

TO: SCHOOLS FORUM
DATE: 21 NOVEMBER 2019

**2020-21 BUDGET PREPARATIONS FOR THE
SCHOOLS BLOCK AND CENTRAL SCHOOL SERVICES BLOCK**
Executive Director: People

1 PURPOSE OF REPORT

- 1.1 To provide an update to the Schools Forum on the matters that can now be dealt with in respect of the Schools Block (SB) and Central School Services Block (CSSB) elements of the Schools Budget in order for the timely preparation of the 2020-21 budget.
- 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 decisions to be taken on some key matters which will aid the finalisation of the budget which must be presented to the DfE by the statutory deadline of 21 January 2020.
- 1.3 There are 2 further scheduled meetings of the Forum before the DfE deadline which will present further opportunities to take decisions on next year's budget for schools.

2 EXECUTIVE SUMMARY

- 2.1 The release of more information by the DfE on the School and Education spending review has allowed for initial preparations of the 2020-21 SB and CSSB Budgets to commence.
- 2.2 As expected, the financial settlement delivers a much better outcome for schools than in recent years, which when the £0.308m funding contribution from the council is added amounts to an average 6.9% increase in per pupil funding. After accounting for the local cost pressures, of which the most significant relate to diseconomy funding for new schools and supporting pupils with high needs, there remains an average 5.9% increase for individual schools.
- 2.3 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.

3 RECOMMENDATIONS

To NOTE:

- 3.1 **The latest update on the School and Education Spending review and the impact anticipated for BF at this time**
- 3.2 **The known options used by other LAs for funding the additional costs arising from new schools, as summarised in Table 2**
- 3.3 **The 6.9% increase in per pupil funding, which after meeting the cost of new pressures, schools will on average receive a 5.9% increase.**
- 3.4 **That the Minimum Per Pupil Funding values expected by the DfE of £3,750 for primary aged pupils and £5,000 for secondary can be fully financed**

To AGREE:

3.5 The budget changes for 2020-21, as summarised in Table 4, with particular consideration given to:

- 1. The revised medium-term funding strategy for meeting the additional cost arising from the Growth Fund (Annex 3)**
- 2. The elements of the 2020-21 Growth Fund (Table 3)**
- 3. The pressure to support pupils with high needs**
- 4. The impact of changes in funding to the CSSB**
- 5. That the Minimum Funding Guarantee is set at the maximum amount of +1.84%**

3.6 The updated text for the Funding Policy for New and Expanded Schools (Annex 1)

3.7 On-going central retention by the Council of Central School Services funding for the areas and amounts set out in Annex 4.

3.8 The updated criteria for allocating funds to schools experiencing significant in-year increases in pupil numbers be implemented from the October 2019 census (Annex 5).

3.9 That options be developed for the December meeting to consider whether amendments should be made to the distribution of funds to schools in order for 1 FE schools to receive increases close to the overall average increase in per pupil funding.

4 REASONS FOR RECOMMENDATIONS

4.1 To ensure that the Schools Block and Central Schools Services Block elements of the Schools Budget are developed in accordance with the views of the Schools Forum and governors, the anticipated level of resources and the statutory funding framework, including the requirement to submit summary details of individual school budgets to the DfE by 21 January 2020.

5 ALTERNATIVE OPTIONS CONSIDERED

5.1 These are set out in the supporting information.

6 SUPPORTING INFORMATION

Background

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 previous meeting of the Forum received a presentation to update members on the School and Education Spending Review which was announced after the deadline for the

production of reports. Further data has subsequently been received with the key headlines as follows:

Schools Budget:

1. Over the next 3 years there will be a 15% increase in funding which the Institute for Fiscal Studies says restores school spending to pre-austerity levels
2. Whilst total funding levels have been agreed to for each year to 2022-23, at this stage detailed decisions have only been taken for 2020-21 for which:
 - a. Factors in the School National Funding Formula (SNFF) will increase by 4%
 - b. Eligibility to a Free Schools Meal (FSM) is the one exception and will rise by 1.84% which is the forecast Gross Domestic Product deflator and equates to the impact of inflation. The DfE treat this factor as broadly intended to cover actual costs in schools
 - c. The gains cap (previously limited to 3%) has been removed, enabling schools to move to the SNFF funding rates in the DfE model
 - d. LAs must now apply these Minimum Per Pupil Funding Levels (MPPFL)¹ in their local Funding Formula – previously discretionary
 - e. The Minimum Funding Guarantee (MFG)² that LAs must use in their Funding Formula i.e. minimum annual change in per pupil funding - must be between +0.5% and +1.84%.
3. There is a renewed commitment to implement the SNFF and further remove local involvement in decision making on school funding.
4. The teachers' pay grant and teachers' pension employer contributions grant will both continue to be paid separately from the SNFF in 2020-21, with funding rates yet to be confirmed.

Central School Services Budget:

1. The ongoing responsibilities element of the CSSB, which funds all LAs for central functions they have to deliver for all pupils in maintained schools and academies, is paid to LAs as an amount per pupil. There is a protection to ensure no LA sees losses of greater than 2.5% per pupil, compared to 2019-20.
2. The historic commitments element of the CSSB, which funds some LAs for commitments they made prior to 2013-14 that support vulnerable pupils is being reduced by 20% from LAs' 2019-20 allocations, in line with the previously announced intention to begin to reduce this funding. This equates to £0.081m in BF.

¹ The SNFF includes MPPF levels that are applied equally to all primary and secondary schools (£3,750 and £5,000 respectively in 2020-21). LAs had discretion to apply these values in their local funding formula but from 2020-21 they will become mandatory at local level, unless agreed by the DfE that they are unaffordable when local budget circumstances are taken into account, most notably in respect of pressures on the Growth Fund from new schools and High Needs pupils.

