

TO: SCHOOLS FORUM
DATE: 19 NOVEMBER 2020

**OUTCOMES FROM THE OCTOBER 2020
FINANCIAL CONSULTATION WITH SCHOOLS**
Executive Director: People

1 PURPOSE OF REPORT

- 1.1 To provide an update to the Schools Forum on the responses from the recent financial consultation from schools which sought views on how funds should be allocated to schools and also whether maintained schools supported on-going de-delegation of budgets and making a financial contribution to statutory education related duties for which the council is responsible for meeting but receives no funding.
- 1.2 There is also an update on the 2021-22 budget position for mainstream schools.

2 EXECUTIVE SUMMARY

- 2.1 Responses from the financial consultation showed clear support from maintained schools for continuing to maximise the strategic and cost-effective benefits that can arise from central management through the de-delegation route on permitted services. Furthermore, there is strong support from maintained schools to continue to contribute £20 per pupil towards the cost to the council of meeting education statutory and regulatory duties that the DfE no longer provides LAs with grant funding to meet their responsibilities.
- 2.2 In terms of allocating funds to mainstream schools, there is also strong support for each factor value to be set to the relevant amount of the School National Funding Formula (NFF) or scaled by the same proportional value to the amount of available funds. Schools also support applying minimum per pupil funding increases of 2% from 2020-21 amounts, subject to affordability.
- 2.3 In respect of the 2021-22 budget, updates are presented on some areas from the amounts reported to the last meeting. There is no significant overall effect, however, further changes are possible until the DfE confirms the October 2020 census and other relevant data towards the end of the year.

3 RECOMMENDATIONS

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

- 3.1 **To NOTE the outcomes from the financial consultation with schools as summarised in the supporting information and Annex 1.**
- 3.2 **That the Executive Member for Children, Young People and Learning (CYPL) is asked to AGREE that:**
 - 1. the factors and their values in the BF Funding Formula should continue to be the funded at the same value as the NFF, with each factor to be reduced by the same proportional value if there are insufficient funds.**
 - 2. all schools should receive the maximum +2% increase in per pupil funding from the 2020-21 financial year, subject to affordability.**

3. any cost associated with providing all schools with the agreed minimum percentage increase in per pupil funding from 2020-21 should be met by those schools receiving the largest increases in per pupil funding, typically those above the average percentage increase.

Item for Maintained Primary School representatives only:

- 3.3 To AGREE the continued de-delegation of budgets for the services requested by the council.

Item for Maintained Secondary School representatives only:

- 3.4 To AGREE the continued de-delegation of budgets for the services requested by the council.

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

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

For all Member to NOTE:

- 3.6 Changes made by the DfE to the DSG ringfence place at risk the option for the council to continue supporting the Schools Budget through use of General Reserves.

4 REASONS FOR RECOMMENDATIONS

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

5 ALTERNATIVE OPTIONS CONSIDERED

- 5.1 These were set out in the consultation document.

6 SUPPORTING INFORMATION

Background

- 6.1 At its last meeting on 22 October, as part of initial budget preparations for 2021-22, it was reported to the Forum that the annual financial consultation document had been circulated to schools. This sought views on how funds should be allocated to schools and also whether maintained schools supported on-going de-delegation of budgets and making a financial contribution to statutory education related duties should be circulated to schools. This report sets out the responses received and now seeks subsequent recommendations on relevant aspects of the 2021-22 funding framework.
- 6.2 The initial anticipated budget position for 2021-22 was also presented in October and a limited number of updates are now available. Until more detailed information is made available by the DfE, which is expected in December, further changes to the calculations are expected.

Outcomes from the financial consultation with schools

6.3 By the 23 October response deadline, replies had been received from 25 out of 39 schools (64% response rate). A reply was received from 19 primary schools (63%), 4 secondary schools (67%) and Kennel Lane Special School. This represents a good response rate, with 73% of maintained schools and 20% of academy schools responding which gives confidence that decisions on these matters can be taken with the knowledge of the majority view of schools and their categories.

In addition, a joint response was also received from the National Association of Head Teachers, National Education Union and the Association of School and College Leaders in respect of de-delegation.

- 6.4 The questions are set out below and responses summarised. Recommendations for change, where relevant, have also been added in boxes. A numerical summary of replies to each question can be found at Annex 1.
- 6.5 In terms of agreeing decisions from this consultation, the Executive Member for CYPL has the statutory duty in respect of agreeing changes to the local Funding Formula (questions 1 to 3). For de-delegation, the maintained school members of the Forum decide for their phase (question 4) with any contribution to education related statutory duties being decided by the relevant maintained school members, including special school and pupil referral unit members (question 5).
- 6.6 Seven specific comments were also received; 6 from primary schools and 1 from a secondary. These related to the de-delegated services, the burden of the coronavirus, that funding priority should be given to high needs pupils and that the mainstreaming of Teachers' Pay and Pension grants into a per pupil funding amount disadvantaged schools with falling rolls. None of these individual comments are considered significant in the overall context of the responses received to this consultation. Others relate to policy decisions of the DfE.

