

TO: SCHOOLS FORUM
DATE: 13 JANUARY 2022

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

1 PURPOSE OF REPORT

- 1.1 To present final proposals from the Council for the 2022-23 Schools Block (SB) and Central Schools Services Block (CSSB) elements of the Schools Budget.

2 EXECUTIVE SUMMARY

- 2.1 Building on earlier decisions agreed by the Forum together with the release by the Department for Education (DfE) of the key data that must be used to calculate school budgets, final work on next year's Schools Budget has now been completed. Inevitably, this has led to some changes now being presented, most notably as a result of confirmed additional educational needs (AEN) data which using the DfE the National Funding Formula (NFF) will result in an additional £0.233m being allocated to schools, although with the interaction with the *Start-up and diseconomy funding policy for new and expanding schools*, this reduces to a net pressure of £0.148m.
- 2.2 With Local Authorities (LAs) funded for their schools through the Dedicated Schools Grant (DSG) on lagged 2020 data, there is no change in the overall amount of funds available for next year's SB to finance this additional £0.148m cost.
- 2.3 There are a number of other, less significant changes to the funding and budget calculations that result in a £0.164m increase to the funding gap to achieve the NFF rates which now stands at £0.510m.
- 2.4 The Executive Director: Finance has considered the medium-term financial outlook for school budgets and concluded that there are insufficient Reserves to fully fund the £0.510m shortfall. Therefore, funding at 99.75% of NFF rates is proposed. The DfE considers LAs to be mirroring the NFF when schools are funded at 99% or above NFF rates.
- 2.5 This approach results in a £0.356m draw down from Reserves and school budgets being set at £0.154m below the NFF amount. Therefore funding at reduced NFF values funds the additional costs being incurred as a result of the AEN eligibilities on the 2021 census that LAs need to fund schools on, but for which the DfE does not increase LA income.
- 2.6 Overall, the final proposals being presented result in schools on average receiving an increase in per pupil funding of 2.7%, which compares to 3.8% in 2021-22, 6.3% in 2020-21, 2.8% in 2019-20 and 2.7% in 2018-19.
- 2.7 In addition to this increase in funding through the Bracknell Forest (BF) Funding Formula for Schools, as part of the School Funding settlement, the DfE has confirmed that in the 2022-23 financial year, schools will be allocated additional funding, to provide support for the costs of the Health and Social Care Levy, including the 1.25% increase in employer National Insurance contributions and wider costs. This funding will be allocated through the new Schools Supplementary Grant with the DfE estimating this at £2.420m for BF. On average, this amounts to £146 per pupil, equivalent to a 3.0% increase.

- 2.8 Therefore, on average, schools will receive a 5.7% increase in funding which is expected to be more than sufficient to cover rising costs.
- 2.9 Recommendations agreed from this report will form the basis of proposals to be presented to the Leader of the Council on 18 January, who will be agreeing most aspects of the Schools Budget. However, within the overall budget setting process, there are a number of areas where the Forum holds responsibility, and these are separately presented now for a decision.
- 2.10 With the DfE needing to be informed of the actual Funding Formula for Schools to be used in 2022-23 with associated units of resource and total cost no later than 21 January, final budget decisions must be made at this meeting.

3 RECOMMENDATIONS

To AGREE:

- 3.1 **In its role as the representative body of schools and other providers of education and childcare, the Forum REQUESTS that the Leader of the Council AGREES the following for the 2022-23 Schools Budget:**
1. **the changes to budgets as set out in Table 3, in particular:**
 - i. **that the Schools Block DSG be set at £84.434m (line 3);**
 - ii. **that the Central School Services Block be set at £0.867m (line 3);**
 - iii. **the changes to all other budgets that amount to £2.903m (line 18).**
 2. **that the £0.510m resultant funding shortfall will be met from:**
 - i. **Council Reserves, to the value of £0.182m**
 - ii. **Schools Budget DSG Reserves, to the value of £0.174m**
 - iii. **scaled NFF rates, to the value of £0.154m.**
 3. **that the factors used in the BF Funding Formula for Schools are the same as those used by the DfE for BF in the NFF (Annex 4);**
 4. **that the units of resource used in the BF Funding Formula for Schools are set at 99.75% of the values used by the DfE in the NFF;**
 5. **that the cost of the MFG should be financed by all schools above the average increase in per pupil funding;**
 6. **that the resulting DfE pro forma template of the 2022-23 BF Funding Formula for Schools, as set out in Annex 5 be submitted by the 21 January deadline;**
 7. **that other Schools Block related grants, including the new Schools Supplementary Grant, be set to the amounts anticipated in 2022-23.**
- 3.2 **As decision maker:**
1. **that the arrangements in place for the administration of central government grants are appropriate;**
 2. **the financing and budgets for the Growth Fund are as set out in Annex 1.**
 3. **The budgets to be centrally managed by the council on behalf of schools, as set out in Annex 2**

