

## Notice of Meeting

### Schools Forum

Stuart Matthews (Academy School Representative)  
Elizabeth Savage, Academy School Representative  
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)  
Trudi Sammons, Primary School Representative (Headteacher)  
Debbie Smith, Academy School Representative  
Grant Strudley, Academy School Representative  
Paul Tatum, Trades Union Representative



### Also Invited:

Councillor Roy Bailey, Executive Member for Children, Young People & Learning

**Thursday 14 September 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.	<b>Apologies for Absence/Substitute Members</b>	
	To receive apologies for absence and to note the attendance of any substitute members. <b>Reporting:</b> Lizzie Rich	
2.	<b>Election of Chair</b>	
	To elect a Chair of the Forum for the municipal year. <b>Reporting:</b> ALL	
3.	<b>Appointment of Vice Chair</b>	
	To appoint a Vice-Chair of the Forum for the municipal year. <b>Reporting:</b>	
4.	<b>Declarations of Interest</b>	
	Members are asked to declare any disclosable pecuniary or affected interests in respect of any matter to be considered at this meeting.  Any Member with a Disclosable Pecuniary Interest in a matter should	

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	<p>withdraw from the meeting when the matter is under consideration and should notify the Democratic Services Officer in attendance that they are withdrawing as they have such an interest. If the Disclosable Pecuniary Interest is not entered on the register of Members interests the Monitoring Officer must be notified of the interest within 28 days.</p> <p>Any Member with an affected Interest in a matter must disclose the interest to the meeting. There is no requirement to withdraw from the meeting when the interest is only an affected interest, but the Monitoring Officer should be notified of the interest, if not previously notified of it, within 28 days of the meeting.</p> <p><b>Reporting:</b> ALL</p>	
5.	<b>Minutes and Matters Arising</b>	5 - 12
	<p>To approve as a correct record the minutes of the meeting of June 22.</p> <p><b>Reporting:</b> ALL</p>	
6.	<b>Update on the Early Years Entitlements</b>	13 - 18
	<p>To update Schools Forum on local arrangements for the Early Years Supplementary Grant; to update Schools Forum on the government's proposals for the extended entitlements as set out in the consultation published on 21 July and the illustrative funding rates for 2024-25 based on these proposals and to update Schools Forum on the work being undertaken on the rollout of the extended entitlements.</p> <p><b>Reporting:</b> Cherry Hall</p>	
7.	<b>2024-25 initial Budget Preparations for the Schools Budget</b>	19 - 38
	<p>To provide an update to the Schools Forum from the information currently available in respect of the 2024-25 Schools Budget for mainstream schools together with other relevant finance related matters.</p> <p><b>Reporting:</b> Paul Clark</p>	
8.	<b>2023-24 Arrangements for additional financial support to schools</b>	39 - 50
	<p>To seek agreement from the Schools Forum in respect of proposals for additional financial support to schools, in particular, approval of new or amended applications for licensed deficit arrangements. An update is also provided on the current position in respect of previously agreed financial support arrangements.</p> <p><b>Reporting:</b> Paul Clark</p>	
9.	<b>Dates of Future Meetings</b>	
	<p>The next meeting of the Forum will be held at 4.30pm on Thursday 16 November.</p>	

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**SCHOOLS FORUM**  
**22 JUNE 2023**  
**4.30 - 5.45 PM**

**Present:**

Stuart Matthews, Academy School Representative (Chair)  
Elizabeth Savage, Academy School Representative (Vice-Chair)  
Stuart Bevan, Primary School Representative (Headteacher)  
Sue Butler, Early Years PVI Provider  
Juanita Dunlop, Primary School Representative (Headteacher)  
Keith Grainger, Secondary School Representative (Headteacher)  
Tim Griffith, Academy School Representative  
Roger Prew, Primary School Representative (Governor)  
Trudi Sammons, Primary School Representative (Headteacher)  
Debbie Smith, Academy School Representative

**Observer:**

Councillor Roy Bailey, Executive Member for Children, Young People & Learning (Observer)

**Apologies for absence were received from:**

Jenny Baker, Special School Representative  
Grant Strudley, Academy School Representative

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

The Chair congratulated Sue Butler for receiving a lifetime achievement award presented by the Early Year's Alliance, recognising Sue's outstanding service to the sector.

Councillor Bailey was welcomed as the new Executive Member for Children, Young People & Learning. The Chair also welcomed James Fallows who was a graduate finance apprentice and attending this meeting as part of his training.

The Chair noted that this was Debbie Smith's last meeting with the forum and thanked her for her long service to Sandhurst School and to the forum.

**286. Declarations of Interest**

Keith Grainger declared an affected interest regarding Item 8 (2022-23 Balances held by Maintained Schools) in relation to Garth Hill College.

**287. Minutes and Matters Arising**

**RESOLVED** that the minutes of the meeting of the Forum held on 9 March 2023 be approved as a correct record.

Arising from minute 279, Paul Clark updated that there was still a vacancy for a 16-19 partnership representative. Paul had contacted the college and not had a reply yet but would keep trying. The Chair added that there were still two vacancies for the

additional academy representatives and there would be a third academy vacancy from September. However, two new academy representatives had come forward: Katie Moore from King's Academy Binfield and Gareth Croxon who would be taking over as Headteacher at Sandhurst. The third vacancy had not been filled yet. A Headteacher from a maintained primary school had also expressed an interest to join the forum. Paul explained that he has already had a meeting with that headteacher to explain the process.

Arising from minute 283, Paul and Stuart had met to discuss the wording around whether there were appropriate arrangements in place for the use of pupil referral units, and it was recorded in the minutes that appropriate arrangements were "not yet" in place.

#### **288. Changes to the Early Years' Free Entitlements**

The Forum considered a report which sought agreement on the principles for allocating the announced increase in funding to the elements of the Early Years' Block Budget. It also sought to ratify the process for supporting business development to secure sufficient sustainable Early Years and Childcare provision. Finally, it provided an update on the potential impact of the expansion of early years free entitlements included in the government's budget announcement of 15 March 2023.

Cherry Hall explained that the Department for Education (DfE) had subsequently released some information that councils would be getting additional funding to increase provider funding rates for September 2023 through an Early Years supplementary grant as opposed to the money following the normal route of the Dedicated Schools Grant (DSG). It was hoped that the associated grant conditions would still permit the principles being put to the Forum for spend but more information was required. The principles that had been put forward had already been agreed with the Early Years forum.

The Forum was pleased that the government had acknowledged the need for urgent funding.

#### **RESOLVED**

1. to AGREE that in accordance with the views of the Early Years Forum:
  - i. the announced increase in Early Years Block funding is allocated in accordance with the principles set out in paragraphs 5.4 and 5.5 of the report; and
  - ii. the process for supporting business development to secure sufficient sustainable Early Years and Childcare provision as set out in paragraphs 5.10 to 5.14 is ratified; and
2. to NOTE:
  - i. the potential impact of the expansion to the early year's free entitlements on early years provision in Bracknell Forest as set out in paragraphs 5.6 to 5.9 of the report; and
  - ii. revisions to the 2023-24 Early Years Block Budget proposals and funding rates to be allocated to the Early Years Funding Formula will be presented for comment in September.

#### **289. Delivering Better Value in SEND Update**

The Forum considered a report which provided an update on the progress of the Delivering Better Value (DBV) in Special Educational Needs and Disabilities (SEND)

activity. The Forum was invited to make comments and thoughts on any of the activity so far and upcoming activity for DBV.

Chris Kiernan explained that the council had been awarded £1m by the DfE to deliver three pilot projects over two years. The three projects were ASD training for teacher, a Kennel Lane School (KLS) outreach project, and in-house transition support.

Debbie Smith declared an interest in this item as Sandhurst School was likely to be the hub for the KLS outreach project.

The Forum asked whether there would be any support for primary schools as it felt like the focus was on secondary schools. Chris confirmed that there would be support for primary schools in the KLS outreach and ASD training projects, and a certain amount of support for primary schools with the in-house transitional team as they would be working with pupils from Year 6.

The Forum expressed that there was a need for support for children transitioning from early years to primary school. Chris replied that this was a valid point. In terms of the scale of issues for children with SEND, transition from primary to secondary was the most problematic. Therefore, the in-house transition project would prioritise the secondary sector. However, Chris agreed to look at different work that could be done in the future to support transition to primary.

**(Action: Chris Kiernan)**

The Forum commented that there needed to be more focus on pre-school and linking with primary schools to lessen the issues as early intervention would help mitigate problems later on.

A concern was raised about the level of support for schools regarding SEND pupils as resources were felt to be insufficient, and there was a worry that there was such an effort to save money. It was acknowledged that having young people in mainstream education was important but there was a need for sufficient resources alongside to help those young people succeed. Chris replied that there was no “penny pinching” or huge cost savings and that, in fact, the council had been spending more than the budget each year. There was a need to be as efficient as possible. Regarding specialist support, Chris was confident that there was a strong specialist support team in Bracknell. However, there was a lack of specialist places which was beyond the council’s control; the legislation produced in 2014 has resulted in well over a 50% increase in Education, Health & Care Plans (EHCPs) in that time. Councils had been left on their own without capital investment. BFC had got investment for specialist provision and was looking at more investment in the following three areas: resourced places in primary and secondary schools, ensuring that the council properly supports and codifies those places in terms of entry, and increasing resourced units. The council was also looking at additional special school capacity in addition to the new ASC school that had been approved. The application for a Social, Emotional and Mental Health (SEMH) secondary school did not succeed and the council had been looking at whether to make further investments.

The Chair noted that several Forum members were invited to the initial DBV meeting. Newton Europe, the DfE partner, led on that so it was their investigation and their identification of what would save money. Cheryl Eyre added that they looked at many prospective project areas and there was substantial input from Cherry around early years transitional support and early identification, but then the limit to the amount of money available reduced the number of projects. Therefore, they had to go back to the data as the basis to develop the three projects. However, Cheryl was still considering how Early Years support could be moved forward so it was not

off the table. Chris added that the council already did a lot in early intervention within early years. It was included in the Code of Practice, and Chris would be doing a lot more work with schools next year on what needed to be available under schools' budgets.

#### 290. **Update on College Hall Pupil Referral Unit**

The Forum considered a report providing an update on the 2023-24 budget decisions made regarding College Hall Pupil Referral Unit (the PRU), including the approach to management of the £0.384m 2022-23 deficit. Due to the urgent nature of these proposals, a wider programme of engagement was not possible, but consultation did take place with the Chair of the Schools Forum.

