk of creating further difficulties in balancing the 2024-25 budget whilst at the same time ensuring schools do benefit to some extent from the available surplus.
- 2.4 The only option available in the DfE Funding Framework that meets these objectives is to allocate additional funds to schools through the fixed lump sum factor which would be paid in the same value to all schools. As part of the accelerated move to a compulsory NFF, for 2023-24, the DfE are limiting changes in factor values for those LAs already closely mirroring the NFF to +/- 2.5% from 2022-23 levels. This caps the additional amount of funds that can be allocated to schools through this factor to a maximum of £3,385.28 and £0.101m in total. The remaining £0.087m of surplus funding is proposed to be added to the centrally managed growth fund that distributes funds to schools in-year once qualifying criteria is met and if unspent will be carried forward into 2024-25.
- 2.5 Overall, the final proposals being presented result in schools on average receiving an increase in per pupil funding through the BF Funding Formula for Schools of 2.8% and a further 3.4% through the new Mainstream Schools Additional Grant that was announced as part of the 2022 autumn financial statement. Taken together, these changes aggregate to a 6.2% increase in per pupil funding. This remains below the 6.5%-8.0% increase in costs forecast for 2023-24 and is therefore expected to result in a reduction in real terms funding.
- 2.6 The increase in average per pupil funding through BF Funding Formula for Schools from the 2.0% reported in December to the 2.8% in this report arises mainly as a consequence

of the increased costs of AEN funding and allocating a share of the £0.188m DSG surplus to schools.

- 2.7 Recommendations agreed from this report will form the basis of proposals to be presented to the Executive Member for Children, Young People and Learning on 17 January, who will be agreeing most aspects of the Schools Budget. However, within the overall budget setting process, there are a number of areas where the Forum holds responsibility, and these are separately presented now for a decision.
- 2.8 With the DfE needing to be informed of the actual Funding Formula for Schools to be used in 2023-24 with associated units of resource and total cost no later than 20 January, final budget decisions must be made at this meeting.

3 Recommendations

To Agree:

- 3.1 **In its role as the representative body of schools and other providers of education and childcare, the Forum requests that the Executive Member for Children, Young People and Learning agrees the following for the 2023-24 Schools Budget:**
1. **the changes to budgets as set out in Table 1, in particular:**
 - i. **that the Schools Block DSG be set at £90.985m (columns A and B of line 3);**
 - ii. **that the Central School Services Block be set at £0.855m (column C of line 3);**
 - iii. **the changes to all other budgets that amount to £5.995m (column D of line 18);**
 - iv. **that in the first instance, the units of resource used in the BF Funding Formula for Schools are set at 100% of the values used by the DfE in the NFF.**
 2. **that the resultant surplus funding of £0.188m be applied:**
 - i. **to all schools as an additional fixed lump sum allocation, by the maximum permitted increase of £3,385.28, to allocate £0.101m (paragraph 6.38)**
 - ii. **the remaining £0.087m to be added to the centrally managed growth fund for use in supporting the budget deficit expected in 2024-25 (paragraph 6.38)**
 3. **that other Schools Block related grants, including the new Mainstream Schools Additional Grant, be set to the amounts anticipated in 2023-24.**
 4. **that the Executive Director: Resources be authorised to submit the DfE pro forma template of the 2023-24 BF Funding Formula for Schools in accordance with the decisions taken at this meeting.**
- 3.2 **As decision maker:**
1. **that the arrangements in place for the administration of central government grants are appropriate;**
 2. **the budgets for the Growth Fund are as set out in Annex 1.**
 3. **the budgets to be centrally managed by the council on behalf of schools, as set out in Annex 2.**

4 Reasons for recommendations

- 4.1 To ensure that the 2023-24 Schools Budget is developed in accordance with the views of the Schools Forum, the anticipated level of resources and the statutory funding framework, including the requirement to submit summary details of individual 2023-24 school budgets to the DfE by 20 January 2023.

5 Alternative options considered

- 5.1 These have been considered during each stage of the budget process.

6 Supporting information

Background to School and Education Funding

- 6.1 The Forum has been kept up to date with DfE school and education funding reform, most notably through the introduction of a NFF.
- 6.2 The Schools Budget is funded by the Dedicated Schools Grant (DSG), a 100% ring fenced government grant. The DSG comprises 4 funding Blocks, each with a separate calculation and funding allocation; the Schools Block (SB); the Central School Services Block (CSSB) the High Needs Block (HNB); and the Early Years Block (EYB). The SB and CSSB directly support mainstream schools and are generally delegated to governors, the HNB and EYB are centrally managed by LAs although the majority of funds are ultimately used to pay schools and other providers for services to children.
- 6.3 The DSG can only be spent on the purposes prescribed by the DfE. Any under or overspending in a year must also be ring-fenced and applied to a future Schools Budget. There is a general ring-fence in place in that SB funding must be spent on school budgets, although where agreed by the local Schools Forum, up to 0.5% of the SB (circa £0.454m) can be transferred to fund costs that fall into other Blocks. Money can be freely transferred from other Blocks into the SB or from the SB to CSSB.
- 6.4 The Executive Member for Children, Young People and Learning has responsibility for agreeing most aspects of the SB although within the overall budget setting process, there are several areas where the Forum holds responsibility, and these are now being presented for a decision.
- 6.5 This report focuses on the SB and CSSB elements of the Schools Budget where DSG funding is allocated to LAs by way of:

Schools Budget

- A pupil-led NFF that uses the most up to date census data relating to number on roll, deprivation, low prior attainment and English as an additional language measures
- School based funding, based on prior year costs for business rates and other property factors such as schools operating across split sites

- Two funding protection mechanisms:
 - A minimum per pupil funding (MPPFL)¹ amount for the year (£4,405 for primary aged pupils in 2023-24 and £5,715 for secondary).
 - A minimum increase / maximum decrease in per pupil funding from the previous year (MFG)² (up to a maximum of +0.5%).

Central School Services Budget

- A per pupil amount for defined on-going LA education related responsibilities together with an amount for deprivation, based on number of Ever 6 Free School Meals pupils. Nationally, funding is split 90% via pupil head count and 10% via Ever 6.
- Contribution to previously agreed historic costs (for supporting vulnerable pupils).

Funds allocated through the CSSB continue to be subject to transitional funding adjustments as a result of the reforms, with the historic amount of funding expected to continue to reduce by 20% per annum to a nil value at 2025-26. A £0.042m funding reduction has been confirmed for BF historic commitments in 2023-24.

Progress to date

6.6 Previous meetings of the Forum agreed the following key budget decisions:

- that subject to affordability, the factor values in the BF Funding Formula should be set at the NFF rates used by the DfE. Should this not be affordable, then each factor value would be scaled by the same proportionate amount.
- that the Minimum Funding Guarantee is set at the maximum amount permitted by the DfE and delivers per pupil funding increases from 2022-23 for all schools of at least +0.5%.
- any cost associated with providing all schools with the agreed minimum percentage increase in per pupil funding from 2022-23 should be met by those schools receiving the largest increases in per pupil funding, typically those above the average percentage increase
- that de-delegation of budgets for the services requested by the council continues for maintained mainstream schools, with funding rates increased by 5.0%.
- that a £20 per pupil contribution continues to be made by maintained schools towards the cost of delivering 'general' education related statutory and regulatory duties.
- 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.

¹ The NFF includes MPPF values that must be applied to all school budgets where a top up is added if the normal operation of the Funding Formula does not deliver sufficient funds – for 2023-24 this is £4,405 for primary aged pupils and £5,715 for secondary. The MPPF calculation required by the DfE excludes funding for business rates.

² The MFG compares per pupil funding allocations between years and where the change is below the minimum threshold, a funding top-up is added to meet the minimum per pupil change requirement. The MFG calculation required by the DfE excludes funding for business rates and fixed lump sum allocations. The cost of top-up funding is financed by scaling back increases to schools experiencing funding gains.

- that a centrally managed Growth Fund should be maintained for in-year allocation to qualifying schools.
- on-going central retention by the Council of the existing Central School Services Block items.
- to prevent potential over funding of some new schools, 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.

Final budget proposals for 2023-24

- 6.7 As the DfE data that must be used for funding purposes has emerged, and more work has been undertaken on other budget calculations, a number of changes to budgets are now being proposed from those anticipated at the December meeting of the Forum. There are no changes proposed to the agreed strategy and principles.

Confirmed Schools Block DSG income

- 6.8 The DfE published verified October 2022 school census and the other data that must be used to calculate 2023-24 school budgets at the end of 20 December. This confirmed 39 additional primary aged pupils and 6 fewer secondary aged pupils (+£0.143m) as well as 14 additional pupils in the DSG Growth Fund³ calculation (+£0.148m).
- 6.9 Ordinarily, the premises rates funding factor is fixed at the prior year amount. However, to reflect the recent academisations at Sandy Lane and Easthampstead Park which confirms their charitable status and entitlement to 80% rates relief, the DfE has reduced the initial funding allocation for rates accordingly (-£0.144m). These schools will therefore receive reduced funding for rates through the BF Funding Formula to reflect the lower charge. The DfE are required to pass this saving back to the Treasury as compensation for the loss of rates income that would otherwise occur, resulting in no overall financial effect to the government.
- 6.10 Overall, these changes result in a +£0.147m increase in SB DSG income to £90.985m (£88.349m from per pupil funding, £0.995m for the Growth Fund and £1.641m for non-pupil-based school costs, such as business rates).

Changes in funding allocations to schools:

- 6.11 Unless otherwise stated, this section only reports on budget areas that have changed from the December update.

Change in pupil numbers - £0.062m increase in funding to schools

- 6.12 Paragraph 6.8 above confirmed 33 more pupils on roll than previously expected. This results in a £0.132m increase in budget allocations to relevant schools. On-going data checking has identified a change required to the calculation of the MPPFL at one school which was previously over stated by £0.070m, reducing the net additional cost now being reported to £0.062m.

³ 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.

Changes in AEN - £0.155m increase in funding to schools

- 6.13 This is a significant cost pressure from 2022-23 which amounts to £0.455m in total when the £0.300m cost increase already forecast in the estimated budget pressures presented to the Forum in December is taken into account. The published DfE data set includes updated pupil profile measures to reflect latest characteristics which are used as proxy measures for targeting funds towards pupils with the greatest needs. Continuing the recent trend, the October 2022 census data has shown a significant increase in need.
- 6.14 Members of the Forum will be aware that the DfE uses lagged data to fund LAs through the units of resource in the SB DSG. This means that despite requiring LAs to fund schools on the latest data, they in turn receive funding based on prior year data which was already reflected in earlier DSG funding notifications and will not be updated. Clearly, where there is an increase between years, there will be an unfunded cost pressure in the SB. This is one of the most common reasons why LAs may not be able to fully fund school budgets at the NFF rates.
- 6.15 The proxy measures used in the data set indicate relative levels of deprivation (Free School Meals (FSM), Ever6 FSM⁴ and Income Deprivation Affecting Children Index (IDACI)⁵, Low Prior Attainment (LPA) from national tests, incidence of English as an additional language (EAL) and high in-year pupil mobility.

The following sections set out the changes that have occurred between the October 2021 and October 2022 censuses.

Primary schools – Change in AEN measures (£0.315m):

- FSM numbers are up by +76/ +6.9% (+£0.038m).
- Ever6 FSM deprivation numbers are up by +13 / +1% (+£0.009m)
- IDACI scores vary by post code and are banded by severity and therefore changes are more difficult to interpret. The pure numbers are up by +18 / +1.5% (+£0.005m).
- LPA ⁶ scores are up by +122 / +5.26% (+£0.152m). With the coronavirus pandemic resulting in the cancellation of national tests, the 2019 results have been replicated in 2021.
- EAL numbers are up by +159 / +19.0% (+£0.097m)
- Mobility numbers are up by +14 / +20.8% (+£0.014m)

⁴ Ever6 FSM counts the proportion of pupils on roll on the October 2021 census (was previously January census) that were recorded as eligible for FSM in any of the censuses (autumn, spring and summer, including the alternative provision (AP) and pupil referral unit (PRU) census) over the previous 6 years census.