4 REASONS FOR RECOMMENDATIONS

- 4.1 To ensure that the 2022-23 Schools Budget is developed in accordance with the views of the Schools Forum, the anticipated level of resources and the statutory funding framework, including the requirement to submit summary details of individual 2022-23 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 Whilst the council retains responsibility for agreeing most aspects of the SB, with the Leader due to make final decisions, there are several areas where the Forum holds responsibility, and these are now being presented for a decision.
- 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.

Progress to date

6.7 Previous meetings of the Forum agreed the following key budget decisions:

- 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 (MPPF)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, with funding rates increased by 2.6%. The new option to de-delegate School Improvement Services was also agreed, but with no charge in 2022-23 as the remaining School Improvement grant is expected to be sufficient to meet LA costs.
- 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.

¹ The NFF includes MPPF values 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.

- 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.
- The preferred approach to be taken in balancing the forecast shortfall on the SB as follows:
 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. Scaling of 0.1% to the NFF equates to around £0.070m.
 4. 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).
 5. Ordinarily, around £0.250m of funding is withdrawn each year from Reserves.

Final budget proposals for 2022-23

- 6.8 As the DfE data that must be used for funding purposes has emerged, and more work has been undertaken on other budget calculations, a number of changes to budgets are now being proposed from those anticipated at the December meeting of the Forum. There are no changes recommended to previously agreed principles.

Confirmed Schools Block DSG income

- 6.9 The DfE published verified October 2021 school census and the other data that must be used to calculate 2022-23 school budgets at the end of 20 December. This confirmed 8 fewer primary aged pupils than previously expected and a 1 less pupil in DSG Growth Fund³ calculation which result in a £0.032m reduction in SB DSG income to £84.434m (£81.992m from per pupil funding, £0.738m for the Growth Fund and £1.704m for non-pupil-based school costs, such as business rates).

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.

Changes in funding allocations to schools:

- 6.10 This section only reports on budget areas that have changed from the December meeting of the Forum.

Change in pupil numbers - £0.027m overall decrease in funding

- 6.11 Paragraph 6.9 above confirmed 8 fewer primary pupils were on roll than previously expected. This results in a £0.027m reduction in budget allocations to relevant schools.

Changes in AEN - £0.233m overall increase in funding

- 6.12 The published DfE data set includes updated pupil profile measures to reflect latest characteristics which are used as proxy measures for targeting funds towards pupils with the greatest needs. This is the data that must be used in the local Funding Formula and generally results in changes to the estimated calculations made to this point. The October 2021 census data has shown a significant level of change with an overall increase in funding allocations of £0.233m.

- 6.13 Members of the Forum will be aware that the DfE uses lagged data to fund LAs through the units of resource in the SB DSG. This means that despite requiring LAs to fund schools on the latest data, they in turn receive funding based on prior year data which was already reflected in earlier DSG funding notifications and will not be updated. Clearly, where there is an increase between years, there will be a cost pressure in the SB. This is one of the most common reasons why LAs may not be able to fully fund school budgets at the NFF rates with the DfE setting out in the recent *Fair Funding for All* consultation that this is recognised and “Currently, we class LAs which have local factor values within 1% of the respective NFF values as ‘mirroring’ the NFF”.

- 6.14 The proxy measures used in the data set indicate relative levels of deprivation (Free School Meals (FSM), Ever6 FSM⁴ and Income Deprivation Affecting Children Index (IDACI)⁵, Low Prior Attainment (LPA) from national tests, incidence of English as an additional language (EAL) and high in-year pupil mobility.

The following sections set out the changes that have occurred against the information available in December.

Primary schools – Change in AEN measures (£0.196m):

- FSM numbers are up by +182 / +16.5% (+£0.090m).
- Ever6 FSM deprivation numbers are up by +107 / +8.8% (+£0.066m)
- IDACI scores vary by post code and are banded by severity and therefore changes are more difficult to interpret. The pure numbers are up by +9 / +0.80% (+£0.002m).

⁴ Ever6 FSM counts the proportion of pupils on roll on the October 2021 census (was previously January census) that were recorded as eligible for FSM in any of the censuses (autumn, spring and summer, including the alternative provision (AP) and pupil referral unit (PRU) census) over the previous 6 years census.

⁵ IDACI uses post code data to calculate the probability of a family with children living in that area being eligible to income support benefits. The higher the probability, the higher the funding top-up – via bandings.