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

Provisional budget position for 2020-21

Estimated Schools Block Dedicated Schools Grant (DSG)³, income to be paid to BFC

- 6.3 In terms of the potential impact from these decisions on school budgets in BF, further information has now been released which can be used to start to determine the likely financial effect.
- 6.4 The Forum will be aware that to determine an LAs SB DSG funding, the DfE applies the same uniform SNFF factors and values to every school in the country, using lagged pupil number and other data e.g. FSM, test results. The resultant individual primary school budgets 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.
- 6.5 For next year, the DfE will calculate the PUFs and SUFs against the confirmed 2020-21 SNFF units of resource and the 2018 census data, so on a partially lagged basis. This approach is taken to provide schools and LAs key budget data at an early stage of the budget setting process as the most up to date October 2019 census data is not validated until December 2019. Waiting for actual data would mean a release date of just 1 month before budgets must be finalised and approved through the local democratic process.
- 6.6 The DfE has made one change to the SNFF for 2020-21 which relates to a new formulaic approach to the high pupil mobility factor so that funding is allocated more fairly to LAs compared to the current basis of historic spend. Rather than relying on a single census, this new methodology involves tracking individual pupils using their unique pupil ID through censuses from the past 3 years. The new data allocates £0.036m to BF, an increase of £0.034m from 2019-20, and is incorporated into the calculation of PUFs and SUFs.
- 6.7 The DfE has now confirmed the PUFs and SUFs that will be used to calculate 2020-21 DSG allocations and these will be £3,930.99 for the BF PUF and £5,234.90 for the BF SUF. This equates to a 6.8% increase in the per pupil funding rate for primary aged pupils and 4.8% for secondary.
- 6.8 Based on there being no change in the 16,140 pupils recorded on the actual October 2018 school census data, this would deliver £71.517m of SB DSG income, a cash increase of £3.965m, and an average 5.9% increase in per pupil funding on a like for like basis. This follows a 2.3% increase in 2019-20 and reflects the impact of the spending review.
- 6.9 The provisional October 2019 census data shows that pupil numbers have increased by 143 to 16,283 and this generates a further £0.835m DSG income and £72.352m in total. The expected change in pupil number profile between primary and secondary schools results in an average increase in per pupil funding from PUFs and SUFs of 6.2%.

³ The DSG is the ring-fenced grant allocated by the DfE to LAs to fund most of their expenditure on school and education related services.

6.10 The DfE has also confirmed the separate funding allocations to LAs for non-pupil-based school expenses. This is mainly intended to finance the cost of business rates and other specific costs agreed with individual LAs. Funding for these costs will be £1.866m and is allocated based on 2019-20 actual spend and for BFC comprises:

1. £1.679m for business rates
2. £0.075m for split site costs (Warfield Primary)
3. £0.112m for additional lump sum payment, generally for 1 year only, to schools that amalgamated in 2018 (College Town Infant and Junior Schools)

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

6.11 In terms of the Growth Fund⁴, the DfE will continue to use the existing formula which measures pupil growth between the two most recent October census points across small geographical areas and allocates funding where there is a net increase in numbers, with no net-off against areas that experience a reduction.

6.12 The DfE has recently released limited data to assist LAs in calculating potential Growth Fund DSG income, which for BF, using provisional October 2019 pupil numbers, suggests around £0.800m of DSG.

6.13 Therefore, at this stage, the overall income for the SB is estimated at £75.018m, an overall increase from last year of £5.214m. Table 1 below sets out a summary of the change in funding from each element of the SB DSG.

Table 1: Forecast SB DSG for 2020-21

	Total £'000	Total £'000
Total DSG for 2019-20		69,804
<u>Forecast changes for 2020-21:</u>		
Effect of 6.2% increase in DSG funding rates	3,931	
Effect of 143 new pupils	835	
Change in high pupil mobility funding	34	
Change in business rates funding	206	
Change in split site factor funding	75	
Change in school amalgamation funding	112	
Change in Growth Fund	21	
Total forecast change		5,214
Total forecast DSG for 2020-21		75,018

⁴ 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.

Current Schools Budget base budget

- 6.14 The SB base budget approved at the January 2019 meeting of the Schools Forum amounted to £70.361m, of which £69.769m was funded by SB DSG income (note it was agreed to transfer £0.035m of the £69.804m total to the CSSB budget), £0.254m from accumulated balances and £0.338m from the council as part of a 4-year funding plan to contribute £1m to the extra costs arising from new schools. £70.361m is therefore the initial cost base needing to be funded before considering any budget changes.

Proposed budget changes for 2020-21

Change in pupil numbers

- 6.15 Paragraph 6.9 above sets out that the provisional October 2019 census data indicates that pupil numbers have increased by 143 and that this generates a further £0.835m of DSG income. This is expected to closely represent the extra amount of funding allocated to schools and a budget pressure for this amount has therefore been included in the proposals. After taking account of the additional DSG income, no significant financial impact is anticipated in next year's budget as a result of changes in pupil numbers.

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

- 6.16 Forum members will be aware that the SB Budget is experiencing a significant pressure from the additional cost of new schools and in December 2018 approved an updated funding policy for 2019-20. The agreed policy can be viewed at:

<http://democratic.bracknell-forest.gov.uk/ieListDocuments.aspx?CId=187&MId=8188&Ver=4>

- 6.17 In reviewing the policy, one change is proposed for 2020-21. This relates to when a new school moves from the new school funding policy to the normal BF Funding Formula. Current wording sets in place thresholds based on actual pupil capacity to determine transference to the BF Funding Formula.
- 6.18 It is now proposed that once a school has admitted pupils to all the intended pre-16 year old year groups, it will move to the BF Funding Formula. This will provide greater certainty to schools as to the funding method to be used. Should a new school consider there are circumstances that makes this inappropriate, then an appeal can be made which will be considered on a case by case basis. The change reflects current experience and is intended to ensure new schools move quickly to the BF Funding Formula and are funded on an equitable basis to existing schools.

Annex 1 sets out the changes proposed to the current policy.

- 6.19 In recognition of the financial impact arising from new schools that is not being fully financed through the Growth Fund element of the SB DSG, the council's Executive agreed to provide £1m of funding over a 4-year period from the council's reserves as part of a medium term budget strategy. This strategy also utilises the £1m held in the earmarked New School Start-up / Diseconomy Reserve that was created for this purpose and part of the annual increase in SB DSG. The £1m contribution from the council was agreed despite the significant financial pressures being faced, including a forecast budget gap of at least £10m to for 2023-24.