⁵ IDACI uses post code data to calculate the probability of a family with children living in that area being eligible to income support benefits. The higher the probability, the higher the funding top-up – via bandings.

⁶ Primary schools receive funding through the LPA factor for all pupils who did not reach the expected level of development at early years foundation stage (EYFS). EYFS data for pupils in Reception is not available as they take the test at the end of the Reception year. To include an element for Reception children in the funding calculation, the total number of eligible pupils is derived by working out the proportion of LPA-eligible pupils in years 1 to 6 and multiplying this proportion by the total pupil count, which includes pupils in Reception.

Secondary schools – change in AEN measures (+£0.140m):

- FSM numbers for Secondary are up by +112 / +13.0% (+£0.057m).
 - Ever6 FSM deprivation numbers are down by -15 / -1.3% (-£0.016m)
 - IDACI scores vary by post code and are banded by severity and therefore changes are more difficult to interpret. The pure numbers are up by +9 / +1.2% (+£0.003m)
 - LPA⁷ scores are down by -3 / -3.0% (£-0.006m).
 - EAL numbers are up by +52 / 51.6% (+£0.085m)
 - Mobility numbers are up by +12 / +100% (+£0.017m)
- 6.16 The most significant changes in data and therefore budget allocations relate to actual FSM (+£0.095m), EAL (+£0.182m) and LPA (+£0.146m).
- 6.17 The increases in pure FSM numbers and EAL, as evidenced in the October 2022 census reflect the changing current pupil profile in schools. FSM numbers have increased as more families require income support during the challenging economic climate. For pupils identified with a first language other than English, funding is allocated for three years after they enter the statutory school system. There have been a number of resettlement programmes including Ukraine and Hong Kong that have impacted this measure.
- 6.18 For the calculation of LPA funding allocations, following the cancellation or incompleteness of assessments in summer 2020 and summer 2021 due to coronavirus (COVID-19), LAs are initially required to use 2019 assessment data as a proxy for assessments which would have taken place in 2020 to 2021. Adjustments to this approach are permitted if the number is not considered representative in which case local knowledge should be used or the value for similar schools in the area. Funding is allocated to primary pupils identified as not achieving the expected level of development in the early years foundation stage profile (EYFSP) and for secondary pupils not reaching the expected standard in KS2 at either reading or writing or maths.

New schools – £0.011m decrease in funding to schools

- 6.19 There is also an impact on new schools from the AEN data update. The *new and expanding school funding policy* fixes the total budget relevant schools receive and therefore has not changed from the AEN update. However, in terms of setting the funding for relevant schools there are 2 separate budget lines, both of which have changed as a result of the updated AEN data:

Step 1: calculate the amount distributed through the BF Funding Formula

Step 2: deduct the amount distributed through the BF Funding Formula Allocation from the amount due through the *new and expanding school funding policy* and pay this to relevant schools as a diseconomy top up

- 6.20 With additional pupils on roll at the new schools, the allocation through the BF Funding Formula for AEN has increased as well as a number of other minor changes through the budget allocation process. However, there is no change to the total budget as this is determined through the *new and expanding school funding policy*, and therefore, in order

⁷ Secondary schools receive LPA funding for all pupils who did not achieve the expected level at KS2 in one or more of reading or writing or mathematics. LPA pupil numbers for year groups 8 to 11 inclusive are weighted so that those who have sat the more challenging key stage 2 tests (introduced in academic year 2015 to 2016) do not have a disproportionate effect on the LPA factor.

to ensure new schools receive the amount on the policy, diseconomy funding needs a corresponding reduction.

Business rates - £0.193m decrease in funding to schools

- 6.21 As set out above in paragraph 6.9, to reflect the recent academisations at Sandy Lane and Easthampstead Park which confirms their charitable status and entitlement to 80% rates relief, the charges to the schools will reduce by an estimated -£0.144m. Anticipating this, the DfE have made a corresponding reduction to the DSG funding. The -£0.049m balance of reduction relates to the estimated impact from the 2022 business rates revaluation. The Inland Revenue has yet to release full details of the scheme in operation from April 2023, meaning this remains an estimated amount.

Meeting DfE per pupil funding requirements

- 6.22 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 permitted:
1. amount of per pupil funding for the relevant year i.e. the MPPF value
 2. increase in per pupil funding from the previous year i.e. the MFG

The following paragraphs set out the impact from these protection measures which have been included in the overall budget calculations above and are reported here for information.

MPPF values

- 6.23 The DfE has set mandatory MPPF values 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 agreed by the DfE. These final proposals generate additional payments of £0.258m to 6 primary schools. This is a decrease of £0.447m compared to 2022-23 when additional payments of £0.704m were made to 13 primary schools and £0.001m was made to 1 secondary school.

MFG – no change in net nil cost

- 6.24 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 requires each LA to set their MFG at between nil and +0.5% which is a significant change from recent years when the permitted range was +0.5% and +2.0%.
- 6.25 The Forum has previously agreed that the maximum +0.5% increase is applied with top-up payments to be financed from capping gains at other schools that are receiving above average increases in per pupil funding. Schools receiving top-ups to the MPPF values are excluded from contributing to the cost of the MFG.
- 6.26 There has been very little financial impact from the MFG in recent years as school funding rates have increased. The 2022-23 deduction was £0.031m, allocated to 6 primary schools, and 1 secondary school. For 2023-24, there is only 1 primary school that qualifies, to the value of £0.006m.

Centrally managed budgets within the CSSB

- 6.27 The confirmed DSG allocation now includes the October 2022 verified pupil data which confirms a further £0.016m DSG income. This will be used to reduce the funding transfer from the SB with no change to previously agreed budgets which are set out again at Annex 2.

Summary of proposed changes – SB and CSSB

- 6.28 Based on the data set provided by the DfE and other relevant information, a series of changes have been set out above that the council proposes are reflected in the 2023-24 SB and CSSB budgets. This includes fully funding each BF factor value at the same amount as the NFF values used by the DfE.
- 6.29 Table 1 below summarises the proposed changes which results in a balanced budget for the CSSB and a funding surplus on the SB of £0.188m which is a significant change from the £0.510m deficit faced in 2022-23. Annex 3 sets out the changes made in Table 3 from the December Forum meeting.

Table 1: Summary final 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	2022-23 Schools Block budget	84,429	221	1,007	85,657
2	2022-23 base budget	84,429	221	1,007	85,657
3	Provisional 2023-24 DSG funding	90,764	221	855	91,840
4	Internal Schools Block funding transfer	-228	228	0	0
5	On-going contribution to CSSB pressures	-125	0	125	0
6	2023-24 forecast income	90,411	449	980	91,840
7	+Surplus of income / - Deficit of income	5,982	228	-27	6,183
8	<u>Changes for 2023-24</u>				
9	Cost of new year NFF funding rates at circa +3%	1,710	0	0	1,710
10	Mainstream School Supplementary Grant	2,554	0	0	2,554
11	Impact of change in pupil numbers (+382.5)	2,128	0	0	2,128
12	New schools - 2023-24 change in cost pressure	-817	0	0	-817
13	Impact from confirmed data changes - January	455	0	0	455
14	In-year growth allowances, KS1 classes etc	0	228	0	228
15	Rates: revaluation and inflation	-111	0	0	-111
16	Split site funding - no qualifying schools	-125	0	0	-125
17	Central School Services Budget changes	0	0	-27	-27
18	Total changes proposed for 2023-24	5,794	228	-27	5,995
19	+Surplus / - Deficit of income to DSG Funding	188	0	0	188

Ref.	Item	Schools Block		Central Services Schools Block C £'000	Total D £'000
		Delegated school budgets A £'000	Growth Fund - LA Managed B £'000		
20	Memo items: Total calculated requirement [2 + 18] Sub total:	90,223	449	980	91,652
21	MPPFL	258	0	0	258
22	MFG	6	0	0	6
23	Cost of new schools	108	0	0	108

Managing the budget surplus

6.30 These proposals result in a £0.188m funding surplus which equates to an improvement of £0.698m compared to the position faced this time last year. It also represents an improvement of £0.142m from the amount anticipated in December.

6.31 The main reasons for the financial turnaround between years are as follows:

Table 2: Schools Budget changes 2022-23 to 2023-24 and 2023-24 to 2024-25 (forecast)

	2023-24		2024-25 Estimated Impact £k
	Change in DSG £k	Pressure / Saving £k	
<u>Budget gap / surplus from previous year.</u> Funded £182k from BFC remaining £1m, £174k from DSG New School Diseconomy Reserve and £154k through 0.25% top slice to 22-23 DSG funding rates.		510	
<u>DSG Growth Fund Income (pupil number increases)</u> New School diseconomy costs (KAB secondary no longer eligible to diseconomy top up.)	-257	-589	409
<u>Rates revaluation</u>		-111	
<u>Eligibility to split site funding (Warfield).</u> DSG funding ends 2023-24. Funding to school ends in 2022-23.		-125	125
<u>Change in pupil characteristics: 2023-24.</u> Increase in FSM not included in DSG lagged funding model but must fund schools on latest data. 23-24 shortfall will be funded in 24-25 lagged DSG allocation.		455	-455
<u>Change in pupil characteristics: 2024-25.</u> Lagged DSG funding will not reflect any potential changes. This is the 2 year average increase 22-23 and 23-24. May be on the optimistic side.			344
<u>Others</u>		-71	
In year surplus (-) / deficit (+) for the year	-188		423
Year on year change	-698		
In year surplus from previous year			-188
Net initial forecast deficit for the year			235

Notes to Table 2:

Negative figures are an improvement, positive figures have an adverse impact.
£0.572m funds expected to be in New school diseconomy DSG Reserve as a 1 April 2024.

- 6.32 There are various options available for use of the surplus funding of which the following are considered the most appropriate:
1. An equal percentage uplift to all factor values in the BF Funding Formula. This would maintain the existing distribution of funds between schools.
 2. Allocate all funding through core per pupil amounts. This takes no account of fixed costs and AEN factors such as deprivation and low prior attainment and therefore, in general, benefits schools with the highest number of pupils.
 3. Allocate all funding through an equal fixed lump sum allocation. This would favour the smallest schools where fixed costs represent a high proportion of all costs.
 4. Allocate all funding through AEN factors such as deprivation and low prior attainment. This would benefit schools with the highest levels of additional pupil needs, as measured through the factors in the BF Funding Formula.
 5. A combination of the above.
 6. Transfer all or a proportion of the surplus into DSG Reserves for use in a future year budget or offset part of the overspending on the HNB budget.
- 6.33 Due to funding information required to calculate the budget requirement not being released by the DfE to LAs until 20 December, it has not been possible to consult schools on these options or even fully prepare the Schools Forum. However, in order to meet the 20 January 2023 DfE deadline for agreeing individual school budgets, use of this surplus funding will need to be agreed at this meeting.
- 6.34 It was reported to the December Forum meeting that a number of other LAs were also forecasting a possible budget surplus in 2023-24 and informal advice from the DfE at that time was that any surplus funds should be transferred to Reserves rather than built into NFF rates. This approach would avoid creating future funding difficulties when applying the statutory minimum annual increase in per pupil funding through the MFG. This was linked to 2024-25 minimum per pupil funding increases having to use an inflated 2023-24 baseline as the starting point which may not be affordable in future years.
- 6.35 The most recent DfE advice indicates that in principle, all DSG funding must be allocated to the schools budget in the year in which it is paid to the local authority by the DfE. Where LAs exceed 100% mirroring of NFF factor values, the approach to be taken is for each LA to determine but this must use existing NFF factors. However, DfE advise that any additional funding allocations should be carefully modelled for any future impact, in particular the requirements of the MFG that will require a minimum increase in per pupil funding from an inflated 2023-24 position into 2024-25. What appears affordable for 2023-24 may not be so in 2024-25 and some schools could face a funding reduction, depending on the overall financial settlement, how any additional funds in 2023-24 are passed on to schools and the requirements of the value of MFG protection.
- 6.36 Table 2 above sets out the key significant financial impacts expected in 2024-25 before taking account of the potential impact from future changes from the DfE to the overall funding framework and also the financial settlement, both of which are unknown at this stage. In particular, this highlights the loss of DSG income through the growth fund and split site factor, plus the estimated impact of changes to pupil AEN measures that will not be reflected in the 2024-25 general DSG allocation to the council but nonetheless must

be funded in individual school budgets. This initial estimate indicates a forecast £0.235m deficit.

