

TO: SCHOOLS FORUM
DATE: 16 DECEMBER 2019

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

1 PURPOSE OF REPORT

- 1.1 The purpose of this report is to present an update to the 2020-21 budget proposals that were presented to the last meeting of the Forum. Associated decisions need to be agreed at this meeting in order to meet the 21 January 2020 statutory deadline for agreeing individual school budgets.

2 EXECUTIVE SUMMARY

- 2.1 The November Schools Forum meeting made a number of decisions on the initial 2020-21 Schools Budget with 2 key issues emerging which now need to be resolved: diseconomy funding top-ups for new schools; and whether changes should be made to the values in the BF Funding Formula to ensure a larger average increase in per pupil funding for 1 Form Entry (FE) schools.
- 2.2 For new and expanding schools, a funding policy has been in place since 2016 to enable schools experiencing diseconomies of scale from relatively low pupil numbers to receive funding top-up payments where the normal operation of the BF Funding Formula does not deliver adequate resources. The policy is subject to annual review and as part of this process the Forum sought more information on the diseconomy funding proposed for new schools in 2020-21 which amounted to £1.268m.
- 2.3 The most significant diseconomy funding top-up would be paid to Kings Group Academy (KGA) Binfield school. This is an all through school which opened on a phased basis and at September 2020 will have 3 secondary aged year groups (Years 7-9) and 2 in primary (Reception and Year 1) and an estimated overall number on roll of 510 (450 secondary and 60 primary). Based on the existing policy and budget decisions taken to date, the per pupil funding proposed for KGA Binfield next year would be £5,721 which is 3.3% greater than the £5,538 average funding for the 2 secondary schools receiving the highest per pupil amount and 9.7% above the overall £5,215 average. The Forum needs to agree whether any reasonable changes need to be made to the policy.
- 2.4 In respect of the forecast increase in per pupil funding amounts, the current model now delivers an average 6.5% increase in per pupil funding, and within this, 1 FE primary schools receive 3.0%. The average increase for both 2 FE and 3 FE schools is 8.4% with 5.6% for secondary schools. It has previously been evidenced that 1 FE primary schools face the most difficulties in balancing budgets and therefore as agreed, work has been undertaken to model options to raise the average increase for 1 FE primary schools, where again the Forum needs to agree whether any changes need to be made.

3 RECOMMENDATIONS

As decision maker:

3.1 In respect of the funding policy for new schools, to AGREE:

- 1. whether any reasonable adjustments need to be made to the funding policy**
- 2. the resultant Growth Fund allocations, as set out in Annex 3**
- 3. the proposed update to the current policy, as set out in Annex 6, as well as uplifts to factor values required through other budget decisions**

As adviser to the Executive Member for Children and Young People:

3.2 To AGREE whether any changes should be made to the fixed lump sum payment payable to all schools through the BF Funding Formula to raise funding levels for 1 FE schools.

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 Options are presented for considered throughout the budget setting process.

6 SUPPORTING INFORMATION

Background

- 6.1 Taking account of the data available at the time, the November Schools Forum meeting made a number of decisions on the initial 2020-21 Schools Budget, most notably:
- Fully implementing the £3,750 and £5,000 Minimum Per Pupil Funding (MPPF) values for primary and secondary schools respectively
 - That each school should receive at least a 1.84% increase in per pupil funding compared to 2019-20. This is the highest guaranteed increase permitted by the Department for Education (DfE)
 - That a contribution to pressures in the High Needs Block would not be made
 - Schools with a split site and those undergoing amalgamation will receive funding top-ups
 - The budget for the Central School Services Block (CSSB).

To assist schools with their early budget planning, subsequent to the November Schools Forum meeting, a summary illustrative 2020-21 budget allocation was distributed to all mainstream schools which was also copied to members of the Forum.

- 6.2 As well as awaiting the data from the DfE that must be used for calculating actual school budgets, 2 other budget matters remain outstanding before the budget setting process can be finalised: diseconomy funding top-ups for new schools; and whether changes should be made to the values in the BF Funding Formula to ensure a larger average increase in per pupil funding for 1 Form Entry (FE) schools.
- 6.3 In order to present final budget proposals to the Forum in January, in advance on the 21 January statutory deadline for providing the DfE with core school budget data, all outstanding decisions need to be made now.

New and expanding schools

- 6.4 Supporting new and expanding schools in the initial years after they open, often with relatively low numbers of pupils compared to capacity as housing developments continue can require additional financial support over several years. The DfE recognises that the lagged funding methodology whilst suitable for most schools is not responsive enough where new schools admit significantly more pupils at the start of the academic year which is mid-way through the financial year and after the date by which individual school budgets must be confirmed.
- 6.5 Therefore, to acknowledge that substantial extra costs can arise after the statutory budget setting process, the DfE allocates additional resources to LAs which experience in-year increases in pupil numbers through a Growth Fund¹.
- 6.6 An associated policy to allocate funds to new schools is in place in BF and is subject to regular update to ensure it remains appropriate for the prevailing circumstances. The policy was last updated in December 2018 and has 2 main sections:
- **Policy Objectives, which confirms:** applicability only to schools meeting basic need requirements and not parental preference; aim for a fair, transparent calculation; reflects the funding values in the School National Funding Formula (SNFF); promptly moves schools to the BF Funding Formula
 - **Components of additional funding allocations, which are:** pre-opening / start-up costs; diseconomy funding (enhanced fixed lump sum); day to day cost (amount per agreed class not actual pupil numbers), business rates; and post-opening funding (one-off amount per class for non-staffing start-up resources). There is a recognition that different units of resource will be required for primary and secondary schools.
- 6.7 In summary, the policy for funding a new school multiplies the 2020-21 SNFF MPPF values of £3,750 for primary and £5,000 for secondary by the total number of school places when full as determined through the Planned Admission Number (PAN). This calculation caps the amount of total pupil-led funding that can be received in the same way as funding is calculated for an established school. A further allocation is made for business rates outside pupil-led amounts which in accordance with DfE requirements.

¹ 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.

- 6.8 Whilst the approach taken to calculating total funding means that a full new school will receive the lowest level of funding permitted by the DfE through the local Funding Formula, a different set of factors and values are required to ensure sufficient funding is received in the initial years after opening when there are relatively low pupil numbers on roll and diseconomies exist compared to schools with greater pupil numbers.

The current policy is attached at Annex 1 which is compliant with the DfE guidance set out in Annex 2.

Funding top-ups proposed for 2020-21

- 6.9 In considering initial budget proposals for 2020-21, Forum members questioned the £1.268m of diseconomy funds proposed to be allocated to new schools and whether there was a legal requirement to continue to make the top-up payments. Subsequent to the last meeting, revised data results in a reduction in proposed diseconomy costs of £0.063m to £1.205m.
- 6.10 Advice from the DfE is that each LA should decide in consultation with their Schools Forum on an appropriate funding policy, which must be compliant with the DfE guidance (Annex 2). Adopting a policy is a discretionary matter for each area to decide, it is not mandatory.
- 6.11 The new school providers have been appointed after submitting a proposal against a specification and terms for operating the school. This included a provision that post-opening funding required to address diseconomies of scale until the school reaches a viable size will be provided. These funds would be allocated in accordance with policies approved by the Schools Forum.
- 6.12 If the policy is to be changed, Legal advice is that to avoid a challenge to the policy change and for the policy to be properly consulted upon, the Forum would be advised to set out and articulate clear reasonable reasons for the policy change so the objectives of the policy change are clearly understood and can withstand scrutiny by an objective bystander. In short, the Forum would have to be able to defend the changes as being within the realm of reasonableness. Full legal comments are detailed from paragraph 7.1.
- 6.13 Reviewing the detailed calculations of the policy will assist the Forum to consider whether the current policy is reasonable. The method required to calculate a qualifying new school's budget is to:
- use the approved policy to calculate the total funding the school needs i.e. allocate an enhanced fixed lump sum allocation and block funding for each approved class from within the overall funding cap set by MPPF values, with a separate allocation for business rates.
 - run the actual census data through the BF Funding Formula in the same way as for all other schools to calculate "normal" lagged funding, assuming new schools receive per pupil funding at MPPF values.
 - if the BF Funding Formula allocation is lower than that determined through the new school funding policy, then a top-up payment is made for the difference to recognise the anticipated diseconomies of scale.
- 6.14 In the example of a 7 FE secondary school, the new school funding policy would cap the funding at no more than: 30 pupils per class funded at £5,000 per pupil (MPPF value) for 7 classes in each of the 5 year groups plus £20,000 (estimate) for business

rates. This caps funding at £5,270,000. Excluding business rates, the maximum pupil-led funding is £5,250,000².

