

TO: SCHOOLS FORUM
DATE: 9 DECEMBER 2021

**2022-23 BUDGET PROPOSALS FOR THE SCHOOLS BUDGET:
SCHOOLS AND CENTRAL SCHOOL SERVICES BLOCK ELEMENTS**

Executive Director: People

1 PURPOSE OF REPORT

- 1.1 The purpose of this report is to ensure that final 2022-23 budget decisions can be made at the 13 January Forum meeting in order to meet the 21 January 2022 statutory deadline. Therefore, updated proposals for the Schools Block (SB) and Central Schools Services Block (CSSB) elements of the Schools Budget are now presented.

2 EXECUTIVE SUMMARY

- 2.1 Building on previous decisions agreed by the Forum, and with the now available provisional data from the October 2021 school census, a further stage to the budget setting process can now be presented for consideration. Until the Department for Education (DfE) releases the verified census and other data that must be used to calculate school budgets, further changes can be expected.
- 2.2 Current data held by Bracknell Forest Council (BFC) indicates that forecast pupil numbers have increased by 135 (+0.8%), with primary numbers continuing the recent trend of reducing (down 75, -0.8%) and secondary numbers continuing to rise (up 210, + 3.2%). These changes indicate an increase in core per pupil Dedicated Schools Grant (DSG) funding of £0.903m. A revised calculation has also been made on the funding allocation to be received through the DSG Growth Allowance which has increased by £0.051m. Overall, this indicates a net gain in funding of £0.954m.
- 2.3 For the CSSB, where the DSG funding is being reduced by £0.050m, the 2022-23 draft budget proposals for the council are expected to recommend funding this shortfall from council resources for next year.
- 2.4 Taking account of the new data, the proposals contained in this report for the SB indicate that to fully implement the factor values used by the DfE in the National Funding Formula (NFF) there would be a funding gap of £0.346m. For the CSSB, a balanced budget is proposed.
- 2.5 The options available to manage the indicated budget shortfall, of which a combination can be used are:
1. Draw down funds from the Reserve created by the council to help finance the additional costs of new and expanding schools.
 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, with the same percentage scaling applied to each factor.
- 2.6 There is a very tight budget setting timetable to meet, with support from the Schools Forum on the proposals now being sought in advance of the 21 January deadline for

submitting to the DfE the actual Funding Formula for Schools to be used in 2022-23 with associated units of resource and total cost.

- 2.7 The next Forum meeting will need to recommend to the Leader of the Council the approach to take to funding any remaining funding gap, taking account of the advice of the Director of Resources.

3 RECOMMENDATIONS

For all members of the Forum to AGREE:

- 3.1 That subject to any late changes proposed to the Forum in January, the 2022-23 budget is set in accordance with the supporting information, as summarised in Table 1, and in particular:

1. That no changes are made to the Start-up and diseconomy funding policy for new and expanding schools (paragraph 6.17).
2. That the Growth Fund, including appropriate elements is set at the amount reported in Annex 1
3. That the split site funding allocation to Warfield Primary school is increased by £0.050m to £0.125m (paragraph 6.23)
4. That the elements of the CSSB and relevant budget amounts are as detailed in Annex 2.

- 3.2 The preferred approach to be taken in balancing any remaining shortfall on the SB (paragraph 6.38).

Items for Maintained Primary School representatives only:

- 3.3 To AGREE:

- i. that the per pupil deduction amounts for existing de-delegated services be increased by 2.6%, the average increase in per pupil funding expected to be received by schools (paragraph 6.25)
- ii. the de-delegation of School Improvement Service, to be funded by the remaining School Improvement Monitoring and Brokerage Grant with no deduction from schools (paragraph Error! Reference source not found.).

Items for Maintained Secondary School representatives only:

- 3.4 To AGREE:

- i. that the per pupil deduction amounts for existing de-delegated services be increased by 2.6%, the average increase in per pupil funding expected to be received by schools (paragraph 6.25)
- ii. the de-delegation of School Improvement Service, to be funded by the remaining School Improvement Monitoring and Brokerage Grant with no deduction from schools (paragraph Error! Reference source not found.).

4 REASONS FOR RECOMMENDATIONS

- 4.1 To ensure that the 2022-23 Schools Budget is developed in accordance with the views of the Schools Form, 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 2022.

5 ALTERNATIVE OPTIONS CONSIDERED

- 5.1 These have been considered during each stage of the budget process.