- LPA⁶ scores are down by -47 / -2.0% (-£0.056m). With the coronavirus pandemic resulting in the cancellation of national tests, the 2019 results have been replicated in 2021.
- EAL numbers are up by +60 / +7.2% (+£0.036m)
- Mobility numbers are up by +58 / +87.4% (+£0.057m)

Secondary schools – change in AEN measures (+£0.037m):

- FSM numbers for Secondary are up by +92 / +11.2% (+£0.046m).
- Ever6 FSM deprivation numbers are down by -70 / -6.5% (-£0.064m)
- IDACI scores vary by post code and are banded by severity and therefore changes are more difficult to interpret. The pure numbers are up by +4 / +0.9% (+£0.002m)
- LPA⁷ scores are down by -1 / -1.0% (£-0.002m).
- EAL numbers are up by +36 / 26.5% (+£0.055m)

- 6.15 The most significant changes in data and therefore budget allocations relate to actual FSM (+£0.136m), EAL (+£0.091m), high pupil mobility (+£0.057m) and LPA (-£0.058m).
- 6.16 The increases in pure FSM numbers and EAL, as evidenced in the October 2021 census reflect the changing current pupil profile in schools. For pupils identified with a first language other than English, funding is allocated for three years after they enter the statutory school system.
- 6.17 The mobility factor allocates funding to schools with a high proportion of pupils with an entry date in the last 3 years which is not typical. For year groups 1 to 11, 'typical' means that the first census on which a pupil is recorded as attending the school (or its predecessors) is the October census. 'Not typical' means that the first census a pupil is recorded as attending the school is a January or May census. For the reception year, 'typical' means the first census in October or January.
- 6.18 In general, if the first census when the pupil was in the school was a spring or summer census, they are a mobile pupil. This excludes reception pupils who start in January. The mobility factor excludes pupils who joined in the summer term after the summer census, or pupils who joined in October before the autumn census. To be eligible for mobility funding, the proportion of mobile pupils in a school must be above the threshold of 6%.
- 6.19 For the calculation of LPA funding allocations, following the cancellation or incompleteness of assessments in summer 2020 and summer 2021 due to coronavirus (COVID-19), LAs are required to use 2019 assessment data as a proxy for assessments which would have taken place in 2020 to 2021. Funding is allocated to primary pupils identified as not achieving the expected level of development in the early years

⁶ Primary schools receive funding through the LPA factor for all pupils who did not reach the expected level of development at early years foundation stage (EYFS). EYFS data for pupils in Reception is not available as they take the test at the end of the Reception year. To include an element for Reception children in the funding calculation, the total number of eligible pupils is derived by working out the proportion of LPA-eligible pupils in years 1 to 6 and multiplying this proportion by the total pupil count, which includes pupils in Reception.

⁷ Secondary schools receive LPA funding for all pupils who did not achieve the expected level at KS2 in one or more of reading or writing or mathematics. LPA pupil numbers for year groups 8 to 11 inclusive are weighted so that those who have sat the more challenging key stage 2 tests (introduced in academic year 2015 to 2016) do not have a disproportionate effect on the LPA factor.

foundation stage profile (EYFSP) and for secondary pupils not reaching the expected standard in KS2 at either reading or writing or maths.

- 6.20 In calculating the overall budget requirement, estimates are also made of the likely impact from the per pupil funding protection measures in the school funding system. These are explained further below, but where a school in the Minimum Per Pupil Funding Level (MPPFL) has received additional funding through the AEN data update, this will have a consequential reduction in MPPFL top up funding. The total funding reduction through the revised AEN data is -£0.031m.

New schools – £0.085m overall decrease in funding

- 6.21 There is also an impact on new schools from the AEN data update. The *new and expanding school funding policy* fixes the total budget relevant schools receive and therefore has not changed from the AEN update. However, in terms of setting the funding for relevant schools there are 2 separate budget lines, both of which have changed as a result of the updated AEN data:

Step 1: calculate the amount distributed through the BF Funding Formula

Step 2: deduct the amount distributed through the BF Funding Formula Allocation from the amount due through the *new and expanding school funding policy* and pay this to relevant schools as a diseconomy top up

- 6.22 With additional pupils on roll at the new schools, the allocation through the BF Funding Formula for AEN has increased by £0.085m. However, there is no change to the total budget as this is determined through the *new and expanding school funding policy*, and therefore, in order to ensure new schools receive the amount on the policy, diseconomy funding needs a corresponding reduction.
- 6.23 Annex 1 sets out the budget requirement for the whole of the Growth Fund, including allocations due to individual schools. The Forum is the statutory decision maker on the setting the budget for the Growth Fund and is recommended to agree these amounts.