- 6.15 As set out above, to recognise that fixed costs will initially represent a higher proportion of costs in a new school than an established school, new schools receive an enhanced fixed lump sum allocation. This is offset by reduced class funding compared to what an existing school would receive. Therefore, after deducting the enhanced lump sum amount, the balance of funding is then paid as a fixed amount for each approved class, rather than using the actual number on roll basis as there are usually significant changes at the start of each academic year.
- 6.16 The enhanced secondary fixed lump sum amount of £521,800³ is deducted from the £5,250,000 for the balance of £4,728,200 to be allocated at an equal amount for the maximum 35 classes at £135,090. For comparison, the 2020-21 BF Funding Formula is expected to include a fixed lump sum of £120,205 with average class size funding with 30 pupils of £156,450 (i.e. £5,215 indicative all average secondary per pupil funding).
- 6.17 The 2020-21 budget originally proposed for KGA Binfield, as reported to the November Forum meeting and which Members raised queries on, includes both primary (1 FE) and secondary (7 FE) aged pupils, so there are different values in the calculation to that illustrated above, although it follows exactly the same principles.
- 6.18 The outline calculation for the KGA Binfield proposed budget is:
- New school funding policy equates to £2,454,445. It includes a fixed lump sum for an all through school, business rates and class funding for:
 - April to August 2020: 1 in primary (October 2019 actual pupil numbers 29); 9 secondary (October 2019 actual pupil numbers 271). Meaning 10 classes in total to be funded with 300 actual pupils on roll at 30 per class.
 - September 2020 to March 2021: 2 in primary (increase of 1); 15 in secondary (increase of 6). To reflect the estimated impact from new academic year admissions.
 - To ensure equity with funding arrangements for established schools, there is a £17,041 deduction to reflect a contribution to the cost of new schools
 - BF Funding Formula at MPPF values must use actual October 2019 pupil numbers of 300 plus an allocation for business rates and delivers funding of £1,483,750
 - The £953,654 difference is paid as a diseconomy funding top-up.

Annex 5 sets out a detailed calculation of the budget for KGA Binfield.

- 6.19 The new school funding policy allows for annual update of units of resource to reflect changes required to comply with the key policy objectives, such as setting the overall budgets at changing MPPF values, or through the normal budget setting process. Therefore, many of the values used in 2020-21 calculations are different to those included at Annex 1 which records 2019-20 values.
- 6.20 The October 2019 pupil numbers are forecast to increase at October 2020 to 59 and 451 respectively for a total number on roll of 510 (up 210). This equates to a full year

² For equality of funding with established schools, new school budgets have the same percentage deduction to their funding as established schools for local cost pressures, such as new schools. Therefore, the maximum budget will be lower than indicated in paragraph 6.14.

³ As detailed in Table 4 at paragraph 514) of the policy at Annex 1.

weighted number on roll of 423 and average per pupil funding of £5,721. This is 3.3% above the £5,538 amount received by the average of the 2 highest funded schools, and 9.7% above the £5,215 average anticipated for all 6 secondary schools. In this context, the council considers the proposed allocation to KGA Binfield to be reasonable, fair and consistent with other secondary schools, reflecting the different circumstances.

- 6.21 Taking account of the updated data and the current policy, Annex 3 shows the latest forecast diseconomy costs by school for 2020-21 with Annex 4 presenting the updated 4 year cost and funding summary.

Change to funding policy

- 6.22 Aside from any changes that the Forum consider appropriate, one policy change is proposed for 2020-21. This was reported to the November Forum which deferred a decision pending more information on the diseconomy calculations and relates to when a 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.
- 6.23 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 and is more transparent. 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 6 sets out the proposed revision.

1 FE primary school funding

- 6.24 Based on the budget decisions expected to be taken at the November Schools Forum meeting, a summary of illustrative 2020-21 individual school budgets were reported. This highlighted the contrast in expected per pupil increases by size of school, with 1 FEs expecting 2.3% increases, 2 and 3 FEs 7.9% and secondaries 5.0%. The overall average increase was forecast at 5.9%.
- 6.25 The reason for the differences 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.
- 6.26 Several 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. Taking the summary outcome from initial school budget allocations into account, the Forum agreed that alternative funding options be presented to the December meeting to consider phasing the reduction in the fixed lump sum allocation.
- 6.27 Updating the illustrative 2020-21 individual school budgets to take account of the new decisions that were taken by the Forum in November results in an average increase in

per pupil funding of 6.5%⁴ which breaks down to 3.0% for 1 FE schools, 8.4% increases for 2 and 3 FE schools and 5.6% for secondary schools.

- 6.28 Two alternative options to the original Option 1 have been modelled for the Forum to consider; Option 2 is to phase the reduction in lump sum payment over 2 years; Option 3 is to phase the reduction over 3 years. No other changes have been made to the original approach to allocating funds to schools.
- 6.29 As expected, these changes raise the increase in per pupil funding for smaller schools with larger schools receiving a reduced increase. Table 1 below summaries the outcomes from the 3 Options which the Forum is requested to consider and agree the approach to take.

Table 1: Lump sum value options and impacts

	Option 1	Option 2	Option 3
Data	Scale all SNFF factors by the same percentage	Phase reduction in lump sum over 2 years	Phase reduction in lump sum over 3 years
Lump sum value 2019-20	£160,143		
Lump sum value 2020-21	£120,205	£140,174	£146,831
Lump sum value annual change	-£39,938	-£19,969	-£13,312
Percentage scaling to SNFF	99.4%	98.3%	97.9%
<u>Average change in per pupil funding:</u>			
1 FE	+3.0%	+4.5%	+5.0%
	£3,962	£4,019	£4,038
2 FE	+8.4%	+8.6%	+8.6%
	£3,946	£3,953	£3,955
3 FE	+8.4%	+8.3%	+8.3%
	£3,818	£3,815	£3,814
Secondary	+5.6%	+5.0%	+4.8%
	£5,215	£5,186	£5,178

Next steps

- 6.30 Individual mainstream school budgets must be submitted to the DfE no later than 21 January 2020. In order to meet this statutory deadline, decisions now need to be taken on allocations from the funding policy for new schools and the value of the fixed lump sum.

⁴ Excludes new schools and 2019 school amalgamations at Holy Spring and Ascot Heath where different approaches to funding need to be made.

- 6.31 Furthermore, the DfE is not expected to issue the actual pupil data that must be used for 2020-21 budget setting purposes until towards the end of December. There is also an expectation that revised estimates will imminently be available for school business rates. Once this outstanding data is available final budgets can be calculated for review and agreement by the Forum on 16 January 2020.

