

TO: Schools Forum
DATE: 17 November 2022

**Outcomes from the October 2022
Financial Consultation with Schools
Executive Director: Resources**

1 Purpose of Report

- 1.1 To provide an update to the Schools Forum on the responses from the recent financial consultation from schools which sought views on the approach to setting a minimum increase in per pupil funding from 2022-23 and also whether maintained schools supported on-going de-delegation of budgets and making a financial contribution to statutory education related duties for which the council is responsible for meeting but receives no funding.

2 Executive Summary

- 2.1 Responses from the financial consultation showed clear support from maintained schools for continuing to maximise the strategic and cost-effective benefits that can arise from central management through the de-delegation route on permitted services. Furthermore, there is strong support from maintained schools to continue to contribute £20 per pupil towards the cost to the council of meeting education statutory and regulatory duties that the DfE no longer provides LAs with grant funding to meet their responsibilities.
- 2.2 In terms of allocating funds to mainstream schools, there is also strong support from schools to applying minimum per pupil funding increases at the highest permitted rate of +0.5% from 2022-23 amounts, subject to affordability.
- 2.3 The decisions taken on the outcomes from the consultation will assist with the on-going preparation of the 2023-24 budget. As some of the questions 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.

3 Recommendations

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

- 3.1 **To NOTE the outcomes from the financial consultation with schools as summarised in the supporting information and Annex 1.**
- 3.2 **That the Executive Member for Children, Young People and Learning (CYPL) is asked to AGREE that:**
- 1. all schools should receive the maximum +0.5% increase in per pupil funding from the 2022-23 financial year, subject to affordability.**
 - 2. any cost associated with providing all schools with the agreed minimum percentage increase in per pupil funding from 2022-23 should be met by those schools receiving the largest increases in per pupil funding, typically those above the average percentage increase.**

Item for Maintained Primary School representatives only:

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

Item for Maintained Secondary School representatives only:

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

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

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

4 Reasons for Recommendations

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

5 Alternative Options Considered

- 5.1 These were set out in the consultation document.

6 Supporting Information

Background

- 6.1 At its last meeting on 6 October, as part of initial budget preparations for 2023-24, it was reported to the Forum that the annual financial consultation document had been circulated to schools with responses due back for October half-term.
- 6.2 This is an annual consultation required to meet DfE consultation requirements and sought views on the level and funding required for setting the minimum per pupil funding increase from 2022-23 through the Minimum Funding Guarantee (MFG)¹, whether maintained schools supported on-going de-delegation of budgets and also whether a financial contribution should continue to be made to the council in respect of the cost of meeting statutory education related duties.
- 6.3 This report sets out the responses received and now seeks approval to recommendations on relevant aspects of the 2023-24 funding framework.

Outcomes from the financial consultation with schools

- 6.4 By the October response deadline, replies had been received from 20 out of 39 schools (51% response rate – was 59% last year). A reply was received from 15 primary schools (50%), 4 secondary schools (67%) and Kennel Lane Special School.

¹ 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 the highest proportional funding gains

This represents a good response rate, with 56% of maintained schools and 42% of academy schools responding which gives confidence that decisions on these matters can be taken with the knowledge of the majority view of schools and their categories.

- 6.5 The questions are set out below and responses summarised. Recommendations for change, where relevant, have also been added in boxes. A numerical summary of replies to each question can be found at Annex 1.
- 6.6 In terms of agreeing decisions from this consultation, the Executive Member for CYPL has the statutory duty in respect of agreeing the MFG (questions 1 to 2). For de-delegation, the maintained school members of the Forum decide for their phase (question 3) with any contribution to education related statutory duties being decided by the relevant maintained school members, including special school and pupil referral unit members (question 4).
- 6.7 Five schools made comments, all of which were primary schools. These related to:
1. more financial support to; small schools; those with falling rolls, those with high social needs;
 2. changes to the Scheme for Financing Schools, in particular that relating to claw-back of surplus balances calculation;
 3. Requesting more information on the potential financial implications from the potential changes;

Annex 2 sets out the detailed responses received.