Zoe Livingstone explained that there was a £0.384m overspend relating to College Hall on the 2022-23 budget. This was largely due to exceptional factors including having to commission additional alternative provision, costs for interim leadership capacity, and the removal of the Outreach and Tuition Service. The exceptional factors combined amounted to £0.368m of the overspend and this had been charged to the general High Needs Block (HNB) budget.

As a result of these factors, officers had worked closely with College Hall management to consider the budget and staffing models. It had been proposed that a 1:8 pupil teacher ratio would be sufficient to provide a good quality of education once other issues had been addressed and College Hall was operating within a 'business as usual' context. Meanwhile, it was likely that additional funding beyond the agreed budget would be needed this financial year to cover further exceptional expenses. It was noted that the new budget that had been agreed for College Hall had resulted in a significant per pupil cost compared to 2022-23.

The Chair noted that there had been longstanding concerns from schools around the operation and accessibility of the PRU and expressed support for the investment required to put College Hall on a sustainable footing. It was recognised that the 1:8 ratio was not realistic for this year. The Chair also noted that the site was not appropriate and hoped that College Hall would be considered for any capital funds available.

The Forum asked whether the 1:8 ratio was feasible. Zoe clarified that it was a teacher pupil ratio but there would be other adults in the classroom including teaching assistants and ELSA support; therefore, it would be a much higher ratio in terms of adult to child. There was a need to ensure leadership capacity and that staff were given appropriate support so that the transition to the 1:8 ratio would go smoothly.

The Chair requested that updates would be presented at a future meeting.  
**(Action: Zoe Livingstone)**

Councillor Bailey added that SEND was a key priority for Labour and that he would be meeting with stakeholders over the next few weeks.

#### 291. **2022-23 Provisional Outturn on the Schools Budget and other Financial Matters**

The Forum considered a report which sought to inform members of the provisional outturn on the 2022-23 Schools Budget, including the allocation of balances and use of Earmarked Reserves. These funds were ring-fenced for the support of schools and pupils. The report also included an update on the financial consultation with schools planned for the autumn term to help with initial preparations for the 2024-25 Schools Budget.



Paul Clark explained that the outturn was as expected with a significant overspend. However, this was an improvement on both the outturn from the previous year and the budgeted outturn. One factor was a decrease in external placements.

A new reserve had been created for an Early Years Disability Access fund which was a ring-fenced grant which the LA received as part of the DSG.

Paul also highlighted that the financial responsibility of the debt was due to remain with the DfE to 31 March 2026. If the current financial position continued, it was expected that the debt would increase to around £35m by time that the liability returned to the council. However, it was hoped that the DBV project would help mitigate that.

Paul explained that two additional areas were expected to be included in the 2023 financial consultation with schools. The first question was around the calculation of notional SEN funding as there was no mandatory calculation that must be applied. Paul asked for direction on whether all schools should be asked this question or just the HNB subgroup. The Forum requested that all schools be asked this question. Paul agreed that this would be included in the consultation with all schools.

The second question was a request for schools to make a financial contribution to the HNB, up to 0.5% of Schools Block DSG income. Chris Kiernan added that the capital held currently by the council would probably not be sufficient against the number of places that needed to be generated for specialist support. Whilst the 0.5% could not be used for capital borrowing, it could help other expenditure. At this stage, the request to Forum was to give their views on whether it was appropriate for schools to be consulted on it. Chris explained that, following consultation, whether to agree the 0.5% would be the decision of the School's Forum. However, if the council did not agree with the decision, it could appeal to the Secretary of State.

The Forum asked what the current contribution was, and expressed that, if the council were to appeal a decision made by the Forum, this could change the close working relationship where opinions of the Forum were taken seriously by the council. Chris replied that the current contribution was 0. The council had absolute respect for the views of the Forum but would not necessarily always share the same view. Chris clarified that he was not saying the council would appeal but he wanted to ensure that the Forum were aware it was a possibility.

The Forum asked what it would mean for each of the schools if their Schools Block DSG income was top sliced. Paul explained that, if it were to be applied in the current financial year, every mainstream school's budget would be 0.5% smaller. As a result of further questions, it was established that there was a possibility that this could result in a deficit, but that would be dependent on other things. The amount each school contributed would be different depending on the size of the school and would be less for 1FE schools. The Forum expressed concern about having additional deficits.

Councillor Bailey shared that, nationally, the number of pupils with an EHCP had doubled in the last 8 years which had caused significant budget deficit problems across the country. There was a need to ensure that the government were aware and that it would support councils with the additional funding required.

The Forum agreed that this question could be consulted on with all schools.

**RESOLVED**

1. to NOTE
  - I. that the outturn expenditure for 2022-23, subject to audit, shows an overspending of £6.006m (paragraph 6.6 of the report);
  - II. the main reasons for budget variances (paragraph 6.8 of the report);
  - III. the cumulative £15.477m deficit balance held in the unusable DSG Adjustment Account, responsibility for which currently rests with the Department for Education to 31 March 2026 (paragraph 6.12 of the report);
  - IV. the in-year funding transfers to and from Earmarked Reserves made in accordance with the relevant policies (paragraph 6.12 of the report); and
  - V. the questions expected to be included on the autumn term 2023 financial consultation with schools and provides feedback; and
2. to AGREE the formal policy wording associated with the new Early Years Disability Access Reserve as set out in Annex B.

## 292. **2022-23 Balances held by Maintained Schools**

The Forum considered a report which updated on the level of balances held by maintained schools as of 31 March 2023, how these compared to the previous financial year and considered whether any significant surplus balances should be subject to claw-back and re-invested within the overall Schools Budget.

Paul Clark explained that Crowthorne Primary school had a significant surplus balance which exceeded the maximum cap, meaning that the surplus balance could be deducted. However, the policy allowed for schools to request to retain the surplus, and the Headteacher of Crowthorne Primary had made such a request. If the Forum decided that any of the income above the cap should be clawed-back, the school could appeal to the Executive Director.

In general, school balances reduced during 2022-23. Average balances were at 4.4% of annual income. However, there were differences between primary and secondary phases with primary schools getting close to the level where it would be difficult to manage in-year emergencies.

The Chair highlighted an issue regarding the energy contract which was not included in the report. Stuart had written to the LA on behalf of the Forum to query whether the current energy contract delivered the best value, whether they could withdraw from the contract as it was significantly above market prices and raised concerns about the fact that prices were only shared with schools after the auto renewal period. Stuart had a response from Richard Skegg stating that they procure through Crown Commercial Services and had to follow the contract available. The contract had previously delivered good value to schools, but Richard recognised that this had not been the case in the short term. Richard also acknowledged about the need for transparency and pledged to resolve this. Richard confirmed that, to exit the contract, 12 months' notice was needed at the start of the financial year. As notice was not given at the start of this financial year, schools were tied into the contract until at least 2025.

### **RESOLVED**

1. to NOTE
  - I. the key performance information on school balances, as set out in paragraph 6.3 of the report, and in particular:
    - i. aggregate surplus balances have decreased by £0.182mm to £2.306m (-7%);
    - ii. the value of surplus balances has decreased by £0.097m to £2.910m;

- iii. the value of deficit balances has increased by £0.085m to £0.603m which continues to require careful monitoring;
- iv. significant surplus school balances have increased by £0.024m to £0.596m (+4%); and
- v. at 4.4%, average balances are considered to be above the minimum level required for working balances to safely cover unforeseen circumstances; and
- II. the requirement to complete an Action Plan for the Department for Education in respect of schools with deficits in excess of 5% of income, based on 2021-22 accounts (paragraph 6.19 of the report); and
- 2. to AGREE
  - I. that the entire significant surplus balances held by schools up to the cap permitted in the claw-back scheme has been assigned for relevant purposes as set out in the approved scheme and should not be subject to claw-back (paragraph 6.12 of the report); and
  - II. that no amount of the significant surplus balance above the cap permitted in the claw-back scheme should be removed from Crowthorne Primary School (paragraph 6.16 of the report).

**293. 2022-23 Funding Allocations to Mainstream Schools from Budgets Centrally Managed by the Council**

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

Paul Clark advised that minor changes were needed to ensure policies were clear and transparent

**RESOLVED**

- 1. to NOTE
  - I. the following funding allocations to schools, made in accordance with approved policies:
    - i. £0.063m for significant in-year increases in pupils (paragraph 6.9 of the report);
    - ii. £0.043m for schools required to meet the Key Stage 1 Class Size regulations (paragraph 6.13 of the report);
    - iii. £0.023m for new and expanding schools (paragraph 6.17 of the report);
    - iv. £0.096m for schools with a disproportionate number of SEN pupils (paragraph 6.21 of the report); and
    - v. £0.169m for schools in financial difficulty (paragraph 6.30 of the report); and
  - II. the intention of the Department for Education from 2024-25 to introduce a minimum national funding approach to funding schools with significant rising or declining pupil numbers (paragraph 6.10 of the report); and
- 2. to AGREE minor changes to text to improve clarity of policy and the updating of funding rates where relevant (paragraph 6.33 of the report).

**294. Dates of Future Meetings**

The Chair highlighted that the positions of chair and vice-chair were vacated each year in September and any member of the Forum was welcome to stand for those positions.

The next meeting of the Forum would be held at 4.30pm on Thursday 14 September 2023.

**CHAIRMAN**

To: **Schools Forum**  
**14 September 2023**

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## **Update on the early years entitlements Executive Director of People**

### **1. Purpose of Report**

- 1.1. To update Schools Forum on local arrangements for the Early Years Supplementary Grant.
- 1.2. To update Schools Forum on the government's proposals for the extended entitlements as set out in the consultation published on 21 July and the illustrative funding rates for 2024-25 based on these proposals.
- 1.3. To update Schools Forum on the work being undertaken on the rollout of the extended entitlements.

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

#### **To Note:**

- 2.1. **The government guidance for additional funding for existing early years entitlements in 2023-24 via the Early Years Supplementary Grant**
- 2.2. **In accordance with government expectations and in line with the principles agreed by Schools Forum on 22 June, the Early Years Supplementary Grant has been passed in full to early years providers in Bracknell Forest.**
- 2.3. **The proposals in the government's consultation on the expansion to the early years free entitlements from April 2024.**
- 2.4. **The indicative funding rates for 2-year-olds and under 2's in Bracknell Forest, based on the illustrative rates included in the governments consultation.**
- 2.5. **The planned engagement with early years providers in Bracknell Forest in preparation for the rollout of the extended entitlements and to improve the Council's understanding of developments in the early years market.**

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

- 3.1. The information set out in the paper are in line with the information currently available to the Council regarding the government's plans to expand the early years free entitlements from April 2024-25 and the potential impact this will have on local arrangements and funding rates.