Business rates - £0.047m overall increase in funding

- 6.24 The final SB DSG notification confirms that the amount of deduction for school rates to in future be paid centrally by the DfE will be £0.047m higher than previously reported.

Meeting DfE per pupil funding requirements

- 6.25 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 – £0.031m overall decrease in funding

- 6.26 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 final proposals generate additional payments of £0.705m, with 13 primary schools receiving an aggregate £0.704m and 1 secondary school £0.001m. This is a decrease of £0.169m compared to 2021-22 when additional

payments of £0.874m were made to 19 primary schools and £0.041m made to 1 secondary school.

MFG – no change in net nil cost

- 6.27 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 again requires each LA to set their MFG at between +0.5% and +2.0%.
- 6.28 The Forum has previously agreed that the maximum +2.0% increase is applied with top-up payments to be financed from capping gains at other schools that are receiving above average increases in per pupil funding. Schools receiving top-ups to the MPPF values are excluded from contributing to the cost of the MFG.
- 6.29 There has been very little financial impact from the MFG in recent years as school funding rates have increased. In 2021-22, 6 primary schools received an MFG funding top up which in total amounted to £0.028m. The 2022-23 deduction is £0.031m, allocated to 6 primary schools, and 1 secondary school. As previously agreed, this cost will be funded by a proportionate deduction to schools receive an above average increase in per pupil funding.

Centrally managed budgets within the CSSB

- 6.30 The confirmed DSG allocation has included the latest pupil data which confirms a further £0.005m DSG income. This will be used to reduce the funding transfer from the SB with no change to previously agreed budgets which are set out again at Annex 2.

Summary of proposed changes – SB and CSSB

- 6.31 Based on the data set provided by the DfE and other relevant information, a series of changes have been set out above that the council proposes are reflected in the 2022-23 SB and CSSB budgets. Table 3 below summarises the changes proposed to the 2021-22 budgets which results in a balanced budget for the CSSB and a funding shortfall on the SB of £0.510m. Annex 3 sets out the changes made in Table 3 from the December Forum meeting.

Table 3: Summary final budget proposals for 2022-23 – needs updating

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		
2	2021-22 base budget	81,505	345	1,058	82,908
3	Provisional 2022-23 DSG funding	84,089	345	867	85,301
4	Internal Schools Block funding transfer	125	-125	0	0
5	On-going contribution to CSSB pressures	-141	0	141	0
6	2022-23 forecast income	84,073	220	1,008	85,301
7	+Surplus of income / - Deficit of income	2,568	-125	-50	2,393
8	<u>Changes for 2022-23</u>				
9	Impact of change in pupil numbers (+127)	786	0	0	786
10	New schools - 2022-23 change in cost pressure	-69	0	0	-69
11	Impact from confirmed data changes - January	233	0	0	233
12	In-year growth allowances, KS1 classes etc	0	-125	0	-125
13	Rates: revaluation and inflation	0	0	0	0
14	Split site funding - impact of cost review	50	0	0	50
15	School Amalgamations - impact on lump sum	-50	0	0	-50
16	Cost of new year NFF funding rates at circa +3%	2,128	0	0	2,128
17	Reductions on Central School Services	0	0	-50	-50
18	Total changes proposed for 2022-23	3,078	-125	-50	2,903
19	Shortfall to DSG Funding	-510	0	0	-510
20	<u>Memo items:</u> Total calculated requirement [2 + 18] Sub total:	84,583	220	1,008	85,811
21	MPPFL	705	0	0	705
22	MFG	31	0	0	31
23	Cost of new schools	923	0	0	923

Managing the budget shortfall

- 6.32 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 £0.510m funding shortfall which equates to an increase of £0.164m from the amount anticipated in December.
- 6.33 Taking account of information available in December, the Forum was presented with a suggested approach to managing the budget gap as follows:
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. Scaling of 0.1% to the NFF equates to around £0.070m..
4. 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)
5. Ordinarily, around £0.250m of funding is withdrawn each year from Reserves.