Annex 2 sets out a summary of the £4.3m additional cost originally anticipated over the 4-year period from April 2019 to March 2023 and the contribution required from each funding stream.

6.20 In considering the financial impact of new schools, the last meeting of the Forum requested information on how other LAs provided funding and whether there were other areas to consider in BF. A survey requesting funding sources was therefore sent to LAs in the south east of England region and 10 replies were received which indicated no alternative funding sources were being used and that BFC was the only LA part funding the cost of new schools from its general resources. Table 2 below summarises the replies:

Table 2: New schools: analysis of funding sources

Funding source	Number of LAs making use
DSG: SB - Growth Fund	8
DSG: SB - General	3
Accumulates SB balances	4
Council Funding	0
Other	0

Note: Some LAs use more than 1 funding source.

6.21 The funding plan to March 2023 has been updated to reflect current expectations around admissions to the new schools and the School and Education Spending Review. This indicates that the funding gap to March 2023 has reduced by £0.522m to £3.696m. The main reason for the improvement relates to an estimated £0.774m extra Growth Funding from the DfE through the SB DSG. There is now a greater understanding of how this new formula in the DfE funding system works which indicates on-going significant funding from the extra pupils being admitted to the new schools in North Bracknell.

6.22 Furthermore, the budget provision for Growth Fund responsibilities managed by BFC in existing schools has been reviewed to reflect forecast October 2019 data with the budget requirement proposed to be reduced by £0.101m to £0.365m. The medium-term forecast of likely need is expected to remain at around £0.420m comprising £0.332m for in-year growth allowances, £0.073m for KS1 classes and £0.015m for new school post opening costs.

6.23 Taking account of these changes, it is appropriate to review the medium-term funding strategy that was agreed last year. This originally indicated a need to increase the contribution from the SB DSG from 0.5% in 2019-20 to 0.8% in 2020-21 before peaking at 1.1% in 2021-22. The strategy also planned to fully utilise the £1m from the council and £1m from the New School Start-up / Diseconomy Reserve.

6.24 A revised funding plan is now proposed that continues to use the £1m of funding from the council for which £0.308m would be provided in 2020-21, with reduced contributions of 0.7% from the SB DSG in 2020-21 (circa £0.525m) and 0.9% (circa £0.675m) for the 2 subsequent years. This approach would create a new pressure of £0.187m on the SB DSG in 2020-21 i.e. the £0.338m deduction agreed for 2019-20 remains available again in the base budget for this purpose, with a further £0.187m now required to reach the £0.525m cumulative amount. A further pressure of £0.150m would arise in 2021-22. The New School Start-up / Diseconomy Reserve would retain a balance of £0.483m which would be available as a contingency against any net cost increase over the period.

- 6.25 Considering the improved 6.2% average increase in per pupil funding to be received through the PUFs and SUFs, from a medium-term financial planning perspective, maintaining a contribution at a relatively high level when funding is more favourable is considered the best approach to take rather than fully utilising the reserves.
- 6.26 Table 3 below summarises the funding strategy proposed for 2020-21, and the additional financial support anticipated for new schools at this stage. Annex 3 sets out the medium-term financial plan in more detail, together with the changes from the plan compared to those presented when the 2019-20 budget was set.

Table 3: Proposed financing and associated budget for the Growth Fund (provisional)

	Primary £'000	Secondary £'000	Total 2020-21 £'000	Total 2019-20 £'000	Total Change £'000
<u>New schools:</u>					
Diseconomy costs	443	824	1,268	1,243	25
	443	824	1,268	1,243	25
<u>Retained Growth Fund</u>					
Start-up costs	0	0	0	26	-26
Post opening costs	15	0	15	75	-60
In-year pupil growth	139	139	277	305	-28
KS1 classes	73	0	73	60	13
	227	139	365	466	-101
Total estimated costs	670	963	1,633	1,709	-76
<u>Financing:</u>					
BF council			308	338	-30
DSG balances			0	254	-254
2020-21 DSG income - Growth Fund			800	779	21
2020-21 DSG income - SNFF			525	338	187
Total estimated costs			1,633	1,709	-76
<u>By school:</u>					
Warfield Woodhurst	0	0	0	105	-105
KGA - Oakwood	248	0	248	203	45
KGA - Binfield	195	824	1,019	934	85
Total estimated costs	443	824	1,268	1,243	25

- 6.27 The funding plan will clearly need to be kept under review. In terms of longer-term expectations, September 2023 is expected to be the latest point that KGA Binfield Secondary school would be resourced through the new school funding policy. At the point funding moves to the BF Funding Formula and overall costs of the new schools funding policy are forecast to reduce by £0.6m from the relevant September, and £0.9m in a full year.

Proposed funding transfer to the High Needs Block (HNB)

- 6.28 At its last meeting, the Forum agreed the release of a consultation from the council to gather views from schools on transferring up to 0.5% - circa £0.375m – of SB DSG to contribute to the significant cost pressures being experienced in the HNB. A separate agenda item covers this proposal in more detail and includes the recommendation to approve the transfer. For overall budget planning purposes, it is assumed that the transfer will be agreed, and funding for this pressure has therefore been set aside, although clearly this is not certain and may need to be amended.

Impact from business rates revaluation

- 6.29 Forum members are aware that there was a business rates revaluation at April 2017 of which the outcome was a cost increase to most schools. However, the full financial impact is being phased in through a 5-year transitional protection scheme. There is also an annual uplift to charges levied through the business rates scheme, estimated at 1.6%. Taking account of the latest available information, including the changing school estate, there is estimated to be a net cost reduction to school rates of £0.037m. This mainly reflects the over provision for business rates at KGA Binfield which has a provisional rating valuation (RV) based on the school being partially open, rather than the full cost which was included in the 2019-20 base budget. Other savings have also occurred between estimated RV increases at recently expanded schools and actual charges.