7 ADVICE RECEIVED FROM STATUTORY AND OTHER OFFICERS

Borough Solicitor

- 7.1 The relevant legal issues are addressed within the main body of the report. There has been some suggestion that the formula used for new schools takes funding away from established schools and if the start up additional funds to the per pupil funding were less there would be more money available to existing schools. This contextually is seen in light of the additional places available in the borough which is due to new academy schools whose establishment is reducing the numbers of pupils in maintained schools based on parental preference and thereby making the established schools less financially viable.
- 7.2 The current policy is quite recent and compliant with the DfE guidelines and the new start schools would have a legitimate expectation that they would be funded in accordance with the policy. The Forum is able to change the policy but it should not divert from the principles in the DfE guidance and it would need to be consulted on and only changed when the current cohort of start up schools have been established. To avoid a challenge to the policy change and for the policy to be properly consulted upon the Forum would be advised to set out and articulate clear reasonable reasons for the policy change so the objectives of the policy change are clearly understood and can withstand scrutiny by an objective bystander. In short the Forum would have to be able to defend the changes as being within the realm of reasonableness. All new proposed start ups going forward, would need to be told in advance that the policy is being reconsidered and may impact on their start up funding.

Director of Finance

- 7.3 Included within the supporting information.

Equalities Impact Assessment

- 7.4 None identified.

Strategic Risk Management Issues

- 7.5 Whilst the funding reforms and financial settlement in general result in schools receiving additional funds, several 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.

- 7.6 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. The 6.5% average increase in per pupil funding next year will greatly assist many schools in balancing their budget as will additional DfE grants to finance unfunded teachers' pay and pension costs. There remains a de-delegated budget of £0.190m (after academy deduction) to support maintained schools in financial difficulties that meet qualifying criteria.

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.

Contact for further information

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**START-UP AND DISECONOMY
FUNDING POLICY FOR NEW AND
EXPANDING SCHOOLS
IN 2019-20**

DECEMBER 2018

Background

- 1) Significant growth in pupil numbers has been experienced in recent years and the latest pupil forecasting information contained in the School Places Plan indicates the trend of increasing pupil numbers at the intake year in primary schools is now beginning to impact on secondary schools. In addition, a number of significant housing developments are also anticipated which will require additional school places.
- 2) All schools where site conditions allow for significant expansions have now been developed which results in any increase in demand for new places needing to be met from new schools. Where new schools are required, they will generally open at the start of an academic year with relatively low pupil numbers as housing construction continues and generally take a number of years to reach the point where the normal operation of the School National Funding Formula (SNFF) delivers sufficient funds to adequately resource the schools. Therefore, during this period, they will need to be funded at a higher rate than would ordinarily be provided, creating a budget pressure within the overall Schools Budget.
- 3) To effectively manage the resultant financial impact, a relevant funding policy needs to be agreed that can be applied consistently, fairly and transparently to all new / expanding schools whilst at the same time minimising the financial burden on existing schools. In addition, the funding policy will need to comply with the requirements of the School Funding Regulations.
- 4) It is important to remember that like the SNFF, the model to be used to fund new / expanding schools will be designed to deliver resources in line with the policy and available funds, with compromises needing to be made. It is therefore designed to be a relatively simple model to “best fit” requirements. In reality, each school will have a different cost base to the model as it will reflect the decisions taken by individual governing bodies and academy trusts. The funding model therefore aims to meet the overall policy objectives and requires individual schools to develop their spending plans accordingly.

Funding options

- 5) School funding is closely regulated by the Department for Education (DfE) and any arrangements to be put in place to provide additional financial support to new / expanding schools will need to be in accordance with current guidance. When growth funding is required over the long term the DfE supports funding schools through a variation to actual pupil numbers. Here, the LA requests to fund relevant schools with the number of pupils required for the normal operation of the Funding Formula to deliver the level of funds needed for the school to operate as determined by the new / expanding schools policy and not the relatively low actual or expected number on roll.

Funding on a variation to pupil numbers is therefore considered the appropriate methodology to adopt in BF due to the long term nature that additional financial support will need to be in place and the greater predictability of income.

Policy Objectives

- 6) As set out above, the new / expanding schools will initially need to be funded at a higher rate than would ordinarily be provided through the SNFF and this will create a budget pressure on the overall Schools Budget. To determine how the appropriate amount of additional funding should be calculated, the following key features and methodologies will be used:
1. The policy only applies to new / expanding schools meeting basic needs requirements i.e. insufficient school places. Pupils attending through parental preference will not be funded by the council.
 2. The need to recognise that new / expanding schools require funding allocations that reflect their additional costs in the initial years, usually as a result of a relatively high proportion of fixed costs compared to total costs.
 3. That a fair and transparent methodology is in place that can be consistently applied to all schools in similar circumstances and is readily understood.
 4. That where possible, units of resource are based on the SNFF, to ensure new / expanding schools move towards their on-going amount of funding, which is the affordable level to the Schools Budget.
 5. Whilst funding negotiations will not routinely be undertaken with individual schools, limited flexibility needs to exist to reflect exceptional / specific circumstances; in particular around the number of classes that need to be opened and pre-opening start-up costs. For example, if a new school fills up relatively slowly, then there is likely to be a need to review the size of the lump sum allocation as fixed costs will remain a larger proportion of costs than expected in the funding policy.
 6. That there is no financial incentive for schools approaching their capacity to remain on the new school funding policy with clear cut off points in place to determine when new schools move to the SNFF.
 7. As initial budgets will be largely based on assessed needs, where a school is found to be over funded for day to day costs in one year, there is the option to make a corresponding reduction to the budget allocation due in the next year. Over funding of up to one class would not normally be subject to repayment.
 8. To reflect the different cost bases, different funding rates will need to be applied to different types of schools i.e. primary, secondary or all through, and also whether it is a new or expanding school.
 9. The policy needs to be regularly reviewed to ensure it remains appropriate for the activity in the borough, remains compliant with ESFA guidance and is affordable.

Components of the proposed additional funding allocations

- 7) The funding elements of the policy are:
1. **An allocation for pre-opening / start-up costs.** New / expanding schools will incur start-up costs associated with planning and preparation activities required to ensure readiness to admit pupils. These apply to the period between the capital work being completed and the school opening and will characteristically cover salary costs of headteacher, caretaker and administration prior to opening and the purchase of any resources not covered by the capital element of the project necessary to admit pupils. There could also be cases when there is a delay to the scheduled opening date in which case extra costs would be incurred to maintain an empty school to a safe and efficient standard. These costs would need to be assessed on a case by case basis.

2. **An allocation for diseconomies of scale.** This relates to the need to incur a disproportionate amount of fixed management and premises costs as new schools build up their pupil numbers that the normal operation of the SNFF does not adequately fund when pupil numbers are relatively low.
3. **An allocation for day to day operational expenses.** DfE Funding Regulations require school budgets to be calculated on actual pupil numbers at the October prior to the commencement of the financial year. The new / expanding schools will all be opening after the census point used for funding purposes and will generally experience significant increases in pupil numbers at the start of each academic year and will therefore need an alternative funding methodology.
4. **An allocation for rates.** To operate in the same way as the SNFF. A full budget allocation at the estimated cost of rates. Note, due to their charitable status, academy schools receive 80% reduction on business rates and funding will therefore be allocated on 20% of the full cost in relevant circumstances.
5. **Post opening funding.** To support new schools get through the initial high costs of stocking up with general resources through a top up to the normal school budget which is only sufficient to finance established schools where less consumables and smaller value items would generally be required.
6. **Discretion for the relevant Director** to consider making adjustments to the funds allocated to new / expanding schools in exceptional circumstances. Any changes would subsequently be reported to the Schools Forum.