6 SUPPORTING INFORMATION

Background to School and Education Funding

- 6.1 The Forum has been kept up to date with DfE school and education funding reform, most notably through the introduction of a NFF since change was first announced in March 2016.
- 6.2 The Schools Budget is funded by the DSG, a 100% ring fenced government grant. The DSG comprises 4 funding Blocks, each with a separate calculation and funding allocation; the Schools Block (SB); the Central School Services Block (CSSB) the High Needs Block (HNB); and the Early Years Block (EYB). The SB and CSSB directly support mainstream schools and are generally delegated to governors, the HNB and EYB are centrally managed by LAs although the majority of funds are ultimately used to pay schools and other providers for services to children.
- 6.3 The DSG can only be spent on the purposes prescribed by the DfE. Any under or overspending in a year must also be ring-fenced and applied to a future Schools Budget. There is a general ring-fence in place in that SB funding must be spent on school budgets, although where agreed by the local Schools Forum, up to 0.5% of the SB (circa £0.422m) can be transferred to fund costs that fall into other Blocks. Money can be freely transferred from other Blocks into the SB or from the SB to CSSB.
- 6.4 Reflecting on local cost priorities, the Council's Executive previously agreed to support a 4-year funding strategy and will provide £1m from council balances to March 2023 to help finance the diseconomy funding required for the new schools.
- 6.5 Ordinarily, the Executive Member for Children, Young People and Learning has responsibility for agreeing most aspects of the SB although within the overall budget setting process, there are several areas where the Forum holds responsibility, and these will be presented for a decision at the January meeting. However, reflecting that the Executive Member is a governor at Warfield Primary school where there is a specific recommendation on this report, to avoid a potential conflict of interest, the Leader of the Council will make final budget decisions on the SB, including the CSSB, as well as the EY Block budget.

6.6 This report focuses on the SB and CSSB elements of the Schools Budget where DSG funding is allocated to LAs by way of:

- A pupil-led NFF that uses the most up to date census data relating to number on roll, deprivation, low prior attainment and English as an additional language measures (SB)
- School based funding, based on prior year costs for business rates and other property factors such as schools operating across split sites (SB)
- Two funding protection mechanisms (SB):
 - A minimum per pupil funding amount for the year (£4,265 for primary aged pupils in 2022-23 and £5,525 for secondary).
 - A minimum increase / maximum decrease in per pupil funding from the previous year (+2% for 2022-23 in BF)
- A per pupil amount for defined on-going LA education related responsibilities together with an amount for deprivation, based on number of Ever 6 Free School Meals pupils. Nationally, funding is split 90% via pupil head count and 10% via Ever 6 (CSSB).
- Contribution to previously agreed historic costs (for supporting vulnerable pupils) (CSSB).

Funds allocated through the CSSB continue to be subject to transitional funding adjustments as a result of the reforms, with the historic amount of funding expected to continue to reduce by 20% per annum to a nil value at 2025-26. A £0.050m funding reduction is expected for BF in 2022-23.

Summary of the 2022-23 SB funding framework

6.7 The September meeting of the Forum received the following update which is repeated here for context.

1. There will be no significant changes to the way school and education related funding is allocated next year with:
 - a. The DfE using the same separate formulae to allocate funding to LAs for SB, CSSB, HN pupils and EY provisions.
 - b. The DfE will continue to use the NFF to calculate each school's individual budget with no changes in the factors used. The NFF distributes funding based on schools' and pupils' needs and characteristics and uses the same factor values for all schools across the country. The exception to this being an area cost adjustment uplift which is paid to areas with high costs, such as those paying London Weighting to staff salaries. BF receives a 5.7% uplift.
 - c. LAs will continue to receive funding based on the DfE running each school's data (mainly October 2020 census, so lagged) through the NFF at confirmed 2022-23 factor values and aggregating together every school's allocation to determine the amount to be paid to that area. This is then converted to an average primary and secondary per pupil funding value which with final October 2021 pupil numbers will be used to calculate each LAs 2022-23 funding for their schools. This approach allows for early publication of each LAs confirmed per pupil funding rates.