Split site schools

- 6.30 For the current year budget, the Forum agreed to fund the £0.075m pressure raised by Warfield Primary school which was expanded by a further 2 forms of entry to accommodate additional pupils that would require a school place as a result of house building. The new school is located on a different site and has a walking distance of 1.167 miles from the original school which presents unique issues.
- 6.31 After two years' experience of managing the split site school, the school had identified a number of additional costs that needed to be incurred as a result of the site configuration for which there is no additional funding allocation. These mainly relate to staffing needed to maintain a presence on 2 sites which creates inefficiencies, and includes office staff, especially main reception, lunchtime controllers and site staff. The most significant non-staffing cost relates to the need for a mini-bus to enable sharing of curriculum and sporting activities across both sites. The cost impact has been calculated at £0.075m.
- 6.32 The intention is to review this budget requirement each year to ensure the amount paid remains valid. The Headteacher has continued to monitor the additional costs being incurred and with no substantial changes to the characteristics of the school considers the current funding allocation remains the valid amount. No change is therefore proposed to the current base budget for this item.
- 6.33 As set out above in paragraph 6.10 2, LAs are fully funded for costs that are agreed with the DfE, but on a lagged basis. The DfE has agreed to fund this cost, with additional income to be received for the first time in 2020-21 at £0.075m. Therefore, no additional cost pressure arises for the split site factor, which based on the assertion of the Headteacher that the additional costs are necessary, the split site funding factor is assumed to continue.

School amalgamations

- 6.34 2 school amalgamations occurred in September 2019. These generally result in improved management capacity to raise school standards and greater financial viability than

compared to smaller Infant and Junior schools. In the short term, DfE Funding Regulations allow for additional funding allocations to be made to schools in the year following an amalgamation to allow for more time to implement change. The Regulations assume the amalgamated school receives a 1-year funding uplift to 85% of the standard lump sum payment that the 2 former schools received. LAs receive funding for these payments on a lagged basis.

- 6.35 As set out above in paragraph 6.10 3 lagged funding of £0.112m is included in the SB DSG for the cost of school amalgamations. With 2 schools qualifying for additional payments next year, taking account of a provisional 2020-21 lump sum payment of £0.119m, then each school will receive an extra £0.101m. The net cost increase in 2020-21 is therefore £0.090m which has been included as a pressure. On this basis, the 2021-22 SB DSG will include £0.202m of income for school amalgamations when there may be no costs to finance, presenting additional income.
- 6.36 Governors of the schools at these latest amalgamations have raised concerns that cost reductions are occurring at a slower rate than expected and have requested that enhanced funding continues for a second year. The LA is seeking evidence to support this claim which will be presented to the Forum for consideration when available, although this will not impact until the 2021-22 budget. The DfE will need to agree any enhanced payments past the first year on a case by case basis. The expectation of the DfE is that if agreed, the second year will be no more than 70% uplift to the core lump sum payment all other schools receive.

Allocating additional funds to schools

- 6.37 Table 4 below summarises the budget changes proposed by the council for 2020-21. If all of these are supported by the Forum, then there is expected to be £3.470m of new funds to be allocated to schools that helps to deliver 5.9% average per pupil funding increases.
- 6.38 At the last meeting of the Forum it was agreed that the 2020-21 budget should be set with each BF factor value at the same amount as the SNFF values, if necessary, scaled by the same proportional amount to the affordable value. At this stage, it is expected that each BF factor value will be set at 98.7% of the equivalent SNFF rates.

Meeting DfE per pupil funding requirements

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

MPPF values

- 6.40 The DfE has set mandatory MPPF values of £3,750 for primary aged pupils and £5,000 for secondary. These are the minimum per pupil funding rates that an LA must pay their schools unless agreed by the DfE. In previous years, each LA could determine their own MPPF value. The provisional calculations made at this stage indicate additional payments of £0.447m, with 5 primary schools receiving £0.246m in aggregate with 2 secondaries receiving £0.201m. This is a reduction of £0.164m compared to 2019-20 when 6 primary schools received £0.156m and 3 secondary schools £0.455m.

- 6.41 MPPF values aim to raise funding for schools currently receiving the lowest per pupil amounts. Those schools admitting the most challenging pupils, as measured through deprivation scores and low prior attainment are not in general receiving any benefit from the increased MPPF values and are receiving lower per pupil funding increases.
- 6.42 It was reported to the previous meeting of the Forum that there was concern that if a significant number of schools were funded to the mandatory MPPF rates, then a disproportionate burden would fall on all other schools in meeting the cost pressures. With the general 4% uplift in SNFF factor, a significant number of schools previously close to MPPF values have moved above them, with initial budget calculations indicating a reduction in the number of schools and cost associated with meeting the MFPPF rates. This is no longer considered an area of significant concern.

MFG

- 6.43 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 2020-21, the DfE requires each LA to set their MFG at between +0.5% and +1.84%.
- 6.44 Reflecting on the additional funding included in the SNFF, the council proposes that the maximum +1.84% increase is applied, which is the amount required to cover the cost of inflation. MFG top-up payments are financed from capping gains above the MFG at other schools and are therefore self-financing. Schools receiving top-ups to the MPPF values are excluded from contributing to the cost of the MFG. Current estimates are that a very small amount of MFG at £0.003m will need to be paid to a single 1 Form of Entry (FE) school only which would ordinarily be receiving a 1.47% increase compared to their current year budget.
- 6.45 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.
- 6.46 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 approved a request from BFC for 2019-20 for the scenario being faced at Kings Academy Binfield, where the diseconomy funding model results in a reduction in per pupil funding between years as the school experiences a relatively significant increase in pupil admissions each year but with the per pupil funding lower than the previous year as the impact of diseconomies reduces.
- 6.47 The same issue is again faced in 2020-21, along with the newly opened Kings Academy Oakwood. An MFG disapplication request has also been made to the DfE for the 2020-21 budget.

Illustrative 2020-21 individual school budgets

- 6.48 In order to prepare these budget proposals, individual school budgets have been modelled. Taking account of the data currently available, this uses the provisional October 2019 pupil numbers and for all other pupil characteristics used for funding purposes, such as FSM eligibility, lagged 2018 data has been used.
- 6.49 The budget assumptions set out above have all been incorporated into the modelling. This includes a 6.9% increase in per pupil income from 2019-20 which comprises 6.2% from the increase in PUFs and SUFs, 0.4% from the funding contribution from the council

and 0.3% from net additional DSG funding for rates, the split site factor and the Growth Fund.