### **4. Alternative Options Considered**

- 4.1. Not applicable

### **5. Supporting Information**

#### Early Years Supplementary Grant

- 5.1. In the 2023 Spring Budget the government announced an additional £204 million of supplementary funding for the existing early years free entitlements for disadvantaged 2-year-olds and 3- and 4-year-old children for the 2023 to 2024

- financial year. This supplementary funding was in addition to the increase received via the Early Years National Funding Formula (EYNFF) for 2023-24.
- 5.2. On 22 June 2023 School Forum agreed principles for implementing this increase to the 2023-24 early years block of the Dedicated Schools Grant (DSG). These principles were:
- a) The components of the Early Years Funding Formula for 2023-24 as previously agreed will be retained.
  - b) 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) The increase in the Early Years Block budget is allocated to providers via the uniform base rate
    - iii) 5% of total income managed centrally by the council
- 5.3. On 7 July, the Department for Education published guidance for the allocation of the supplementary funding via the Early Years Supplementary Grant (EYSG), which is separate to the funding provided through the early years block of the DSG. The EYSG provides supplementary funding for all exiting early years funding streams:
- 15 hours entitlement for disadvantage 2-year-olds
  - 15 hours universal entitlement for 3- and 4-year-olds
  - 15 hours additional entitlement for 3- and 4-year-olds
  - Early years pupil premium
  - Disability access fund

**Table 1: Change to early years funding received by BFC**

	2023-24 EYNFF rate (April to March)	2023-24 EYSG rate (Sept to March)	2023-24 effective rate (Sept to March)	Change from 2023-24 EYNFF rate
2-year old's	£6.87	£3.00	£9.87	43.7%
3- & 4-year old's	£5.58	£0.56	£6.14	10.0%
EYPP	£0.62	£0.04	£0.66	6.5%
DAF	£828	£30.92	£858.92	3.7%

- 5.4. The EYSG will be paid for the 2023 to 2024 financial year only, with Local Authorities receiving allocations under the EYSG to cover the period 1 September 2023 to 31 March 2024.
- 5.5. Initial allocation will be based on the part-time equivalent (PTE) data from the January 2023 early years, schools and alternative provision censuses and adjusted to reflect actual numbers of children taking up the entitlements from the January 2024 censuses in line with the way the DSG early years allocations are normally calculated.
- 5.6. Conditions of grant for the EYSG will be published in September. These are expected to be different to DSG conditions with Local Authorities expected to pass on the EYSG in full to early years providers for each of the funding streams without the option for 5% central retention by the council.

- 5.7. In line with government expectations and the principles agreed by Schools Forum in June the EYSG has been passed in full to providers. The change in hourly funding rate for providers in Bracknell Forest are set out in table 2.

**Table 2: Change to BF early years funding rates paid to providers**

Funding Category	2023-24 Funding rate	EYSG rate (Sept to March)	Combined rate (Sept to March)	% of EYSG passed on to providers
2 Year Olds	£6.38	£3.00	£9.38	100%
3- & 4-Year Olds base rate	£4.92	£0.56	£5.48	100%
EY Pupil Premium	£0.62	£0.04	£0.66	100%
Disability Access Fund (DAF)	£828.00 per year	£30.92 per year	£858.92 per year	100%

- 5.8. Early years providers in Bracknell Forest were advised of the change in funding rates on 17 July and Council was able to update the systems in time to include the new rates in the calculation of the autumn term forecast payment which was paid to providers in July.

Early years funding – extension of the entitlements Consultation

- 5.9. On 21 July, the government published a consultation focusing on how the entitlements for children aged 2 years old and younger will be distributed from the Department for Education to local authorities from April 2024. The proposals in the consultation are:
- Introduce a new funding formula to calculate funding rates for children aged 9 months up to and including 2 years, regardless of which entitlement they are accessing (The existing 2-year-old disadvantage entitlement or the new entitlement).
  - The new funding formula will follow the same structure and weightings as used in the existing 3- and 4-year-old formula.
  - To extend the Disability Access Fund eligibility to all children accessing the entitlements from April 2024
  - To extend Early Years Pupil Premium eligibility to all children accessing the entitlements from April 2024
  - Each local authority will receive three separate hourly funding rates:
    - An hourly rate for 3- and 4-year-olds for the universal and extended entitlements
    - An hourly rate for 2-year-olds for both the disadvantaged and the working parent entitlements
    - An hourly rate for 9-month-olds up to but not including 2-year-olds (under 2's) for the new working parent entitlement
  - The framework for setting local authority funding formulae should be extended to the funding streams for 2-year-olds and under 2's and the rules on pass through rates and supplements should be the same for all three funding streams.

- Under the current early years funding formula framework local authorities are required to pass through a least 95% of their 3- and 4-year-old funding to providers. The extended entitlements will result in a considerable increase in value of the early years block of the DSG and consideration is given in the consultation to increasing the pass through rate to 97% after 2024-25.
  - A Special Education Needs Inclusion Fund should be established in each local authority for children aged 9 months to 2 years who are taking up the entitlements.
  - Local authorities will be required to consult with Schools Forum, maintained schools and early years providers on their formulae for the new entitlements.
- 5.10. The government published illustrative modelling based on these proposals which suggest the following funding rates in 2024-25:
- National average funding rate for 2-year-olds of £8.17
  - National average funding rate for under 2's of £11.06
  - Funding rate to Bracknell Forest for 2-year-olds of £9.53
  - Funding rate to Bracknell Forest for under 2's of £12.91
- 5.11. The Council has undertaken illustrative modelling using this data and this suggest funding rates to providers in Bracknell Forest for 2024-25 of:
- Base rate for 2-year-olds of £8.30
  - Base rate for under 2's of £11.25
- 5.12. Based on current proposals and the current Bracknell Forest early years funding formula, 2-year-olds and under 2's who are eligible for Early Years Pupil Premium would receive an addition £2.00 in deprivation funding, increasing funding rates to £10.30 for eligible 2-year-olds and £13.25 for eligible under 2's.

#### Preparing for the extended entitlements

- 5.13. Work is underway to understand the impact of the extended entitlements on the supply and demand for early years childcare in Bracknell Forest. Initial surveys have been completed with providers and parents, but these have been hampered by a lack of detailed guidance. A challenge when looking ahead at future demand for children under 2 is the fact that a sizeable proportion of this cohort had not been born yet.
- 5.14. Face to face meetings with providers are planned for September to provide an update on the expected arrangements for the extended entitlements, to gather data on providers plans for the roll out of the extended entitlements and to discuss options with providers for increasing places to meet the expected increase in demand.
- 5.15. Additional surveys and data gathering will be undertaken in the autumn term so that the Council can develop a better understanding of the impact of the entitlements in the market.

## 6. **Consultation and Other Considerations**

### Legal Advice

- 6.1. The relevant legal issues have been addressed within the report.



Executive Director: Resources

- 6.2. The Executive Director: Resources is satisfied that the proposed increases to provider funding rates in 2023-24 can be financed from anticipated grant income. 2024-25 funding allocations and overall budget allocations will be considered as part of the normal budget setting process.

Equalities 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

Risk	Level of risk	Impact	Mitigation
Unable to predict additional childcare places required and/or secure sufficient places		Parents are unable to secure the childcare they need and are entitled to	Work with existing and potential providers to develop business models so supply meets demand
Capita One not updated to manage additional requirements		Business continuity will be threatened	Ongoing communication with Capita to ensure systems are updated and fit for purpose
Business team unable to process additional queries/payments due to capacity		Providers do not receive their payments causing financial hardship	Recruitment process started, if successful this will turn green

Climate Change Implications

- 6.4. The recommendations in Section 2 above are expected to have no impact on emissions of CO<sub>2</sub>.

Background Papers

[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/718179/Early\\_education\\_and\\_childcare-statutory\\_guidance.pdf](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 supplementary grant 2023 to 2024 - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/news/early-years-supplementary-grant-2023-to-2024)

Early Years supplementary grant

[Early years funding - extension of the entitlements - Department for Education - Citizen Space](#)

Early years funding – extension of the entitlements consultation

<https://educationhub.blog.gov.uk/2023/03/16/budget-2023-everything-you-need-to-know-about-childcare-support/>

Budget 2023: Everything you need to know about childcare support

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To: Schools Forum  
Date: 14 September 2023

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**2024-25 initial Budget Preparations for the Schools Budget  
and related matters  
Executive Director: People**

**1 Purpose of report**

- 1.1 To provide an update to the Schools Forum from the information currently available in respect of the 2024-25 Schools Budget for mainstream schools together with other relevant finance related matters.
- 1.2 Whilst the Department for Education (DfE) has yet to provide the final data that must be used to calculate individual school budgets, information is emerging that allows for updates to be provided on some key matters and some early decisions to be taken which will aid the finalisation of the budget which must be presented to the DfE by the statutory deadline of 22 January 2024.

**2 Executive Summary**

- 2.1 The normal July release by the DfE of preliminary budget information has allowed for an initial update on the potential financial implications for 2024-25 and for early budget preparations to commence. These calculations have as far as possible replicated the DfE's National Funding Formula (NFF)<sup>1</sup> at an individual Bracknell Forest (BF) school level. This is in accordance with the agreed local budget strategy and the direction of travel being taken by the DfE which is prescribing all LAs to move towards in the NFF in the coming years.
- 2.2 The headline budget changes for 2024-25 are for an average increase in government per pupil funding allocations across England of 2.7%, with the BF increase also at 2.7%. These are provisional calculations that will be updated with the October 2023 census data.
- 2.3 In addition, there are 2 further changes to school funding:
  - 1. Schools are expected to receive around £1.6m through the new Teachers' Pay Addition Grant that is being made available to contribute to the costs arising from the September 2023 Teachers' Pay Award. This averages 1.7% per pupil.
  - 2. The Mainstream Schools Additional Grant that was paid separately to schools in 2023-24 as a contribution to additional cost pressures will be distributed to schools through the NFF in 2024-25. This averages 3.4% per pupil.
- 2.4 After making initial calculations and adjustments that inevitably arise from a funding system that uses lagged data, there is a funding gap on school budgets of £0.247m, and £0.013m on centrally managed budgets. It is not unusual to have a funding gap at this stage of the budget process.