- d. The DfE place a ring-fence on funding provided to LAs for schools and education. This means it can only be used for the purposes defined by the DfE and cannot be diverted to fund other costs.
 - e. LAs will continue to be responsible for allocating funding to schools in their areas and are not required to fully implement the NFF.
 - f. Whilst LAs have responsibilities to set funding allocations for their schools, they must work within parameters set by the DfE which very closely follow the NFF and other national priorities.
 - g. In allocating funds to schools, LAs must use pupil and other relevant data provided by the DfE which is generally made available at the end of the autumn term.
 - h. In July the DfE launched a consultation on the next stage of reform. More information on this was provided under a separate agenda item.
2. There are only a small number of changes to the national process to allocate funds.
- a. Data on pupils who have been eligible for free school meals at any time in the last six years (FSM6) is now taken from the October school census instead of from the January census, to bring the factor into line with arrangements in place for funding schools for the pupil premium.
 - b. Following the cancellation of assessments in summer 2020 due to COVID-19, funding allocations to schools for low prior attainment (LPA) will use 2019 assessment data as a proxy for the 2020 assessments for reception (primary schools) and year 6 cohort (secondary schools).
 - c. Pupils who joined a school between January and May attract funding for mobility on the basis of their entry date, rather than by virtue of the May school census being their first census at the current school (the May 2020 census was cancelled due to COVID-19). To be eligible for mobility funding, the proportion of mobile pupils in a school must be above the national threshold of 6%.
 - d. The business rates payment system for schools will be centralised and Education and Skills Funding Agency (ESFA) will pay billing authorities directly on behalf of state funded schools from 2022-23 onwards. Further details on this, including treatment in school accounts will be issued separately by the DfE in due course. There will be no overall financial impact on schools from this change.

Progress to date

6.8 The Forum has agreed the following budget decisions at previous meetings:

- that subject to affordability, the factor values in the BF Funding Formula should be set at the NFF rates used by the DfE. Should this not be affordable, then each factor value would be scaled by the same proportionate amount.

- that Minimum Per Pupil Funding (MPPFL)¹ values are set at £4,265 for primary aged pupils and £5,525 for secondary aged pupils. These are the same values as used by the DfE in the NFF.
- that the Minimum Funding Guarantee (MFG)² is set at the maximum amount permitted by the DfE and delivers per pupil funding increases from 2021-22 for all schools of at least +2.00%.
- any cost associated with providing all schools with the agreed minimum percentage increase in per pupil funding from 2021-22 should be met by those schools receiving the largest increases in per pupil funding, typically those above the average percentage increase
- that de-delegation of budgets for the services requested by the council continues for maintained mainstream schools. Note this excludes the new requirement to de-delegate School Improvement Services which is set out below at paragraph from paragraph 6.26.
- 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
- meeting the diseconomy costs at new and expanding schools in a measured way from a combination of council reserves, Schools Budget reserves, and funding allocated for the relevant year from the DfE.
- that a centrally managed Growth Fund should be maintained for in-year allocation to qualifying schools.
- on-going central retention by the Council of the existing Central School Services Block items.

Updated budget proposals for 2022-23

6.9 Whilst the data that must be used for funding purposes is not expected to be made available by the DfE until towards the end of December, more work has been undertaken on budget calculations, reflecting the current BFC estimate of October 2021 census data and the latest budget decisions made by the Forum. This provides a sound basis for making updates but is still expected to be subject to further change.

¹ The SNFF includes MPPF levels that are applied to all school budgets where a top up is added if the normal operation of the Funding Formula does not deliver sufficient funds – for 2022-23 this is £4,265 for primary aged pupils and £5,525 for secondary. LAs had discretion to apply these values in their local funding formula but are now mandatory at local level, unless agreed by the DfE that they are unaffordable. The MPPF calculation required by the DfE excludes funding for business rates.

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.

Schools Block DSG income

- 6.10 The provisional October 2021 census data shows that pupil numbers have increased by 135 (+0.8%) to 16,542 and this generates a further £0.903m pupil head count related DSG income which totals £82.027m.
- 6.11 The separate funding allocations to LAs for non-pupil-based school expenses will not change as they are always distributed annually in arrears, with 2022-23 funding reflecting actual costs from 2021-22 which are already known. This is mainly intended to finance the cost of business rates, although as previously reported this will be a centralised DfE payment from April 2022, with full operational details yet to be confirmed, and other specific costs agreed with individual LAs e.g. transitional funding for amalgamating schools. Funding for these costs is expected to be £1.703m and comprises:
1. £1.578m for business rates
 2. £0.075m for split site costs (Warfield Primary)
 3. £0.050m for additional lump sum payment to Ascot Heath Primary School following amalgamation

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. For example, Ascot Heath Primary School will not receive the £0.050m additional lump sum funding payment and the DfE.