6.50 Using these key assumptions, the following headline data is available for illustrative school budgets (NB in this context, per pupil funding is calculated from the whole school budget less rates):

- 1 Primary schools would receive an average increase in per pupil funding of 6.5%, and secondaries 5.0%. The average increase for all schools is 5.9%
- 2 The highest per pupil increase in a primary school would be 12.2%, with 7.5% in secondary. The lowest increases would be 0.9% and 2.3% respectively.
- 3 10 of the 11 lowest increases in per pupil funding are all 1 FE primary schools, where the overall average for all 11 1 FE schools is 2.3%. The average increase for both 2 FE and 3 FE schools is 7.9% with 5.0% for secondary schools.
- 4 A single 1 FE primary school receives an MFG top up of £0.003m. This ensures a 1.84% annual increase in per pupil funding which is sufficient to cover general price increases.
- 5 The MPPF level amount has increased by 7.1% for Primary and the secondary rate has increased by 4.1%
- 6 The average per pupil funding amount for a primary school would be £3,883 and £5,189 for a secondary.

6.51 The analysis of potential change in school budgets clearly shows a significantly lower increase in per pupil funding for 1 FE primary schools than all other sized schools. The reason for this relates to the importance of the fixed lump sum factor to small schools. The 2019-20 BF Funding Formula includes £0.160m for the lump sum. With the approach now being taken of scaling all factor values by the same proportion, this reduces to £0.119m. In the current year, the lump sum on average accounts for 20.0% of a 1 FE school's budget. This reduces to 14.6% in 2020-21.

6.52 A number of other local LAs are also experiencing the major impact of the reduced lump sum value in the SNFF on 1 FE schools and are including funding protection. This was highlighted as a potential issue on the budget modelling included on the July financial consultation with schools. The Forum is recommended to agree that the December meeting considers phasing the reduction in the fixed lump sum allocation over the 3-year spending review period in order to provide higher increases for 1 FE schools. If agreed, options will be modelled and presented for consideration in December.

Reasons why the SNFF budget will not be delivered in BF

6.53 There are a number of reasons why despite the DfE fully funding the SNFF, individual LAs are not always able to replicate the budgets locally. These include:

1. Differences between the factors used in the SNFF and their values compared to the local Funding Formula, in particular where lagged funding is used e.g. split site factor, school amalgamations
2. Differences between DfE funding for cost of new schools, supporting pupils with HN and business rates compared to actual costs expected.
3. Differences between the prior year per pupil data e.g. FSM, test results used to fund LAs and the current year data that LAs must use to fund schools.
4. The impact of the MFG is not included the SNFF allocations published by the DfE.

The Central School Services Block

- 6.54 The central school services block 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.
- 6.55 It covers two elements which are treated differently within the national funding formula: ongoing responsibilities and historic commitments. On-going responsibilities, where an existing budget has previously been agreed by the BF Schools Forum, and comprises school admissions, servicing of the Schools Forum, places in independent schools for non-SEN pupils, contribution to responsibilities that local authorities hold for all schools and boroughwide initiatives (capped at up to 0.1% of the total Schools Budget).
- 6.56 Historic commitments, which generally support vulnerable children, have an educational benefit and link to other programmes funded by the Council which together result in better, more effective use of resources with improved outcomes for children than if provided and managed independently. Amongst other things, the funding is used to support the Family Intervention Project, Virtual School for Looked After Children, Young People in Sport and Education Health Partnerships.
- 6.57 Funding for ongoing responsibilities to LAs is distributed 90% according to a per-pupil factor and 10% of funding according to a deprivation factor. Both elements are adjusted for area costs. There are significant differences in LA spending on these duties and therefore the DfE has implemented transitional funding arrangements to balance the rate of change against the need to make progress towards the formula. The new formula will result in a 10.7% funding reduction for BFC through the per pupil funding element. Transitional funding protection limits the loss to 2.5% each year. The Schools Forum has previously financed the loss of grant from the SB DSG. After allowing for a under estimating the 2019-20 grant by £0.005m, the shortfall on this part of the CSSB now amounts to £0.026m.
- 6.58 Like most services, those held within the CSSB are facing significant financial pressures, in particular in respect of pay and pensions. Prior to 2019-20, there had been no inflationary increases to budgets in these areas for 7 years which was creating more significant financial difficulties each year and a funding increase of 3% to all budgets was agreed for this year at a cost of £0.019m. The same issues remain in 2020-21 and a further increase of 3% is proposed. Providing funding for 2 years inflation amounts to £0.039m pressure which it is proposed is funded through a transfer from the SB.
- 6.59 Funding for historic commitments is based on 2013 actual budgets. No new commitments have been allowed and the DfE had previously indicated that funding will be reduced from April 2020. This has now been confirmed at a 20% reduction which amounts to £0.081m of the existing £0.406m budget. As these services support the most vulnerable pupils, the £0.081m pressure is proposed to be funded through a transfer from the SB DSG.
- 6.60 Annex 4 sets out the services proposed to be centrally managed by the council, showing the 2019-20 base budget and the funding proposed for 2020-21 which the Forum is recommended to agree. In total, this will require a £0.146m funding transfer from the SB DSG.

Summary of proposed changes

6.61 Based on provisional budget data, a series of changes have been set out above that the council proposes are reflected in the 2020-21 budget. The Forum is recommended to agree this approach, with further updates likely to be presented at the December and January Forum meetings. At this stage, after meeting new budget pressures, additional funds of £3.470m are expected to be available for schools. Table 4 below summarises the proposed budgets.