Confidential Annex 2 sets out the detailed responses received.

Question 1: Strategy for allocating funds to schools

Do you agree that subject to affordability, the factors and their values in the BF Funding Formula should continue to be funded at the same value as the NFF, with each factor to be reduced by the same proportional value if there are insufficient funds?

Responses from schools to previous consultations of how funding should be allocated to schools have clearly supported aiming for as close fit as possible to the NFF as this reflects how the funds are allocated by the government and the long-held objective that this approach will be mandatory. Moving to this position in a timely manner is likely to reduce the funding turbulence should an alternative approach be in place immediately before the change to the NFF becomes mandatory.

Responses from all 22 schools impacted by this supported this proposal.

The Forum is recommended to agree that the factors and their values in the BF Funding Formula should continue to be funded at the same value as the NFF, with each factor to be reduced by the same proportional value if there are insufficient funds.

6.8 **Question 2: Strategy for allocating funds to schools**

Do you agree that subject to affordability, schools should receive a minimum +2% increase in per pupil funding from the 2020-21 financial year? 2% is the highest increase permitted by the DfE?

This question relates to the Minimum Funding Guarantee (MFG) which LA are required to apply which can allocate a funding top-up to schools where the ordinary operation of the Funding Formula results in a change in per pupil funding that is below a specified percentage. It compares the final budget from one year to the next and adjusts for changes in the number of pupils. For 2021-22, the DfE will permit LAs to set a rate of between +0.5% and +2.0%.

Responses from all 24 schools impacted by this supported this proposal.

The Forum is recommended to agree that all schools receive the maximum +2% increase in per pupil funding from the 2020-21 financial year, subject to affordability.

6.9 **Question 3: Strategy for allocating funds to schools**

Do you agree that any cost associated with providing all schools with the agreed minimum percentage increase in per pupil funding from 2020-21 should be met by those schools receiving the largest increases in per pupil funding, typically those above the average percentage increase?

This question relates to the Minimum Funding Guarantee (MFG) which LA are required to apply which can allocate a funding top-up to schools where the ordinary operation of the Funding Formula results in a change in per pupil funding that is below a specified percentage. It compares the final budget from one year to the next and adjusts for changes in the number of pupils. For 2021-22, the DfE will permit LAs to set a rate of between +0.5% and +2.0%. The alternative to limiting funding the cost of MFG to only those schools receiving the highest increase, is for all schools receiving an increase to make a contribution.

Responses from 16 schools (73%) potentially impacted by this supported this proposal. 7 schools disagreed although no specific comments were provided.

The Forum is recommended to agree that any cost associated with providing all schools with the agreed minimum percentage increase in per pupil funding from 2020-21 should be met by those schools receiving the largest increases in per pupil funding, typically those above the average percentage increase.

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

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

Note this question only impacts on maintained, mainstream schools.

Responses from 19 schools (90%) impacted by this supported this proposal. 2 schools disagreed.

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

The Forum is recommended to agree the continued de-delegation of budgets for the services requested by the council.

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

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

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

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

20 of the 22 respondents that this question impacted on (91%) agreed that a £20 per pupil contribution should continue.

The Forum are recommended to agree that a £20 per pupil contribution continues to be made by maintained schools towards the cost of delivering ‘general’ education related statutory and regulatory duties.

Update on 2021-22 budget

- 6.12 The most significant updates to the 2021-22 budget will arise from the October 2020 census and other data which will not be confirmed by the DfE until December. At the publication of this report, provisional census data is available, although there are outstanding queries on 4 schools.
- 6.13 The basic assumption remains that any change in pupil numbers will be broadly neutral in terms of the difference in change in DSG income received and the allocation of individual budgets for schools.
- 6.14 Table 1 below sets out the areas where updates can still occur, together with the latest estimated change from the October Forum meeting. All amounts remain subject to further change.

Table 1: Update where available on budgets subject to change

Item	Estimated amount £k
Funding shortfall to NFF as reported to Forum in October	-429
Change in DSG from October census i.e. pupil numbers only	TBD
Change in budget allocations to schools from October census i.e. pupil numbers and characteristics	TBD
Re-calculated DSG Growth Fund allocation for increased pupil numbers	-119
Re-calculated LA managed Growth Fund budget for KS1 class size allocations and increases in pupil numbers	80
Updated business rates	20
DSG funding for recently amalgamated school	TBD
Net change	-448

- 6.15 At this stage, there is no material change in the overall budget forecast with a £0.448m shortfall to the amount required to deliver NFF funding rates. It was previously reported that the options available to manage the indicated budget shortfall are.
1. Draw down funds from the Reserve created by the council to help finance the additional costs of new and expanding schools (subject to DfE approval with initial discussions underway)
 2. Draw down funds from the Reserve created in the unallocated Schools Budget to support the additional costs of new and expanding schools
 3. Fund schools at a scaled percentage of the NFF rather than the full amount.
- A combination of these options can also be used.