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

- 2.5 The options available to manage the indicated budget shortfall, including a combination of both, are:
1. Draw down funds from the Reserve created in the Schools Budget to support the additional costs of new and expanding schools
  2. Fund schools at a scaled percentage of the NFF rather than the full amount.
- 2.6 These are relatively high-level calculations which will be subject to change as more information becomes available. However, they do present a sound starting point for budget planning and early decision making where appropriate.
- 2.7 There are 3 further scheduled meetings of the Forum to consider financial plans before a final budget needs to be agreed and returned to the DfE. Whilst setting most aspects of the Schools Budget is a council responsibility, this has always been on the basis of recommendations from the Schools Forum.
- 2.8 In common with many local authorities, the level of expenditure on high needs provision in Bracknell Forest significantly exceeds the grant funding provided. The DfE has introduced national programmes (Delivering Better Value in SEND and Safety Valve) to address these recurring deficits, which all authorities will be expected to participate in over time.

### **3 Recommendations**

#### **To AGREE:**

- 3.1 That subject to consideration of school responses to the annual financial consultation and general affordability, the approach to setting the 2024-25 budget should remain broadly the same as for 2023-24, and in particular:**
- 1. That there should be no change to the current budget strategy of:**
    - a. as far as possible, replicating the NFF;**
    - b. setting minimum per pupil funding increases between financial years at the highest amount permitted by the DfE;**
    - c. meeting the diseconomy costs at new and expanding schools in a measured way from a combination of Schools Budget reserves and funding allocated for the relevant year from the DfE.**
  - 2. That a centrally managed Growth Fund should be maintained for in-year allocation to qualifying schools (Table 2).**
  - 3. That work should be undertaken to consider potential options available to support schools facing the greatest financial impact from falling rolls;**
  - 4. On-going central retention by the Council of the existing Central School Services Block items (Annex 1).**
  - 5. To prevent over funding, that the DfE be requested to approve that the council continues to disapply the requirement for minimum per pupil funding increases where schools are funded on the Start-up and Diseconomy funding policy for new and expanding schools.**

**To NOTE:**

**3.2 The current estimated funding gaps on the Schools Budget at Table 3 of:**

1. £0.247m on the Schools Block
2. £0.013m for the Central School Services Block.

**3.3 For the High Needs Block Budget:**

- 1 The 3% increase in per pupil DSG funding in respect of the High Needs Block Budget.
- 2 That an update on the Delivering Better Value in SEND and Safety Valve programmes will be provided at the meeting

**4 Reasons for recommendations**

- 4.1 To ensure that the Schools Block (SB) and Central Schools Services Block (CSSB) elements of the Schools Budget are developed in accordance with the views of the Schools Forum and governors, the anticipated level of resources and the statutory funding framework, including the requirement to submit summary details of individual school budgets to the DfE by 22 January 2024.

**5 Alternative options considered**

- 5.1 These are set out in the supporting information.

**6 Supporting information**

Overview

- 6.1 This report concentrates on the SB and CSSB elements of the Schools Budget which are intended to fund delegated school budgets and the small number of services that the DfE allows LAs to manage centrally on behalf of schools, where agreed by the local Schools Forum.
- 6.2 The introduction of the current funding framework, including the structure of the Schools Budget commenced in April 2018 and elements of transitional funding protection remain in place to reduce the impact of financial turbulence from the policy change on both schools and LAs.

2024-25 financial settlement from the DfE

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

- 6.3 The Forum is aware of the Government's is moving all LA funding arrangements onto the NFF. This will take a number of years with 2024-25 being the second year of transition to the "direct" schools NFF. In summary, this will require:
1. LAs will only be allowed to use NFF factors in their local formulae, and must use all NFF factors other than the following optional factors: rates, PFI contracts and exceptional circumstances (requires ESFA agreement)

2. LAs will also be required to move their local formula factors 10% closer to the NFF values, compared to where they were in 2023-24, unless their local formulae are already so close to the NFF that they are classed as mirroring the NFF. For this purpose, local factor values within +/- 2.5% of the respective NFF values are deemed to be “mirroring” the NFF. Note, as part of the tightening requirement, local authorities are not allowed to ‘overshoot’ the NFF value by more than the 2.5% mirroring threshold.
- 6.4 In accordance with the agreed budget strategy of the Forum, the BF Funding Formula for Schools is already fully compliant with these new requirements and no new specific actions are therefore required. The NFF policy document that sets out the requirements on LAs to move their formulae closer to the NFF can be found here:
- [National funding formula for schools and high needs - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/policies/national-funding-formula-for-schools-and-high-needs)
- 6.5 There are 2 relatively minor changes being introduced next year, both of which relate to funding that LAs are permitted to retain centrally, where current flexibilities are being reduced with a more consistent national approach needing to be followed as follows:
1. LAs must follow the new local formula requirements for growth funding, whereby additional classes (driven by basic need) must be funded by at least the minimum funding level set out in the funding calculation. Initial calculations suggest the current BF funding allocation of £0.032m for financing the cost of a teacher from September to March will need to increase to £0.035m
  2. LAs with a falling rolls fund must also follow the new requirements for falling rolls funding, whereby local authorities can only provide falling rolls funding to schools where school capacity survey (SCAP) 2022 data shows that school places will be required in the subsequent 3 to 5 years. The restriction, that schools were previously only eligible for falling rolls funding if they were judged ‘good’ or ‘outstanding’ by Ofsted, is also being removed from 2024-25. BF does not currently operate a falling rolls fund, although a small number of 1 FE primary schools are experiencing relatively significant falling rolls.
- 6.6 Additionally, as previously reported to schools and the Schools Forum, LAs are required to notify mainstream schools of a clearly identified but notional SEN budget, within their overall budget allocation. This SEN budget should be used towards the costs of fulfilling their duty to use their ‘best endeavours’ to ensure that special educational provision for their pupils with SEN is made. LAs are responsible for calculating the amount of this notional budget using funds from the SB, with reference to their local mainstream schools funding formula factors.

#### *DfE funding announcements*

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

#### **Schools Budget:**

##### Overview

1. The key parts to the way school and education related funding are to be allocated next year are:
  - a. The DfE will be using the same separate formulae to allocate funding to LAs for SB, CSSB, High Needs (HN) pupils and Early Years (EY) provisions.

- b. The DfE place a ring-fence on funding provided to LAs for schools and education. This means it can only be used for the purposes defined by the DfE and cannot be diverted to fund other costs.
- c. In line with the DSG conditions of grant, LAs can transfer up to and including 0.5% of their SB funding into another block, with the approval of their schools forum. Without schools forum agreement, or where they wish to transfer more than 0.5% of their schools block funding into one or more other blocks, local authorities must submit a disapplication request to the Secretary of State.
- d. The DfE will continue to use the NFF to calculate each school's individual budget with no changes in the factors used. The NFF distributes funding based on schools' and pupils' needs and characteristics and uses the same factor values for all schools across the country. The exception to this being an area cost adjustment uplift which is paid to areas with high costs, such as those paying London Weighting to staff salaries. BF receives a 5.8% uplift.
- e. As set out above, there are some new minimum requirements on LAs to replicate the NFF, all of which BF currently achieves and no further action is required.
- f. LAs will continue to receive funding based on the DfE running each school's data (mainly October 2022 census, so lagged) through the NFF at confirmed 2024-25 factor values and aggregating together every school's allocation to determine the amount to be paid to that area. This is then converted to an average primary and secondary per pupil funding value which with final October 2023 pupil numbers will be used to calculate each LAs 2024-25 funding for their schools. This approach aids financial planning as it allows for the early publication of each LAs confirmed per pupil funding rates.
- g. DfE also allocate funds to LAs for premises related costs, most significantly for business rates. These are allocated on a lagged actual cost basis.
- h. LAs can also receive funding through a growth factor, based on the observed increases between the primary and secondary number on roll in each LA within Middle Layer Output Areas (MSOA)<sup>2</sup>. between the October 2022 and October 2023 school censuses.
- i. Whilst LAs have responsibilities to set funding allocations for their schools, they must work within parameters set by the DfE which very closely follow the NFF and other national priorities.
- j. In allocating funds to schools, LAs must use pupil and other relevant data provided by the DfE which is generally made available at the very end of the autumn term.

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<sup>2</sup> Middle Layer Super Output Areas are a geographic hierarchy designed to improve the reporting of small area statistics in England and Wales. They have a minimum size of 5,000 residents and 2,000 households with an average population size of 7,800. They fit within local authority boundaries.

2. There are a small number of changes to the national process to allocate funds.
  - a. Introducing a new formulaic approach to allocating split sites funding in the NFF, replacing the previous locally determined split sites factor. Note, there are no qualifying schools in BF so this has no impact.
  - b. The new Mainstream Schools Additional Grant (MSAG) that was introduced in April 2023 to support schools to meet rising costs is being rolled into the schools NFF from 2024-25 and will no longer be paid separately. The aim of the approach for rolling the grant into the schools NFF is to ensure that the additional funding schools attract through the NFF is as close as possible to the funding they would have received if the funding was continuing as a separate grant in 2024-25, without adding significant additional complexity to the formula. This amounted to £3.0m in 2023-24.
  - c. In calculating low prior attainment proportions, following the cancellation or incompleteness of both EYFSP and KS2 assessments in summer 2020 and summer 2021 due to coronavirus (COVID-19), local authorities will not be able to use assessment data from these years in the low prior attainment factor in their local funding formulae. Instead, local authorities will use 2019 attainment data as a proxy for the missing assessments in 2020 and 2022 attainment data as a proxy for the missing assessments in 2021. This is a change from 2023-24 when 2019 attainment data was used as a proxy for the missing assessments in both 2020 and 2021 and has the potential to introduce some turbulence to the allocation of funds, which can be assessed once the DfE issue relevant data in December.
  - d. In respect of falling rolls, for the first time, funding will be allocated to LAs on the basis of falling rolls, as well as growth. LAs can use this funding to support schools which see a short-term fall in the number of pupils on roll.

National funding decisions for 2024-25

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

3. Overall, core schools funding (including funding for mainstream schools and high needs) is increasing by £1.8 billion in 2024-25 compared with the previous year. Funding for mainstream schools through the schools NFF is increasing by 2.7% per pupil compared with 2023-24. The estimated increase in BF is also 2.7%.
4. The main features of the settlement are:
  - a. The key factors in the NFF will increase by 2.4% i.e. basic per-pupil funding, low prior attainment (LPA), free school meals at any time in the last 6 years (Ever6), income deprivation affecting children index (IDACI), English as an additional language (EAL), high pupil mobility and the lump sum.