Units of resource

- 8) As expected, the financial modelling undertaken indicates different cost bases between school phases and that different units of resource need to be used, the details of which are set out in Appendices 1 and 2. The funding rates will also be subject to regular review to consider the impact of pay and price changes. The following paragraphs summarise the key points and display the illustrative amounts considered appropriate at this stage. Final amounts will need to be agreed by the Schools Forum and Executive Member as part of the normal budget setting process, with affordability likely to be a key issue and should the funding of existing schools need to reflect the cost impact of new schools, the new school funding rates would also be subject to similar adjustments. Therefore rates quoted in this policy need to be viewed as a guide and not guaranteed amounts.

Calculation of total budget

- 9) Total maximum budget allocations will be calculated through reference to the SNFFF, and in particular the new minimum per pupil funding rates i.e. £3,500 for primary and £4,800 for secondary (2019-20 amounts). A cap will be calculated on total funding available when a new school is full, based on the minimum per pupil funding rates required in the SNFF. This would then equate to the minimum budget a school can receive when funded on the SNFF and is consistent with national government funding policy. It will inform what levels of funding can be included in each element of this policy.
- 10) In addition to funding based on minimum per pupil funding rates, there would be an allocation for business rates as this is outside the DfE minimum rate calculation. Table 1 below illustrates how the total maximum budget of a new school would be calculated, using the primary phase as an example.

Table 1: Calculation of maximum budget allocation to a new primary school

FE	Pupils per class	Year Groups	Max NOR	Per pupil funding rate	Rates (estimated actual)	Total if Full
3 FE (assumed to open as 1 FE, then expanding to 2 FE and 3 FE when sufficient demand)						
First FE	30	7	210	£3,500	£20,000	£755,000
Second FE	30	7	210	£3,500	£0	£735,000
Third FE	30	7	210	£3,500	£0	£735,000

Table 1 illustrates the incremental funding to be received as a school expands over time in response to increasing pupil numbers. Assuming a £20,000 cost of business rates, a 1 FE school could receive up to £755,000, a 2 FE school £1,490,000 and a 3 FE school £2,225,000.

The relevant calculation for a 7 FE secondary schools would be:

	30 pupils per class		
X	5 year groups	=	150 pupils
X	7 Forms of entry	=	1,050 pupils
X	£4,800 per pupil	=	£5,040,000 per pupil funding
+	£80,000 rates	=	£5,120,000 maximum budget

- 11) To ensure new / expanding schools move quickly to the SNFF and most likely to higher funding allocations, 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%. Funding thresholds are lower for larger schools which in general benefit from greater economies of scale. Table 2 below illustrates how this would work.

Table 2: Calculation of maximum NOR for a new primary school before being funded on SNFF

FE	Total if full (as per Table 1)	Maximum pupils			Pupil funding	Rates	Maximum funding on new school formula
		When at full capacity		When on new school policy			
3 FE (assumed to open as 1 FE, then expanding to 2 FE and 3 FE when sufficient demand)							
First FE	£755,000	210	95%	200	£698,300	£20,000	£718,300
Second FE	£1,490,000	420	90%	378	£1,323,000	£0	£1,323,000
Third FE	£2,225,000	630	85%	536	£1,874,300	£0	£1,874,300

Pre-opening / start-up costs – one-off

- 12) Funding will generally be made available for the 2 terms before opening, with headteacher costs funded at 1.0 FTE from January to August for a new school and 0.6 FTE for expanding schools. There is also funding for caretaking and support staff, together with an allowance for other costs such as recruitment and general resources. Expanded schools will receive lower funding levels than new schools due to the availability of an existing school infrastructure that can support this part of the process in a similar way that other expanded schools have.

Table 3: One-off pre-opening / start-up costs

School type	Provisional start-up costs		
	Jan - March	Apr - Aug	Total
Academy Primary School - stand alone	£34,500	£62,900	£97,400
Academy Primary School - satellite to existing school	£26,300	£0	£26,300
New Academy All Through School	£49,900	£160,400	£210,300
Expanded Maintained Primary School	£14,500	£40,800	£55,300

See Appendix 1 for full details.

Diseconomies of scale – on-going (fixed, lump sum payment)

- 13) Funding to be made available to support the senior management, general organisational structure and other costs that generally vary depending on the overall size of a school – forms of entry (FE) – and not the number of classes, and whether expanding or new. All of the primary schools are expected to be opening with an additional 1 FE and will be funded accordingly, with some then expanding to a 2 FE or 3 FE school when demand dictates, at which point additional resources will be required for a step up in organisational requirements, with opening of second FE triggering a payment at around 50% of the 1 FE amount, with the opening of a third FE triggering a payment at around 15% of the 1 FE amount.
- 14) For secondary and all through schools, the larger site dimensions result in proportionally higher fixed costs, and the calculation needs to be based on the final number of FE.

Table 4: Diseconomy funding

School type	Provisional diseconomies funding		
	1 FE	2 FE	3 FE
New Academy Primary School	£167,600	£249,400	£274,300
Expanded Maintained Primary School	£123,200	£192,800	£244,600
	Opening as secondary only	When all through *	
New Academy All Through School	£521,800	£605,600	

*To receive 50% of a new academy primary school amount to reflect economies of scale from an all through school.

See Appendix 2 for full details.

Day to Day expenses – on-going (fixed amount per agreed class)

- 15) The calculation of class funding will be the balancing amount after deducting the funding allocated for diseconomies of scale – on-going (fixed, lump sum payment) from the ‘Total if Full’ budget calculation set out in the Tables. Table 5 below illustrates how this would work for a primary school, with Table 6 showing the calculation for an all through school.

Table 5: Calculation of day to day expenses for a new primary school

FE	Total if full (as per Table 1)	Elements of the funding policy					
		Rates	Lump sum (as per Table 4)	Class funding			Grand Total
				No.	Amount per class (balance)	Total (balance)	
3 FE (assumed to open as 1 FE, then expanding to 2 FE and 3 FE when sufficient demand)							
First FE	£755,000	£20,000	£167,600	7	£81,060	£567,400	£755,000
Second FE	£1,490,000	£20,000	£249,400	14	£93,310	£1,220,600	£1,490,000
Third FE	£2,225,000	£20,000	£274,300	21	£101,440	£1,930,700	£2,225,000

NB. For class funding, the first 7 classes are funded at the 1 FE school rate of £81,060, the next 7 at 2 FE school rate £93,310 and the final 7 at 3 FE school rate £101,440.

Table 6: Calculation of day to day expenses for a new all through school

FE	Total if full (as per para 10)	Elements of the funding policy					
		Rates	Lump Sum (as per Table 4)	Class funding			Grand Total
				No.	Amount per class (balance)	Total (balance)	
7 FE	£5,120,000	£80,000	£521,800	35	£129,090	£4,518,200	£5,120,000

- 16) Appendix 3 shows a summary of the forecast pupil numbers and costs over the medium term which will be subject to change.

Post opening expenses – one-off (fixed amount per class required by BFC)

- 17) The post-opening revenue budget is intended to support new schools through the initial high costs of stocking up with general resources through a top up to the normal school budget allocation which is only considered sufficient to finance established schools where less consumables and smaller value items would generally be required as stock would be built up gradually over a number of years.
- 18) The policy uses the funding allocations that the DfE make to new free schools. One-off per pupil funding allocations are made in the value of £250 per primary aged pupil and £500 per secondary aged pupil. For each new class opened by a primary school as requested by the council would be paid at £7,500 for each class, at the start of the academic year it opens. A total of £52,000 would be paid to a 1 FE primary (7 classes). If a school chooses to open more classes that considered necessary by the council, they will not receive post opening expenses.
- 19) Secondary schools would receive £15,000 for each class required by the council, with a 7 FE school receiving £525,000 (35 classes).