- 6.8 The following responses are made in respect of to these responses:
1. additional financial support is already provided to 1 FE primary schools, the council recognises the difficulties facing schools with falling rolls and is actively reducing the number of available places, the National Funding Formula is becoming a mandatory basis for allocating funds to schools, with no local for local change, e.g. to recognise social needs.
 2. the claw-back of surplus balances calculation is considered to be suitable with adequate flexibilities to consider any specific issues schools may have with their spending. In respect of excluding school generated income, this is considered as part of a school's overall financial performance and decision making and should therefore remain within the calculation. Furthermore, it would be time consuming and extremely difficult to validate income and associated expenditure incurred at a school on these activities.
 3. It is difficult to provide an accurate illustration of potential financial implications from any proposed changes as the data used for the 2023-24 budget is not yet available. Furthermore, other budget decisions are yet to be taken which could also have an impact on final school budgets.

6.9 **Question 1: Strategy for allocating funds to schools**

Do you agree that subject to affordability, that both mainstream and special schools should receive a minimum +0.5% increase in per pupil funding from the 2022-23 financial year? +0.5% is the highest increase permitted by the DfE?

This question relates to the Minimum Funding Guarantee (MFG) which LAs are required to apply and requires funding top-up to schools where the ordinary operation

of the Funding Formula results in a change in per pupil funding that is below a specified percentage. It compares the final budget from one year to the next and adjusts for changes in the number of pupils. For 2023-24, the DfE will permit LAs to set a rate of between 0% and +0.5%. This compares to recent years where a permitted range of between +0.5% and +2.0% had been allowed.

Responses from all 20 schools impacted by this supported this proposal.

The Forum is recommended to agree that all schools receive at least the minimum +0.5 increase in per pupil funding from the 2022-23 financial year, subject to affordability.

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

Do you agree that we should continue to fund any cost associated with providing all mainstream schools with the agreed minimum percentage increase in per pupil funding from 2022-23 by limiting increases to those mainstream schools receiving the largest increases in per pupil funding, typically those above the average percentage increase?

Where top-up funding is required through the MFG, the main option available to finance the cost relates to scaling increases to schools with increases above the minimum threshold which based on responses to this consultation is expected to be +0.5%. The consultation proposed limiting the scaling of increases to only those schools receiving above the average percentage increase. An alternative approach would be to scale increases to all schools receiving a rise in per pupil funding.

Responses from 18 schools (95%) potentially impacted by this supported this proposal. 1 school disagreed although no specific comment was provided.

The Forum is recommended to agree that any cost associated with providing all schools with the agreed minimum percentage increase in per pupil funding from 2022-23 should be met by those schools receiving the largest increases in per pupil funding, typically those above the average percentage increase.

6.11 **Question 3: de-delegated services**

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

Note this question only impacts on maintained, mainstream schools.

Responses from 13 schools (93%) impacted by this supported this proposal. 1 school disagreed although no specific comment was provided

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

6.12 **Question 4: statutory education related duties**

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

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

From April 2017, the DfE implemented a saving of £600m through the complete withdrawal of the Education Services Grant (ESG) which was the mechanism used to fund LAs for their statutory and regulatory education related duties as prescribed in various Education Acts and other relevant statutes. This resulted in the council losing £1.2m of grant but continuing to have to meet the same requirements. The DfE “recognise that local authorities will need to use other sources of funding to pay for education services once the general funding rate has been removed” and will “allow local authorities to retain some of their schools block funding to cover the statutory duties that they carry out for maintained schools which were previously funded through the ESG.” Schools have always previously agreed to a £20 per pupil deduction which would contribute around £0.18m to the £1.2m loss in grant. The deduction, if agreed, is taken after the calculation of final school budgets.

All 15 respondents that this question impacted on agreed that a £20 per pupil contribution should continue.

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

Next steps

- 6.13 The decisions taken on the outcomes from the consultation will assist with the on-going preparation of the 2022-23 budget. As some of the questions 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.

7 Advice from Statutory and other Officers

Borough Solicitor

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

Director of Resources

- 7.2 The Director of Resources is satisfied that there are no significant financial implications arising from this budget policy setting report.

Equalities Impact Assessment

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

Strategic Risk Management Issues

- 7.4 None identified.