- 6.37 In these circumstances, the Executive Director: Resources considers that any use of the 2023-24 budget surplus should seek to minimise the risk of creating further difficulties in balancing the 2024-25 budget whilst ensuring that schools do benefit to some extent from the available surplus. The key consideration in this approach is the impact arising from any conditions attached to the MFG. All NFF factors other than business rates and the fixed lump sum are included in the MFG determination. With a DfE requirement that business rates funding is set at the estimated actual amount, the only factor that can increase or decrease a school's spending power in 2023-24 budgets and have no impact on minimum funding increases in 2024-25 is the fixed lump sum factor. On this basis, the fixed lump sum allocation is the only factor that can be considered for the distribution of one-off funds.
- 6.38 As part of the DfE move towards requiring all LAs to mirror the NFF, and with the BF Funding Formula already close to this, the 2023-24 factor values permitted in the BF Funding Formula must be within + or -2.5% of the 2022-23 amounts. This condition restricts the total value that can be allocated to schools through the fixed lump sum factor to a value of £0.101m⁸. The Executive Director: Resources, therefore recommends that £0.101m of the 2023-24 budget surplus be allocated to schools on a one-off basis through the fixed lump sum factor at the maximum permitted amount of £3,385.28 per school with the remaining £0.087m set aside in DSG Reserves to support future expenditure.
- 6.39 This approach is considered the most balanced in terms of limiting the risks of setting factor values at an unaffordable rate for the 2024-25 budget and at the same time ensuring schools do receive additional funding above the NFF level.

2023-24 individual school budgets

- 6.40 These budget proposals result in a 2.8% average per pupil funding increase⁹ from 2022-23. The increase in average per pupil funding through BF Funding Formula for Schools from the 2.0% reported in December to the 2.8% in this report arises mainly as a consequence of the increased costs of AEN funding and allocating a share of the £0.188m DSG surplus to schools. The following notes present headline summary data from individual school budgets (NB in this context, per pupil funding is calculated from the whole Formula Budget allocation less business rates):
- 1 Primary schools receive an average increase in per pupil funding of 2.3% and Secondary schools receive an average per pupil increase of 3.1%. The difference in increases by phase is mainly accounted for as a result of a number of primary schools on the MPPFL seeing general increases in funding offset by an equivalent reduction to the MPPFL top up.
 - 2 The highest per pupil increase in a primary school is 4.4%, with 4.0% in secondary. The lowest increases are 0.5% and 2.5% respectively
 - 3 1 school receives an MFG top up when the guaranteed increase is set at the maximum 0.5% permissible by the DfE. The total cash value of support amounts to £0.006m.

⁸ The gross allocation is £0.122m, however, adding these funds reduces the MPPFL to relevant schools by £0.021m, resulting in a net increase of £0.101m.

⁹ This average excludes funding for new schools as there are separate, specific funding rules in place for calculating these budgets which would otherwise distort comparisons.

- 4 The MPPF level amount has increased by 3.3 % for Primary and 3.4% for Secondary schools. With 6 primary schools needing to receive top-ups to this level. The total cash value of support amounts to £0.258m.
- 5 The average per pupil funding amount for a primary school is £4,578 and £6,193 for a secondary.

Submission of DfE pro-forma budget statement

- 6.41 The DfE closely monitors the progress of LAs in setting their individual school budgets and requires the completion and submission of a template that sets out the Funding Formula to be used, associated units of resource and total cost. The deadline for return has been set at 20 January 2023. Annex 5 sets out the pro forma based on the recommendations set out in this report. The final submission will need to agree with the Executive Member recommendations on the budget proposals and is therefore subject to change.

The £90.860m total recorded on the pro forma reconciles to the £90.672m at row 20 of Table 3 together with the £0.188m additional income above the NFF rates as detailed in paragraph 6.30

Other grant income

- 6.42 As part of the School Funding settlement, on 16 December, DfE confirmed that in the 2023 to 2024 financial year, mainstream schools will receive additional funding through a Mainstream Schools Additional Grant (MSAG). Schools will have the flexibility to prioritise their spending of the MSAG to best support the needs of their pupils and staff and address cost pressures. There are no details to confirm the basis of the calculation which is estimated at £3.043m for BF, and on average, equivalent to an average 3.4% increase in per pupil funding. For Special Schools and alternative provision settings, additional funding has been added to the HNB and LAs are “requiring local authorities to pass on proportionate funding to special schools and alternative provision settings, equivalent to the average funding increase that mainstream schools will receive through the MSAG”.
- 6.43 The MSAG will be allocated to schools as follows, with 2022-23 funding rates paid through the Schools Supplementary Grant in brackets:
- basic per-pupil rate of £0 for early years provision in schools (£24)
 - basic per-pupil rate of £119 for primary pupils (£97)
 - basic per-pupil rate of £168 for key stage 3 pupils (£137)
 - basic per-pupil rate of £190 for key stage 4 pupils (£155)
 - lump sum of £3,680 for all schools (£4,510)
 - FSM6 per-pupil rate of £104 per eligible primary pupil (£85)
 - FSM6 per-pupil rate of £152 per eligible secondary pupil (£124)

Where an LA receives an uplift through the Area Cost Adjustment, this will be added to these amounts. For BFC, there will be a 5.74% uplift to the indicated amounts.

- 6.44 The intention is that payment of this additional funding in the form of a separate grant will be for 2023 to 2024 only. The funding will be incorporated into core budget allocations for 2024 to 2025. So, for primary, secondary and all-through schools, this will mean the funding being rolled into the schools national funding formula for 2024 to 2025.

- 6.45 In addition to the MSAG, schools also receive revenue funding from other specific grants including School Sixth Forms (currently -£1.638m), the Pupil Premium (-£2.122m), Primary PE and Sports Premium (-0.438m), the Universal Infant Free School Meals Grant (-£1.244m).
- 6.46 The Funding rates for the Pupil Premium will increase by around 5% from 2022-23 (Primary pupils now: £1,455 Secondary pupils: £1,035 Looked-after children: £2,530 Children who have ceased to be looked-after: £2,530 Service children: £335). Pupil premium funding will also be extended to children who were adopted from state care outside England and Wales.
- 6.47 All of the amounts of grant set out above are subject to change in 2023-24 and budgets will be updated once new year funding allocations are confirmed.

Actual cost pressures estimated for 2023-24

- 6.48 Schools will experience a range of cost pressures next year which, based on the following assumptions, and the actual school spend profile in 2021-22 updated to 2022-23 prices, are estimated to aggregate to between a 6.5% and 8.0% increase from:
1. Cost of pay awards are not yet known, and schools are advised to assume 3%.
For staff on Teachers' pay and conditions, there is expected to be a 3% pay award from September 2023, which together with the full year effect of the September 2022 award of 5% needing to be included, resulting in an overall increase in relevant costs of around 3.7%.
Local Government pay costs are assumed to increase by 3%.
 2. There will be a saving equivalent to 7 months of the 1.25% increase in National Insurance contributions that were in place between April and October 2022. This reflects the withdrawal of this levy initially intended to fund Health and Social Care pressures.
 3. The overall cost of performance related pay and contractual increments are assumed to be self-financing from appointing new staff on lower pay points than those leaving.
 4. The underlying deficit on the Local Government Pension Scheme is being reduced by way of additional lump sum contributions. Payments due from schools in the BF Local Government Pension Scheme are forecast to increase by £0.1m, which is equivalent to around a 0.7% cost increase to the local government pay bill.
 5. Costs of utilities are assumed to increase by 150%.
 6. For other costs, assume a 6.7% average increase which is the Bank of England forecast (November 2022).
 7. For income, assume 5% which is the rate of increase in the Pupil Premium Grant and the most significant income stream for most schools.

Taking account of the 2.8% increase in per pupil funding through the BF Funding Formula and 3.4% through the Mainstream Schools Additional Grant, on average, schools will receive around a 6.2% increase in pupil funding. The updated calculation of forecast inflationary pressures, which remain volatile and subject to change, is for between a 6.5% and 8.0% increase, which if correct, indicates a real terms reduction in funding for schools.

Other decisions required from the Schools Forum

- 6.49 The content of this report complies with requirements of the School and Early Years Finance (England) Regulations 2023. In addition to this, in setting the 2023-24 Schools Budget, there are also requirements from the Schools Forum (England) Regulations 2012 that need to be complied with.
- 6.50 There is a requirement to seek comments from the Forum in respect of administration arrangements for the allocation of central government grants. No changes are proposed on existing arrangements whereby relevant costs are absorbed by the council in normal day to day operations and the Forum is requested to agree this approach continues.

Conclusion and Next steps

- 6.51 On average, schools can expect to receive a 6.2% increase in per pupil funding which is below the forecast increase in school costs and therefore represents a real terms reduction in funding.
- 6.52 The Executive Member for Children, Young People and Learning is expected to agree the 2023-24 Schools Budget on 17 January, based on final recommendations agreed by the Schools Forum, which will then need to be reported to the DfE through submission of the national pro-forma.
- 6.53 As usual, schools can expect to receive an initial budget notification for 2023-24 by the end of January. This will include the confirmed BF Funding Formula allocation, plus estimates for funding from the Early Years and a best estimate of likely DfE grant allocations. A final budget statement with updates where available to the provisional amounts will be provided before the end of March. This will include High Needs Block funding.

7 Advice received from statutory and other officers

Borough Solicitor

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

Executive Director of Resources

- 7.2 Included within the supporting information.

Equalities Impact Assessment

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

Strategic Risk Management Issues

- 7.4 The following have been identified as strategic risks:
1. Falling pupil numbers in some primary schools at a time of surplus places will create budget difficulties through having to operate with relatively small class sizes.
 2. The ability of schools with deficits to manage their repayments. Three primary schools have significant licensed deficits that need to be repaid.

3. Cost pressures on school responsibilities to meet SEND needs of pupils up to the £10,000 limit when numbers are rising.
4. Uncertainty around future cost increase from inflationary pressures.

7.5 These risks will also 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 £0.185m (after academy deduction) to support schools in financial difficulties that meet qualifying criteria.