- 6.12 In terms of the Growth Fund³, this has now been recalculated at £0.735m, an increase of £0.051m.
- 6.13 Therefore, the overall DSG grant income for the SB, which is set out above, now includes an estimate for the increase in pupil numbers recorded on the provisional October school census, is estimated at £84.465m, an increase of £0.954m.

Funding allocations to schools:

Changes in pupil numbers

- 6.14 The additional 135 pupils expected from the provisional October 2021 census results in an additional £0.813m allocation to schools which is £0.089m below the extra DSG income.

Growth Fund - Impact from new / expanding schools and other relevant costs

- 6.15 The change in pupil numbers from the October census does have an impact on diseconomy funding top up as this is the balancing amount that is added to a budget to get from the BF Funding Formula allocation to that set out in the *Start-up and diseconomy funding policy for new and expanding schools*. Latest calculations indicate a £0.016m increase on current year costs.
- 6.16 There is also a BFC centrally managed Growth Fund that is used to finance associated expenses. The Forum has agreed relevant funding policies to determine

³ 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.

eligible schools once relevant data becomes available. Recent experience shows that the costs are reducing and an overall budget reduction of £0.125m is considered appropriate for next year.

6.17 In terms of diseconomy costs at new schools, these are calculated in accordance with the agreed policy, of which the key elements 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 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. An enhanced fixed lump sum is therefore included.
3. An allocation for day to day operational expenses. 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 additional funding which is delivered through a per class funding allocation rather than per pupil.
4. An allocation for rates. To operate in the same way as the NFF. A full budget allocation at the estimated cost of rates.
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, an amount per new class is allocated.
6. Discretion for the relevant Executive 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.

No changes are proposed to the *Start-up and diseconomy funding policy for new and expanding schools* which can be viewed at

<https://schools.bracknell-forest.gov.uk/wp-content/uploads/2020-funding-policy-new-and-expanding-schools.pdf>

6.18 Annex 1 sets out the proposed budget requirement for the BFC centrally managed Growth Fund of £0.220m as well as the funding allocations due to individual schools which the Forum is recommended to agree.

Business Rates

6.19 Whilst the business rates payment system for schools will be centralised and Education and Skills Funding Agency (ESFA) will pay billing authorities directly on behalf of state funded schools from 2022-23 onwards, due to the impact of lagged funding, the DSG allocation is £0.047m lower than the amounts included in school budgets. The amount included in school budgets will be reduced by £0.047m to match the amount of DSG Funding to ensure the net nil financial effect expected from the change.

- 6.20 Further details on the practical implementation of this change, including treatment in school accounts is still awaited from the DfE. There will be no overall financial impact on schools from this change.

Split site schools

- 6.21 The September Forum meeting included a reference to a potential increase in split site funding for Warfield Primary school which operates on 2 sites with a walking distance of 1.167 miles. This presents unique issues to the school and after 2 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. Top up funding of £0.075m is currently included in the school budget, with a higher £0.125m cost addition now being identified by the school.
- 6.22 The Forum determined that BFC should verify the validity of the increased funding request and in order to present maximum opportunities when considering the 2022-23 budget, request permission from the DfE to pay a higher level of financial support from April. Subsequently, the DfE has agreed that the higher funding rate can be paid and the Council has also undertaken the review of the additional costs identified by Warfield Primary school and concluded that it is a reasonable reflection of additional costs being incurred.
- 6.23 Should the Forum support the additional £0.050m funding request, due to lagged funding, DSG income will remain unchanged at £0.075m in 2022-23, before rising to £0.125m in 2023-24. As a consequence, there would be a one-year pressure of £0.050m. The Forum is recommended to agree the requested funding increase as it relates to a valid current cost.

School amalgamations

- 6.24 Forum members will recall that Governors at Ascot Heath Primary School raised concerns that cost reductions arising from the 2019 amalgamation were occurring at a slower rate than expected and requested that enhanced funding continued for a second year, albeit at a reduced rate of £0.050m. The Forum agreed this proposal for one-year which is the maximum extended period normally permitted by the DfE. This budget allocation will therefore be removed from the school in 2022-23 resulting a corresponding saving.

