

TO: SCHOOLS FORUM
DATE: 19 SEPTEMBER 2019

**OUTCOMES FROM THE JULY 2019
FINANCIAL CONSULTATION WITH SCHOOLS
Executive Director: People**

1 PURPOSE OF REPORT

- 1.1 To provide an update to the Schools Forum on the responses from the recent financial consultation from schools which sought views on how funds should be allocated to schools and also whether maintained schools supported on-going de-delegation of budgets and making a financial contribution to statutory education related duties for which the council is responsible for meeting but receives no funding.
- 1.2 There is also an update on the outcomes from the spending review for schools, reflecting the limited amount of information available at the publication of this report.

2 EXECUTIVE SUMMARY

- 2.1 Responses from the financial consultation showed clear support from maintained schools for continuing to maximise the strategic and cost-effective benefits that can arise from central management through the de-delegation route on permitted services. Furthermore, there is strong support from maintained schools to continue to contribute £20 per pupil towards the cost to the council of meeting education statutory and regulatory duties that the DfE no longer provides LAs with grant funding to meet their responsibilities.
- 2.2 In terms of allocating funds to schools, there is strong support for each factor value to be set to the relevant amount of the School National Funding Formula (SNFF), or scaled by the same proportional value to the amount of available funds.
- 2.3 There was no significant majority view on whether all schools, or only those funded above the minimum per pupil funding level (MPPFL) used by the Department for Education (DfE) – currently £3,500 for primary schools and £4,800 for secondary – should make a financial contribution to the extra costs of new schools. 55% of respondents prefer all schools to make a contribution, with 45% supporting the current position where the lowest funded schools do not make a contribution.
- 2.4 Provisional information has now been released by the government in respect of the outline financial settlement for schools for the next 3 financial years, 2020-21, 2021-22 and 2022-23. Whilst this shows significant increases in funding, including support to high needs pupil, there are insufficient details available at the publication of this report to calculate the likely financial impact in BF.

3 RECOMMENDATIONS

Items for all School and Early Years Members (maintained and academy)

- 3.1 To NOTE the outcomes from the financial consultation with schools as summarised in the supporting information and Annex 1.
- 3.2 That the Executive Member for Children, Young People and Learning (CYPL) is asked to AGREE that:
1. the allocation of funds to mainstream schools from 2020-21 should be through Option 1 of the consultation, with each factor value set to the relevant amount of the SNFF, scaled by the same proportional amount to available funds.
 2. the extra cost of funding new schools should be deducted at the same proportionate amount from all schools, including those on the Minimum Per Pupil Funding Level.

Item for Maintained Primary School representatives only:

- 3.3 To AGREE:
1. the continued de-delegation of budgets for the services requested by the council
 2. that the per pupil contribution for the scheme to centrally finance classroom staff on maternity leave be increased by 35%.

Item for Maintained Secondary School representatives only:

- 3.4 To AGREE
1. the continued de-delegation of budgets for the services requested by the council.
 2. that the per pupil contribution for the scheme to centrally finance classroom staff on maternity leave be increased by 35%

Item for all Maintained School representatives (includes Special and PRU) only

- 3.5 To AGREE that a £20 per pupil contribution continues to be made by maintained schools towards the cost of delivering 'general' education related statutory and regulatory duties.

4 REASONS FOR RECOMMENDATIONS

- 4.1 To ensure the majority view expressed by schools are taken into account when relevant discretionary parts of the funding framework are set locally.

5 ALTERNATIVE OPTIONS CONSIDERED

- 5.1 These were set out in the consultation document.

6 SUPPORTING INFORMATION

Background

- 6.1 At its last meeting on 20 June, as part of early budget preparations for 2020-21, the Forum agreed the financial consultation document presented by the council should be circulated to schools in advance of the publication of the financial settlement for schools which was expected towards the end of the year. This sought views on how funds should be allocated to schools and also whether maintained schools supported on-going de-delegation of budgets and making a financial contribution to statutory education related duties should be circulated to schools. This report sets out the responses received and now seeks subsequent recommendations on relevant aspects of the 2020-21 funding framework.
- 6.2 Subsequent to this, on 4 September the government announced headline details of a 3-year financial settlement for schools educating 5-16-year olds. This includes an extra £2.6 billion for 2020-21, £4.8 billion for 2021-22, and £7.1 billion for 2022-23 compared to 2019-20. In addition to these increases, there will be a further near £1.5 billion each year to continue to fund additional pension costs for teachers which become due this month for the first time.
- 6.3 Within these totals, the SNFF will include £5,000 for each secondary school next year and £4,000 for each primary school from 2021-22. There is also £700m extra for children with Special Educational Needs and Disabilities.
- 6.4 Until more detailed information is made available, which is expected in October, it is not possible to accurately calculate the financial impact on BF schools. However, the size of increase, which the government indicate is £4.6 billion above inflation should result in a significant boost in funding.