One-off pre-opening /start-up costs

New Primary Academy School - stand alone

Expense / Income	Pay point	Basic Pay / cost	Full Year Total	FTE Jan - Mar	Cost Jan - Mar	FTE Apr - Aug	Cost June - Aug	Cost Apr - Aug	Full cost
Headteacher	L11	£52,335	£66,204	1.0	£16,551	1.0		£27,585	£44,136
Caretaker - Caretaker grade	BG - I17	£21,392	£25,670	0.0	£0	1.0		£6,418	£6,418
School Business Manager	BG - I32	£29,652	£35,583	0.4	£3,558	0.6		£8,896	£12,454
Governing body		£4,000	£4,000		£1,000			£1,667	£2,667
Professional costs (legal / finance)		£25,000	£25,000		£9,375			£15,625	£25,000
Recruitment / hospitality		£5,000	£5,000		£4,000			£2,083	£6,083
Staff induction / training		£5,000	£5,000		£0			£3,125	£3,125
Equipment / Resources (Revenue)		£15,000	£15,000		£0			£6,250	£6,250
Office Services		£3,000	£3,000		£0			£1,250	£1,250
Costs between handover and opening							£15,000	£15,000	£15,000
Sub - Total					£34,500		£15,000	£87,900	£122,400
Less DfE grant		-£25,000	-£25,000					-£25,000	-£25,000
Total					£34,500		£15,000	£62,900	£97,400

New Primary Academy School - satellite to parent school

Expense / Income	Pay point	Basic Pay / cost	Full Year Total	FTE Jan - Mar	Cost Jan - Mar	FTE Apr - Aug	Cost June - Aug	Cost Apr - Aug	Full cost
Professional staff costs			£17,100		£10,400			£8,500	£18,900
Caretaking Assistant			£1,800		£0			£1,800	£1,800
Administration / Reception			£2,950		£0			£2,950	£2,950
Professional costs (legal / finance)			£6,000		£0			£6,000	£6,000
Recruitment / hospitality			£7,620		£7,560			£60	£7,620
Staff induction / training			£1,600		£0			£1,600	£1,600
Equipment / Resources (Revenue)			£9,280		£5,180			£4,100	£9,280
Office Services			£3,150		£3,150			£0	£3,150
Sub - Total					£26,300		£0	£25,000	£51,300
Less DfE grant			-£25,000					-£25,000	-£25,000
Total					£26,300		£0	£0	£26,300

New All through Academy school

Expense / Income	Pay point	Basic Pay / cost	Full Year Total	FTE Jan - Mar	Cost Jan - Mar	FTE Apr - Aug	Cost June - Aug	Cost Apr - Aug	Full cost
-									
Headteacher	L26	£75,012	£94,890	1.0	£23,723	1.0		£39,538	£63,261
Site Controller - Caretaker grade	BG I - 17	£21,392	£25,670	0.0	£0	1.0		£6,418	£6,418
School Business Manager	BG - F44	£40,558	£48,670	0.6	£7,300	1.0		£20,279	£27,579
Administration	BG - I25	£23,708	£28,450	0.6	£4,267	1.0		£11,854	£16,121
Governing body		£5,000	£5,000		£1,250			£2,083	£3,333
Professional costs (legal / finance)		£25,000	£25,000		£9,375			£15,625	£25,000
Recruitment / hospitality		£25,000	£25,000		£4,000			£10,417	£14,417
Staff induction / training		£20,000	£20,000		£0			£12,500	£12,500
Equipment / Resources (Revenue)		£45,000	£45,000		£0			£18,750	£18,750
Office Services		£7,000	£7,000		£0			£2,917	£2,917
Costs between handover and opening							£45,000	£45,000	£45,000
Sub - Total					£49,900		£45,000	£185,400	£235,300
Less DfE Grant		-£25,000	-£25,000					-£25,000	-£25,000
Total					£49,900			£160,400	£210,300

Maintained Primary school - expanding

Expense / Income	Pay point	Basic Pay / cost	Full Year Total	FTE Jan - Mar	Cost Jan - Mar	FTE Apr - Aug	Cost June - Aug	Cost Apr - Aug	Full cost
- Headteacher	L11	£52,335	£66,204	0.6	£9,931	0.6		£16,551	£26,482
Caretaker - Caretaker grade	BG - I17	£21,392	£25,670	0.0	£0	0.5		£5,348	£5,348
School Business Manager	BG - I32	£29,652	£35,583	0.4	£3,558	0.6		£8,896	£12,454
Governing body		£4,000	£4,000		£1,000			£1,667	£2,667
Recruitment / hospitality		£5,000	£5,000		£0			£2,083	£2,083
Staff induction / training		£5,000	£5,000		£0			£3,125	£3,125
Equipment / Resources (Revenue)		£15,000	£5,000		£0			£2,083	£2,083
Office Services		£3,000	£2,600		£0			£1,083	£1,083
Total					£14,500			£40,800	£55,300

Diseconomy Funding – Primary Expanded

Primary - Expanded	Data Source	Pay point	Basic Pay	On-costs %	On-costs £'s	Full year total	FTE	Gross Pay	1 FE	2 FE	3 FE
									Cost Apr - Mar	Cost Apr - Mar	Cost Apr - Mar
Senior Leadership - non teaching time	Pay & Conditions	L2	£41,847	26.50%	£11,089	£52,936	0.2	£10,587	£10,587		
Senior Leadership - non teaching time	& HR	L5	£44,976	26.50%	£11,919	£56,895	0.4	£22,758		£22,758	
Senior Leadership - non teaching time		L8	£48,346	26.50%	£12,812	£61,158	0.8	£48,926			£48,926
Assistant Headteacher - addition over mainscale	Pay & Conditions	N/A							£0		
Assistant Headteacher - addition over mainscale	& HR	L3	£8,281	26.50%	£2,194	£10,475	1.0	£10,475		£10,475	
Assistant Headteacher - addition over mainscale		L6	£11,493	26.50%	£3,046	£14,539	1.0	£14,539			£14,539
Teaching, Learning, Responsibility Allowances	Pay & Conditions	TLR	£6,386	26.50%	£1,692	£8,078	1.0	£8,078	£8,078		
Teaching, Learning, Responsibility Allowances	& HR	TLR	£6,386	26.50%	£1,692	£8,078	2.0	£16,157		£16,157	
Teaching, Learning, Responsibility Allowances		TLR	£7,546	26.50%	£2,000	£9,546	2.0	£19,091			£19,091
SEN support from SEN Co - addition over mainscale	HR	L1	£6,268	26.50%	£1,661	£7,929	0.5	£3,965	£3,965		
SEN support from SEN Co - addition over mainscale		L2	£9,327	26.50%	£2,472	£11,799	0.8	£9,439		£9,439	
SEN support from SEN Co - addition over mainscale		L2	£9,327	26.50%	£2,472	£11,799	1.0	£11,799			£11,799
Caretaker - Caretaker grade	HR	BG I - 17	£19,344	20.00%	£3,869	£23,213	1.0	£23,213	£23,213	£23,213	
Site Controller	HR	BG - I22	£22,552	20.00%	£4,510	£27,062	1.0	£27,062			£27,062
Midday Supervision	HR		£4,500	20.00%	£900	£5,400	1.0	£5,400			£5,400
School Bursar/Business Manager	HR	BG - I32	£28,762	20.00%	£5,752	£34,514	0.8	£27,612	£27,612		
School Bursar/Business Manager	HR	BG - F38	£33,761	20.00%	£6,752	£40,513	1.0	£40,513		£40,513	
School Bursar/Business Manager	HR	BG - F42	£37,668	20.00%	£7,534	£45,202	1.0	£45,202			£45,202
Office support reception, clerical	HR	BG - K10	£15,008	20.00%	£3,002	£18,010	0.2	£3,602	£3,602		
Office support reception, clerical	HR	BG - K11	£15,008	20.00%	£3,002	£18,010	0.5	£9,005		£9,005	
Office support reception, clerical	HR	BG - K12	£15,008	20.00%	£3,002	£18,010	0.5	£9,005			£9,005
Administration	HR	BG - I22	£28,762	20.00%	£5,752	£34,514	0.2	£6,903	£6,903		
Administration	HR	BG - I22	£28,762	20.00%	£5,752	£34,514	0.7	£24,160		£24,160	
Administration	HR	BG - I22	£28,762	20.00%	£5,752	£34,514	0.8	£27,612			£27,612
Governing body	Estimate		£2,600			£2,600		£2,600	£2,600	£2,600	£2,600
Fixed contribution to Grounds Maintenance	Estimate		£5,000			£5,000		£5,000	£5,000	£5,000	£5,000
Fixed contribution to Utilities	Estimate		£3,000			£3,000		£3,000	£3,000	£3,000	£3,000
Fixed contribution to split site	Estimate		£25,000			£25,000		£25,000	£25,000	£25,000	£25,000
Total Expanding Primary Diseconomy Funding									£119,600	£191,300	£244,200