Uplift on de-delegated budgets

- 6.25 Recognising that all maintained school responses to the financial consultation supported on-going de-delegation of the requested permitted services, this was agreed by the Forum in November. Therefore, maintained schools will return relevant funds to the council for central management by way of a per pupil deduction. Rates of funding are increased each year to reflect rising costs. The Forum is recommended to approve an uplift of 2.6%, the average increase in per pupil funding expected to be received by schools.

Mandatory de-delegated of School Improvement Services

- 6.26 The previous Forum meeting received a report detailing the new DfE requirement to de-delegate School Improvement Services to maintained schools (not academies)

from April 2022. Reflecting on the very limited timescale available to adequately complete this, the council recommended that:

1. For 2022-23: Maintain the status quo, seek to fund core, statutory school improvement functions through the 50% remaining School Improvement and Brokerage Grant, estimated at circa £0.050m. No changes to other “additional” School Improvement Services.
2. In advance of 2023-24: Review all services currently provided by the School Improvement Service and seek to widen the de-delegation offer to include all or some of the current School Improvement SLA purchased separately by individual schools, the ad hoc training and consultancy support currently being purchased as well as incorporation of the existing Support to Schools in Financial Difficulty de-delegated service into a wider offer. Any changes proposed would reflect the views of schools.

- 6.27 No decision on this matter was taken at the previous meeting with Members preferring to consult headteachers to gather views. At publication date of this report, 2 primary school headteachers did not support de-delegation. Due to a communication error by the council, the Secondary School Headteacher representative did not promptly receive summary information to share with colleagues in advance of gathering views and would therefore provide a verbal update at the meeting.

The recommendations in the report propose agreeing this de-delegation, although relevant School Representatives may wish to discuss this at the meeting.

Meeting DfE per pupil funding requirements

- 6.28 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 for the relevant year i.e. the MPPF value
 2. increase in per pupil funding from the previous year i.e. the MFG

MPPF values

- 6.29 The DfE has set mandatory MPPF values of £4,265 for primary aged pupils and £5,525 for secondary. These are the minimum per pupil funding rates that an LA must pay their schools unless agreed by the DfE. These proposals generate additional payments of £0.682m for 11 primary schools. All secondary schools are expected to be funded above the £5,525 MPPF rate. This is a decrease of £0.233m compared to 2021-22 when 18 primary schools received £0.874m and 1 secondary school £0.041m.

MFG

- 6.30 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 2022-23, the DfE requires each LA to set their MFG at between +0.5% and +2.0%.

- 6.31 The Forum has previously agreed that the maximum +2.0% increase is applied. 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. In 2021-22, 6 primary schools received an MFG funding top up which in total amount to £0.028m. The current modelling indicates that 3 schools qualify for MFG top-up which amounts in total to £0.013m and this will be subject to change as a result of the final budget data set provided by the DfE.

2022-23 individual school budgets

- 6.32 These budget proposals, using NFF funding rates, result in a 2.6% average per pupil funding increase⁴ from 2021-22, with the following headline summary data available from individual school budgets (NB in this context, per pupil funding is calculated from the whole Formula Budget allocation less business rates and excludes those schools funded via the New and expanding school funding policy):
- 1 Primary schools receive an average increase in per pupil funding of 2.4%, and secondaries 2.8%.
 - 2 The highest per pupil increase in a primary school is 3.6%, with 3.2% in secondary. The lowest increases are 1.4% and 2.1% respectively.
 - 3 3 schools receive an MFG top up when the guaranteed increase is set at the maximum 2% permissible by the DfE. The total estimated allocation is £0.013m.
 - 4 The MPPF level amount has increased by 2% with 11 primary schools needing to receive top ups to this level
 - 5 The average per pupil funding amount for a primary school would be £4,333 and £5,829 for a secondary.

Centrally managed budgets within the CSSB

- 6.33 It was reported to the September Forum that a funding reduction of £0.050m would be applied by the DfE to the CSSB in 2022-23 and that the council would examine ways to manage this cost increase outside of the Schools Budget.
- 6.34 The council is in the initial stages of formulating its budget proposals for 2022-23, and at this stage the assumption is that the £0.050m reduction in DSG funding will be offset by additional funding from the council next year. Therefore, there is no overall reduction in funding for the services, although the funding source will change in some areas. Annex 2 sets out the proposed CSSB budgets to be funded by DSG which the Forum is recommended to agree.