Outcomes from the financial consultation with schools

- 6.5 By the 19 July response deadline, replies had been received from 23 out of 40 schools (59% response rate). A reply was received from 16 primary schools (53%), 6 secondary schools and Kennel Lane Special School. A response was not received from the all through school. This represents a good response rate, with 63% of maintained schools and 44% of academy schools responding which gives confidence that decisions on these matters can be taken with the knowledge of the majority view of schools and their categories.
- 6.6 The questions are set out below and responses summarised. Recommendations for change, where relevant, have also been added in boxes. A numerical summary of replies to each question can be found at Annex 1.
- 6.7 In terms of agreeing decisions from this consultation, the Executive Member for CYPL has the statutory duty in respect of agreeing changes to the local Funding Formula (questions 1 and 2). For de-delegation, the maintained school members of the Forum decide for their phase (questions 3 and 4) with any contribution to education related statutory duties being decided by the relevant maintained school members, including special school and pupil referral unit members (question 5).
- 6.8 Six specific comments were also received; 4 from primary schools and 2 from secondaries. These related to the de-delegated services, the burden of new schools, that funding priority should be given to high needs pupils, that schools on the Minimum Per Pupil Funding Levels should be protected at that level, and that schools in BF were not being fully funded at SNFF rates which was impacting on standards. None of these

individual comments are considered significant and relevant in the overall context of the responses received to this consultation.

Confidential Annex 2 sets out the detailed responses received.

6.9 **Question 1: allocating funds to schools**

In respect of allocating funds to schools, and maintaining the key objective of achieving a close match to the SNFF, which Option do you prefer to use next year?

3 alternative options were identified for schools to consider which were intended to deliver a more consistent, predictable and transparent approach to the allocation of funds, and which would also speed up the budget setting process in what was expected to be a challenging timeline. The financial impact on each school arising from the options was also included. As the illustrative was calculated on the October 2018 school census data which will be subject to change once the DfE makes available the validated October 2019 school census data, and in advance of any new budget decisions, it was made clear on the consultation document that all figures were estimates and subject to change.

Responses from the 23 schools replying to this question indicated that Option 1, setting all factor values at the same, affordable proportionate amount to the SNFF factor values was the most popular choice (15 schools, 68%). The next most popular response was from 4 schools (18%) which supported Option 2 which prioritises funding for pupils with additional needs and the lump sum factor, with all other factors scaled down in the same affordable proportionate amount. 3 schools (14%) preferred Option 3, which prioritises core per pupil funding rates, with all other factors scaled down in the same affordable proportionate amount.

The Forum is recommended to agree that Option 1 should be used, setting all factor values at the same, affordable proportionate amount to the SNFF factor values.

6.10 **Question 2: allocating funds to schools**

Should the extra funding required to support new schools continue to be taken at an equal proportionate rate from all schools, other than those receiving the lowest per pupil funding rates or should all schools make the same proportionate contribution?

There are currently 9 schools being funded at the discretionary Minimum Per Pupil Funding Levels (MPPFL) – £3,500 for primary schools and £4,800 for secondary - used by the DfE when calculation the SNFF budget for each school. Whilst these are the schools receiving the lowest per pupil amounts, they have generally received the highest increases in per pupil funding through the SNFF, with an average increase in 2019-20 of 2.6% compared to 2.1% for all other schools. The DfE recognises that where LAs receive funding below the SNFF rates or local pressures exist, not all LAs will be able to afford to implement the full SNFF rates and the MPPFL are therefore discretionary.

Excluding the lowest funded schools from the financial contribution to new schools results in a higher deduction from all other schools than would otherwise be the case.