- 6.34 The £0.510m funding gap is larger than recently experienced and presents difficulties in terms of maintaining suitable balances to manage in-year pressures and budget risks, most notably around reducing pupil numbers, diseconomy funding at new schools and pupils with high needs. The Executive Director: Resources has considered the current budget position and reflecting on his statutory duty to formally certify that the budget is sound, considers that a £0.510m draw down from Reserves, which is 55% of available reserves, and would result in remaining balances of £0.418m, too large to agree and that school budgets need to be set below the NFF rates to maintain at least £0.500m in Reserves.
- 6.35 Forum members will be aware that in applying a top slice, this must still ensure that each school receives the funding protection measures required through the MFG – a minimum 2% increase in per pupil funding from 2021-22 – and the MPPFL – minimum per pupil funding amounts of £4,265 for Primary schools and £5,525 for secondary. Therefore, a top slice will impact only on schools above these funding levels.
- 6.36 A further implication of these funding protection measures is that as the percentage of scaling increases, the contribution from schools closest to the MFG and MPPFL thresholds becomes capped at the point they receive funding protection themselves. The effect of this is the proportionate cash value delivered reduces as the scaling increases. Therefore, a top slice of 0.1% would deliver around £0.070m, 0.2% £0.130m (a further £0.060m) and 0.3% £0.180m (a further £0.050m).
- 6.37 In terms of the proportion of NFF values to be applied, the Executive Director: Resources considers that this should be set at the amount required to fund the net additional cost pressure arising from the increased AEN funding allocations, as recorded on the October 2021 census. With the lagged approach to funding, the council does not receiving extra funding for these new costs.
- 6.38 As set out above, the net additional cost arising from updated SEN data is £0.233m, which reduces to a net £0.148m pressure after reflecting the consequential £0.085m reduction in new school diseconomy funding.
- 6.39 Funding at 99.75% of NFF values delivers £0.154m and would require a £0.356m draw down from Reserves and leave a remaining balance of £0.572m. The average per pupil funding rate would be 2.7%. This is the recommended approach.

2022-23 individual school budgets

6.40 These budget proposals result in a 2.7% average per pupil funding increase⁸ 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):

- 1 Both primary and secondary schools receive an average increase in per pupil funding of 2.7 %.
- 2 The highest per pupil increase in a primary school is 5.1%, with 3.4% in secondary. The lowest increases are 1.2% and 2.0% respectively
- 3 7 schools receive an MFG top up when the guaranteed increase is set at the maximum 2% permissible by the DfE. The total cash value of support amounts to £0.031m.
- 4 The MPPF level amount has increased by 2.0% for Primary and Secondary schools. With 14 schools needing to receive top-ups to this level. The total cash value of support amounts to £0.705m.
- 5 The average per pupil funding amount for a primary school would be £4,348 and £5,841 for a secondary.

6.41 Paragraph 6.40 above identifies the lowest increase in per pupil funding in a primary school at 1.2%. There are 3 further primary schools with per pupil funding increases below the minimum 2% increases in NFF factor values which is the minimum increase that schools would expect to receive. These low increases all arise at schools where there have either been large changes in AEN top ups or core pupil numbers. These changes can result in significant changes in per pupil funding amounts and will not result in additional funding top ups through the MPPF protection if the school is already funded above the minimum permitted level.

Submission of DfE pro-forma budget statement

6.42 The DfE closely monitors the progress of LAs in setting their individual school budgets and requires the completion and submission of a template that sets out the Funding Formula to be used, associated units of resource and total cost. The deadline for return has been set at 21 January 2022. Annex 5 sets out the pro forma which the Forum is recommended to agree is submitted to the DfE.

The £84.649m total recorded on the pro forma reconciles to the £84.803m at row 20 of columns A and B in Table 3, less the £0.154m impact of funding schools at 99.75% of NFF values.

Other grant income

6.43 In addition to the DSG, schools also receive revenue funding from other specific grants including School Sixth Forms (currently -£1.638m), the Pupil Premium (-£2.122m), Primary PE and Sports Premium (-0.438m), the Universal Infant Free School Meals Grant (-£1.244m), the Teachers' Pension Grants (-£0.117m) and Teachers' Pay Grant (-£0.041m). All of these amounts are subject to change in 2022-23 and budgets will be updated once new year funding allocations are confirmed.

⁸ This average excludes funding for new schools as there are separate, specific funding rules in place for calculating these budgets.

6.44 Furthermore, as part of the School Funding settlement, on 16 December, DfE confirmed that in the 2022 to 2023 financial year, schools will be allocated additional funding, to provide support for the costs of the Health and Social Care Levy, including the 1.25% increase in employer National Insurance contributions and wider costs. This funding will be allocated through the new Schools Supplementary Grant with the DfE estimating this at £2.420m for BF. This amounts to on average around £146 per pupil, equivalent to a further 3.0% increase to the 2.7% included in the BF Funding Formula.