Summary of proposed changes – SB and CSSB

- 6.35 Based on the provisional October 2021 census and other relevant data, a series of changes have been set out above that the council has included in the revised budget proposals now being presented for the 2022-23 SB and CSSB budgets. Table 1 below summarises the changes proposed which results in a funding shortfall of £0.346m on school budgets compared to NFF rates, an improvement of £0.041m

⁴ This average excludes funding for new schools and those subject to amalgamation in 2019 as there are separate, specific funding rules in place for calculating these budgets.

from the previous proposals. Annex 3 sets out the summary changes in the proposals made in Table 1 compared to those reported to the September Forum meeting.

Table 1: Summary updated budget proposals for 2022-23

Ref.	Item	Schools Block		Central Services Schools Block C £'000	Total D £'000
		Delegated school budgets A £'000	Growth Fund - LA Managed B £'000		
1	2021-22 Schools Block budget	81,505	345	1,058	82,908
2	2021-22 base budget	81,505	345	1,058	82,908
3	Provisional 2022-23 DSG funding	84,121	345	862	85,328
4	Internal funding transfer	125	-125	0	0
5	Contribution to CSSB pressures	-146	0	146	0
6	2022-23 forecast income	84,100	220	1,008	85,328
7	+Surplus of / - Deficit of income	2,595	-125	-50	2,420
8	<u>Changes for 2022-23</u>				
9	Impact of 135 extra pupils	813	0	0	813
10	New schools - change in cost pressure	16	0	0	16
11	In-year growth allowances, KS1 classes	0	-125	0	-125
12	Rates: revaluation and inflation	-47	0	0	-47
13	Split site funding - impact of cost review	50	0	0	50
14	School Amalgamations - lump sum	-50	0	0	-50
15	Cost of new year NFF funding rates	2,159	0	0	2,159
16	Reductions on Central School Services	0	0	-50	-50
17	Total changes proposed for 2022-23	2,941	-125	-50	2,766
18	Shortfall to DSG Funding	-346	0	0	-346
	<u>Memo items:</u>				
19	Total calculated requirement [2 + 17]	84,446	220	1,008	85,674
20	MPPFL	682	0	0	682
21	MFG	TBD	0	0	0

Managing the budget shortfall

- 6.36 The Forum has previously agreed that the 2022-23 budget should be set with each BF factor value at the same amount as the NFF values, if necessary, scaled by the same proportional amount to the affordable value. These proposals result in a

£0.346m funding shortfall and therefore an approach to balancing the budget needs to be agreed.

- 6.37 The options available to manage the provisional budget shortfall, with a view of the preferred approach requested to be considered at this meeting are:
1. Draw down funds from the Reserve created by the council to help finance the additional costs of new and expanding schools, where £0.182m is available.
 2. Draw down funds from the Reserve created in the unallocated Schools Budget to support the additional costs of new and expanding schools, where £0.746m is available.
 3. Fund schools at a scaled percentage of the NFF, with all factors scaled by the same percentage. Each 0.1% of the NFF equates to around £0.083m.

A combination of these options can also be used.

- 6.38 The Forum will need to consider the affordability of any draw down from Reserves, taking into account the medium-term nature of the cost pressure from new schools. The council recommends the following approach:
1. For April 2023, there should be at least £0.500m in Reserves to fund the medium-term cost of new schools (current balance is £0.928m).
 2. Ordinarily, around £0.250m of funding is withdrawn each year from Reserves.
 3. A top slice to NFF rates which would be applied equally to all factors in the BF Funding Formula.

- 6.39 With further changes expected to the final budget proposals that will be presented in January, the recommended approach provides a basis to deliver an affordable budget.

Actual cost pressures estimated for 2021-22

- 6.40 Schools will experience a range of cost pressures next year which in general will need to be met from within the increase in the BF Funding Formula allocation and are estimated at between 2.7% and 3.2% from:

1. Cost of pay awards are not yet known, and schools are advised to assume 2%.

Using Consistent Financial Reporting (CFR)⁵ data relating to BF maintained schools, the Teachers' pay award represents around 50% of all school costs which will clearly have a significant impact on inflationary pressures. However, with the implementation date from September 2022, and minimal full year effect cost from the September 2021 award this reduces the overall increase to total costs to around 1.0%.