- b. Current free school meals will increase by 1.6%.
  - c. After reflecting the impact of mainstreaming the MSAG, the minimum per pupil funding levels (MPPFL)<sup>3</sup> have been increased by 2.4% and will ensure that every primary school receives at least £4,655 per pupil (£4,405 in 2023-24), and every secondary school at least £6,050 per pupil (£5,715 in 2023-24).
  - d. Provisional data indicates that the same 6 BF primary schools will be funded at these MPPFLs as in 2023-24. All secondary schools are again provisionally above the MPPFL.
  - e. Where the normal operation of the NFF does not allocate a minimum level of increase in per pupil-led funding compared to its 2023-24 NFF baseline, top-up funding is added to meet this rate of increase i.e. the Minimum Funding Guarantee (MFG)<sup>4</sup>. LAs have discretion to set the amount of MFG in their area, but it must be between +0.0% and +0.5%.
  - f. Provisional data based on October 2022 Census point indicates that if MFG was agreed to be set at the maximum of +0.5%, then all schools would be above this level compared to 2023-24 when 2 schools receiving additional support totalling £0.004m.
5. Using this initial data indicates that average per pupil funding for BF primary schools – excluding new schools where funding rates are very volatile due to significant changes in pupil numbers between years - will increase by 2.8% to £4,856 and secondary schools by 2.5% to £6,552. Average per pupil funding is £5,561, up 2.6%.
  6. In addition to the key elements of the funding settlement set out directly above, the DfE has also confirmed the arrangements to pass on additional funding to schools for additional costs arising from the September 2023 Teachers' Pay Award. There will be a new specific grant, the Teachers' Pay Additional Grant (TPAG), and this will be made available from September 2023 to March 2024 and for the whole of the 2024-25 financial year. The expectation is that TPAG will be mainstreamed into the NFF rates from 2025-26. LAs must pass on to individual maintained schools the amount specified by the DfE. DfE will directly fund academies.
  7. The TPAG has no time limit for spending, but conditions specify it must be spent:
    - for the purposes of the school; or
    - for the benefit of pupils registered at other maintained schools or academies, pupil referral units or hospital schools

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<sup>3</sup> The NFF includes MPPFLs that are applied equally to all primary and secondary schools (£4,655 and £6,050 respectively in 2024-25). LAs must also apply these minimum rates in their local funding formula. The only factors not included in per-pupil funding for the purpose of the MPPL calculation are premises e.g. business rates, split site factor and growth funding.

<sup>4</sup> The MFG compares per pupil funding allocations between years and where the change is below the minimum threshold, a funding top-up is added to meet the minimum per pupil change requirement. The MFG calculation required by the DfE excludes funding for business rates and fixed lump sum allocations. The cost of top-up funding is financed by scaling back increases to schools experiencing the highest proportional funding gains.

The funding rates for the 7 months payable in financial year 2023-24 are subject to the area cost adjustment. This uplifts BF rates by 5.8% compared to the core national rates and are as follows:

- a basic per-pupil rate of £38.08 for primary pupils, including pupils in reception
- a basic per-pupil rate of £52.89 for key stage 3 pupils
- a basic per-pupil rate of £60.30 for key stage 4 pupils
- a lump sum of £1,422.87
- an FSM6 per-pupil rate of £32.79 per eligible primary pupil
- an FSM6 per-pupil rate of £47.61 per eligible secondary pupil

The TPAG is expected to allocate £0.911m to BF schools in 2023-24. Schools have been notified of their provisional allocation. 2024-25 funding rates will be at twelve sevenths of the funding rates in 2023-24 and subject to changes in core data e.g. pupil numbers etc, the allocation to BF schools is estimated at around £1.6m, 1.7% per pupil.

#### CSSB:

8. The CSSB covers funding allocated to LAs to carry out central functions on behalf of pupils in maintained schools and academies. CSSB funding is split into funding for ongoing responsibilities and funding for historic commitments. For 2024-25, CSSB NFF funding is estimated at £0.542m, a decrease of £0.013m from 2023-24.
9. The ongoing responsibilities element of the CSSB is allocated to LAs using a pupil-led formula. The formula now uses three factors: a basic per-pupil factor, through which LAs receive the majority of funding (nationally 90% of funds are allocated through this factor), a deprivation per-pupil factor (10% of national funds), and the new copyright licences per pupil factor to fund the additional costs of copyright licences that LAs faced in 2023-24, which amounts to £5.5m of which BFC received £0.010m.
10. There is a protection to ensure no LA sees losses of greater than 2.5% of their per pupil I funding for ongoing responsibilities (excluding the additional funding for copyright licences). BF will receive a 2.9% increase in per pupil funding in 2024-25 which is below the national average increase of 3.5%. £0.709m is the provisional allocation.
11. The historic commitments element of the CSSB, which funds some LAs for commitments they made in prior years that support the most vulnerable pupils is being reduced by 20% per annum from LA funding. This commenced in 2020-21 and for 2024-25, equates to a £0.033m funding reduction with associated income falling to £0.133m from £0.166m. Funding has now reduced by £0.273m from the £0.406m received in 2019-20.
12. The Forum agreed to fund £0.125m of the funding shortfall and this is assumed to continue.
13. Annex 1 sets out the services permitted to be charged to the CSSB and the 2023-24 budget amounts and includes elements of family support, education support for children looked after, school admissions and the centralised copyright license.

## 2024-25 Budget Development from BFC

### *Initial budget planning*

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

### *2024-25 base budgets for schools and council managed Schools Block items*

- 6.9 The SB base budget approved at the January 2023 meeting of the Schools Forum amounted to £91.840m. Of this, £0.188m was on a one-off basis as the final funding settlement for the year was in excess of the amount required to fully implement the NFF units of resource. £0.101m was added to school budgets through the fixed lump sum factor and £0.087m added to the centrally managed Growth Fund. Forum members will recall that the additional funding mainly arose from the lagged nature of calculating DSG Growth Fund income with funds received exceeded associated costs as a consequence fewer top up payments being required through the Start-up and Diseconomy Funding Policy for New and expanding Schools.
- 6.10 The budget approved for the CSSB amounted to £0.980m. This included £0.855m of CSSB DSG income as well as £0.125m of SB DSG income which has been agreed for a number of years to help meet the cost pressures and funding reductions being experienced on services that support the most vulnerable pupils.

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

- 6.11 The Forum will be aware that to determine an LAs SB DSG funding, the DfE applies the same uniform NFF factors and values to every school in the country, using lagged pupil number and other data sets e.g. FSM, test results. The resultant individual primary school budgets for an LA are then aggregated together and divided by total primary pupil numbers to determine an LAs standard primary per pupil funding rate – called the Primary Unit of Funding (PUF). The same calculation is also made for secondary schools to determine the Secondary Unit of Funding (SUF). Each LA is then funded at these per pupil funding rates on the most recent October census data.
- 6.12 For next year, the DfE has calculated the PUFs and SUFs against the confirmed 2024-25 NFF units and pupil headcount numbers and pupil additional educational needs top-ups both taken from October 2022 census data. This includes adding the £3.0m funding allocated to schools in 2023-24 for one year only through the separate MSAG, which is equivalent to an average 3.4% per pupil.
- 6.13 The final amount of funding to be received in 2024-25 will be calculated by multiplying the PUF and SUF against the October 2023 census data. This approach of using partially lagged data is taken to provide schools and LAs certainty of key funding data at an early stage of the budget setting process. Waiting for actual data would mean a release date of around a month before budgets must be finalised and approved through the local democratic process.
- 6.14 The DfE has confirmed the PUFs and SUFs that will be used to calculate 2024-25 DSG allocations at £4,866.91 for the BF PUF and £6,556.70 for the BF SUF. Excluding the impact of mainstreaming the MSAG, this equates to a 3.2% increase in the per pupil funding rate for primary aged pupils, 3.1% for secondary and an overall average increase of 3.2%. These increases are higher than the circa 2.4% increases applied to the core funding rates to generally reflect the significant increase in additional

educational needs data e.g. FSM eligibility between the October 2021 and October 2022 school census points.

- 6.15 Based on modelling the 2023-24 pupil data used for budget setting purposes against the 2024-25 funding rate, this would deliver £94.218m of core SB DSG income, a cash increase of £5.869m. This represents a 6.6% increase in DSG per pupil funding.
- 6.16 The DfE has also confirmed the separate funding allocations to LAs for non-pupil-related school expenses. This is lagged funding, based on 2023-24 actual spend and is intended to finance the cost of business rates and other specific costs agreed with individual LAs. The 2024-25 allocation relates only to business rates and amounts to £1.420m, a reduction of £0.241m, which relates to an 80% deducted to previous charges to schools that have recently converted to an academy at which point they receive charitable status and become eligible to the reduced charge. There is not expected to be any significant financial impact from this as the funding passed on to relevant schools will also be reduced to reflect this change.
- 6.17 Furthermore, the £0.125m split site DSG funding previously received for Warfield Primary School is no longer received as the school now operates on a single site.
- 6.18 As with all funding that is received on a lagged basis, there can be differences in the amounts received by BF and what is then provided to individual schools as this must use the most up to date data.
- 6.19 In terms of funding LAs for in-year increases in pupil numbers after the October 2023 census, the DfE will continue to use the Growth Fund<sup>5</sup> to measure pupil growth between the two most recent October census points across small geographical areas. Per pupil funding is then allocated where there is a net increase in numbers, with no net-off against areas that experience a reduction. 2024-25 funding rates have been confirmed, with primary pupil numbers attracting £1,640 in 2023-24 and increases in secondary attracting £2,455.
- 6.20 In respect of the new DSG funding allocation for falling rolls, initial information suggests that BF will not qualify as the threshold has been set at an annual reduction in pupil numbers of at least 10% across each MSOA. Provisional information suggests reductions in primary aged pupils by MSO range from -0.12% (80 pupils) to -6.98% (116 pupils). Funding of £148,120 is allocated for each qualifying MSOA.
- 6.21 Financial results from recent years have indicated that a low number of the smallest schools in BF are carrying deficit balances that are increasing. This has mainly arisen as a result of falling rolls with limited actions available to reduce expenditure to the lower budget income. The council therefore intends to review these schools to see whether there is a case to make to provide additional financial support which must be compliant with the DfE eligibility criteria as set out in paragraph 6.5 (2). If relevant, a proposal will be included in the autumn term financial consultation.
- 6.22 The DfE has yet to release any data on these 2 funding allocations for 2024-25, with a provisional estimate from BFC suggesting around £0.514m of DSG for this purpose, a reduction of £0.481m. This reflects the newer schools that opened on a phased basis now reaching capacity and subsequently experiencing lower annual increases in pupil numbers.