Diseconomy Funding – Primary New

Primary - New	Data Source	Pay point	Basic Pay	On-costs %	On-costs £'s	Full year total	FTE	Gross Pay	1 FE	2 FE	3 FE
									Cost Apr - Mar	Cost Apr - Mar	Cost Apr - Mar
Headteacher - Leadership	Pay & Conditions	L9	£49,530	26.50%	£12,725	£62,255	1.0	£62,255	£62,255		
Headteacher - Leadership	& HR	L12	£53,241	26.50%	£14,109	£67,350	1.0	£67,350		£67,350	
Headteacher - Leadership		L15	£57,232	26.50%	£15,166	£72,398	1.0	£72,398			£72,398
Senior Leadership - non teaching time	Pay & Conditions	L2	£7,265	26.50%	£11,089	£18,354	1.0	£18,354	£18,354		
Senior Leadership - non teaching time	& HR	L5	£44,976	26.50%	£11,919	£56,895	0.5	£28,447		£28,447	
Senior Leadership - non teaching time		L8	£48,346	26.50%	£12,812	£61,158	0.5	£30,579			£30,579
Assistant Headteacher - addition over mainscale	Pay & Conditions	N/A		26.50%	£0	£0		£0	£0		
Assistant Headteacher - addition over mainscale	& HR	L3	£8,281	26.50%	£2,194	£10,475	1.0	£10,475		£10,475	
Assistant Headteacher - addition over mainscale		L6	£11,493	26.50%	£3,046	£14,539	1.0	£14,539			£14,539
Teaching, Learning, Responsibility Allowances	Pay & Conditions	TLR	£6,386	26.50%	£1,692	£8,078	1.0	£8,078	£8,078		
Teaching, Learning, Responsibility Allowances	& HR	TLR	£6,386	26.50%	£1,692	£8,078	2.0	£16,157		£16,157	
Teaching, Learning, Responsibility Allowances		TLR	£7,546	26.50%	£2,000	£9,546	2.0	£19,091			£19,091
SEN support from SEN Co - addition over mainscale	HR	L1	£6,268	26.50%	£1,661	£7,929	0.5	£3,965	£3,965		
SEN support from SEN Co - addition over mainscale		L2	£9,327	26.50%	£2,472	£11,799	0.8	£9,439		£9,439	
SEN support from SEN Co - addition over mainscale		L2	£9,327	26.50%	£2,472	£11,799	1.0	£11,799			£11,799
Caretaker - Caretaker grade	HR	BG I - 17	£19,344	20.00%	£3,869	£23,213	1.0	£23,213	£23,213	£23,213	
Site Controller	HR	BG - I22	£22,552	20.00%	£4,510	£27,062	1.0	£27,062			£27,062
Midday Supervision	HR		£4,500	20.00%	£900	£5,400	1.0	£5,400			£5,400
School Bursar/Business Manager	HR	BG - I32	£28,762	20.00%	£5,752	£34,514	0.8	£27,612	£27,612		
School Bursar/Business Manager	HR	BG - F38	£33,761	20.00%	£6,752	£40,513	1.0	£40,513		£40,513	
School Bursar/Business Manager	HR	BG - F42	£37,668	20.00%	£7,534	£45,202	1.0	£45,202			£45,202
Office support reception, clerical	HR	BG - K10	£15,008	20.00%	£3,002	£18,010	0.2	£3,602	£3,602		
Office support reception, clerical	HR	BG - K11	£15,008	20.00%	£3,002	£18,010	0.5	£9,005		£9,005	
Office support reception, clerical	HR	BG - K12	£15,008	20.00%	£3,002	£18,010	0.5	£9,005			£9,005
Administration	HR	BG - I22	£28,762	20.00%	£5,752	£34,514	0.2	£6,903	£6,903		
Administration	HR	BG - I22	£28,762	20.00%	£5,752	£34,514	0.7	£24,160		£24,160	
Administration	HR	BG - I22	£28,762	20.00%	£5,752	£34,514	0.8	£27,612			£27,612
Governing body	Estimate		£3,000			£3,000		£3,000	£3,000	£4,500	£3,000
Fixed contribution to Grounds Maintenance	Estimate		£5,000			£5,000		£5,000	£5,000	£8,000	£5,000
Fixed contribution to Utilities	Estimate		£3,000			£3,000		£3,000	£3,000	£6,240	£3,000
Total New Primary Diseconomy Funding									£165,000	£247,500	£273,700