- 6.16 In respect of the estimated £0.080m funding shortfall on the Central Schools Services Block, the council is continuing to work through options with the objective of ensuring no further costs fall on the DSG.

Update to discussions with the DfE in respect of the council contributing to the additional costs of new and expanding schools

- 6.17 It has previously been reported that the DfE has updated conditions of grant relating to the DSG, one aspect of which is the introduction of a ringfence to prevent any accrued deficit falling on LA funds. Linked to this, it is also now a requirement for any LA wishing to add to school budgets from their own funds to obtain specific permission from the secretary of state. Seeking permission from the secretary of state through various discretionary provisions within School Funding Regulations is a normal part of the school funding process and something routinely undertaken by BFC.
- 6.18 This new grant condition impacts on the long-standing agreed strategy for funding diseconomy costs in new schools that is summarised in paragraph 6.15. Initial

discussions with the DfE on approving an LA contribution to the 2021-22 Schools Budget have not resulted in clear agreement and further information had been requested and provided. Feedback from the DfE is awaited. Therefore, a risk exists relating to use of council funds to support schools from next financial year.

Next steps

- 6.19 The decisions taken on the outcomes from the consultation will assist with the on-going preparation of the 2021-22 budget. As some of the questions only impact on maintained schools, DfE permit only Forum members representing these groups to make relevant decisions. The report recommendations are therefore presented to reflect this.

7 ADVICE RECEIVED FROM STATUTORY AND OTHER OFFICERS

Borough Solicitor

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

Director of Resources

- 7.2 The Director of Resources is satisfied that there are no significant financial implications arising from this budget policy setting report although a new risk has emerged around the ability of the council to provide the agreed support to School Budgets.

Equalities Impact Assessment

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

Strategic Risk Management Issues

- 7.4 None identified:

8 CONSULTATION

Principal Groups Consulted

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

Method of Consultation

- 8.2 Written reports and formal consultation with schools.

Representations Received

- 8.3 Included in body of this report.

Background Papers

Financial Consultation with schools and other relevant documents:

<https://schools.bracknell-forest.gov.uk/finance/school-funding-consultation-2021-to-2022-financial-year/>

Contact for further information

Paul Clark, Finance Business Partner: People Directorate

paul.clark@bracknell-forest.gov.uk

(01344 354054)

Doc. Ref

[https://bfcouncil.sharepoint.com/sites/fina/bpm/FIBPSCB-FIN9.6/Schools Forum/\(100\) 191120/Outcomes from October 2020 consultation with schools.doc](https://bfcouncil.sharepoint.com/sites/fina/bpm/FIBPSCB-FIN9.6/Schools%20Forum/(100)%20191120/Outcomes%20from%20October%202020%20consultation%20with%20schools.doc)

Summary responses to the October 2020 financial consultation with schools

QUESTION	TOTALS				TOTAL	%
	PRIMARY	SECONDARY	ALL THROUGH	SPECIAL		
1 Do you agree that subject to affordability, the factors and their values in the BF Funding Formula should continue to be funded at the same value as the NFF, with each factor to be reduced by the same proportional value if there are insufficient funds?						
Yes	19	3	0	0	22	100%
No	0	0	0	0	0	0%
No reply / not applicable	0	1	0	1	2	
2 Do you agree that subject to affordability, that all schools should receive the maximum +2% increase in per pupil funding from the 2020-21 financial year?						
Yes	19	4	0	1	24	100%
No	0	0	0	0	0	0%
3 Do you agree that any cost associated with providing all schools with the agreed minimum percentage increase in per pupil funding from 2020-21 should be met by those schools receiving the largest increases in per pupil funding, typically those above the average percentage increase?						
Yes	15	1	0	0	16	73%
No	4	3	0	0	7	32%
No reply / not applicable	0	0	0	1	1	

QUESTION	TOTALS				TOTAL	%
	PRIMARY	SECONDARY	ALL THROUGH	SPECIAL		
4 To continue the strategic and cost effective approach in the use of the funds for contingencies (including schools in financial difficulties including those in or in danger of entering an Ofsted category), support to underperforming ethnic groups, CLEAPSS licence fees, staff supply cover costs, premature retirement / dismissal cost, free school meal eligibility checking and Behaviour Support Services, do you agree that the Schools Forum should again agree to de-delegate all relevant funding for continued central management by the LA?						
Yes	16	3	0	0	19	90%
No	2	0	0	0	2	10%
No reply / not applicable	1	1	0	1	3	
5 In respect of making a financial contribution to the education related statutory and regulatory duties required of the council that will no longer be financed through DfE grant, do you agree that maintained schools should continue to make a £20 per pupil / place contribution?						
Yes	16	3	0	1	20	91%
No	2	0	0	0	2	9%
No reply / not applicable	1	1	0	0	2	
Total responses	19 63%	4 67%	0 0%	1 50%	25 64%	
Maximum responses	30	6	1	2	39	