Responses from the 22 schools replying to this question indicated that 12 schools (55%) preferred all schools to contribute to the cost of new schools, with 10 schools (45%) preferring the lowest funded schools to be excluded.

A further consideration for this question has arisen from the information contained in the recent government announcement on future school funding which was made after the publication of the consultation document. If the expected MPPFLs of £5,000 for

secondary schools and £4,000 for primary schools were in place in the current financial year, then only 5 schools would be above these levels and needing to make the full contribution to the additional costs which were £0.338m. The current approach is therefore not possible from 2020-21.

The Forum is recommended to agree that all schools make the same proportionate contribution to the cost of new schools, including those receiving the lowest per pupil funding rates.

6.11 **Question 3: de-delegated services**

To continue the strategic and cost effective approach in the use of the funds for contingencies (including schools in financial difficulties), support to underperforming ethnic groups, CLEAPSS licences / subscriptions, staff supply cover costs, premature retirement / dismissal cost, free school meal eligibility checking and Behaviour Support Services, do you agree that the Schools Forum should again agree to de-delegate all relevant funding for continued central management by the LA?

Note this question only impacts on maintained, mainstream schools.

All 18 responses from schools directly impacted by the question agreed that de-delegation of services should continue.

A joint response supporting on-going de-delegation for supply cover costs, which includes trade union facilities time, was also received from the National Association of Head Teachers, the Association of Schools and College Leaders and the National Education Union.

The Forum is therefore recommended to agree to continue to de-delegate funding of services requested by the council for central management by the LA.

6.12 **Question 4: de-delegated services**

With an over spending forecast on the de-delegated budget that funds the cost of classroom staff on maternity leave, which of the identified options do you support to move the service to a viable position?

Note this question only impacts on maintained, mainstream schools.

Responses from the 18 schools directly impacted by the question indicated that Option A, increasing the rate of per pupil deduction from £23 to £31 was the most popular choice (15 schools, 83%). The next most popular response was from 3 schools (17%) supported Option B which would reduce the percentage of costs covered by the scheme from 100% to 75%. No schools preferred Option C, to close the scheme and schools manage these costs on an individual basis and no longer make a per pupil deduction through the de-delegation route.

The maintained primary and secondary school representatives on the Forum are therefore recommended to agree that Option A increasing the per pupil contribution to the scheme to centrally finance classroom staff on maternity leave by 35%.

6.13 **Question 5: statutory education related duties**

In respect of making a financial contribution to the statutory and regulatory education related duties required of the council that will no longer be financed through DfE grant, do you agree that maintained schools should continue to make a £20 per pupil contribution?

Note this question only impacts on maintained schools, including mainstream special schools and Pupil Referral Units.

From April 2017, the DfE implemented a saving of £600m through the complete withdrawal of the Education Services Grant (ESG) which was the mechanism used to fund LAs for their statutory and regulatory education related duties as prescribed in various Education Acts and other relevant statutes. This resulted in the council losing £1.2m of grant but continuing to have to meet the same requirements. The DfE “recognise that local authorities will need to use other sources of funding to pay for education services once the general funding rate has been removed” and will “allow local authorities to retain some of their schools block funding to cover the statutory duties that they carry out for maintained schools which were previously funded through the ESG.” Schools have always previously agreed to a £20 per pupil deduction which would contribute around £0.23m to the £1.2m loss in grant. The deduction, if agreed, is taken after the calculation of final school budgets.

17 of the 19 respondents that this question impacted on (89%) agreed that a £20 per pupil contribution should continue.

The maintained school representatives on the Forum are therefore recommended to agree that the £20 per pupil contribution to education related statutory and regulatory duties continues.

Next steps

- 6.14 The decisions taken on these items will assist with the early preparation of 2020-21 budgets which can now commence.
- 6.15 As some of the questions only impact on maintained schools, DfE permit only Forum members representing these groups to make relevant decisions. The report recommendations are therefore presented to reflect this.

7 ADVICE RECEIVED FROM STATUTORY AND OTHER OFFICERS

Borough Solicitor

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

Director of Finance

- 7.2 The Director of Finance is satisfied that there are no significant financial implications arising from this budget policy setting report.

Equalities Impact Assessment

- 7.3 The need for an EIA will be taken when the final budget proposals are confirmed.