Climate Change Implications

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

8 Consultation

Principal Groups Consulted

8.1 People Directorate Management Team, schools and the Schools Forum.

Method of Consultation

8.2 Written reports to People Directorate Management Team and the Schools Forum, formal consultation with schools

Representations Received

8.3 Included in reports.

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/\(115\)_120123/2023-24_Schools_Budget_Final_Proposals_v5.docx](https://bfcouncil.sharepoint.com/sites/fina/bpm/FIBPSCB-FIN9.6/Schools_Forum/(115)_120123/2023-24_Schools_Budget_Final_Proposals_v5.docx)

Proposed financing and associated budget for the Growth Fund

		Primary	Secondary	Current Proposed 2023-24	Previously Reported 2023-24	Change	Actual 2022-23	Change from 2022-23
		£'000	£'000	£'000	£'000	£'000	£'000	£'000
Funded from budget set at NFF values	<u>New schools:</u>							
	Diseconomy costs	108.4	0.0	108.4	119.6	-11.2	925.5	-817.1
		108.4	0.0	108.4	119.6	-11.2	925.5	-817.1
	<u>Retained Growth Fund</u>							
	Start-up costs	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	Post opening costs	22.5	0.0	22.5	22.5	0.0	22.5	0.0
	In-year pupil growth	128.0	128.0	256.0	248.0	8.0	93.0	163.0
	KS1 classes	170.0	0.0	170.0	170.0	0.0	105.0	65.0
		320.5	128.0	448.5	440.5	8.0	220.5	228.0
	Total estimated costs	428.9	128.0	556.9	560.1	-3.2	1,146.0	-589.1
Funded from budget set at NFF values	<u>Costs by school:</u>							
	KGA - Oakwood	9.8	0.0	9.8	7.5	2.3	78.8	-68.9
	KGA - Binfield	121.1	0.0	121.1	134.6	-13.6	869.2	-748.1
	Total estimated costs	130.9	0.0	130.9	142.1	-11.2	948.0	-817.1
Funded from DSG surplus	<u>Impact of surplus funding:</u>							
	Diseconomy costs	-2.3	0.0	-2.3	0.0	-2.3	0.0	-2.3
	Retained Growth Fund	43.3	43.3	86.6	0.0	86.6	0.0	86.6
Total Budget	<u>Final total:</u>							
	Diseconomy costs	106.1	0.0	106.1	119.6	-13.6	925.5	-819.4
	Retained Growth Fund	363.8	171.3	535.1	440.5	94.6	220.5	314.6
	Total estimated costs	469.9	171.3	641.2	560.1	81.0	1,146.0	-504.8

Services proposed to be centrally managed by the Council

Budget Area	Schools Budget Funded		
	2021-22 Final Budget	2022-23 Previously Reported Funding	2022-23 Proposed Budget
<u>Combined Services Budgets:</u>			
Family Intervention Project	£100,000		£100,000
Educational Attainment for Looked After Children	£133,590		£133,590
School Transport for Looked After Children	£42,890		£42,740
Young People in Sport	£15,960		£0
Common Assessment Framework Co-ordinator	£42,470		£42,470
Domestic Abuse	£2,000		£2,000
Education Health Partnerships	£15,000		£0
SEN Contract Monitoring	£32,680		£32,680
<i>Central School Services - historic commitments</i>	£384,590		£353,480
<u>Other Permitted Central Spend</u>			
<u>Miscellaneous (up to 0.1% of Schools Budget):</u>			
Forestcare out of hours support service	£5,150		£5,150
Borough wide Initiatives	£28,930		£9,720
Support to Schools Recruitment & Retention	£7,920		£5,000
<u>Statutory and regulatory duties:</u>			
'Retained' elements	£275,755		£284,720
<u>Other expenditure:</u>			
School Admissions	£186,690		£192,760
Schools Forum	£20,935		£20,940
Boarding Placements for Vulnerable Children	£62,470		£50,000
Central copyright licensing	£85,560		£85,560
<i>Central School Services - on-going responsibilities</i>	£673,410		£653,850
Total Central School Support Services	£1,058,000		£1,007,330
<u>Funding</u>			
Historic commitments	£259,636	£207,710	£207,710
On-going responsibilities	£652,671	£653,850	£658,880
Total Funding	£912,307	£861,560	£866,590
Existing agreed transfer from Schools Budget	£145,770	£145,770	£140,740
Central School Services Total Funding	£1,058,077	£1,007,330	£1,007,330

Changes from 8 December 2022 Forum to 12 January 2023 Forum

Ref.	Item	Schools Block		Central Services Schools Block	Total
		Delegated school budgets A £'000	Growth Fund - LA Managed B £'000	C £'000	D £'000
1	2022-23 Schools Block budget	0	0	0	0
2	2022-23 base budget	0	0	0	0
3	Provisional 2023-24 DSG funding	147	0	16	163
4	Internal Schools Block funding transfer	-8	8	0	0
5	On-going contribution to CSSB pressures	16	0	-16	0
6	2023-24 forecast income	163	0	0	163
7	+Surplus of income / - Deficit of income	163	0	0	163
8	<u>Changes for 2023-24</u>				
9	Cost of new year NFF funding rates at circa +3%	0	0	0	0
10	Mainstream School Supplementary Grant	0	0	0	0
11	Impact of change in pupil numbers (+382.5)	62	0	0	62
12	New schools - 2023-24 change in cost pressure	-11	0	0	-11
13	Impact from confirmed data changes - January	155	0	0	155
14	In-year growth allowances, KS1 classes etc	0	8	0	8
15	Rates: revaluation and inflation	-193	0	0	-193
16	Split site funding - no qualifying schools	0	0	0	0
17	Central School Services Budget changes	0	0	0	0
18	Total changes proposed for 2023-24	21	0	0	21
19	+Surplus of income to DSG Funding	142	0	0	142

DfE NFF Units of Resource compared to BF Funding Formula

Factor	2022-23 NFF for BFC including ACA	2022-23 actual BFC funding rate	Difference between NFF and actual funding rate	2023-24 NFF for BFC including ACA	2023-24 BFC minimum permitted funding rate	2023-24 BFC maximum permitted funding rate	Actual BFC funding rate for 2023-24 is highlighted blue and bold
Primary basic entitlement	£3,401.66	£3,393.15	-£8.50	£3,590.51	£3,500.75	£3,680.28	
KS3 basic entitlement	£4,796.37	£4,784.38	-£11.99	£5,062.05	£4,935.50	£5,188.60	
KS4 basic entitlement	£5,405.43	£5,391.92	-£13.51	£5,705.25	£5,562.62	£5,847.89	
Primary FSM	£496.98	£495.74	-£1.24	£507.79	£495.10	£520.49	
Secondary FSM	£496.98	£495.74	-£1.24	£507.79	£495.10	£520.49	
Primary FSM6	£623.87	£622.31	-£1.56	£745.82	£727.17	£764.46	
Secondary FSM6	£914.65	£912.36	-£2.29	£1,089.64	£1,062.40	£1,116.88	
Primary IDACI * F	£232.63	£232.05	-£0.58	£243.32	£237.23	£249.40	* IDACI is a deprivation measure linked to low family income and a pupil's home address post code. It determines the probability of a pupil living in a low income household from their post code and weights funding according to severity of deprivation. It does not require individual pupil data to determine entitlement
Primary IDACI * E	£285.50	£284.78	-£0.71	£296.21	£288.81	£303.62	
Primary IDACI * D	£444.11	£443.00	-£1.11	£465.48	£453.84	£477.11	
Primary IDACI * C	£486.40	£485.19	-£1.22	£507.79	£495.10	£520.49	
Primary IDACI * B	£518.13	£516.83	-£1.30	£539.53	£526.04	£553.02	
Primary IDACI * A	£676.74	£675.04	-£1.69	£708.79	£691.07	£726.51	
Secondary IDACI * F	£338.37	£337.52	-£0.85	£354.40	£345.54	£363.26	
Secondary IDACI * E	£449.40	£448.27	-£1.12	£470.77	£459.00	£482.53	
Secondary IDACI * D	£629.15	£627.58	-£1.57	£655.90	£639.50	£672.30	
Secondary IDACI * C	£687.31	£685.59	-£1.72	£719.37	£701.39	£737.36	
Secondary IDACI * B	£740.18	£738.33	-£1.85	£772.27	£752.96	£791.57	
Secondary IDACI * A	£941.09	£938.73	-£2.35	£983.85	£959.25	£1,008.44	
Primary EAL3	£597.43	£595.94	-£1.49	£613.58	£598.24	£628.92	
Secondary EAL3	£1,617.82	£1,613.78	-£4.04	£1,655.61	£1,614.22	£1,697.00	
Primary LPA	£1,194.86	£1,191.87	-£2.99	£1,221.87	£1,191.33	£1,252.42	
Secondary LPA	£1,808.15	£1,803.63	-£4.52	£1,851.33	£1,805.04	£1,897.61	
Primary mobility	£978.10	£975.65	-£2.45	£999.72	£974.72	£1,024.71	
Secondary mobility	£1,406.34	£1,402.83	-£3.52	£1,438.74	£1,402.78	£1,474.71	
Primary lump sum	£128,262.62	£127,941.96	-£320.66	£135,411.20	£132,025.92	£138,796.48	
Secondary lump sum	£128,262.62	£127,941.96	-£320.66	£135,411.20	£132,025.92	£138,796.48	

2023-24 Pro Forma BFC School Budget Statement

Local Authority Funding Reform Proforma

Note: only BFC relevant lines are presented

LA Name:	Bracknell Forest
LA Number:	867

Pupil Led Factors

1) Basic Entitlement Age Weighted Pupil Unit (AWPU)	Reception uplift	No	Pupil Units		0.00		Total	Proportion of total pre MFG funding (%)	Notional SEN (%)		
	Description	Amount per pupil	Pupil Units		Sub Total						
	Primary (Years R-6)	£3,590.51	9,909.67		£35,580,783		£72,952,036	39.39%	2.00%		
	Key Stage 3 (Years 7-9)	£5,062.05	4,308.00		£21,807,318			24.14%	2.00%		
	Key Stage 4 (Years 10-11)	£5,705.25	2,728.00		£15,563,935			17.23%	2.00%		
	Description	Primary amount per pupil	Secondary amount per pupil	Eligible proportion of primary NOR	Eligible proportion of secondary NOR	Sub Total	Total	Proportion of total pre MFG funding (%)	Primary Notional SEN (%)	Secondary Notional SEN (%)	
57 2) Deprivation	FSM	£507.79	£507.79	1,175.27	974.00	£1,091,380	£3,769,825	4.17%	7.00%	7.00%	
	FSM6	£745.82	£1,089.64	1,219.28	1,112.00	£2,121,036			0.00%	0.00%	
	IDACI Band F	£243.32	£354.40	1,188.36	741.09	£551,787			0.00%	0.00%	
	IDACI Band E	£296.21	£470.77	7.02	6.00	£4,903			0.00%	0.00%	
	IDACI Band D	£465.48	£655.90	0.00	0.00	£0			0.00%	0.00%	
	IDACI Band C	£507.79	£719.37	0.00	1.00	£719			0.00%	0.00%	
	IDACI Band B	£539.53	£772.27	0.00	0.00	£0			0.00%	0.00%	
	IDACI Band A	£708.79	£983.85	0.00	0.00	£0	0.00%	0.00%			
	Description	Primary amount per pupil	Secondary amount per pupil	Eligible proportion of primary NOR	Eligible proportion of secondary NOR	Sub Total	Total	Proportion of total pre MFG funding (%)	Primary Notional SEN (%)	Secondary Notional SEN (%)	
4) English as an Additional Language	EAL 3 Primary	£613.58		993.48		£609,580	£1,014,928	1.01%	0.00%		
	EAL 3 Secondary		£1,655.61		184.15	£304,877			0.00%		
5) Mobility	Pupils starting school outside of normal entry dates	£999.72	£1,438.74	83.00	12.16	£100,471		0.11%	0.00%	0.00%	
	Description	Weighting	Amount per pupil	Percentage of eligible pupils	Amount per pupil	Sub Total	Total	Proportion of total pre MFG funding (%)	Primary Notional SEN (%)	Secondary Notional SEN (%)	
6) Low prior attainment	Primary low prior attainment		£1,221.87	24.65%	2,442.89	£2,984,907	£5,865,190	6.49%	100.00%		
	Secondary low prior attainment (yr 7)	54.47%		22.58%							
	Secondary low prior attainment (yr 8)	64.53%		21.68%							
	Secondary low prior attainment (yr 9)	64.53%	£1,851.33	21.77%	1,555.80	£2,880,283					100.00%
	Secondary low prior attainment (yr 10)	64.53%		21.55%							
	Secondary low prior attainment (yr 11)	63.59%		23.07%							