Table 4: Summary initial budget proposals for 2020-21

Para Ref.	Item	Schools Block		Central Services Schools Block	Total
		Delegated school budgets	Growth Fund - LA Managed		
		1	2	3	4
		£'000	£'000	£'000	£'000
	2019-20 Schools Block budget	69,895	466	1,060	71,421
	Correction to grant funding	0	0	5	5
6.14	2019-20 base budget	70,361		1,065	71,426
6.13	Provisional 2020-21 DSG funding	75,018		939	75,957
6.24	Contribution from BFC to cost of new schools	308		0	308
	2020-21 forecast income	75,326		939	76,265
	+Surplus of income / - Deficit of income	4,965		-126	4,839
	<u>Core changes proposed for 2020-21:</u>				
6.15	Impact of change in pupil numbers (+143)	835	0	0	835
6.24	New schools - 2020-21 increased cost pressure	187	0	0	187
6.22	In-year growth allowances, KS1 classes etc	0	-101	0	-101
6.29	Rates: revaluation and inflation	-37	0	0	-37
6.35	School Amalgamation - impact on lump sum	90	0	0	90
	Total core changes required for 2020-21	1,075	-101	0	974
	<u>Funding transfer from Schools Block:</u>				
6.28	Contribution to HNB pressures	375			375
6.60	Contribution to CSSB pressures	146		146	
	Total transfers	521	0	146	667
	Balance for new pressures	3,470			
	2020-21 on-going Schools Block budget	74,440	365	1,085	75,890
	Change in budget	4,545	-101	20	4,464

Issuing 2020-21 budgets to schools

- 6.62 Continuing the approach adopted for the first time last year, provisional individual school budgets will be issued in early January rather than an indicative budget at the end of December followed by the final budget at the end of January. This is in place because:
1. Provisional budgets have typically been issued on the last day of term with many schools then not having the opportunity to review them until the start of the spring term.
 2. As the DfE are not able to release the October 2019 census data that must be used for budget setting purposes until the middle of December, it is too late to incorporate into the provisional school budgets which are therefore based on estimated data. Whilst pupil numbers can generally be estimated accurately from LA data, other measures, such as free school meal eligibility, and test scores are more difficult to accurately predict.
 3. With the introduction of universal credit, deprivation data is expected to be more volatile than in previous years, as is low prior attainment data for primary schools with the changes in the Early Years Foundations Stage assessments resulting in increases in pupils eligible for funding.

Growth Fund – significant in-year increases in pupil numbers

- 6.63 The Forum is aware that the criteria for allocating funds to schools experiencing significant in-year increases in pupil numbers is being reviewed for compliance with DfE *Schools revenue funding 2020 to 2021 Operational guidance*. This sets out that the Growth Fund can only be used to “support growth in pre-16 pupil numbers to meet basic need” and may not be used to support “general growth due to popularity; which is managed through lagged funding”.
- 6.64 The DfE define basic need as the statutory duty on local authorities to make sure there are enough school places for children in their local area. This requirement does not extend to individual planning or school designated areas within an authority. This duty has always been met by the council.
- 6.65 Applying the basic need condition on the Growth Fund adds a complication in that at its simplest, all admissions to schools should be separated between basic need and other factors, most notably parental preference, in order to calculate any valid in-year basic need growth pressures which would attract funding. Further clarification has been sought from the DfE with the response that each LA should set their own criteria, taking account of relevant legal advice.
- 6.66 Having considered this, the council considers any application of the basic need requirement can only be practically applied to admissions into the intake year as this reflects the most significant amount of pupil movements and the data is readily available. Taking account of the pupil number thresholds required to trigger an additional payment, this would ordinarily limit the impact of a policy change to secondary schools only.
- 6.67 The most significant impact that could arise should a basic need calculation be added to the Growth Fund policy is that schools benefiting from parental preference gains from pupils attending from out of designated areas would need to fund the cost of any additional classes for 2 terms from September admissions before benefiting from the lagged funding system at the start of the next financial year. These pupils would ordinarily be expected to attend their local school where enough places exist and therefore the extra places being offered are not required. The local school would receive fewer pupils than would otherwise be the case, and therefore lower funding.

- 6.68 The council is therefore proposing an amendment to the qualifying criteria, to be implemented from the October 2019 census, with Annex 5 setting out the full funding policy.

Conclusion and Next steps

- 6.69 Due to the historic low funding levels, BF schools are in general gaining from the national funding reforms. However, there are local budget pressures that are not adequately resourced by the DfE that reduce the overall funding gain that can ultimately be passed on to schools. The council is proposing to provide £0.308m from its own resources in 2020-21 (£1m over 4 years) to ensure schools receive a larger increase than would otherwise be the case.
- 6.70 The recommendations presented in this report allow for some key budget decisions to be taken now that assists with the budget planning. Final SB and CSSB budget proposals for 2020-21 will be presented to the Forum to consider on 16 January when all relevant data used for budget setting purposes is expected to have been finalised which may require some of the proposals included in this report to be revised.

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 Included within the supporting information.

Equalities Impact Assessment

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

Strategic Risk Management Issues

- 7.4 Whilst the funding reforms and financial settlement in general result in schools receiving additional funds, a number of strategic risks exist, most significantly:
1. Insufficient funding to cover anticipated pay and price inflation and changes in contributions to the Pension Funds for those schools receiving the lowest increases.
 2. The ability of schools with licensed deficits to manage their repayments. Two secondary schools and four primary schools have significant deficits that need to be managed during a period of financial change.
 3. Managing the additional revenue costs arising from the new / expanded schools programme and increased number of high needs pupils.
 4. The ability of schools to achieve school improvement targets.
- 7.5 These risks will be managed through support and assistance to schools in the budget setting process which is a well-established programme. It has ensured that schools develop medium term solutions to budget shortfalls and draws on funding retained to support schools in financial difficulty or through the allocation of short to medium term

loans. There remains a de-delegated budget of £0.190m (after academy deduction) to support maintained schools in financial difficulties that meet qualifying criteria.

- 7.6 Any further school academy conversions are also likely to increase budget and general resource pressures on the council. These will need to be managed as they emerge.

8 CONSULTATION

Principal Groups Consulted

- 8.1 People Directorate Management Team, school governors, head teachers, Schools Forum and other interested parties.