6.45 The Schools Supplementary Grant will be allocated to schools as follows:

- basic per-pupil rate of £24 for early years provision in schools
- basic per-pupil rate of £97 for primary pupils
- basic per-pupil rate of £137 for key stage 3 pupils
- basic per-pupil rate of £155 for key stage 4 pupils
- lump sum of £3,680 for all schools
- FSM6 per-pupil rate of £85 per eligible primary pupil
- FSM6 per-pupil rate of £124 per eligible secondary pupil

The 5.74% Area Cost Adjustment will be added to these amounts.

6.46 The DfE has also announced 2022-23 arrangements for the pupil premium calculations for schools. The Funding rates will increase by around 3% from 2021-22 (Primary pupils now: £1,385 Secondary pupils: £958 Looked-after children: £2,410 Children who have ceased to be looked-after: £2,410 Service children: £320).

Actual cost pressures estimated for 2022-23

6.47 As reported to the Forum in December, schools will experience a range of cost pressures next year which, based on the following assumptions are estimated at between 3.7% and 4.2% from:

1. Cost of pay awards are not yet known, and schools are advised to assume 2%.
Using Consistent Financial Reporting (CFR)⁹ 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 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

⁹ 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.

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%.
5. The 1.25% increase in employer National Insurance contributions that is due to take effect from April 2022 will apply to around 75% of school budgets, this increases overall school costs by around 1.0%

6.48 Taking account of the 2.7% increase in per pupil funding through the BF Funding Formula and 3.0% through the Schools Supplementary Grant, on average, schools will receive around a 5.7% increase in pupil funding which is expected to be more than sufficient to cover rising costs, although this will be greatly influenced by the final cost of any yet to be agreed pay awards.

Other decisions required from the Schools Forum

6.49 The content of this report complies with requirements of the School and Early Years Finance (England) Regulations 2020. In addition to this, in setting the 2022-23 Schools Budget, there are also requirements from the Schools Forum (England) Regulations 2012 that need to be complied with.

6.50 There is a requirement to seek comments from the Forum in respect of administration arrangements for the allocation of central government grants. No changes are proposed on existing arrangements whereby relevant costs are absorbed by the council in normal day to day operations and the Forum is requested to agree this approach continues.

Conclusion and Next steps

6.51 On average, schools can expect to receive a 5.7% increase in per pupil funding which continues the improved financial settlement experienced in recent years. Uncertainty remains around the financial impact from the coronavirus pandemic, including needing to finance additional costs in 2022-23 financial year.

6.52 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, 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.

6.53 As usual, schools can expect to receive an initial budget notification for 2022-23 by the end of January. This will include the confirmed BF Funding Formula allocation, plus estimates for funding from the Early Years and a best estimate of likely DfE grant allocations. A final budget statement with updates where available to the provisional amounts will be provided before the end of March. This will include High Needs Block funding.

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 Included within the supporting information.

Equalities Impact Assessment

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

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 next 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. Two secondary and four primary schools have significant licensed deficits that need to be repaid.
3. Cost pressures on school responsibilities to meet SEND needs of pupils up to the £10,000 limit when numbers are rising.
4. Managing the additional diseconomy revenue costs arising from the new / expanded schools programme.
5. On-going impacts from the coronavirus pandemic.

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.

Climate Change Implications

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

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 reports.

Background Papers

None:

Contact for further information

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Doc. Ref

[https://bfcouncil.sharepoint.com/sites/fina/bpm/FIBPSCB-FIN9.6/Schools_Forum/\(108\)_130122/2022-23_Schools_Budget_Final_Proposals_v1_-_0.25%_scaling.docx](https://bfcouncil.sharepoint.com/sites/fina/bpm/FIBPSCB-FIN9.6/Schools_Forum/(108)_130122/2022-23_Schools_Budget_Final_Proposals_v1_-_0.25%_scaling.docx)

Proposed financing and associated budget for the Growth Fund

	Primary	Secondary	Current Proposed 2022-23	Previously Reported 2022-23	Change	Actual 2021-22	Change from 2021-22
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<u>New schools:</u>							
Dis-economy costs	234.8	690.7	925.5	1,010.2	-84.6	994.2	-68.7
	234.8	690.7	925.5	1,010.2	-84.6	994.2	-68.7
<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	93.0	0.0	215.0	-122.0
KS1 classes	105.0	0.0	105.0	105.0	0.0	115.0	-10.0
	174.0	46.5	220.5	220.5	0.0	345.0	-124.5
Total estimated costs	408.8	737.2	1,146.0	1,230.7	-84.6	1,339.2	-193.2
<u>Costs by school:</u>							
KGA - Oakwood	78.8	0.0	78.8	91.2	-12.7	137.9	-59.5
KGA - Binfield	178.5	690.7	869.2	941.5	-74.8	871.3	-4.6
Total estimated costs	257.3	690.7	948.0	1,032.7	-84.6	1,009.2	-61.2

The yellow highlighted cell indicates the total £0.220m budget proposed for the BFC centrally manage Growth Fund as referenced in paragraph 6.23.