Local Authority Funding Reform Proforma

Note: only BFC relevant lines are presented

LA Name: Bracknell Forest
 LA Number: 867

Other Factors

Factor	Lump Sum per Primary School	Lump Sum per Secondary School	Lump Sum per Middle School (£)	Lump Sum per All-through School (£)	Total (£)	Proportion of total pre MFG funding (%)	Notional SEN (%)
7) Lump Sum	£138,796.48	£138,796.48			£4,996,673	5.53%	
11) Rates					£1,468,080	1.63%	

Total Funding for Schools Block Formula (excluding minimum per pupil funding level and MFG Funding Total)	£90,066,732	99.71%	
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14) Additional funding to meet minimum per pupil funding level	£258,201	0.29%	
Total Funding for Schools Block Formula (excluding MFG Funding Total)	£90,324,933	100.00%	

15) Minimum Funding Guarantee	0.50%	£5,579	
Apply capping and scaling factors? (gains may be capped above a specific ceiling and/or scaled)		Yes	
Capping Factor (%)	2.80%	Scaling Factor (%)	1.12%
Total deduction if capping and scaling factors are applied		-£5,579	
Total Funding for Schools Block Formula		£90,324,933	£7,400,628

Growth fund (if applicable)	£535,084.00	
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Other Adjustment to 22-23 Budget Shares	£0	
Total Funding For Schools Block Formula (including growth and falling rolls funding)	£90,860,017	
% Distributed through Basic Entitlement	80.77%	
% Pupil Led Funding	92.56%	
Primary: Secondary Ratio	1 :	1.35

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To Schools Forum
Date 12 January 2023

2023/24 Proposals for the Local Authority Budget Executive Director: Resources

1 Purpose of report

- 1.1 To present to the Forum for comment a summary of the Council's draft budget proposals for 2023/24 as agreed by the Executive on 13 December 2022, with a particular focus on the impact expected on the People Directorate.
- 1.2 Preparations for next year's budget have been undertaken against a backdrop of continued uncertainty on medium term funding. While the Government's Autumn Statement provided some high-level figures for public spending up to 2024/25, indications are that spending cuts will be needed beyond this period to secure a stable footing for the nation's finances.
- 1.3 The papers for the Executive meeting had to be published before the Provisional Local Government Financial Settlement had been announcement. This sets out individual authority funding calculations for 2023/24 and is expected to be announced in the week commencing 19 December, later than ever before. Therefore, in the absence of the Provisional Settlement, the figures in this report can only be based on high-level assumptions regarding government funding.
- 1.4 All comments received on these draft budget proposals will be submitted to the Executive on 7 February 2023 alongside any impact from the announcement of the Finance Settlement. This will allow the Executive to determine its final budget package and recommend the appropriate Council Tax level to Council, which will formally approve the 2023/24 budget and Council Tax on 22 February 2023.

2 Recommendations

- 2.1 **That the Schools Forum comments on the 2023/24 budget proposals of the Executive for the People Directorate in respect of:**
 - i. **The revenue budget (Annexes A to C), and**
 - ii. **The capital programme (Annexe D).**

3 Reasons for recommendations

- 3.1 The Executive seeks the views of the Schools Forum as an interested party.

4 Alternative options considered

- 4.1 The range of options being considered are set out in the main reports on the public access website.

5 Supporting information

Introduction

- 5.1 This report presents a summary of the Council's revenue and capital budget proposals for 2023/24 that were prepared on information and assumptions available at the end of November 2020 and are therefore subject to change as more information emerges or changes occur as part of the consultation process. The focus of this report is proposals from the People Directorate, with full details of the budget proposals available at:

[Agenda for Executive on Tuesday, 13 December 2022, 5.00 pm | Bracknell Forest Council \(bracknell-forest.gov.uk\)](#)

Revenue Budget

Commitment budget

- 5.2 Initial preparations for the 2023/24 budget have focussed on the Council's Commitment Budget for 2023/24 – 2025/26. This brings together the Council's existing expenditure plans, taking account of approved commitments and the ongoing effects of service developments and efficiencies that were agreed when the 2022/23 budget was set.
- 5.3 A number of changes are proposed to the Commitment Budget since it was last considered by the Executive in February. The main changes relate to:
- Additional ICT savings (-£0.240m) and leisure contract fee income (-£0.189m) identified as part of the 2022/23 budget process.
 - A decrease in the projected cost of the Waste PFI arrangements due to reductions in tonnages and increases in recyclates income (-£0.172m).
 - Additional funding agreed by the Executive in October primarily relating to Foster Care allowances and social worker recruitment and retention initiatives (£0.793m).

The overall impact of these changes is to increase the Council's Commitment Budget by £0.130m compared to the position reported in February 2022.

- 5.4 Taking account of these changes, Table 1 summarises the position and shows that base expenditure (excluding schools) is planned to increase by £1.019m to £89.132m next year, before consideration is given to allowances for inflation and the budget proposals identified by individual services in 2023/24. . The commitment budget relating to the People Directorate is shown in Annexe A.

Table 1: Summary Commitment Budget 2023/24-2025/26

Item	Planned Expenditure		
	2023/24 £000	2024/25 £000	2025/26 £000
Base Budget	88,113	89,132	89,314
<i>Movements in Year:</i>			
Central			
Delivery	-411	203	-161
People (excluding schools)	-303	-241	-16
Non Departmental / Council Wide	570	-73	-20
<i>Total Movements</i>	1,019	182	13
Adjusted Base	89,132	89,314	89,327

Provisional Local Government Finance Settlement 2023/24

- 5.5 On 27 October 2021 the Government set out the results of the 2021 Spending Review (SR21), a multi-year Spending Review which set resource and capital budgets for 2022/23 to 2024/25 for government departments. Other than planned increases in funding for Adult Social Care reforms, grant funding for local government over the period was broadly flat. With the local government sector, alongside all residents and businesses, facing significant financial pressures from inflationary cost increases, this would clearly represent a material reduction in real terms funding.
- 5.6 The Autumn statement on 17th November 2022 introduced changes to the SR21 funding levels, the most significant being:
- £1 billion of new grant funding next year for social care, increasing to £1.7 billion from 2024/25;
 - Delaying the planned Adult Social Care charging reforms from October 2023 to October 2025, but allowing funding intended for implementation to be retained in council budgets to help meet current pressures (£1.3billion in 2023/24 rising to £1.9billion in 2024/25);
 - Further council tax flexibilities, including increasing the core referendum limit for increases in Council Tax from 2% to 3% per year from 2023/24. In addition, councils with social care responsibilities will be able to increase the adult social care precept by up to 2% per year. This will make available an anticipated additional £1.7 billion to local authorities over the next two years, assuming councils make use of the flexibilities available, which Government figures assume they will;
 - Confirmation that there will be a Business Rates Revaluation to take effect from 1 April 2023. A £13.6 billion support package has been announced to protect ratepayers facing increases. This includes a freezing of the Business Rates multipliers for 2023/24, a Transitional Relief scheme to limit the rate at which bills can increase, a more generous Retail, Hospitality and Leisure Relief scheme, and a Supporting Small Business scheme to cap bill increases for businesses that lose relief due to the revaluation. Councils will be fully compensated for any loss of income or new burdens resulting from these measures by way of section 31 grant;

- Removal of funding to support the 1.25% increase in employer's national insurance contributions following the decision to reverse the increase from 6 November 2022;
 - The core schools budget will receive £2.3 billion of additional funding in 2023/24 with a further £2.3 billion in 2024/25.
- 5.7 In terms of the local government funding system, it seems very unlikely that any changes will be introduced next year arising from the long-term Fair Funding and Business Rate Retention System reviews. It has been confirmed, however, that as well as the business rate revaluation impacting in April 2023, certain hereditaments will be transferring from local lists to the Central List.
- 5.8 Each of these issues are discussed in more detail below, insofar as this is possible before the announcement of the Provisional Local Government Financial Settlement. A policy statement on the Department for Housing, Levelling Up and Communities' (DLUHC's) approach to the Provisional Settlement is also expected, but it is unclear what form this will take.
- 5.9 Funding from central government is currently received through Revenue Support Grant (RSG), a share of Business Rates and Specific Grants. For planning purposes, it has been assumed that RSG will be frozen in 2023/24 (-£1.781m).

Business Rates

- 5.10 Business Rates is an important income stream for the Council with a proportion retained locally following the introduction of the Business Rates Retention reforms in April 2013. The level of Business Rates changes each year due to inflationary increases (set by central government), the impact of appeals and local growth or decline as local businesses and economic conditions expand or contract. The Government sets a baseline level of funding against which any growth or reduction is shared between local and central government. It has been assumed this will be frozen in line with the Business Rates multiplier (-£16.832m).
- 5.11 Currently the Council collects significantly more Business Rates than it is allowed to keep and only receives approximately 30% of any Business Rates growth.
- 5.12 Alongside the revaluation, the Government has indicated its intent to move several hereditaments, notably large scale telecommunications networks, onto its Central List from local business rates lists. This includes a large multi-national company currently on Bracknell Forest Council's Local List, representing in monetary terms the largest such transfer to be faced by any local authority in the country. This had the potential to reduce council income by £4m and following consultation with affected Council's, the government's proposal is to treat transfers to the Central List in the same way as other changes from the wider revaluation. This is expected to produce a better outcome than could reasonably have been hoped for, broadly protecting the Council's income levels. This approach is expected to be confirmed in the Financial Settlement.
- 5.13 While the Government has signalled for many years that it would like to make fundamental changes to the current Business Rates retention system of local government funding, it is considered unlikely that this will happen until at least 2024/25. To coincide with this, as part of the Government's Levelling Up agenda, it is expected that a Fair Funding review will be used to calculate new baseline funding levels for individual councils based on an up-to-date assessment of their relative needs and resources. It has been envisaged that existing grants including RSG and most likely the Public Health Grant will be incorporated into the revised baseline and more

responsibilities are likely to be transferred to Local Government to ensure that the new system is fiscally neutral overall when it is introduced. The outcome of these deliberations is impossible to determine, although it will almost certainly have a significant long-term detrimental impact on the funding of the Council.

- 5.14 In 2021/22 a deficit of £2.428m was projected on the Business Rates element of the Collection Fund. As this primarily related to the additional Business Rates reliefs granted by the Government, this will be funded from the Business Rates Reliefs Reserve in 2022/23, which was created using Government grant provided for this purpose. The deficit has been reversed out of the budget proposals in Table 4 due to the one-off nature of this cost. A final projection for the position in 2022/23 will need to be made by the 31 January which will be incorporated into the February budget report. Early indications are that there will be a significant deficit, primarily relating to increases in the provisions for appeals and impairments. This deficit can also be funded from Business Rates Reliefs Reserve.

Specific Grants

- 5.15 The Council also receives substantial external funding through several specific grants. The future of these is currently unclear and assumptions have had to be made in projecting the Council's grant funding, as follows:

1. *New Homes Bonus (NHB)*. This is used to reward local authorities for net additional homes added to the Council Tax Base, thereby seeking to incentivise authorities to encourage housing growth in their areas. It is unringfenced and can therefore be used for local priorities.

A consultation was launched in February 2021 on changes to the allocation basis and whilst Government's response has yet to be published, at this stage it is expected that NHB grant will reduce by £1.500m. The actual grant amount will be confirmed in the Provisional Settlement.

2. *Services Grant*. While the future of the levelling up agenda under a new Prime Minister is not yet clear, there is a risk that at least some of this grant could be transferred from the South East to other parts of the country. Although the Autumn Statement did not specify which grant would be affected, the overall allocation is also expected to reduce to remove grant previously provided for the 1.25% increase in employers National Insurance contributions. A 50% reduction in Bracknell Forest's allocation (£0.6m) has therefore been assumed for planning purposes.
3. *Other Specific Grants*. Some of the largest specific grants received by the Council are for Public Health and Social Care. The introduction of the Adult Social Care reforms, including the cap on individual client contributions and the "fair cost of care" arrangements was expected to be a significant funding and service issue for 2023/24. There were great concerns amongst councils across the country around the impact of these reforms, most particularly in the south of England which has a much higher proportion of "self-funders" who will benefit from the cap in their contributions towards the costs of their care, after which the funding responsibility passes to the local council in whose area they reside. Modelling of the potential financial impact had been undertaken by many councils, including Bracknell Forest, which indicated that the cost impact could well be many times the level of grant funding that has been earmarked nationally.