Appendix 2

Diseconomy Funding – All Through New

All Through - New	Data Source	Pay point	Basic Pay	On-costs %	On-costs £'s	Full year total	FTE	Gross Pay	5 FE	6 FE	7 FE
									Cost Apr - Mar	Cost Apr - Mar	Cost Apr - Mar
Headteacher - Leadership	Pay &	L19	£57,232		£15,166	£72,398	1.0	£72,398	£72,398		
Headteacher - Leadership		L24	£71,105		£18,843	£89,948	1.0	£89,948		£89,948	
Headteacher - Leadership		L26	£74,618		£19,774	£94,392	1.0	£94,392			£94,392
Senior Leadership - non teaching time	Pay &	L8	£48,346		£12,812	£61,158	1.0	£61,158	£61,158		
Senior Leadership - non teaching time	Conditions	L19	£63,034		£16,704	£79,738	1.0	£79,738		£79,738	
Senior Leadership - non teaching time	& HR	L24	£71,105		£18,843	£89,948	1.0	£89,948			£89,948
Assistant Headteacher - addition over mainscale	Pay &	L6	£11,493		£3,046	£14,539	1.0	£14,539	£14,539		
Assistant Headteacher - 0.7 FTE non-teaching	Conditions	L10	£50,773		£13,455	£64,228	0.7	£44,959		£44,959	
Assistant Headteacher - 0.7 FTE non-teaching X 2	& HR	L13	£55,873		£14,806	£70,679	1.4	£98,951			£98,951
Teaching, Learning, Responsibility Allowances	Pay &	TLR	£7,546		£2,000	£9,546	3.0	£28,637	£28,637		
Teaching, Learning, Responsibility Allowances	Conditions	TLR	£7,546		£2,000	£9,546	4.0	£38,183		£38,183	
Teaching, Learning, Responsibility Allowances	& HR	TLR	£7,546		£2,000	£9,546	5.0	£47,728			£47,728
SEN support from SEN Co - addition over mainscale	HR	L2	£9,327		£2,472	£11,799	1.0	£11,799	£11,799		
SEN support from SEN Co - addition over mainscale	HR	L7	£12,706		£3,367	£16,073	1.0	£16,073		£16,073	
SEN support from SEN Co - addition over mainscale	HR	L9	£14,948		£3,961	£18,909	1.0	£18,909			£18,909
Caretaker - Caretaker grade	HR	BG I - 17	£19,344		£3,869	£23,213	1.0	£23,213	£23,213		£23,213
Site Controller	HR	BG - I22	£22,552		£4,510	£27,062	1.0	£27,062		£27,062	£27,062
Midday Supervision	HR		£4,500		£900	£5,400	1.0	£5,400	£5,400	£5,400	£5,400
School Bursar/Business Manager	HR	BG - F38	£33,761		£6,752	£40,513	1.0	£40,513	£40,513		
School Bursar/Business Manager	HR	BG - F42	£37,668		£7,534	£45,202	1.0	£45,202		£45,202	
School Bursar/Business Manager	HR	BG - F44	£39,557		£7,911	£47,468	1.0	£47,468			£47,468
Office support reception, clerical	HR	BG - K11	£15,008		£3,002	£18,010	1.0	£18,010	£18,010		
Office support reception, clerical	HR	BG - K12	£15,008		£3,002	£18,010	1.0	£18,010		£18,010	
Office support reception, clerical	HR	BG - K15	£17,069		£3,414	£20,483	1.0	£20,483			£20,483
Administration	HR	BG - I22	£20,861		£4,172	£25,033	1.0	£25,033	£25,033		
Administration	HR	BG - I23	£22,552		£4,510	£27,062	1.0	£27,062		£27,062	
Administration	HR	BG - I25	£22,878		£4,576	£27,454	1.0	£27,454			£27,454
Governing body	Estimate					£3,000		£3,000	£3,000	£3,000	£3,000
Fixed contribution to Grounds Maintenance	Estimate					£7,000		£7,000	£7,000	£7,000	£7,000
Fixed contribution to Utilities	Estimate					£4,000		£4,000	£4,000	£4,000	£4,000
Total New All Through Diseconomy Funding									£314,700	£405,600	£515,000

Forecast Revenue Impact from New / Expanding Schools

School and estimated opening date		Actuals to date			Estimates						= school full		
		2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	= school on SNFF	
Pupil data		Forecast pupil numbers - start of academic year										Max Places	Max NOR on policy
Warfield West	Sep-16	94	165	184	203	237	266	297	324	352	381	420	378
Warfield East	May not be required	0	0	0	0	0	0	0	0	0	0	420	378
Amen Corner South	May not be required	0	0	0	0	0	0	0	0	0	0	420	378
KGA Oakwood	Sep-19	0	0	0	58	136	170	190	201	210	209	210	200
Crowthorne (TRL site)	Sep-23	0	0	0	0	0	0	0	90	144	180	420	378
KGA Binfield - Primary	Sep-19	0	0	0	28	58	119	148	183	229	249	420	378
KGA Binfield - Secondary	Sep-18	0	0	121	271	451	661	871	960	1,020	1,050	1,050	893
Total Forecast NOR		94	165	305	561	882	1,216	1,506	1,758	1,955	2,070	3,360	2,983
Financial data		Costs £k										Total still to fund	Total 2016-2026
Total growth in existing schools		348.0	85.0	385.0	365.0	400.0	400.0	400.0	400.0	400.0	400.0	2,765.0	3,583.0
Total Start up costs		42.1	117.0	91.0	25.0	0.0	0.0	14.5	40.8	0.0	0.0	80.3	330.4
Total Diseconomy Funding		250.9	338.6	814.4	1,200.7	1,311.8	1,151.0	983.0	811.9	321.4	214.6	5,994.4	7,398.3
Total post opening costs		0.0	0.0	0.0	75.0	37.5	30.0	22.5	45.0	30.0	30.0	270.0	270.0
Total cost - annual		641.0	540.6	1,290.4	1,665.7	1,749.3	1,581.0	1,420.0	1,297.7	751.4	644.6	9,109.7	11,581.7
Total cost - cumulative		641.0	1,181.6	2,472.0	1,665.7	3,415.0	4,996.0	6,416.0	7,713.7	8,465.1	9,109.7	9,109.7	11,581.7

Costed at 2018-19 prices

ESFA guidance on the operation of a Growth Fund (September 2019)

Growth funding

Growth funding is within local authorities' schools block NFF allocations.

167. For 2020 to 2021, it will be calculated using the same methodology as in 2019 to 2020, based on the growth in pupil numbers between the October 2018 and October 2019 censuses. This will be detailed in the NFF technical note published in October.

168. To support local authorities to plan ahead of their growth allocation in the DSG settlement, local authorities will also be sent information by the end of October allowing them to input their own forecast of pupil numbers in the October 2019 census and estimate the growth funding they can expect to receive in 2020 to 2021.

169. As it is within the schools block, a movement of funding from the schools formula into the growth fund would not be treated as a transfer between blocks. The schools forum still needs to agree the total growth fund.

170. As well as uplifting the per-pupil and new school rates used on the growth factor, the only difference to the methodology in 2020 to 2021 is the removal of the gains cap on growth funding allocations. This means local authorities will no longer see gains above 50% from the previous year scaled back.

171. Local authorities that received growth funding protection in 2019 to 2020 will continue to receive protection in 2020 to 2021, meaning the maximum reduction in growth funding for these local authorities will be set at -0.5% of their total DSG schools block allocation in 2019 to 2020.

172. The growth fund can only be used only to:

- support growth in pre-16 pupil numbers to meet basic need
- support additional classes needed to meet the infant class size regulation
- meet the costs of new schools

173. Local authorities are responsible for funding these growth needs for all schools in their area, for new and existing maintained schools and academies. Local authorities should fund all schools on the same criteria, discussed below. Where growth occurs in academies that are funded by ESFA on estimates, ESFA will use the pupil number adjustment process to ensure the academy is only funded for the growth once.

174. The costs of new schools will include the lead-in costs, for example to fund the appointment of staff and the purchase of any goods or services necessary in order to admit pupils. They will also include post start-up and diseconomy of scale costs. These pre and post start-up costs should be provided for academies where they are created to meet basic need.

175. ESFA will continue to fund start-up and diseconomy costs for new free schools where they are not being opened to meet the need for a new school as referred to in section 6A of the Education and Inspections Act 2006.

176. The growth fund must not be used to support:

- schools in financial difficulty; any such support for maintained schools should be provided from a de-delegated contingency
- general growth due to popularity; this is managed through lagged funding

177. The growth fund may not be the most appropriate source of funding for growing schools and we expect local authorities to use varying pupil numbers where there is a more permanent and significant change to numbers, and where it's appropriate for the change to be reflected in the funding formula.

178. Local authorities will not need to submit a disapplication request for an increase to numbers where this is due to a change to the admission limit or a local reorganisation. Local authorities are required to produce criteria on which any growth funding is to be allocated, which must be agreed by the schools forum.

179. The schools forum must also be consulted on the total size of the growth fund from each phase, and should receive regular updates on the use of the funding.

180. ESFA will check the criteria for compliance with the 2018 (No. 2) Regulations. The criteria should provide a transparent and consistent basis for the allocation of funding, which may be different for each phase.