Services proposed to be centrally managed by the Council

Budget Area	Schools Budget Funded		
	2021-22 Final Budget	2022-23 Previously Reported 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	£658,880
Total Funding	£912,307	£861,560	£866,590
Existing agreed transfer from Schools Budget	£145,770	£145,770	£140,740
Central School Services Total Funding	£1,058,077	£1,007,330	£1,007,330

Changes from 9 December 2021 Forum to 13 January 2022 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	0
3	Provisional 2022-23 DSG funding	-32	0	5	-27
4	Internal Schools Block funding transfer	0	0	0	0
5	On-going contribution to CSSB pressures	5	0	-5	0
6	2022-23 forecast income	-27	0	0	-27
7	+Surplus of income / - Deficit of income	-27	0	0	-27
8	<u>Changes for 2022-23</u>				
9	Impact of change in pupil numbers (+127)	-27	0	0	-27
10	New schools - 2022-23 change in cost pressure	-85	0	0	-85
11	Impact from confirmed data changes - January	233	0	0	233
12	In-year growth allowances, KS1 classes etc	0	0	0	0
13	Rates: revaluation and inflation	47	0	0	47
14	Split site funding - impact of cost review	0	0	0	0
15	School Amalgamations - impact on lump sum	0	0	0	0
16	Cost of new year NFF funding rates at circa 3%	-31	0	0	-31
17	Reductions on Central School Services	0	0	0	0
18	Total changes proposed for 2022-23	137	0	0	137
19	Shortfall to DSG Funding	164	0	0	-164

SNFF Units of Resource compared to BF Funding Formula

Factor	National Core NFF	BF Actual NFF ¹	BF 2022-23 Actual ²	BF 2021-22 actual	BF 2020-21 Actual	BF 2019-20 Actual
	Unit of resource					
Per pupil funding:						
Age Weighted Pupil Unit: Primary	£3,217	£3,402	£3,393	£3,301	£3,014	£2,769
Age Weighted Pupil Unit: Secondary - KS3	£4,536	£4,796	£4,784	£4,655	£4,239	£4,087
Age Weighted Pupil Unit: Secondary - KS4	£5,112	£5,405	£5,392	£5,246	£4,812	£4,297
Additional needs funding:						
Deprivation						
Current FSM top up (Primary)	£470	£497	£496	£486	£475	£373
Current FSM top up (Secondary)	£470	£497	£496	£486	£475	£634
FSM anytime in last 6 years: Primary	£590	£664	£622	£608	£591	£88
FSM anytime in last 6 years: Secondary	£865	£915	£912	£888	£850	£385
IDACI ³ band F: Primary	£220	£233	£232	£227	£222	£182
IDACI band E: Primary	£270	£286	£285	£275	£264	£445
IDACI band D: Primary	£420	£486	£443	£433	£396	£192
IDACI band C: Primary	£460	£470	£485	£470	£427	£412
IDACI band B: Primary	£490	£518	£517	£502	£459	£738
IDACI band A: Primary	£640	£676	£675	£655	£633	£607
IDACI band F: Secondary	£320	£338	£338	£328	£316	£1,349
IDACI band E: Secondary	£425	£449	£448	£439	£427	£1,254
IDACI band D: Secondary	£595	£629	£628	£613	£564	£2,940
IDACI band C: Secondary	£650	£687	£686	£666	£612	£1,998
IDACI band B: Secondary	£700	£740	£738	£719	£659	£15,723
IDACI band A: Secondary	£890	£941	£939	£914	£886	£2,831
Low prior attainment						
Low prior attainment: Primary	£1,130	£1,195	£1,192	£1,157	£1,124	£917
Low prior attainment: Secondary	£1,710	£1,808	£1,804	£1,755	£1,698	£1,216
English as an additional language (EAL)						
EAL: Primary	£565	£597	£596	£581	£564	£427
EAL: Secondary	£1,530	£1,617	£1,614	£1,570	£1,519	£777
LAC					£0	£0
Mobility						
Mobility: Primary	£925	£978	£976	£951	£923	£315
Mobility: Secondary	£1,330	£1,406	£1,403	£1,363	£1,319	£0
Lump sum:						
Lump sum: Primary	£121,300	£128,263	£127,942	£124,508	£120,684	£160,143
Lump sum: Secondary	£121,300	£128,263	£127,942	£124,508	£120,684	£148,573