For the Local Government pay costs that comprise around 25% of all school costs, this increases overall school costs by around 0.5%.

2. The overall cost of performance related pay and contractual increments are

⁵ The CFR framework provides a standard template for schools to collect information about their income and expenditure by financial years, which maintained schools provide to their local authorities in a financial statement each year. It is a national financial benchmarking website available for public use.

assumed to be self-financing from appointing new staff on lower pay points than those leaving.

3. The underlying deficit on the Local Government Pension Scheme is being reduced by way of additional lump sum contributions. Payments due from schools in the BF Local Government Pension Scheme are forecast to increase by £0.1m, which is equivalent to around a 0.7% cost increase to the local government pay bill and 0.2% increase in total costs
4. The general rate of inflation on non-pay costs (September Consumer Price Index) is 3.2% with many predictions for this rising to 4% to 5% in 2022. These costs comprise around 25% of all school costs, with a 4% average increase resulting in total school costs increasing by 1.0%.

In respect of the 1.25% increase in employer National Insurance contributions that is due to take effect from April 2022, the government has stated its intention to “compensate” schools and other public sector employers. Precise details of this have yet to be confirmed with the assumption that no additional net costs will fall on schools.

Conclusion and Next steps

- 6.41 On average, assuming the final budget includes funding rates at the values used by the DfE in the NFF, schools can expect to receive a 2.6% increase in per pupil funding. This compares to a 2.7% to 3.2% forecast for future inflation.
- 6.42 As some elements of the budget proposals relate to de-delegation, and therefore only impact on specific groups, DfE permit only Forum members representing these groups to make relevant decisions. The report recommendations are therefore presented to reflect this.
- 6.43 The Leader of the Council is expected to agree the 2022-23 Schools Budget on 18 January, based on final recommendations agreed by the Schools Forum at the January meeting which will then need to be reported to the DfE through submission of the national pro-forma, with individual schools receiving budget allocations by the middle of January.

7 ADVICE RECEIVED FROM STATUTORY AND OTHER OFFICERS

Borough Solicitor

- 7.1 Key elements of the statutory school funding framework underpinning the narrative and recommendation in this report are summarised in paragraphs 6.1 to 6.5. There are otherwise no specific legal implications arising from the report.

Director of Resources

- 7.2 Included within the supporting information.

Equalities Impact Assessment

- 7.3 The budget proposals ensure funding is targeted towards vulnerable groups prioritised by the DfE SNFF and a BFC specific EqIA is not required.

Climate Change Implications

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

Strategic Risk Management Issues

- 7.4 The likely impact from the funding reforms and the additional resources that will be allocated to schools through the 2020-23 spending review is that schools will be receiving real terms increases in funding in each of the 3 years. However, some strategic risks do exist including:
1. Falling pupil numbers in some primary schools at a time of surplus places will create budget difficulties through having to operate with relatively small class sizes.
 2. The ability of schools with deficits to manage their repayments.
 3. Cost pressures on school responsibilities to meet SEND needs of pupils up to the £10,000 limit when numbers are rising.
 4. Residual cost pressures arising from the coronavirus pandemic
 5. Managing the additional diseconomy revenue costs arising from the new / expanded schools programme.
- 7.5 These risks will also 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 £0.185m (after academy deduction) to support schools in financial difficulties that meet qualifying criteria.
- 7.6 The financial impact from new schools is also being managed through the measured use of accumulated DSG balances and up to £1m contribution from the council (subject to agreement of the secretary of state).

8 CONSULTATION

Principal Groups Consulted

- 8.1 People Directorate Management Team, schools and the Schools Forum.

Method of Consultation

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

Representations Received

- 8.3 Included in previous report.

Background Papers

None:

Contact for further information

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Doc. Ref

[https://bf-council.sharepoint.com/sites/fina/bpm/FIBPSCB-FIN9.6/Schools Forum\(107\) 091221/2022-23 Schools Budget Proposals - December.docx](https://bf-council.sharepoint.com/sites/fina/bpm/FIBPSCB-FIN9.6/Schools%20Forum(107)/091221/2022-23%20Schools%20Budget%20Proposals%20-%20December.docx)