181. Criteria for allocating growth funds should contain clear objective trigger points for qualification, and a clear formula for calculating allocations with these criteria applying to all schools on the same basis. Compliant criteria would generally contain some of the features set out below:

- support where a school or academy has agreed with the authority to provide an extra class in order to meet basic need in the area (either as a bulge class or as an ongoing commitment)
- additional support where a school has extended its age range (the majority of funding would be paid through the funding formula where the local authority should seek a variation in pupil numbers)
- support where a school has temporarily increased its pupil admission numbers (PAN), by a minimum number of pupils, in agreement with the authority
- support for KS1 classes where overall pupil numbers exceed a multiple of 30, by a minimum number of pupils
- pre-opening costs, initial equipping allowance, or diseconomy of scale allowance, for new maintained schools and academies; including new academies where the school is opening in response to basic need

182. Methodologies for distributing funding could include:

- a lump sum payment with clear parameters for calculation (usually based on the estimated cost of making additional provision for a new class, or the estimated start-up costs)
- a per-pupil rate (usually based on AWPU, and reflecting the proportion of the year which is not funded within the school's budget share)
- a per-pupil rate, with a maximum ceiling

183. Where growth funding is payable to academies, the local authority should fund the increase for the period from the additional September intake through until the following August. Local authorities should enter the cost of growth funding for the April to August period, along with appropriate justification, on the recoupment tab of the APT so that the recoupment calculation can be adjusted accordingly.

184. ESFA will not make growth fund recoupment adjustments for diseconomy of scale, or start-up funding; local authorities should not enter these on the recoupment tab of the APT. This funding will continue to be met from the local authority's growth fund.

185. Where schools have agreed an expansion in pupil numbers with the local authority, the school should ensure that they understand the methodology for funding the increase and are content that the expansion is deliverable within the funding available.

186. Local authorities should report any unspent growth funding remaining at the year-end to the schools forum. Funding may be carried forward to the following funding period, as with any other centrally retained budget, and local authorities can choose to use it specifically for growth. Any overspent growth funding will form part of the overall DSG surplus or deficit balance.

**Proposed financing and associated budget for the Growth Fund
(Updated from that reported to 21 November Forum)**

	Primary £'000	Secondary £'000	Total 2020-21 £'000	November Forum £'000	Total Change £'000
<u>New schools:</u>					
Diseconomy costs	364.8	840.0	1,204.8	1,267.6	-62.8
	364.8	840.0	1,204.8	1,267.6	-62.8
<u>Retained Growth Fund</u>					
Start-up costs	0.0	0.0	0.0	0.0	0.0
Post opening costs	15.0	0.0	15.0	15.0	0.0
In-year pupil growth	150.0	150.0	300.0	277.0	23.0
KS1 classes	50.0	0.0	50.0	73.0	-23.0
	215.0	150.0	365.0	365.0	0.0
Total estimated costs	579.8	990.0	1,569.8	1,632.6	-62.8
<u>Financing:</u>					
BF council			247.8	307.6	-59.8
DSG balances			0.0	0.0	0.0
2020-21 DSG income - Growth Fund			797.0	800.0	-3.0
2020-21 DSG income - SNFF			525.0	525.0	0.0
Total estimated costs			1,569.8	1,632.6	-62.8
<u>Costs by school:</u>					
Warfield Woodhurst	0.0	0.0	0.0	0.0	0.0
KGA - Oakwood	258.6	0.0	258.6	255.8	2.8
KGA - Binfield	121.2	840.0	961.2	1,026.7	-65.6
Total estimated costs	379.8	840.0	1,219.8	1,282.6	-62.8

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

16 December 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	1.205	1.131	1.129	4.707
3	Post opening costs	0.075	0.015	0.015	0.023	0.128
		1.344	1.220	1.161	1.192	4.916
<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	1.570	1.561	1.592	6.431
6	Estimated funding from DfE	-0.779	-0.797	-0.645	-0.645	-2.866
7	Funding gap	0.930	0.773	0.916	0.947	3.565
<u>Proposed funding sources:</u>						
8	Use of Schools Budget balances	0.254	0.000	0.000	0.248	0.502
9	Contribution from BFC	0.338	0.248	0.316	0.099	1.000
10	SNFF allocation (DSG): <i>In year change</i>	0.338	0.187	0.075	0.000	
11	<i>Cumulative</i>	0.338	0.525	0.600	0.600	2.063
12	Total funding	0.930	0.773	0.916	0.947	3.565
13	4 year shortfall	3.565				
14	<i>In year % contribution from existing schools</i>	0.50%	0.20%	0.10%	0.00%	
15	<i>Cumulative % contribution from existing schools</i>	0.50%	0.70%	0.80%	0.80%	
16	<i>Cumulative % contribution last year estimate</i>	0.50%	0.80%	1.10%	1.10%	

Change from 21 November 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	0.000	0.000	0.000
2	Diseconomy costs	0.000	-0.063	-0.043	-0.032	-0.138
3	Post opening costs	0.000	0.000	0.000	0.000	0.000
	Total estimated costs	0.000	-0.063	-0.043	-0.032	-0.138
<u>Existing Schools:</u>						
4	In-year pupil growth	0.000	0.000	0.000	0.000	0.000
5	Total estimated costs	0.000	-0.063	-0.043	-0.032	-0.138
6	Estimated funding from DfE	0.000	0.003	0.002	0.002	0.007
7	Funding gap	0.000	-0.060	-0.041	-0.030	-0.131
<u>Proposed funding sources:</u>						
8	Use of Schools Budget balances	0.000	0.000	0.000	0.019	0.019
9	Contribution from BFC	0.000	-0.060	0.034	0.026	0.000
10	SNFF allocation (DSG): <i>In year change</i>	0.000	0.000	-0.075	0.000	
11	<i>Cumulative</i>	0.000	0.000	-0.075	-0.075	-0.150
12	Total funding		-0.060	-0.041	-0.030	-0.131
13	4 year shortfall	-0.131				
14	<i>In year % contribution from existing schools</i>	0.00%	0.00%	-0.10%	0.00%	
15	<i>Cumulative % contribution from existing schools</i>	0.00%	0.00%	-0.10%	-0.10%	

2020-21 KGA Binfield Proposed Budget

Detail	Pupils per class	Year Groups	Classes / pupils 1 April	Classes / pupils 1 Sept	Weighted Max NOR NOR	Max NOR NOR	Per pupil	Class funding	Lump sum	Rates (estimated)	Total
<u>Maximum funding through BF Funding Formula i.e. at full capacity</u>											
1 FE Primary school	30	7	7	7		210	£3,750		in per pupil amount	in below	£787,500
7 FE secondary school	30	5	35	35		1,050	£5,000		in per pupil amount	£20,000	£5,270,000
Maximum funding on new school funding policy						1,260				£20,000	£6,057,500
Average per pupil funding (excluding rates)											£4,791.67
<u>2020-21 funding for KGA Binfield:</u>											
1 FE Primary school	30	7	1	2				£88,560	£83,800	in below	£224,020
7 FE secondary school	30	5	9	15				£135,090	£521,800	£20,000	£2,230,425
Contribution to cost of new schools											-£17,041
Funding for 2020-21											£2,437,404
Average per pupil funding (excluding rates)						423					£5,721.67
<u>Allocation through the BF Funding Formula:</u>											
1 FE Primary school			29	59	47		£3,750			in below	£108,750
7 FE secondary school			271	451	376		£5,000			£20,000	£1,375,000
Total funding through normal operation for the BF Funding Formula						423					£1,483,750
<u>Dis-economy top-up</u>											
Difference											£953,654

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 **BF Funding Formula 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.