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<sup>5</sup> The Growth Fund comprises 3 elements: funding for significant in-year increases in pupil numbers at existing schools; allocations to schools requiring additional financial support to meet Key Stage 1 Infant Class Size Regulations; and pre-opening, diseconomy and post opening costs for new schools.

6.23 Therefore, at this stage, the overall income for the SB is estimated at £96.182m, an overall increase from last year of £5.022m of which £3.037m relates to transferring the former Mainstream Schools Additional Grant into the DSG. Table 1 below sets out a provisional summary of the change in funding from each element of the SB DSG.

Table 1: Initial forecast SB DSG for 2024-25

	<b>Total £'000</b>	<b>Total £'000</b>
<b>Total DSG for 2023-24</b>		<b>91,130</b>
<u>Forecast changes for 2023-24:</u>		
Effect of average 6.6% increase in DSG funding rates	5,869	
Change in business rates funding	-241	
Change in split site factor funding	-125	
Change in Growth Fund	-481	
Total forecast change		5,022
<b>Total forecast DSG for 2024-25</b>		<b>96,152</b>

*Provisional budget changes for 2024-25*

***Change in pupil numbers***

6.24 At this stage of the budget setting process, the funding model assumes that any change in pupil numbers from the October 2023 census that will drive actual 2024-25 school budgets will have a broadly cost neutral effect when compared to the consequential change in DSG funding and are therefore excluded.

6.25 Modelling the 2024-25 NFF funding rates against the October 2022 data set, and applying the funding protections within the NFF indicates additional allocations to schools of £2.828m.

**Mainstreaming the Additional Mainstream Schools Grant into the NFF**

6.26 With £3.037m of Additional Mainstream Schools Grant being allocated to schools through the NFF from April 2024, this will result in a consequential increase in resources allocated through the BF Funding Formula for Schools.

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

6.27 Forum members will be aware that the SB Budget has experienced a significant medium-term pressure from the additional cost of new schools. The amount of additional funding to be provided is set out in the *Start-up and Diseconomy Funding Policy for New and expanding schools* of which the most recent substantial update was approved in December 2019, with only minor updates agreed subsequently.

6.28 The existing funding policy can be viewed here:

<https://can-do.bracknell-forest.gov.uk/Pages/Download/eccff09f-ccc3-41e6-a3b0-ecdddbc1ae59/PageSectionDocuments>

6.29 The annual officer review of the policy has identified that no updates are considered necessary for 2024-25, although in accordance with the policy, some of the factor values will need to be updated to current prices, in particular to reflect the new values of the MPPFLs which are a key element of the calculations.

6.30 In the absence of the October 2023 census, only a broad estimate of likely costs arising from new schools can be established, which initially shows a cost reduction of £0.015m. Similarly, the budget provision for Growth Fund responsibilities managed by BF in existing schools can only be tentatively estimated, with a reduction of £0.008m being proposed. These estimates will need to be reviewed once the census data is available to better assess the amount of funds that are likely to be required.

6.31 Table 2 below summarises the estimated financial implications for 2024-25.

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

	<b>Primary</b>	<b>Secondary</b>	<b>Current Proposed 2024-25</b>	<b>Actual 2023-24</b>	<b>Change from 2023-24</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b><u>New schools:</u></b>					
Diseconomy costs	90.9	0.0	90.9	106.1	-15.2
	90.9	0.0	90.9	106.1	-15.2
<b><u>Retained Growth Fund</u></b>					
Start-up costs	0.0	0.0	0.0	0.0	0.0
Post opening costs	15.0	0.0	15.0	22.5	-7.5
In-year pupil growth	128.0	128.0	256.0	256.0	0.0
KS1 classes	170.0	0.0	170.0	170.0	0.0
2023-24 one-year funding	0.0	0.0	0.0	86.6	-86.6
	313.0	128.0	441.0	535.1	-94.1
<b>Total estimated costs</b>	<b>403.9</b>	<b>128.0</b>	<b>531.9</b>	<b>641.2</b>	<b>-109.3</b>
<b><u>Costs by school:</u></b>					
KGA - Oakwood	0.0	0.0	0.0	7.5	-7.5
KGA - Binfield	105.9	0.0	105.9	121.1	-15.2
<b>Total estimated costs</b>	<b>105.9</b>	<b>0.0</b>	<b>105.9</b>	<b>128.6</b>	<b>-22.7</b>
<b><u>Final total:</u></b>					
Diseconomy costs	90.9	0.0	90.9	106.1	-15.2
Retained Growth Fund	313.0	128.0	441.0	535.1	-94.1
<b>Total estimated costs</b>	<b>403.9</b>	<b>128.0</b>	<b>531.9</b>	<b>641.2</b>	<b>-109.3</b>

### ***Business Rates***

- 6.32 Funding for school business rates is allocated by the DfE annually in arrears on a lagged basis and is therefore set at 2023-24 prices. At this stage the funding allocations to schools are assumed to match the DSG allocation and will therefore reduce by £0.241m.

### **Impact from updated pupil profiles from the October 2023 census**

- 6.33 Whilst changes in pupil numbers arising from the October 2023 census will be reflected in the final DSG income allocation and is therefore at this stage assumed to have no significant financial effect, other data updates could result in a cost change, most significantly the key pupil characteristics that are used for funding purposes, such as eligibility to a Free School Meal and English as an Additional Language.

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

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

#### ***MPPFL***

- 6.35 The DfE has set mandatory MPPFL of £4,655 for primary aged pupils and £6,050 for secondary. These are the minimum per pupil funding rates that an LA must pay their schools unless specifically agreed by the DfE. The provisional calculations made at this stage indicate additional payments of £0.271m being allocated to 6 primary schools with no secondary schools receiving a top-up. This is a decrease of £0.013m compared to 2023-24 when the same 6 primary schools received £0.258m.

#### ***MFG***

- 6.36 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 2024-25, the DfE will again require each LA to set their MFG at between +0.0% and +0.5%.
- 6.37 Schools have consistently supported applying the maximum permitted increase in the MFG, and this is one of the questions included in the financial consultation with schools. MFG top-up payments are ordinarily financed from capping gains above the MFG at other schools and are therefore self-financing. Schools receiving top-ups to the MPPFL values are excluded from contributing to the cost of the MFG. A provisional calculation indicates that no BF schools would be eligible for a funding top-up if the MFG level was set at +0.5%. This compares to 2 schools qualifying in 2023-24 at a cost of £0.004m.
- 6.38 The DfE recognise that there can be circumstances when the normal operation of the MFG can result in unexpected outcomes and LAs can therefore make a request for a "disapplication" of the MFG.
- 6.39 MFG disapplication requests have been approved previously where "the normal operation of the MFG would produce perverse results for very small schools with falling

or rising rolls”. Indeed, the DfE has approved requests from BFC since 2020-21 for the scenario being faced at Kings Academy Group schools where the diseconomy funding model results in a reduction in per pupil funding between years as the significant increase in pupil admissions each year result in a lower per pupil funding allocation as the significance of diseconomy funding top-ups reduce.

- 6.40 The same issue is again a possibility in 2024-25 requiring an MFG disapplication request to be made to the DfE.

#### The Central School Services Block

- 6.41 The CSSB has been created to ensure LAs can continue to carry out their important role in supporting the provision of excellent education for all children of compulsory school age. It covers pre-defined service budgets, with the local Schools Forum holding the statutory decision-making responsibility for agreeing the amount of funds that can be spent on each budget.
- 6.42 As set out above, the DfE are reducing funding for the historic cost element of the CSSB by 20% which is estimated at £0.033m. A £0.020m increase in funding for on-going commitments results in a net funding reduction of £0.013m. £0.406m was initially allocated by the DfE to BF for these historic services, with £0.134m now expected in 2024-25. The council is currently examining ways to manage this outside of the Schools Budget and an update will be provided to a future Forum meeting.
- 6.43 Annex 2 sets out the services included in the CSSB, showing the 2023-24 base budget by individual budget area and the overall provisional funding for 2024-25.

#### Summary of proposed changes

- 6.44 Based on provisional budget data, a series of changes have been detailed above that could be applied in the 2024-25 budget. The Forum is recommended to agree this approach, with further updates planned to be presented at the November, December and January Forum meetings. At this stage, there is a £0.260m funding shortfall: £0.247m on the Schools Budget and £0.013m on the Central School Services Block. Table 3 below provides a summary of the estimated financial implications.