The Autumn Statement has confirmed that the reforms have been delayed by two years until October 2025 and that any funding intended for implementation

can be retained in council budgets to help meet current pressures in the meantime. This is worth £1.3billion nationally in 2023/24 rising to £1.9billion in 2024/25 with the impact for Bracknell Forest estimated to be an additional £1.5m of grant income. New grant funding will also be made available for social care in general - £1 billion in 2023/24 increasing to £1.7 billion from 2024/25, estimated to be worth an additional £1.1m for the Council. The actual allocations are expected to be confirmed in the Provisional Settlement. It has been assumed that all other social care grants from 2022/23 will be rolled forward into 2023/24 at current levels.

The Better Care Fund (BCF) is a pooled budget which consists of several schemes, some of which are managed by the Council and some by the Clinical Commissioning Group. The NHS contribution to adult social care through the BCF is expected to increase in real terms in 2023/24, in line with the overall NHS long-term settlement. It has been assumed that this will be cost neutral for the Council at this stage.

The ring-fence on Public Health is likely to be retained in 2023/24 but there have been no indications of funding levels for 2023/24 at a national or local level.

Information on several other smaller grants normally follows several days or weeks after the Provisional Settlement and changes from these announcements will be incorporated into the February budget report to the Executive.

Council Tax

- 5.16 Council Tax at present levels will generate total income of -£70.742m in 2023/24, before any change to the Tax Base is factored in. It was expected that the number of properties paying Council Tax would increase significantly over the coming years and to date the Council Tax Base has remained broadly in line with predictions. The Council Tax Base for 2023/24 has been calculated as 48,756 Band D equivalents (see Annexe H) which at current levels would generate total income of -£71.486m in 2023/24. This represents a net increase of 749 (-£1.099m) arising from the occupation of new properties during 2023/24, partly offset by a 10% increase in the take-up of the Local Council Tax Benefit Support Scheme (£0.355m).
- 5.17 The surplus/deficit on the Council Tax element of the Collection Fund in 2022/23 will need to be assessed by the 15 January 2023. Early indications are that there will be a deficit of around £0.55m which will increase the budget gap.
- 5.18 The Government limits Council Tax increases by requiring councils to hold a local referendum for any increases equal to or more than a threshold percentage which is normally included in the Local Government Financial Settlement. In 2022/23 the Government set a core referendum limit of 2% plus the option for councils with responsibility for adult social care, including Bracknell Forest, to set an adult social care precept of up to a further 1%. The Autumn Statement confirmed that the core referendum limit will be increased to 3% per year from 2023/24 and that councils with social care responsibilities will be able to increase the adult social care precept by up to 2% per year. The maximum Council Tax increase that could be agreed without a referendum in 2023/24 would therefore be 4.99%. Each 1% increase in Council Tax would generate approximately -£0.715m of additional income.

5.19 The Executive at its meeting in February will recommend to Council the level of Council Tax considering the Local Government Finance Settlement, the results of the consultation and the final budget proposals.

Budget Proposals for 2023/24

Service pressures and Developments

5.20 In preparing the 2023/24 draft budget proposals each directorate has evaluated the potential pressures on its services and those related to the People Directorate set out in Annexe B. Table 2 summarises the pressures by directorate.

Table 2: Service Pressures/Development

Directorate	£'000
Central	561
Delivery	1,600
People (excluding schools)	2,206
Non-Departmental / Council Wide	0
Total Pressures/Developments	4,367

5.21 Many of the pressures are simply unavoidable as they relate to current levels of demand or legislation changes. They do, however, also support the six strategic themes included in the new Council Plan in the following way

- caring for residents and their families (£2.089m);
- providing education and skills (£0.144m);
- providing value for money (£1.075m);
- protecting and enhancing the environment (£0.600m).

5.22 Service pressures will be kept under review throughout the budget consultation period. There is always the risk, in Social Care services in particular, that the numbers of people requiring care packages, the content of existing care packages and contract inflation will vary considerably from the assumptions included in these draft budget proposals. Any revisions to service pressures will be reported to the Executive in February.

5.23 In addition to these revenue proposals the Council continues to invest in its priorities through targeted capital expenditure. Details are contained in the capital programme report, but any revenue cost implications arising from the capital proposals are included in these draft budget proposals.

Service Economies

5.24 Members and officers have held regular meetings to determine options for savings and a list of potential draft budget savings has been developed. This list totals -£7.698m and is summarised in Table 3 with areas relating to the People Directorate set out in more detail in Annexe C. This is a significantly higher level of savings than have been identified in previous years and include savings of £5.0m that are unrepeatable. As in previous years, savings have focused as far as possible on increasing efficiency, income generation and reducing central and directorate support rather than on front line services. There will potentially be some impact on services, although this has been minimised to a large degree.

Table 3: Summary Service Economies

Directorate	£'000
Central	-505
Delivery	-778
People (excluding schools)	-2,718
Non-Departmental / Council Wide	-3,697
Total Savings	-7,698

Council Wide Issues

5.25 Apart from the specific budget proposals contained in Annexes B and C there are some Council wide issues affecting all directorates' budgets which need to be considered. The precise impact of these corporate budgets is likely to change before the final budget proposals are recommended, however the current view on these issues is outlined in the following paragraphs:

a) Capital Programme

The scale of the Council's Capital Programme for 2023/24 will impact upon the revenue budget and is itself subject to consultation. All new spending on services will need to be funded from new capital receipts (including Community Infrastructure Levy receipts), government grants, developer contributions or borrowing. Current proposals are set out further below from paragraph 5.41 and will present additional revenue costs £0.096m in 2023/24 and £0.333m in 2024/25.

b) Interest and Investments

Following on from the impact of the coronavirus, a number of events came to dominate both global and domestic economies over the last 12 months. Supply chain difficulties continued to force prices higher, and with an exceptionally tight labour market, inflation continued to rise in 2022. These problems were overshadowed by the war in Ukraine which has had a tumultuous impact on energy prices around the world. The Consumer Prices Index (CPI), the government preferred indicator of inflation, rose to over 10% - a 40 year high – forcing the BoE to begin a series of Bank Rate increases.

These factors influence interest rates, which are rising, which in turn increase the cost of borrowing to the Council. The Council, in close co-ordination with its Treasury Management advisers, will monitor medium and long-term interest rates and take any necessary decisions based on the information available to effectively and efficiently fund the capital programme.

c) Provision for Inflation and Pay Awards

The budget preparations for 2023/24 are being undertaken against the backdrop of the highest inflation rates the country has seen for thirty years. It is therefore inevitable that the allowance for inflation will need to be significantly higher than the typical provision of £2m - £3m, which rose to £4.4m in the 2022/23 budget. The latter figure included an allowance of 2% for the current year's pay award.

At this stage the inflation provision is not finalised. For planning purposes, a total sum of £9.800m (£4.368m in 2022/23) has therefore been added to the draft budget proposals based on the assumptions that:

- The national employers' body has this year offered a flat rate £1,925 increase for local government workers which has been accepted. For Bracknell Forest, this equates to an average increase of 5.4%, equivalent to £1.8m above the available budget. This will need to be reflected in the 2023/24 inflation provision, in addition to an allowance for next year's pay offer. At this stage a 4% pay award has been assumed for 2023/24 (equating to £2.0m) which will be partly offset by the reversal of the 1.25% increase in employers National Insurance contributions introduced in April 2022 (-£0.4m);
- A figure of 7.5% is proposed at this time for inflation on non-pay costs and fees and charges, except for electricity and gas. This represents an additional net cost of service delivery of £4.9m.
- It is widely known that energy prices will increase significantly faster than the headline inflation rate. Increases in electricity prices of 150%+ and gas prices of 300% are likely. The Council has arrangements in place to forward purchase these commodities and a significant proportion of the predicted energy required in 2023/24 has been secured to date. This allows the impact of energy inflation to be estimated with some accuracy. It is proposed to allow a figure of £1.5m for planning purposes. This figure will be refined as further forward purchases are made;

The Council will need to consider where it is appropriate and necessary to provide for inflation over the coming weeks so that the actual inflation provision can be added to the final budget report in February 2023.

d) Fees and charges

Increases in fees and charges are determined by the overall economic conditions, the willingness of customers to pay the higher charges and continued demand for Council services. Although directorates have been asked to work towards increases of 7.5%, Council policy requires the level of charges to be considered against the following criteria:

- fees and charges should aim, as a minimum, to cover the costs of delivering the service;
- where a service operates in free market conditions, fees and charges should at least be set at the market rate;
- fees and charges should not be levied where this is an ineffective use of resources, i.e. the cost of collection exceeds any income generated.

Certain other fees will attract the percentage determined by statute.

e) Contingency

The Council manages risks and uncertainties in the budget by way of a general Corporate Contingency added to the Council's budget. Every year the Council faces risks on its budget in relation to demand led services, Business Rates and the general economic climate.

In 2023/24, all risks will continue to be managed by way of the General Contingency. At this stage the Contingency has been increased by £0.1m to £2.0m, however, this will be kept under review.

The Executive will need to make a judgement on the appropriate level of contingency at its February meeting, taking advice from the Executive Director: Resources who will need to certify the robustness of the overall budget proposals in the context of the latest performance data, continuing progress on the Transformation Programme and the Council's remaining general and earmarked reserves. All the reserves will be reviewed to ensure that they are sufficient to manage the financial risks facing the Council in the coming years.

Spending on schools

- 5.26 Structural changes by the Department for Education (DfE) to the way schools and education in general are funded have generally concluded and are intended to result in an efficient, simple and predictable funding system that is fair and supports pupils to achieve their potential by removing historical differences in funding allocations.
- 5.27 In order to enable a measured move to the new framework, transitional arrangements remain in place with local authorities continuing to set school budgets, within parameters set by the DfE. From 2023/24 councils are required to move their local funding formula to be at least 10% closer to the funding values in the SNFF than in 2022/23. As the council is already closely mirroring the SNFF, which is expected to continue into 2023/24, no action is necessary to meet this new requirement.
- 5.28 The initial DfE funding announcement for 2023/24 indicated an average 1.9% increase in pupil funding in England. For Bracknell Forest, initial estimates indicate an average 2.0% increase in per pupil funding. The Autumn Statement announced a further £2.3bn funding for schools. Whilst precise details on the implications from this have yet to emerge, this is expected to increase average per pupil funding by a further 3.5% to a total increase of around 5.5%. The Institute of Financial Studies comments that it restores 2010 levels of per pupil funding in real terms and provides an average cash increase for every pupil of more than £1,000 by 2024/25 compared to 2021/22.
- 5.29 Whilst schools will undoubtedly face significant cost pressures next year, the financial pressure recently experienced on the Schools Budget arising from the cost of new schools that are being built in response to new housing has significantly reduced. This reflects the greater number of pupils in these schools reducing the need for top up payments to fund diseconomy and other costs. Current data, which is subject to update at the end of the year, indicates diseconomy and related costs will reduce by £0.606m.
- 5.30 In light of the significant financial pressures that councils are experiencing on the High Needs (HN) budgets (those intended to support pupils with SEND) the DfE introduced new rules to make clear that for a 3-year period to 31 March 2023, any accrued deficit is not a liability on councils but remains a DfE responsibility. Additionally, the DfE has also introduced a more rigorous monitoring and intervention regime where council areas have deficit balances or experience a significant reduction in a surplus.