Method of Consultation

- 8.2 Written report 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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Doc. Ref

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Proposed amendment to the Funding Policy for New and Expanding Schools

New text is in bold and shaded i.e. **bold and shaded**, deleted text is bold and struck through i.e. ~~**bold and struck through**~~

- 11) To ensure new / expanding schools move quickly to the SNFF and most likely to higher funding allocations, **once a school has admitted pupils to all the intended pre-16 year old year groups it will move to the BF Funding Formula. Should a school consider there are existing circumstances that make this approach inappropriate, then a case can be made to the Assistant Director responsible for schools. The primary considerations will be the needs of pupils throughout the borough and the financial impact on the school, where it will be expected that a school can operate on the BF Funding Formula when pupil numbers are:**

- 1 At least 90% of capacity for 1 FE schools**
- 2 At least 85% capacity for 2 FE schools**
- 3 At least 80% capacity for 3 FE and above schools.**

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

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

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

~~**Thresholds will be in place based on actual pupil capacity in a new school. 1 FE schools will move to the SNFF once pupil numbers reach 95% of capacity, 2 FE at 90% and 3 FE and above at 85%.**~~

Note to the forum: the funding thresholds have been changed for reasons of funding equity as they are now considered to better reflect what would be expected of an established school.

**Medium Term funding plan for meeting the cost of new schools:
as reported to Schools Forum in January 2019**

17 January 2019 Schools Forum Report	2019-20 Estimate £m	2020-21 Estimate £m	2021-22 Estimate £m	2022-23 Estimate £m	4 year total £m
<u>New schools:</u>					
Start-up costs	0.026	0.000	0.000	0.015	0.041
Diseconomy costs	1.243	1.311	1.142	0.872	4.568
Post opening costs	0.075	0.038	0.030	0.023	0.165
	1.344	1.349	1.172	0.909	4.774
<u>Existing Schools:</u>					
In-year pupil growth / KS1 classes	0.365	0.400	0.400	0.400	1.565
Total estimated costs	1.709	1.749	1.572	1.309	6.339
Estimated funding from DfE	-0.779	-0.440	-0.440	-0.440	-2.099
Funding gap	0.930	1.309	1.132	0.869	4.240
<u>Proposed funding sources:</u>					
Use of Schools Budget balances	0.254	0.566	0.186	-0.077	0.929
Contribution from BFC	0.338	0.203	0.203	0.203	0.947
SNFF allocation (DSG):					
<i>In year change</i>	0.338	0.203	0.203	0.000	
Cumulative	0.338	0.540	0.743	0.743	2.364
Total funding	0.930	1.309	1.132	0.869	4.240
4-year shortfall	4.218				
<i>In year % contribution from existing schools</i>	0.50%	0.30%	0.30%	0.00%	
<i>Cumulative % contribution from existing schools</i>	0.50%	0.80%	1.10%	1.10%	

November 2019: Medium Term funding plan for meeting the cost of new schools

21 November 2019 Schools Forum Report		2019-20 Actual £m	2020-21 Provisional £m	2021-22 Estimate £m	2022-23 Estimate £m	4 year total £m
<u>New schools:</u>						
1	Start-up costs	0.026	0.000	0.015	0.041	0.082
2	Diseconomy costs	1.243	1.268	1.174	1.160	4.845
3	Post opening costs	0.075	0.015	0.015	0.023	0.128
		1.344	1.283	1.204	1.224	5.054
<u>Existing Schools:</u>						
4	In-year pupil growth / KS1 classes	0.365	0.350	0.400	0.400	1.515
5	Total estimated costs	1.709	1.633	1.604	1.624	6.569
6	Estimated funding from DfE	-0.779	-0.800	-0.647	-0.647	-2.873
7	Funding gap	0.930	0.833	0.957	0.977	3.696
<u>Proposed funding sources:</u>						
8	Use of Schools Budget balances	0.254	0.000	0.000	0.229	0.483
9	Contribution from BFC	0.338	0.308	0.282	0.073	1.000
10	SNFF allocation (DSG):					
	<i>In year change</i>	0.338	0.187	0.150	0.000	
11	Cumulative	0.338	0.525	0.675	0.675	2.213
12	Total funding	0.930	0.833	0.957	0.977	3.696
13	4 year shortfall	3.696				
14	<i>In year % contribution from existing schools</i>	0.50%	0.20%	0.20%	0.00%	
15	<i>Cumulative % contribution from existing schools</i>	0.50%	0.70%	0.90%	0.90%	
16	<i>Cumulative % contribution last year estimate</i>	0.50%	0.70%	0.90%	0.90%	

Change from 17 January 2019 Schools Forum Report		2019-20 £m	2020-21 Provisional £m	2021-22 Estimate £m	2022-23 Estimate £m	4 year total £m
<u>New schools:</u>						
1	Start-up costs	0.000	0.000	0.015	0.026	0.041
2	Diseconomy costs	0.000	-0.044	0.033	0.288	0.277
3	Post opening costs	0.000	-0.023	-0.015	0.000	-0.038
	Total estimated costs	0.000	-0.066	0.032	0.314	0.280
<u>Existing Schools:</u>						
4	In-year pupil growth	0.000	-0.050	0.000	0.000	-0.050
5	Total estimated costs	0.000	-0.116	0.032	0.314	0.230
6	Estimated funding from DfE	0.000	-0.360	-0.207	-0.207	-0.774
7	Funding gap	0.000	-0.476	-0.175	0.107	-0.544
<u>Proposed funding sources:</u>						
8	Use of Schools Budget balances	0.000	-0.566	-0.186	0.306	-0.445
9	Contribution from BFC	0.000	0.105	0.079	-0.130	0.053
10	SNFF allocation (DSG):					
	<i>In year change</i>	0.000	-0.016	-0.053	0.000	
11	Cumulative	0.000	-0.015	-0.068	-0.068	-0.151
12	Total funding		-0.476	-0.175	0.107	-0.543
13	4 year shortfall	-0.522				
14	<i>In year % contribution from existing schools</i>	0.00%	-0.10%	-0.10%	0.00%	
15	<i>Cumulative % contribution from existing schools</i>	0.00%	-0.10%	-0.20%	-0.20%	