Table 3: Summary initial budget proposals for 2024-25

Ref.	Item	Schools Block		Central Services Schools Block C £'000	Total D £'000
		Delegated school budgets A £'000	Growth Fund - LA Managed B £'000		
1	<b>2023-24 Schools Block budget</b>	<b>90,325</b>	<b>535</b>	<b>980</b>	<b>91,840</b>
2	<b>Remove: 2023-24 funding in excess of NFF</b>	<b>-101</b>	<b>-86</b>	<b>0</b>	<b>-187</b>
3	<b>2023-24 base budget</b>	<b>90,224</b>	<b>449</b>	<b>980</b>	<b>91,653</b>
4	<b>Provisional 2024-25 DSG funding</b>	<b>95,703</b>	<b>449</b>	<b>842</b>	<b>96,994</b>
5	<b>Internal Schools Block funding transfer</b>	<b>8</b>	<b>-8</b>	<b>0</b>	<b>0</b>
6	<b>On-going contribution to CSSB pressures</b>	<b>-125</b>	<b>0</b>	<b>125</b>	<b>0</b>
7	<b>2024-25 forecast income</b>	<b>95,586</b>	<b>441</b>	<b>967</b>	<b>96,994</b>



Ref.	Item	Schools Block		Central Services Schools Block C	Total D
		Delegated school budgets A	Growth Fund - LA Managed B		
		£'000	£'000	£'000	£'000
8	<b>+Surplus of income / - Deficit of income</b>	<b>5,362</b>	<b>-8</b>	<b>-13</b>	<b>5,341</b>
9	<b><u>Changes for 2024-25</u></b>				
10	Cost of new year NFF funding rates at circa +2.4%	2,828	0	0	<b>2,828</b>
11	Mainstream School Supplementary Grant	3,037	0	0	<b>3,037</b>
12	New schools - 2023-24 change in cost pressure	-15	0	0	<b>-15</b>
13	In-year growth allowances, KS1 classes etc	0	-8	0	<b>-8</b>
14	Rates: impact of academisation	-241	0	0	<b>-241</b>
15	<b>Total changes proposed for 2023-24</b>	<b>5,609</b>	<b>-8</b>	<b>0</b>	<b>5,601</b>
16	<b>+Surplus / - Deficit of income to DSG Funding</b>	<b>-247</b>	<b>0</b>	<b>-13</b>	<b>-260</b>

#### Managing the shortfall to DSG funding

- 6.45 There has always been a funding gap at this stage of the budget setting process; between what is allocated by the DfE and the assessed local budget requirement which has been managed through:
1. A draw down funds from the Reserve created in the unallocated Schools Budget to support the additional costs of new and expanding schools (current balance is £0.572m).
  2. Fund schools at a scaled percentage of the NFF rather than the full amount.
- 6.46 A combination of these options can also be used, and funding proposals will be presented when there is greater certainty on the final budget requirement. In considering a draw down from Reserves, this will need to take account of the available amount and the expected duration of additional support. To allow some flexibility for costs to exceed the current estimated amount, a drawdown from Reserves of up to £0.200m in each of the next 3 years is considered a reasonable approach to take, although this will need to be kept under review.

#### Issuing 2024-25 budgets to schools

- 6.47 Publication of 2024-25 individual school budgets will follow last year's timeline, with provisional budgets issued in early January 2024 and final budgets in March 2024. The expectation is that the January provisional budgets will reflect the October 2023 verified census data (subject to this being provided by the DfE no later than mid-December) and the final budget decisions of the Schools Forum and will therefore be very close to final allocations.

#### Initial HNB budget information for 2024-25

- 6.48 The HNB element of the DSG is allocated to LAs by the DfE through a national funding formula 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.

- 6.49 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 2024 data which is not confirmed until after the commencement of the financial year.
- 6.50 HNB funding is increasing by £440 million, or 4.3%, in 2024-25. All LAs will receive at least a 3% increase per head of their 2 to 18 population, compared to their 2023 to 2024 allocations, with some authorities seeing gains of up to 5%.
- 6.51 Initial information from the DfE indicates a gross HNG DSG allocation for 2024-25 of £25.604m which will be subject to deduction relating to the impact of the import / export adjustment that compensates LAs that educate pupils from other areas and the DfE direct funding of academies and other relevant providers. In terms of core funding increase, BF will receive a 3% increase from 2023-24.
- 6.52 In terms of presenting the 2024-25 HNB budget proposals to the Forum for consideration and comment, updates are expected at all 4 Forum meetings that will take place before the start of the financial year in April 2024. An outline of planned updates is as follows:
- 16 November: confirmation of key budget developments under consideration, update on 2023-24 academic year placement and top-up costs relating to EHCPs
  - 7 December: first draft costed budget plan for consideration
  - 11 January: updated costed budget plan, reflecting on comments received by the Forum in December and other data changes
  - 7 March: final HNB budget proposals reflecting current data and comments received from the Forum from 11 January
- 6.53 Members of the Schools Forum will be aware that the current level of HNB expenditure is around £7m above the level of grant provided. To date, local authorities have been permitted to roll forward the growing cumulative deficit from year to year. This is not, however, a long-term, sustainable approach and the DfE has introduced the Delivering Better Value in SEND and Safety Valve programmes to address the highest deficits. An update on Bracknell Forest's participation and what has been achieved to date will be provided at the meeting.

## **7 ADVICE RECEIVED FROM STATUTORY AND OTHER OFFICERS**

### Borough Solicitor

- 7.1 There are no legal issues arising from this Report that requires specific legal comments.

### Executive Director: Resources

- 7.2 Included within the supporting information.

### Equalities Impact Assessment

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

### Climate Change Implications

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

### Strategic Risk Management Issues

- 7.4 Whilst the funding reforms and financial settlement in general result in schools receiving additional funds, a number of strategic risks exist, most significantly:
1. Insufficient funding to cover anticipated pay and price inflation and changes in contributions to the Pension Funds.
  2. The ability of schools with licensed deficits to manage their repayments.
  3. The ability of schools with falling rolls to balance their budgets
  4. Managing the additional revenue costs arising from increased number of high needs pupils.
  5. The ability of schools to achieve school improvement targets.
  6. Emerging, significant inflationary pressures.
- 7.5 These risks will be managed through support and assistance to schools in the budget setting process which is a well-established programme. It has ensured that schools develop medium term solutions to budget shortfalls and draws on funding retained to support schools in financial difficulty or through the allocation of short to medium term loans. There remains a de-delegated budget of £0.152m (2023-24 amount after academy deduction) to support maintained schools in financial difficulties that meet qualifying criteria – subject to on-going agreement to the funding.

## **8 CONSULTATION**

### Principal Groups Consulted

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

### Method of Consultation

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

### Representations Received

- 8.3 Included in body of the report.

### Background Papers

None:

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(01344 354054)

Doc. Ref: [https://bfcouncil.sharepoint.com/sites/fina/bpm/FIBPSCB-FIN9.6/Schools Forum/\(118\) 140923/2024-25 Schools Budget Initial Budget Preparations.docx](https://bfcouncil.sharepoint.com/sites/fina/bpm/FIBPSCB-FIN9.6/Schools%20Forum/(118)%20140923/2024-25%20Schools%20Budget%20Initial%20Budget%20Preparations.docx)

## Central School Services Block

Budget Area	Schools Budget Funded		
	2023-24 Final Budget	2024-25 Indicative Funding	Change
<u>Combined Services Budgets:</u>			
Family Intervention Project	£100,000		
Educational Attainment for Looked After Children	£133,590		
School Transport for Looked After Children	£42,740		
Domestic Abuse	£2,000		
SEN Contract Monitoring	£32,680		
<i>Central School Services - historic commitments</i>	<b>£311,010</b>		
<u>Other Permitted Central Spend</u>			
<u>Miscellaneous (up to 0.1% of Schools Budget):</u>			
Forestcare out of hours support service	£5,150		
Borough wide Initiatives	£9,720		
Support to Schools Recruitment & Retention	£5,000		
<u>Statutory and regulatory duties:</u>			
'Retained' elements	£290,680		
<u>Other expenditure:</u>			
School Admissions	£202,025		
Schools Forum	£20,935		
Boarding Placements for Vulnerable Children	£50,000		
Central copyright licensing	£85,560		
Central School Services - on-going responsibilities	<b>£669,070</b>		
<b>Total Central School Support Services</b>	<b>£980,080</b>		
<u>Funding</u>			
Historic commitments	£166,170	£132,930	<b>-£33,240</b>
On-going responsibilities	£688,670	£708,770	£20,100
Total Funding	<b>£854,840</b>	<b>£841,700</b>	<b>-£13,140</b>
Existing agreed transfer from Schools Budget	£125,240	£125,240	£0
<b>Central School Services Total Funding</b>	<b>£980,080</b>	<b>£966,940</b>	<b>-£13,140</b>

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To: Schools Forum  
Date: 14 September 2023

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## **2023-24 Arrangements for additional financial support to schools Executive Director of People**

### **1 Purpose of report**

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

### **2 Executive summary**

- 2.1 Schools can experience financial difficulties for a number of reasons, and these can ordinarily be resolved over the medium term. To help manage change through a planned rather than reactive process, the Schools Forum can agree support measures to maintained schools.
- 2.2 In respect of existing licensed deficits, all four schools have experienced further financial difficulties and are seeking increased deficit limits. Despite the challenging financial circumstances, only one new deficit agreement is requested.
- 2.3 If agreed, the total aggregate level of deficits would stand at £0.815m, a £0.320m increase on the £0.495m approved for 2022-23. At this level, licensed deficits would amount to 1.5% of all maintained school budgets (was 0.8% last year), with the scheme permitting a maximum deficit limit of 3% annual income.
- 2.4 With four of the five schools seeking financial support being the smallest 1 form of entry schools, work will be undertaken to establish whether any additional financial support is required to this cohort.
- 2.5 Supporting schools on deficit recovery plans is expected to continue over the medium to long term.

### **3 Recommendations**

- 3.1 **That subject to the school governors confirming the relevant financing schedule and compliance with the associated terms and conditions of the deficit scheme the Schools Forum AGREES the following deficit limits for 2023-24:**

- i. **Ascot Heath Primary School £0.500m;**
- ii. **Cranbourne Primary School £0.080m;**
- iii. **The Pines Primary Schools £0.035m;**
- iv. **Winkfield St Mary's Primary School £0.160m;**
- v. **St Michael's Easthampstead Primary School £0.040m.**

## 4 Reasons for recommendations

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

## 5 Alternative options considered

- 5.1 The Forum has previously considered options for supporting schools in financial difficulty and this report reflects the decisions taken.

## 6 Supporting information

### Background

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



## Additional funding that is not required to be repaid

### Background and summary

- 6.7 School Funding Regulations allow for additional funds outside the normal operation of the Funding Formula to be provided to schools considered to be in financial difficulty. In agreement with the Schools Forum, this de-delegated budget has been returned to the Council for central management. The agreed criteria to be used to allocate this funding is if, in the opinion of the Director responsible for schools and the Director responsible for Finance, a school:
1. was unable to set a balanced budget and were in need of a licensed deficit arrangement at the start of the relevant financial year, and/or
  2. was in or likely to fall into one of the Ofsted categories of causing concern, including serious weaknesses or special measures.
  3. was a 1 form of entry (FE) school judged good or better that have more than 5% empty places
- 6.8 At this point in time, no additional financial allocations have been agreed for 2023-24 that schools do not need to repay, other than £0.040m for 1 FE schools judged good or better that have more than 5% empty places. The Schools Forum will receive a report on all allocations agreed at the conclusion of the financial year.