¹ Includes BF area cost uplift at 5.74%

² Funded at 99.75% of BF Actual NFF values

³ IDACI is a deprivation measure linked to low family income and a pupil's home address post code. It determines the probability of a pupil living in a low income household from their post code and weights funding according to severity of deprivation. It does not require individual pupil data to determine entitlement

2022-23 Pro Forma BF School Budget Statement

Local Authority Funding Reform Proforma

Note: only relevant lines are presented

LA Name:	Bracknell Forest
LA Number:	867

Pupil Led Factors

1) Basic Entitlement Age Weighted Pupil Unit (AWPU)	Reception uplift	No	Pupil Units		0.00			
	Description	Amount per pupil		Pupil Units		Sub Total	Total	Proportion of total pre MFG funding (%)
	Primary (Years R-6)	£3,393.15		9,842.67		£33,397,661	£67,897,419	39.56%
	Key Stage 3 (Years 7-9)	£4,784.38		4,220.00		£20,190,065		23.91%
	Key Stage 4 (Years 10-11)	£5,391.92		2,653.92		£14,309,694		16.95%
	Description	Primary amount per pupil	Secondary amount per pupil	Eligible proportion of primary NOR	Eligible proportion of secondary NOR	Sub Total	Total	Proportion of total pre MFG funding (%)
2) Deprivation	FSM	£495.74	£495.74	1,108.00	838.61	£965,005	£3,241,790	3.84%
	FSM6	£622.31	£912.36	1,216.00	1,095.82	£1,756,508		
	IDACI Band F	£232.05	£337.52	1,184.78	708.89	£514,191		
	IDACI Band E	£284.78	£448.27	5.01	8.00	£5,014		
	IDACI Band D	£443.00	£627.58	1.00	1.00	£1,072		
	IDACI Band C	£485.19	£685.59	0.00	0.00	£0		
	IDACI Band B	£516.83	£738.33	0.00	0.00	£0		
	IDACI Band A	£675.04	£938.73	0.00	0.00	£0		
3) Looked After Children (LAC)	LAC March 19			71.00		£0	£773,775	0.00%
4) English as an Additional Language (EAL)	EAL 3 Primary	£595.94		835.58		£497,956		0.84%
	EAL 3 Secondary		£1,613.78		129.72	£209,346		0.08%
5) Mobility	Pupils starting school outside of normal entry dates	£975.65	£1,402.83	68.13	0.00	£66,474		
	Description	Weighting	Amount per pupil (primary or secondary respectively)	Percentage of eligible pupils	Eligible proportion of primary and secondary NOR respectively	Sub Total	Total	Proportion of total pre MFG funding (%)
6) Low prior attainment	Primary low prior attainment		£1,191.87	23.56%	1,517.92	£2,737,763	£5,501,304	6.52%
	Secondary low prior attainment (year 7)	64.53%	£1,803.63	21.96%				
	Secondary low prior attainment (year 8)	64.53%		22.09%				
	Secondary low prior attainment (year 9)	64.53%		21.90%				
	Secondary low prior attainment (year 10)	63.59%		23.07%				
	Secondary low prior attainment (year 11)	58.05%		21.41%				

Other Factors

Factor	Lump Sum per	Lump Sum per	Lump Sum per Middle	Lump Sum	Total (£)	Proportion of total
Middle schools distance threshold	2.00	Middle school pupil number average	69.20	Apply middle school distance taper	Yes	NFF, tapered or
All-through schools distance threshold	2.00	All-through pupil number average	62.50	Apply all-through distance taper	Yes	NFF, tapered or
9) Fringe Payments					£0	0.00%
10) Split Sites					£125,000	0.15%
11) Rates					£1,578,880	1.87%
Total Funding for Schools Block Formula (excluding minimum per pupil funding level and MFG Funding Total)					£83,724,079	99.16%

14) Additional funding to meet minimum per pupil funding level					£705,030	0.84%
Total Funding for Schools Block Formula (excluding MFG Funding Total)					£84,429,109	100.00%

15) Minimum Funding Guarantee			2.00%	£30,589	
Apply capping and scaling factors? (gains may be capped above a specific ceiling and/or scaled)					Yes
Capping Factor (%)	2.80%	Scaling Factor (%)	10.83%		
Total deduction if capping and scaling factors are applied				-£30,589	
Total Funding for Schools Block Formula				£84,429,109	

Growth fund (if applicable)				£220,500.00
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Total Funding For Schools Block Formula (including growth and falling rolls funding)				£84,649,609
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% Distributed through Basic Entitlement				80.42%
% Pupil Led Funding				91.69%
Primary: Secondary Ratio				1 : 1.34