Climate Change Impact

7.5 None identified.

Health Impact

7.6 None identified.

8 Consultation

Principal Groups Consulted

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

Method of Consultation

8.2 Written reports and formal consultation with schools.

Representations Received

8.3 Included in body of this report.

Background Papers

None

Contact for further information

Paul Clark, Finance Business Partner: People Directorate
paul.clark@bracknell-forest.gov.uk

(01344 354054)

Doc. Ref

[https://bfcouncil.sharepoint.com/sites/fina/bpm/FIBPSCB-FIN9.6/Schools Forum/\(113\) 171122/Outcomes from October 2022 consultation with schools.docx](https://bfcouncil.sharepoint.com/sites/fina/bpm/FIBPSCB-FIN9.6/Schools%20Forum/(113)%20171122/Outcomes%20from%20October%202022%20consultation%20with%20schools.docx)

Summary responses to the October 2022 financial consultation with schools

QUESTION	TOTALS				TOTAL	%
	PRIMARY	SECONDARY	ALL THROUGH	SPECIAL		
1 Do you agree that subject to affordability, that both mainstream and special schools should receive a minimum +0.5% increase in per pupil funding from the 2022-23 financial year? +0.5% is the highest increase permitted by the DfE						
Yes	15	4	0	1	20	100%
No	0	0	0	0	0	0%
No reply / not applicable	0	0	0	0	0	
2 Do you agree that we should continue to fund any cost associated with providing all mainstream schools with the agreed minimum percentage increase in per pupil funding from 2022-23 by limiting increases to those mainstream schools receiving the largest increases in per pupil funding, typically those above the average percentage increase?						
Yes	15	3	0	0	18	95%
No	0	1	0	0	1	5%
No reply / not applicable	0	0	0	1	1	

QUESTION	TOTALS				TOTAL	%
	PRIMARY	SECONDARY	ALL THROUGH	SPECIAL		
3 To continue the strategic and cost effective approach in the use of the funds for contingencies (including schools in financial difficulties including those in or in danger of entering an Ofsted category), support to underperforming ethnic groups, CLEAPSS licence fees, staff supply cover costs, premature retirement / dismissal cost, free school meal eligibility checking and Behaviour Support Services, do you agree that the Schools Forum should again agree to de-delegate all relevant funding for continued central management by the LA?						
Yes	12	1	0	0	13	93%
No	1	0	0	0	1	7%
No reply / not applicable	2	2	0	1	5	
4 In respect of making a financial contribution to the education related statutory and regulatory duties required of the council that will no longer be financed through DfE grant, do you agree that maintained schools should continue to make a £20 per pupil / place contribution?						
Yes	13	1	0	1	15	100%
No	0	0	0	0	0	0%
No reply / not applicable	2	2	0	0	4	
Total responses	15 50%	4 67%	0 0%	1 50%	20 51%	
Maximum responses	30	6	1	2	39	

School comments rising from the October 2022 financial consultation

School	Comment
Crowthorne	<p>As always, we have the following costs that put an additional financial strain on us:</p> <ul style="list-style-type: none"> - As a one form entry school, we have higher 'per head' costs - We have an old building, and so more costly upkeep costs (than newer schools) - We have a lot of trees/natural areas that can potentially have a large yearly cost to keep safe. - Our PP children numbers are small compared to other schools, however, that in itself puts strain on us financially, as extra interventions are more costly on a 'one to one' basis, rather than say a 'three to one' basis - The uncertainty surrounding utility costs is a great concern to us as we already are working to very small/tight margins - The expectation to increase staff salaries but with no additional funding is a strain
Warfield	<p>It would be useful to have a real terms financial model of how this will look to individual schools and the year-on-year impact of increasing numbers of academies have on the budget decisions for remaining mainstream LA schools.</p>
St Jo's	<p>Clawback scheme continues to be a concern to the school as it does not encourage longer term financial planning. When a school is successfully boosting the school delegated budget with income generators and hence creating a surplus despite effectively spending the majority of its annual delegated revenue budget, the clawback scheme encourages expenditure only for short term projects and does not encourage prudent financial planning for longer term development and contingency which is becoming increasingly important.</p> <p>If should also be agreed for removing from the claw back calculation any self-generated funds the school has raised i.e. through lettings etc as this is not a reflection on how teh school is spending its delegated budget on education provision.</p>
Harmanswater	<p>Harmans Water Primary School has a higher-than-average social need, the impact of this has a negative effect on the school budget. More money should be allocated where social need is higher.</p>
St Michael's Sandhurst	<p>As in previous years, we would again urge BFC to continue to support schools and make top up funds available to those whose numbers of roll are falling as a result of the fall in birth rates and too many school places having been created and approved in previous years.</p>