Proposed financing and associated budget for the 2022-23 Growth Fund

	Primary £'000	Secondary £'000	Current Proposed 2022-23 £'000	Previously Reported 2022-23 £'000	Change £'000	Actual 2021-22 £'000	Change from 2021-22 £'000
<u>New schools:</u>							
Diseconomy costs	271.2	738.9	1,010.2	981.5	28.7	994.2	16.0
	271.2	738.9	1,010.2	981.5	28.7	994.2	16.0
<u>Retained Growth Fund</u>							
Start-up costs	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Post opening costs	22.5	0.0	22.5	22.5	0.0	15.0	7.5
In-year pupil growth	46.5	46.5	93.0	215.0	-122.0	215.0	-122.0
KS1 classes	105.0	0.0	105.0	115.0	-10.0	115.0	-10.0
	174.0	46.5	220.5	352.5	-132.0	345.0	-124.5
Total estimated costs	445.2	785.4	1,230.7	1,334.0	-103.3	1,339.2	-108.5
<u>Costs by school:</u>							
KGA - Oakwood	91.2	0.0	91.2	107.8	-16.6	137.9	-46.7
KGA - Binfield	202.6	738.9	941.5	896.2	45.3	871.3	70.2
Total estimated costs	293.7	738.9	1,032.7	1,004.0	28.7	1,009.2	23.5

The yellow highlighted cell indicates the total £0.220m budget proposed for the BFC centrally manage Growth Fund as referenced in paragraph 6.18.

Services proposed to be centrally managed by the Council in 2022-23

Budget Area	Schools Budget Funded		
	2021-22 Final Budget	2022-23 Previously Agreed Funding	2022-23 Proposed Budget
<u>Combined Services Budgets:</u>			
Family Intervention Project	£100,000		£100,000
Educational Attainment for Looked After Children	£133,590		£133,590
School Transport for Looked After Children	£42,890		£42,740
Young People in Sport	£15,960		£0
Common Assessment Framework Co-ordinator	£42,470		£42,470
Domestic Abuse	£2,000		£2,000
Education Health Partnerships	£15,000		£0
SEN Contract Monitoring	£32,680		£32,680
<i>Central School Services - historic commitments</i>	£384,590		£353,480
<u>Other Permitted Central Spend</u>			
<u>Miscellaneous (up to 0.1% of Schools Budget):</u>			
Forestcare out of hours support service	£5,150		£5,150
Borough wide Initiatives	£28,930		£9,720
Support to Schools Recruitment & Retention	£7,920		£5,000
<u>Statutory and regulatory duties:</u>			
'Retained' elements	£275,755		£284,720
<u>Other expenditure:</u>			
School Admissions	£186,690		£192,760
Schools Forum	£20,935		£20,940
Boarding Placements for Vulnerable Children	£62,470		£50,000
Central copyright licensing	£85,560		£85,560
<i>Central School Services - on-going responsibilities</i>	£673,410		£653,850
Total Central School Support Services	£1,058,000		£1,007,330
<u>Funding</u>			
Historic commitments	£259,636	£207,710	£207,710
On-going responsibilities	£652,671	£653,850	£653,850
Total Funding	£912,307	£861,560	£861,560
Existing agreed transfer from Schools Budget	£145,770	£145,770	£145,770
Central School Services Total Funding	£1,058,077	£1,007,330	£1,007,330

Changes from 16 September Forum to 9 December Forum

Ref.	Item	Schools Block		Central Services Schools Block C £'000	Total D £'000
		Delegated school budgets A £'000	Growth Fund - LA Managed B £'000		
1	2021-22 Schools Block budget	0	0	0	0
2	2021-22 base budget	0		0	0
3	Provisional 2022-23 DSG funding	954	0	0	954
4	Internal Schools Block funding transfer	125	-125	0	0
5	On-going contribution to CSSB pressures	0	0	0	0
6	2022-23 forecast income	954		0	954
7	+Surplus of income / - Deficit of income	954		0	954
8	<u>Changes for 2022-23</u>				
9	Impact of change in pupil numbers (+135)	813	0	0	813
10	New schools - 2022-23 change in cost pressure	29	0	0	29
11	In-year growth allowances, KS1 classes etc	0	-133	0	-133
12	Rates: revaluation and inflation	-47	0	0	-47
13	Split site funding - impact of cost review	0	0	0	0
14	School Amalgamations - impact on lump sum	0	0	0	0
15	Cost of new year NFF funding rates at circa +3%	171	0	0	171
16	Reductions on Central School Services	0	0	-50	-50
17	Total changes proposed for 2022-23	833		-50	783