Strategic Risk Management Issues

7.4 None identified:

8 CONSULTATION

Principal Groups Consulted

8.1 People Directorate Management Team, school governors, head teachers, Schools Forum and schools.

Method of Consultation

8.2 Written reports and formal consultation with schools.

Representations Received

8.3 Included in body of this report.

Background Papers

Financial Consultation with schools document:

<https://schools.bracknell-forest.gov.uk/wp-content/uploads/consultation-with-schools-june-2019.pdf>

Contact for further information

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Summary responses to the July 2019 financial consultation with schools

QUESTION	TOTALS				TOTAL	%
	PRIMARY	SECONDARY	ALL THROUGH	SPECIAL		
<p>1 In order to use a more consistent, predictable and transparent approach, which also speeds up the 2020-21 budget setting process in what will be a challenging timeline, the council is seeking views from schools on different approaches that can be taken in allocating funds to individual schools, whilst ensuring a close match to what the School National Funding Formula (SNFF) would deliver. All Options deliver similar budget allocations to the current approach and will be subject to regular review and change if required.</p> <p>Option 1 - All factor values set at the same proportional amount to SNFF factor values, to balance to available funding</p> <p>Option 2 - Funding allocations through additional needs factors and the fixed lump sum paid at the values in the SNFF, uniform reduction to all other factors, to balance to available funding.</p> <p>Option 3 - Core per pupil funding rates would be fully funded at SNFF values, all other factors set at the same proportional amount of the SNFF, to balance to available funds</p>						
	13	2	0	0	15	68%
	3	1	0	0	4	18%
	0	3	0	0	3	14%

QUESTION	TOTALS				TOTAL	%
	PRIMARY	SECONDARY	ALL THROUGH	SPECIAL		
<p>2 In respect of how the funding required to support new schools is calculated, for 2019-20, the approach taken was to deduct 0.5% from the total budget available for existing schools, other than those being funded at the lowest per pupil amounts at the SNFF Minimum Per Pupil Funding Level of £3,500 for primary and £4,800 for secondary. An alternative approach that could be considered would be for all schools to be funded with the same proportionate reduction to their funding.</p> <p>Do you agree that all schools should be funded with the same proportionate reduction to their funding?</p> <p>Yes No</p>	<p>9 7</p>	<p>3 3</p>	<p>0 0</p>	<p>0 0</p>	<p>12 10</p>	<p>55% 45%</p>
<p>3 To continue the strategic and cost effective approach in the use of the funds for contingencies (including schools in financial difficulties including those in or in danger of entering an Ofsted category), support to underperforming ethnic groups, CLEAPSS licence fees, staff supply cover costs, premature retirement / dismissal cost, free school meal eligibility checking and Behaviour Support Services, do you agree that the Schools Forum should again agree to de-delegate all relevant funding for continued central management by the LA?</p> <p>Yes No</p>	<p>15 0</p>	<p>3 0</p>	<p>0 0</p>	<p>0 0</p>	<p>18 0</p>	<p>100% 0%</p>

QUESTION	TOTALS				TOTAL	%
	PRIMARY	SECONDARY	ALL THROUGH	SPECIAL		
<p>4 There is an over spending on the de-delegated budget that funds the cost of classroom staff on maternity leave. This fund ensures maintained mainstream schools do not have to meet both the cost of staff on maternity leave and the cost of any required cover arrangements. With costs expected to increase in September by around 10% from rising pay and pensions for Teachers, a review has been undertaken on how the service can move to a viable position. This has identified the following Options</p> <p>Option A - increase the rate of per pupil deduction from £23 to £31 per pupil (+35%).</p> <p>Option B - reduce the percentage of costs covered by the scheme from the current 100% rate to around 75%.</p> <p>Option C - close the scheme and schools manage these costs on an individual basis and no longer make a per pupil deduction through the de-delegation route.</p>	12	3	0	0	15	83%
	3	0	0	0	3	17%
	0	0	0	0	0	0%
<p>5 In respect of making a financial contribution to the education related statutory and regulatory duties required of the council that will no longer be financed through DfE grant, do you agree that maintained schools should continue to make a £20 per pupil / place contribution?</p> <p>Yes</p> <p>No</p>	13	3	0	1	17	89%
	2	0	0	0	2	11%
Total responses	16 53%	6 100%	0 0%	1 50%	23 59%	
Maximum responses	30	6	1	2	39	