- 5.31 In respect of DfE liability to underwrite accumulated debt on HN budgets, recent communications have suggested that due to the on-going, significant financial challenges being faced by a high number of councils that the 3-year time limited period will be extended. Full details have yet to be confirmed on the expected change, with the current forecast balance for HN budgets at 31 March 2023 being a cumulative deficit of £22.8m. This is clearly not an affordable position for a small unitary authority like Bracknell Forest and it is essential that emerging plans to address the deficit are agreed quickly and enacted by the Council and schools.
- 5.32 In terms of the more rigorous DfE monitoring and intervention regime, the Council is currently working with the DfE through its Delivering Better Value (DBV) programme. This new programme aims to support councils to improve delivery of SEND services for children and young people while ensuring services are sustainable. Working with external specialists, this is an outcomes focussed, evidence-based programme rooted in co-production and is expected to result in a bid to the DfE for additional grant funding of approximately £1m.
- 5.33 Taking account of this information, -£119.90m of grant income is estimated to be available to the Council for 2023/24 through the specific ring-fenced Dedicated Schools Grant (DSG). This comprises -£87.94m for the Schools Block, -£8.13m for the Early Years Block, -£22.99m for the High Needs Block and -£0.84m for the Central Schools Services Block.
- 5.34 In addition to the DSG, schools also receive revenue funding from other specific grants including School Sixth Forms (currently -£1.689m), the Pupil Premium (-£2.077m), Primary PE and Sports Premium (-0.438m) and the Universal Infant Free School Meals Grant (-£1.198m). All these amounts are subject to change in 2023/24.

Summary position on the Revenue Budget

- 5.35 Adding the draft proposals to the Commitment Budget and taking account of the corporate issues identified above would result in total expenditure of £97.725m as shown in Table 4.

Table 4: Summary of proposals:

	£'000
Commitment Budget	89,132
Budget Pressures	4,367
Budget Economies	-7,698
Capital Programme	96
Inflation Provision	9,800
Increase in Contingency	100
Reversal of the one-off transfer from the Business Rates Reliefs Reserve for the projected Collection Fund - Business Rates deficit in 2021/22	2,428
Reduction in New Homes Bonus	1,500
Reduction in rebadged Services Grant	600
Increase in Social Care Grants	-1,100
Adult Social Care reforms funding	-1,500
Draft Budget Requirement 2023/24	97,725

- 5.36 Without the Provisional Finance Settlement, assumptions have had to be made on the level of grant income. It has been assumed that the Council can anticipate income of up to -£89.605m. This arises from Revenue Support Grant (-£1.837m), Business Rates baseline funding (-£16.832m), Council Tax at 2022/23 levels (-£71.486m) and the Collection Fund – Council Tax deficit (£0.550m).
- 5.37 With the potential overall cost of the budget package being consulted on in the region of £97.725m, this leaves a potential gap of around £8.210m. Members can choose to adopt any or all of the following approaches in order to bridge the remaining gap:
- an increase in Council Tax;
 - an appropriate contribution from the Council’s revenue reserves, bearing in mind the Medium Term financial position;
 - identification of further savings

Reserves

- 5.38 The Council has an estimated £10.57m available in General Reserves as at 31 March 2023, if spending in the current year matches the approved budget. Details are contained in Table 5.

Table 5: General Reserves as at 31 March 2023

	£m
General Fund	11.35
Planned use in 2022/23	(0.78)
Estimated Balance as at 31 March 2023	10.57

- 5.39 The Council has, in the past, planned on maintaining a minimum prudential balance currently assessed to be £4.5m. This assessment is based on the financial risks which face the Council and the Executive Director: Resources considers these in the February report to the Executive at which a final decision on the use of balances can be taken, taking account of the financial position likely to face the Council over the next five years.
- 5.40 The Council will also have an estimated £19.9m in the Future Funding Reserve as at 31 March 2023, which has been deliberately established to help manage the Medium Term financial position.

Capital Programme

Introduction

- 5.41 Each year the Council agrees a programme of capital schemes. These schemes are mainly funded from:
- the Council’s capital receipts
 - Government Grants
 - other external contributions
 - internal and external borrowing

- 5.42 The Council's total usable capital receipts generated from disposing of assets at 31st March 2022 are zero as all receipts have been applied to fund prior capital investment. Similarly, all receipts realised during the current financial year will be used to finance the 2022/23 Capital Programme. The Council is partly reliant on capital receipts and other contributions to fund its capital programme, although interest generated from capital receipts can also help support the revenue budget in the short term. However, with investment rates only starting to recover from historic lows it makes more economic sense to offset borrowing.
- 5.43 The proposed capital programme for 2023/24 has been developed, therefore, on the assumption that it will be funded by a combination of Government grants, other external contributions, capital receipts and borrowing only if required. Community Infrastructure Levy (CIL) contributions and some small miscellaneous property sales should enable £2.25m of the capital programme to be funded from receipts. Internal resources will be used in the first instance and borrowing from external sources (e.g. the PWLB) will be used only when necessary. The financing costs associated with the General Fund Capital Programme have been provided for in the Council's revenue budget plans which are set out above.

New Schemes

- 5.44 Within the general financial framework outlined above, Service Departments have considered priority schemes for inclusion within the Council's Capital Programme for 2023/24 – 2025/26. Given that both capital and revenue resources are under pressure, each Department has evaluated and prioritised proposed schemes into broad categories in line with the Council's agreed Asset Management Plan approach. Having done this, only the very highest priority schemes and programmes are being recommended for inclusion in the Capital Programme.

Elements of the capital programme

- 5.45 The capital programme is structured into categories of spend as follows:
- *Unavoidable and committed schemes*; these are required to ensure that the Council is not left open to legal sanction and includes items relating to health and safety issues, new legislation etc. Committed schemes also include those that have been started as part of the 2022/23 Capital Programme and have not yet completed.
 - *Maintenance (Improvements and capitalised repairs)*; an assessment is made of the state of each building and highways element and its repair priority with a condition rating and repair urgency to inform spending requirements which are intended to address the most pressing high priority works. Maintenance of school buildings is financed from DfE School Condition Grant, with the expenditure budget set at the equivalent amount to the grant income.
 - *ICT Schemes*; To support the new ways of working, the Council will be required to invest in technology and IT infrastructure over the coming years. The two key areas requiring funding in 2023/24 are Laptop and Mobile Phone replacement.
 - *Rolling programmes*; cover more than one year and give a degree of certainty for forward planning schemes to improve service delivery. They make an important contribution towards the Council's established Asset Management Plans.
 - *Other desirable schemes*; are other high priority schemes that meet the needs and objectives of their service.

- *Invest to save schemes*; these are schemes where the additional revenue income or savings arising from their implementation exceeds the Council's borrowing costs.

Summary

- 5.46 A summary of the cost of schemes proposed by directorates is set out below in Table 6. A detailed list of new schemes from the People Directorate is included in Annexe D. Total requested Council funding for schemes amounts to £6.427m, which includes £3.480m for schemes that have commenced in the current year or are committed on an annual basis and will continue into 2023/24.

Table 6: Capital Programme 2023/24 to 2025/26

	2023/24	2024/25	2025/26
Service Area	£000s	£000s	£000s
Delivery	5,193	1,636	797
People	2,208	0	0
Central Directorates	4,892	4,650	4,750
Total Capital Programme	12,293	6,286	5,547
Less Externally Funded	5,866	3,270	3,270
Council Funded Programme	6,427	3,016	2,277

Funding options

- 5.47 Following the introduction of the Prudential Borrowing regime local authorities are able to determine the level of their own capital expenditure with regard only to affordability on the revenue account. In practice this represents the amount of borrowing they can afford to finance and will necessitate taking a medium-term view of revenue income streams and capital investment needs.
- 5.48 To achieve its aim of ensuring that capital investment plans are affordable, prudent and sustainable, the Local Government Act requires all local authorities to set and keep under review a series of prudential indicators included in the CIPFA Prudential Code for Capital Finance in Local Authorities. The Capital Programme recommended in this report can be sustained and is within the prudential guidelines. Full Council will need to agree the prudential indicators for 2023/24 to 2025/26 in February 2023, alongside its consideration of the specific budget proposals for 2023/24 and the Council's medium-term financial prospects.

6 Advice received from statutory and other officers

Borough Solicitor

- 6.1 The Council is legally obliged to calculate the Council Tax Base for 2023/2024 by 31 January 2023. Section 31B of the Local Government Finance Act 1992, as inserted by the Localism Act 2011, imposes a duty on the Council, as a billing authority, to calculate its Council Tax by applying a formula laid down in that Section. The formula involves a figure for the Council Tax Base for the year, which must itself be calculated. The Local Authority (Calculation of Council Tax Base) (England) Regulations 2012 require a billing authority to use a given formula to calculate the Council Tax Base.

- 6.2 The authorisation for incurring capital expenditure by local authorities is contained in the legislation covering the service areas. Controls on capital expenditure are contained in the Local Government Act 2003 and regulations made thereunder.

Executive Director: Resources

- 6.3 The financial implications of this report are included in the supporting information.

Equalities Impact Assessment

- 6.4 The Council's final budget proposals will potentially impact on all areas of the community. A detailed consultation process is planned in order to provide individuals and groups with the opportunity to comment on the draft proposals. This will ensure that in making final recommendations, the Executive can be made aware of the views of a broad section of residents and service users. Several of the budget proposals require specific equality impact assessments to be carried out. Consultation with equalities groups that are likely to be affected by the proposal is part of the assessment process.

Strategic Risk Management Issues

- 6.5 A sum of £2.00m is currently included in the draft proposals to meet the costs of unpredictable or unforeseen items that would represent in year budget risks. The Executive will need to make a judgement on the level of Contingency at its meeting in February.
- 6.6 The Executive Director: Resources, as the Council's Chief Finance Officer (Section 151 Officer), must formally certify that the budget is sound. This will involve identifying and assessing the key risk areas in the budget to ensure the robustness of estimates and ensuring that appropriate arrangements are in place to manage those risks, including maintaining an appropriate level of reserves and Contingency. This formalises work that is normally undertaken each year during the budget preparation stages and in monthly monitoring after the budget is agreed. The Executive Director: Resources will report his findings in February, when the final budget package is recommended for approval.
- 6.7 The scale of the Council's Capital Programme for 2023/24 will impact upon the revenue budget and will itself be subject to consultation over the coming weeks. All new spending on services will need to be funded from new capital receipts or borrowing. The generation of capital receipts in future years may mitigate the impact on the revenue budget, but as the timing and scale of these receipts is uncertain their impact is unlikely to be significant.
- 6.8 There are also a range of risks that are common to all capital projects which include:
- Tender prices exceeding the budget
 - Planning issues and potential delays
 - Uncertainty of external funding
 - Building delays due to unavailability of materials or inclement weather
 - Availability of staff with appropriate skills to implement schemes
- 6.9 These can be managed through the use of appropriate professional officers and following best practice in project management techniques. The report also identifies the risk associated with the shortfall in maintenance expenditure compared to that

identified by the latest condition surveys. With only those highest priorities receiving funding in 2023/24, there will be a further build up in the maintenance backlog and a risk that the deterioration in Council assets will hamper the ability to deliver good services.