Services proposed to be centrally managed by the Council

Budget item	Schools Block Centrally Managed		
	Budget 2019-20 £	Proposed Changes £	Draft Budget 2020-21 £
<u>Historic commitments</u>			
Combined Services Budgets8:			
Family Intervention Project	£100,000	£0	£100,000
Virtual School	£133,590	£0	£133,590
School Transport for Looked After Children	£42,890	£0	£42,890
Young People in Sport	£18,050	£0	£18,050
Common Assessment Framework Co-ordinator	£42,470	£0	£42,470
Domestic Abuse	£6,000	£0	£6,000
Education Health Partnerships	£30,000	£0	£30,000
SEN Contract Monitoring	£32,680	£0	£32,680
<u>Miscellaneous (up to 0.1% of Schools Budget):</u>			
Forestcare out of hours support service	£5,000	£150	£5,150
Borough wide Initiatives	£28,090	£840	£28,930
Support to Schools Recruitment & Retention	£7,690	£230	£7,920
<u>Statutory and regulatory duties</u>			
'Retained' elements	£267,800	£8,030	£275,830
<u>Other expenditure</u>			
School Admissions	£181,250	£5,440	£186,690
Schools Forum	£22,080	£660	£22,740
Boarding Placements for Vulnerable Children	£60,650	£1,820	£62,470
Central copyright licensing **	£86,440	£2,590	£89,030
Total	£1,064,680	£19,760	£1,084,440

* Combined Service Budgets funded by the DSG generally support vulnerable children, have an educational benefit and link to other programmes funded by the Council which together result in better, more effective use of resources with improved outcomes for children than if provided and managed independently.

** The £5,070 extra 2019-20 CSSB DSG income was added to the central copyright licensing cost budget.

Criteria for in-year budget allocations to schools experiencing significant growth in pupil numbers

New text is in bold and shaded i.e. **bold and shaded**, deleted text is bold and struck through i.e. ~~**bold and struck through**~~

This element of the Growth Fund is ring fenced so that it is only used for the purpose of supporting growth in pre-16 pupil numbers to meet basic need⁵. The fund will be for the benefit of both maintained and Academy schools. For Academy Schools, the funding is for an academic year.

The Growth Fund shall include funding for an allocation to those schools that experience exceptional increases in pupil numbers between the October census used for funding original budgets and actual pupil numbers on roll on the following October census

To assist schools in meeting the additional costs arising in such circumstances, an in-year budget addition will be made where the whole school number on roll from Reception up to Year 11 increases up to the point that significant additional costs are expected to be incurred.

The relevant thresholds for additional funding are:

- less than 2 FE schools = 10
- 2 FE schools = 20
- 3 FE and above schools = 25

With the exception of less than 2 FE schools, the amount of additional funding is calculated from the cost of appointing a teacher on Main Scale Point 6 – salary and employer on-costs - for the period September to March.

Less than 2 FE schools will be funded at half the value of other schools sizes, to reflect the lower additional costs expected to be incurred i.e. it is not expected that such schools would ever need to open a new class and recruit a new teacher.

To calculate whether a school is eligible, the following checks will be carried out:

- **For the year of entry, the calculation of additional pupils will be capped at the lower of the actual number admitted or the Published Admission Number (PAN), other than where the need to exceed PAN is agreed in advance with the LA.**
- **Pupil admissions from parental appeals, LAC pupils and pupils with an EHCP are included in the number on roll when checking that a school has not exceeded its PAN in year of entry; these admissions are generally known by May preceding the start of the academic year.**
- **Schools can request that the Assistant Director: Education and Learning of Education considers additional funding in exceptional circumstances. These will be considered on an individual case basis.**
- **An appeal to a decision of the Assistant Director: Education and Learning can be made to the Executive Director: People, whose decision will be final.**

For schools that qualify for this factor the calculation is unchanged from the current methodology that compares the total NOR for statutory aged pupils on roll for the

⁵ The DfE define basic need as the statutory duty on local authorities to make sure there are enough school places for children in their local area. This requirement does not extend to individual planning or school designated areas within an authority.

October census in the current financial year with that of the October Census number on roll in the previous financial year.

Where a school does admit pupils above PAN without agreement of the LA, the calculation for a significant growth in pupil numbers will exclude pupils in the year of entry.

There are 2 exceptions to **this the general rule policy**.

1. This relates to schools that agree with the LA to open a 'surge' class – i.e. one additional class to accommodate up to 30 additional pupils – where additional funding will be allocated irrespective of the actual number of pupils admitted, if the pupils in the 'surge' class are admitted after the census used for funding purposes. The funding allocation will be calculated in the same way as for general in-year growth, applied from the beginning of the term that the 'surge' class is open, [i.e. rather than against the number of months the 'surge' class is open].

Where a 'surge' class opens after the census point used for calculating the school's budget for the next financial year, a further funding top-up will be made to cover the full year cost of a teacher on Main Scale Point 6 and a Learning Support Assistant on Bracknell Forest pay point 12 for the relevant financial year. This funding will be made available for one year only at the commencement of the relevant financial year.

2. This relates to those schools that expand by a whole form of entry. As the current calculation is based on the form of entry at admission, it assumes those schools expanded by a whole form of entry are immediately admitting to all year groups at the increased capacity, when in reality, the increased capacity starts in the entry year, and takes 7 years (5 for a secondary school) to work through the school until admission to full capacity is possible. In order to make a fair calculation of the threshold to be used to calculate in-year growth allowances in these circumstances, the threshold to be used to calculate a growth allowance is calculated on the number of classes available at the census point used to calculate the original budget.

For example, a primary school moving from a 2 form to 3 form entry school has 3 classes in reception in the first year after expansion, and 2 classes in other year groups. The funding threshold for a 2-form entry school is 20 with 25 used for 3 form entry schools. In the first year following expansion, eligibility to growth allocations would be calculated on reception classes at the 25-number threshold, with all other classes at a threshold of 20. For the second year, Reception and Year 1 would be calculated on a 25 threshold, all other year groups on 20 and so on. A full illustration of the calculation is set out below and shows how the funding threshold rises gradually, in line with the phased increase in pupil numbers, starting at 21, and rising to 25 after 7 years.