## Licensed Deficit and Loan Arrangements

### Background and summary

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

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

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

#### Update on existing licensed deficits

- 6.15 The Schools Forum has previously agreed licensed deficit arrangements to manage a shortfall in general income compared to required spend and will recall that despite substantial work by schools with assistance from the council, in some instances, in considering budgets, it is not always possible to formulate a medium-term plan that demonstrates a return to surplus. The 4 schools with existing licensed deficit agreements have yet to develop a full repayment plan. The current status of each of these, together with any recommended changes, are set out below.
- 6.16 There is one new request for a licensed deficit agreement. Considering the significant financial challenges that schools have faced in the recent past, this is considered a good achievement.

#### *Ascot Heath Primary*

- 6.17 The school has experienced a reduction in pupil numbers of 71 between the 2018-19 and 2020-21 budgets which equated to an annual loss in per pupil funding of around £0.296m and contributed to the accumulated year-end deficit at 31 March 2021 of £0.327m (22% of annual income and an increase in deficit of £0.107m).
- 6.18 Work by the school, supported by the council, identified a range of deficit reduction measures which together with a steady increase in pupil numbers indicated the potential for a return to a surplus by 2025-26. However, during 2022-23 rather than reducing the deficit to the expected £0.250m, there was an increase to £0.323m. The main cause for the change in financial performance relates to staffing costs, and in particular additional spend on Learning Support Assistants of £0.101m. The additional spend related to supporting pupils with Education Health Care Plans, long term staff absence and additional capacity to prepare for the next Ofsted inspection.
- 6.19 Initial work undertaken by the school in preparing the 2023-24 and beyond medium term budget had indicated an increase in the deficit in the first year as additional staffing capacity was phased out, with future years all forecasting a surplus. However, reviewing the forecasts has identified an overstatement of income, with the outturn for 2023-24 now likely to increase further to £0.500m and remaining at around that level for the remaining 4 years.
- 6.20 As previously advised, there is the potential to complete the sale of the caretaker's accommodation which could yield a net, one-off capital receipt of around £0.200m. This would be "swapped" with revenue funding held by the Council to then be applied in its entirety to reducing the remaining deficit. This has significantly progressed and is now expected to conclude in 2023-24 with a net receipt in excess of £0.300m.

There is a maximum £0.250m of revenue funds available to “swap” with the capital receipt. If this does complete, the forecast year-end deficit would reduce to around £0.250m.

- 6.21 At this stage, the recovery plan excludes the impact from any potential capital receipt “swap” and **the Forum is therefore recommended to agree a deficit limit of £0.500m for 2023-24 and that further work continues to produce a plan to return to a surplus, maximising any revenue receipt from the sale of the caretaker accommodation.**

*Cranbourne Primary School*

- 6.22 Is a 1 FE primary school which over spent in 2020-21 by £0.094m, mainly on staffing and building maintenance budgets. With pupil numbers expecting to gradually increase as older year groups with spare places are replaced with full admissions together with a range of budget restructures, the school successfully developed a medium-term recovery plan that returned the school to a surplus balance at the end of 2025-26. At the time of proposing this plan, it was reported that a number of elements to the recovery plan were dependent on external factors and will therefore need to be kept under review.

The updated medium term budget forecast is for the £0.085m deficit from 2022-23 to reduce by £0.005m to £0.080m by 2023-24 financial year end. Early forecasts for 2024-25 and beyond include an expected reduction in pupils, which for a 1 FE primary school is particularly difficult to manage. Therefore, at this stage the **Forum is recommended to agree a £0.080m deficit limit for 2023-24 and that further work continues to produce a plan to return to a surplus.**

*The Pines Primary*

- 6.23 The school has experienced fluctuating pupil numbers, and whilst these have been increasing, it has resulted in complicated and costly classroom organisation. At the end of 2019-20, there was an cumulative deficit of £0.167m which was forecast to increase to over £0.200m. Very good progress has been made since on managing this down with the school achieving a £0.032m surplus at the end of 2022-23.
- 6.24 Recognising future changes in pupil numbers, the school reduced the Published Admission Number from 2 to 1 FE from September 2022 and restructuring the budget and associated plans accordingly, including managing the phased opening of a Special Resource Provision has resulted in changes to original budget expectations. The 2023-24 budget plan now forecasts a £0.035m deficit at year end, before returning to an in-year balanced budget in 2024-25. **The Forum is recommended to agree a £0.035m deficit limit for 2023-24 and that further work continues to produce a plan to return to a surplus.**

*Winkfield St Marys*

- 6.25 Is a 1 FE school that was granted a licensed deficit of £0.030m in 2018 to be fully repaid by 31 March 2021. This allowed the school to put in place a cost reduction plan in a measured way, that it achieved in 2019 and 2020, and during which time the school had an Ofsted inspection which improved its rating from RI to Good. However, at the end of 2021-22 financial year, with surplus places affecting income levels, and lost income due to the pandemic, and rising staffing costs from pay progression and increased numbers of pupils with SEND the deficit had increased to £0.094m. As a consequence, the Forum agreed a revised deficit limit of £0.100m, with a full recovery plan yet to be completed.

- 6.26 2022-23 financial year saw the deficit increase to £0.143m. This was mainly linked to staffing where vacancies required higher cost supply teachers and long-term sickness absence requiring additional Learning Support Assistants. Additionally, building maintenance costs over spent by £0.011m.
- 6.27 Latest work on the 2023-24 budget plan includes a reduction in costs of Senior Leadership Team, however, there are a number of other cost pressures that have been included, including increased utility costs, essential subscription fees together with unexpected increases in the school meals catering contract and cleaning where recruitment difficulties have required moving to a contracted service at additional cost. Provisional pupil number information for the 2024-25 budget indicates a reduction in pupil numbers of 6 which will create further financial difficulties.
- 6.28 Taking account of the latest information, the current deficit is forecast to increase and **the Forum is recommended to agree a £0.160m deficit limit for 2023-24 and that further work continues to produce a plan to return to a surplus.**

Request for new licensed deficit

*St Michael's Easthampstead Church of England Voluntary Aided Primary School*

- 6.29 Is a 1 FE primary school, that as a result of a period of instability that began during the pandemic, has been recognised as a school needing support with a Standards Monitoring Board in place to agree an action plan and monitor progress against improvement targets. During this period, the school has experienced significant changes to the Senior Leadership Team, including a period where an Executive Headteacher and acting Deputy Headteacher have been required to stabilise the school.
- 6.30 At the same time, the school is transitioning from a reduction in Planned Admission Number from 35 to 30 which impacts on the level of funding received. To progress these dual challenges in a managed way, in the short term, a deficit budget will be required.
- 6.31 The current medium term financial plan indicates a £0.040m deficit at the end of 2023-24, £0.090m in 2024-25 and £0.130m for 2025-26. This is an initial plan with an expectation that reductions can be made through further work with the aim of achieving an-in year balanced budget by the end of 2025-26, at which point a repayment plan of the accumulated deficit will be considered.
- 6.32 **The Forum is recommended to agree a £0.040m deficit limit for 2023-24 and that further work continues to produce a plan to return to a surplus.**

Summary loan / deficit position

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

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

Item	Previously agreed (net advances)	2023-24 changes proposed	2024-25 impact	2025-26 impact	2026-27 impact	Future years
Total advances	£495,000	£505,000	£155,000	£135,000	£0	£0
Total repayments	£0	-£185,000	-£105,000	-£95,000	£0	£0
Total	£495,000	£320,000	£865,000	£905,000	£905,000	£905,000
Net Total Current Year	£815,000		1.5% of annual budgets			
Maximum advances (3% of school budgets)	£1,588,000					
Advances as % of permitted maximum	51%					
Balance available for new deficits	£773,000					
Change to previous year	£320,000		£50,000	£40,000	£0	

6.34 The Forum will be aware that the statutory Scheme for Financing Schools sets the conditions around deficit arrangements, and these must be in accordance with parameters set by the DfE.

6.35 The Scheme currently limits aggregate deficit permissions to a maximum of 3% of final school budgets from the previous financial year (excluding brought forwards). This currently amounts to £1.588m, with £0.773m currently available for further deficit approvals, should more eligible requests be made.

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

[Funding and regulatory financial framework | Can-Do | Bracknell-forest.gov.uk](https://www.bracknell-forest.gov.uk/funding-and-regulatory-financial-framework-can-do)

#### 1 FE primary schools

6.37 It has previously been reported to the Forum that the simplified Schools National Funding Formula (NFF) is best suited to primary schools of 2 FE and over. This is primarily as a result of the pupil driven nature of the NFF and the relatively small fixed lump sum allocation that is now paid which is a more significant funding source to the smallest schools. Additionally, smaller schools have fewer opportunities to benefit from economies of scale when experiencing falling rolls which is a key factor in the financial challenges being faced.

6.38 Taking account of changes to be introduced by the DfE for allowing funding allocations to schools with falling rolls, as detailed on the separate 2024-25 initial budget proposals agenda item, it is proposed to review options for supporting relevant schools, for the Forum to consider as part of the 2024-25 budget setting process.

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

### Borough Solicitor

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

### Director of Resources: Finance

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

### Equalities Impact Assessment

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

### Strategic Risk Management Issues

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

### Climate change impact

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

## **8 Consultation**

### Principal Groups Consulted

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

### Method of Consultation

- 8.2 Correspondence and meetings.

### Representations Received

- 8.3 Incorporated into the report.

### Background Papers

None.

### Contact for further information

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(01344 354054)

### Doc. Ref

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

**Extract from the BFC Scheme for Financing Schools:  
Paragraph 4.9: Licensed deficit arrangements – November 2021 update**

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

Circumstances in which licensed deficit arrangements may be agreed:

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

Outline features of the scheme.

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

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

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

**OR**

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

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

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

**OR**

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

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

#### Outline controls on licensed deficits

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

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



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

School	Deficit Limit at 2022-23 year end £	2023-24 £	2024-25 £	2025-26 £	2026-27 £	Repayment date to be confirmed £	Comment
<b>Advances in year</b>							
Ascot Heath Primary	250,000	500,000	500,000	500,000	500,000	500,000	Final repayment date to be determined
Cranbourne	110,000	80,000	80,000	80,000	80,000	80,000	Final repayment date to be determined
St Michael's Easthampstead	0	40,000	90,000	130,000	130,000	130,000	Final repayment date to be determined
The Pines	35,000	35,000	35,000	35,000	35,000	35,000	Final repayment date to be determined
Winkfield St Mary's	100,000	160,000	160,000	160,000	160,000	160,000	Final repayment date to be determined
<b>Total</b>	<b>495,000</b>	<b>815,000</b>	<b>865,000</b>	<b>905,000</b>	<b>905,000</b>	<b>905,000</b>	

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