Climate Change Implications

- 6.10 There are no implications arising from the revenue proposals in this report, which are presenting draft budget options for consultation.
- 6.11 For the proposed capital programme, the recommendations will have no immediate impact on emissions of CO₂. Detailed consideration will be given to the impact of the final capital budget proposals in February 2023, although in general terms improvements to current assets and the construction of new facilities using modern designs and construction techniques are expected to have positive climate change implications

7 Consultation

Principal Groups Consulted

- 7.1 The Overview & Scrutiny Commission will be consulted on the budget proposals and may also choose to direct specific issues to individual overview and scrutiny panels. Targeted consultation exercises will be undertaken with business rate payers, the Schools Forum, town and parish councils and voluntary organisations. Comments and views will be sought on both the overall budget package and on the detailed budget proposals. In addition, this report and all the supporting information are publicly available to any individual or group who wish to comment on any proposal included within it. To facilitate this, the full budget package will be placed on the Council's web site at <http://consult.bracknell-forest.gov.uk/portal>. There will also be a dedicated mailbox to collect comments.
- 7.2 The timetable for the approval of the 2023/24 Budget is as follows:

Executive agrees proposals as basis for consultation	13 December 2022
Consultation period	14 December 2022 - 24 January 2023
Executive considers representations made and recommends budget.	07 February 2023
Council considers Executive budget proposals	22 February 2023

Background Papers

None

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Doc. Ref [https://bfcouncil.sharepoint.com/sites/fina/bpm/FIBPSCB-FIN9.6/Schools Forum/\(115\) 120123/2023-24 LA Budget Proposals from the council - Schools Forum.docx](https://bfcouncil.sharepoint.com/sites/fina/bpm/FIBPSCB-FIN9.6/Schools Forum/(115) 120123/2023-24 LA Budget Proposals from the council - Schools Forum.docx)

Description of Commitment Budget Items for 2023/24 to 2025/26

Department and Item	Description	2023/24 £000	2024/25 £000	2025/26 £000
People Directorate				
Suitability surveys	Suitability and access surveys are undertaken every three years to update the Asset Management Plan so that up to date information is available to inform investment decisions on the capital programme.		20	-20
Schools Budget – Funding for New Schools	There is a significant medium-term financial pressure on the Schools Budget arising from the cost of new schools that are being built in response to new housing and the resultant need for more school places. New schools generally need to open at the start of the developments and will take several years to fill up as house building continues. During this period, they need additional financial support to cover what can be significant diseconomies of scale. This cost pressure is not adequately resourced in the funding settlement from the government and to protect school budgets the Council agreed to provide up to £1m of funding over four years. All funding has now been allocated and therefore the £0.182m provided in 2022/23 has been reversed in the Commitment Budget.	-182		
Schools Budget - High Needs deficit	Bracknell Forest along with many other councils has had to set a deficit budget for the High Needs Block. This deficit will be balanced in the Council's budget by a contribution from school reserves as it will need to be met from the DSG over the medium term.	TBC		
Heathlands	New care home which opened in 2022. The Council will have a contract for 36 of the beds which will be provided at a competitive price. This is the full year effect of the savings	-14		
Forestcare	Removal of the pressure required while the trading account is moved to a sustainable position.		-153	

Department and Item	Description	2023/24 £000	2024/25 £000	2025/26 £000
Foster Care Allowances - Mainstream	To ensure we can continue to recruit and retain high-quality local foster carers, increase resilience and improve permanence, allowance payments have been increased to a more competitive offer. This is expected to lead to some cost savings and cost avoidance by reducing reliance on more expensive alternative care options.	371		
Foster Care Allowances - Enhanced	This scheme would initially focus on a six-month pilot with the expectation that it will be expanded if successful, using an “invest to save” approach. The proposal is to supplement the “core” allowances with additional weekly skills and complexity payments, where very experienced and skilled foster carers are able to support children who would otherwise require independent placements. The pilot includes two children “stepping down” from residential placements.	-86	86	
Social Worker Recruitment and Retention Package	Long-standing difficulties in recruiting and retaining these specialist staff has resulted in a review of current market factors and comparative salaries (locally and nationally). From the evidence gathered through the review, there is a justification to increase the base salary level for social workers generally which is expected to lead to a reduction in use of more expensive agency staff.	456		
Children’s Support Services – Pathway for Adulthood SEND Officer	A permanent Pathway for Adulthood Officer will address specific feedback from Ofsted that there is a lack of future aspiration and appropriate placements for children as they approach adulthood which has led to relatively high numbers of young people with SEND who are classed as Not in Education, Employment and Training (NEET).	52		
Invest to Save - Carbon Reduction Initiatives	Implementation of several projects to help reduce the Council’s energy costs and its carbon footprint. All schemes deliver savings at least equal to the cost of interest and the Minimum Revenue Provision resulting from the capital expenditure.	-27	-26	
Total		570	-73	-20

Revenue budget: proposed PRESSURES for the People Directorate

Description	2023/24 £'000	2024/25 £'000	2025/26 £'000
Adult Social Care Costs This represents the pressure on care packages. It has been calculated by taking current costs. The pressure also includes an estimate of the costs arising from young people turning 18 and transferring into Adult Social Care.	1,693	0	0
Adult Social Care – Community Equipment Increase to reflect current usage	80	0	0
Adult Social Care Job evaluation for the staff in ASC resource now completed in line with Children’s resource	55		
Mental Health and Out of Hours A new post to provide essential operational support to Mental Health and Out of Hours teams with regards to the highly complex operational delivery of services that fall within this area. They will provide a key co-ordination role within the service area to ensure that key pieces of operational work are completed, delivered on time and within any agreed scope.	60	0	0
Support to schools The Department for Education has withdrawn grant funding that supports School Improvement activities (£0.038m) and which is used to assist the council to support schools. In addition, the cost of the software license used on the platform for School Traded Services, which aids income generation is in excess of budget (£0.010m).	48	0	0
Special Educational Needs The SEND written statement of action indicates that LAs should provide social care oversight in the development of Education, Health and Care Plans through a full time Designated Social Care Officer which would be a new post (£0.078m). The Information and Support Service which provides independent advice to parents on SEND is subject to a reduction in external grant funding (£0.018m) which is proposed in future to be funded by the council.	96	0	0
Children’s Social Care staffing pressures Duty and Assessment Team ensures that statutory work can progress in a timely and safe manner to reduce risks to children being harmed or entering care. Caseloads have been increasing and an additional 2.0 FTE staff are required to allow manageable caseloads	134	0	0

Description	2023/24 £'000	2024/25 £'000	2025/26 £'000
<p>(£0.110m). Access to records has also experienced a significant increase in requests for information and in order to reduce the risk of not meeting statutory timescales, a 0.6 FTE increase in hours is proposed (£0.024m).</p>			
<p>Children’s Social Care prevention The Department for Education has funded a project to support families with unborn and under 1 year old children. This work has demonstrated that intensive work pre-birth and using a group work and support model for new parents can significantly increase the prospects of navigating children away from costly parent and child residential placements. The proposal is for the council to fund one post once grant funding ceases.</p>	40	0	0
PEOPLE TOTAL	2,206	0	0

Revenue budget: proposed ECONOMIES for People Directorate

Description Impact	2023/24 £'000	2024/25 £'000	2025/26 £'000
Adult Social Care Outcome focussed reviews for all client groups	450	0	0
Housing and Welfare Housing – Service efficiency and historic underspending <ul style="list-style-type: none"> • End of lease on a property (£0.027m) • Review of all Budget headings and historic underspends (£0.024m) 	51	0	0
Housing and Welfare Welfare Benefits – Review of all Budget headings and historic Underspends	76	0	0
Service efficiencies and historic overspendings As part of the on-going process to improve efficiency, the Directorate continues to review services to consider alternative ways for their delivery or opportunities for cost reductions through reduced take up or general efficiencies which relates to: <ul style="list-style-type: none"> • Underspend on Early Help grants budget (£0.028m) • Underspend on commissioned service relating to support for young people Not in Education, Employment or Training (£0.025m) • Underspend on former teachers pension (£0.050m) • Underspend in Leaving Care (£0.109m) • Delete Early Help Development Worker as more use made of online portal for referrals (£0.022m) 	234	0	0
Use of grant funding Grant funding is received in respect of the Supporting Families Programme that duplicates activities funded by the council. Greater use of grant will be used to deliver the programme (£0.208m). The Asylum Seekers National Transfer Scheme also provides grant funding at a daily rate which has exceeded local care costs by £0.100m in each of the last 2 years. As numbers transferred increase, additional staffing is required to manage caseloads and a net saving of £0.050m is proposed.	258	0	0
Children's placements Practice continues to see the number of Children Looked After reduce. Average for the last 2 years has reduced to 118 placements compared to 127 over the last 4 years. Current data – which is high cost, volatile and subject to change at short notice – projects a net saving against accommodation and care provision, plus a range of related support services.	1,649	0	0
PEOPLE TOTAL	2,718	0	0

CAPITAL PROGRAMME - PEOPLE

		2023/24 €000	2024/25 €000	2025/26 €000	TOTAL €000
Committed					
No Schemes		-	-	-	-
Unavoidable					
No Schemes		-	-	-	-
Rolling Programme / Other Desirable					
Non-Schools					
Housing Planned Maintenance	10	250	-	-	250
Larchwood	11	75	-	-	75
Departmental Bids:					
School Bids:					
No Schemes					
	Total	325	-	-	325
TOTAL REQUEST FOR COUNCIL FUNDING		325	-	-	325
External Funding - Other					
Non-Schools					
No Schemes					
Schools					
	DfE Grant: Schools Capital Maintenance	1,860	-	-	1,860
	DfE Grant: Devolved Formula Capital	<i>tba</i>	-	-	-
	Ascot Heath - Security (S106)	12	23	-	23
		1,883	-	-	1,883
TOTAL EXTERNAL FUNDING		1,883	-	-	1,883
TOTAL CAPITAL PROGRAMME		2,208	-	-	2,208

PEOPLE DIRECTORATE

Summary of New Schemes – 2023/24 Capital Programme

PEOPLE DIRECTORATE

10. Housing Capital Programme (£0.25m)

Housings planned maintenance is an annual programme of repairs and maintenance to the Councils' housing stock. It encompasses a wide range of activities, but typically includes the repair or replacement of elements of building fabric, mechanical and electrical items, fixtures or fittings that are worn, obsolete or otherwise damaged. The purpose of the work is to improve and maintain the Councils' housing stock to a decent standard to provide a safe and appropriate environment for our residents to reside in and deliver the priorities set out in the Housing and Welfare Service Plan.

The works included in the current programme were identified through a series of Housing Health and Safety Rating System (HHSRS) and property condition surveys, which were undertaken on our behalf by external engineers and surveyors during 2019/20 on a five-year programme. The current supporting data have been arrived at following detailed analysis of all our condition survey records but will need to be reviewed to reflect current national and housing policy, giving consideration to changes in legislation around the new Building Safety Act 2022, The Fire Safety (England) Regulations 2022 and the Social Housing White Paper.

By the 1st of April 2027, all landlords including local authorities, must present a valid Energy Performance Certificate (EPC) for their property with a rating of "C" or higher and by 1st April 2028, a rating of "B". It is likely that this will include improvements to existing heating systems, replacement windows and insulation

The housing capital programme will support compliance with the new regulations. The focus of the programme this year remains on the modernisation of properties to maintain a Decent Standard with the balance of activity over the next twelve months concentrating on property components e.g., kitchens, bathrooms, electrical installations and heating systems. This will in future be replaced on a fixed life cycle. The 'Bracknell Standard' is currently under development and a programme over the following 4 years is being finalised to be able to forecast total level of funding required across the whole period

The projected costs include an allowance for a higher-than-normal uplift for construction inflation and to introduce energy saving measures as part of overall project to improve thermal comfort and reduce fuel poverty supporting Health and Wellbeing

11. Larchwood (£0.075m)

Larchwood is BFC's short break Children's Home, providing personalised respite care for children who have complex needs, a learning and/or physical disability. The children and young people who access Larchwood require personal care, medication, behavioural support and personalised plans to aid their learning and achievements.

During an Ofsted inspection in March 2022, an inspector commented on the "tired" décor and the inspection report include a recommendation to ensure that redecoration and maintenance and improvements to the presentation of the kitchen are undertaken to provide a more welcoming, homely, and brighter environment for children. (Guide to the Children's Homes Regulations, including the quality standards', page 15, paragraph 3.9). Work is required both internally and externally, with a replacement kitchen, new fencing and play area.

12. Ascot Heath Primary – Perimeter Fencing (£0.023m) (S106 Funding)

The entire school perimeter fencing is damaged and needs replacing to conform to safeguarding requirements. The new security fence falls within the definition of school facilities and is eligible for funding. S106 funding exists which can only be spent towards facilities at Ascot Heath and is sufficient to cover the £23,000 required for this project.

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