

TO: Schools Forum
DATE: 8 December 2022

**2023-24 Budget Proposals for the Schools Budget:
Schools and Central School Services Block Elements
Executive Director: People
Executive Director: Resources**

1 Purpose of report

- 1.1 The purpose of this report is to ensure that final 2023-24 budget decisions can be made at the January Forum meeting in order to meet the 20 January 2023 statutory deadline. Therefore, updated proposals for the Schools Block (SB) and Central Schools Services Block (CSSB) elements of the Schools Budget are now presented for consideration with a small number of decisions to be made.

2 Executive Summary

- 2.1 Building on previous decisions agreed by the Forum, and with the provisional data from the October 2022 school census now available, a further stage to the budget setting process can now be presented for consideration. Once 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 349 (+2.1), with primary numbers reversing the recent trend of reductions to increase by 61 (+0.6%) and secondary numbers continuing to rise (up 288, +4.3%). These changes indicate an increase in core per pupil Dedicated Schools Grant (DSG) funding of £2.051m which will be used to finance schools for the additional pupils. A revised calculation has also been made on the funding allocation to be received through the DSG Growth Allowance which has increased by £0.154m. Overall, this indicates a net gain in funding of £2.205m.
- 2.3 There remain significant reductions in the diseconomy funding allocations to the newly opened schools in North Bracknell as numbers on roll reach close to the Published Admission Number and therefore no longer require additional financial support. Current data indicates a £0.606m saving from this and other elements of the growth fund.
- 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 surplus of £0.046m, with schools on average receiving a 2.0% increase in per pupil funding.
- 2.5 Whilst current estimates indicate a budget surplus, final data may result in a budget deficit and therefore options for either scenario need to be considered which include:
1. Transfer funds from or to the Reserve created in the unallocated Schools Budget to support the additional costs of new and expanding schools.
 2. Fund schools at a scaled percentage of the NFF, which could be above or below 100%. If scaling is to be used, then that could be applied at the same

percentage scaling to each factor or could be focused on a restricted number of factors.

- 2.6 As well as the initial DfE school funding announcement from July, the autumn 2022 budget statement confirmed further funding for schools in 2023-24 of £2.3bn. Sufficient details have yet to emerge to fully understand the financial implications, although initial calculations indicating around a further 3.5% increase in per pupil funding. This results in a total estimated average increase in per pupil funding of 5.5%. With costs currently forecast to increase by between 6% and 7%, early indications are for a funding shortfall.
- 2.7 For the CSSB, where the DSG funding is being reduced by £0.042m for historic commitments, the 2023-24 draft budget proposals for the council are expected to recommend funding this shortfall from other resources for next year resulting in a balanced budget
- 2.8 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 20 January deadline for submitting to the DfE the actual Funding Formula for Schools to be used in 2023-24 with associated units of resource and total cost.
- 2.9 The next Forum meeting will need to recommend a set of final budget proposals to the Executive Member for Children, Young People and Learning, taking account of the advice provided by the Director of Resources.

3 Recommendations

For all members of the Forum :

- 3.1 **AGREE** that subject to any late changes proposed to the Forum in January, the 2023-24 budget is set in accordance with the supporting information, as summarised in Table 1, and in particular:
1. That the Growth Fund, including appropriate elements is set at the amount reported in Annex 2
 2. That the elements of the CSSB and relevant budget amounts are as detailed in Annex 3.
- 3.2 **AGREE** the proposed amendment to the funding policy for significant in-year growth (Annex 1).
- 3.3 **NOTE** the options available to balancing the Schools Budget in advance of a decision in January (paragraph 6.36).

Items for Maintained Primary School representatives only:

- 3.4 **To AGREE** that the per pupil deduction amounts for existing de-delegated services be increased by 5.0%, the average increase in per pupil funding expected to be received by schools (paragraph 6.26)

Items for Maintained Secondary School representatives only:

- 3.5 To AGREE that the per pupil deduction amounts for existing de-delegated services be increased by 5.0%, the average increase in per pupil funding expected to be received by schools (paragraph 6.26)**

4 Reasons for recommendations

- 4.1 To ensure that the 2023-24 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 20 January 2023.

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.
- 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 £0.454m) 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 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.

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:

Schools Budget

- 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
- School based funding, based on prior year costs for business rates and other property factors such as schools operating across split sites
- Two funding protection mechanisms:
 - A minimum per pupil funding (MPPFL)¹ amount for the year (£4,405 for primary aged pupils in 2023-24 and £5,715 for secondary).
 - A minimum increase / maximum decrease in per pupil funding from the previous year (MFG)² (up to a maximum of +0.5%).
 - The DfE states that average per pupil funding will increase by 1.9% in 2023-24. For BF, the estimate is an average 2.0%.

Central School Services Budget

- 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.
- Contribution to previously agreed historic costs (for supporting vulnerable pupils).

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 £0.042m funding reduction is expected for BF in 2023-24. This will be partially offset by a provisional £0.015m increase in funding through the per pupil funding allocation, resulting in an overall indicative reduction in funding of £0.027m.

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 2023-24 this is £4,405 for primary aged pupils and £5,715 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.

Summary of the 2023-24 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 will be 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. As set out above, there are some new minimum requirements on LAs to replicate the NFF, all of which BF currently achieves and no further action is required.
 - d. LAs will continue to receive funding based on the DfE running each school's data (mainly October 20221 census, so lagged) through the NFF at confirmed 2023-24 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 2022 pupil numbers will be used to calculate each LAs 2023-24 funding for their schools. This approach aids financial planning as it allows for the early publication of each LAs confirmed per pupil funding rates.
 - e. 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.
 - 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 very end of the autumn term.
2. There are a small number of changes to the national process to allocate funds.
 - a. The new School Supplementary Grant that was introduced in April 2022 to support schools to meet the costs of the Health and Social Care Levy and wider costs is being rolled into the schools NFF from 2023-24 and will no longer be paid separately. The aim of the approach for rolling the grant into the schools NFF is to ensure that the additional funding schools attract through the NFF is as close as possible to the funding they would have received if the funding was continuing as a separate grant in 2023-24, without adding significant additional complexity to the formula. This amounted to £2.5m at 2022-23 prices and equates to an average 3.0% increase in per pupil funding.

- b. The post-16 and early years element of the School Supplementary Grant will continue as a separate grant for 2023-24, with details of this to follow in due course.
- c. In calculating low prior attainment proportions, data from the 2019 early years foundation stage profile (EYFSP) and key stage 2 (KS2) tests is used as a proxy for the 2021 assessments, which were cancelled due to the pandemic.

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 the Minimum Funding Guarantee is set at the maximum amount permitted by the DfE and delivers per pupil funding increases from 2022-23 for all schools of at least +0.5%.
- 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
- that de-delegation of budgets for the services requested by the council continues for maintained mainstream primary schools, with a decision expected to be taken for secondary schools at this meeting.
- 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 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.
- to prevent potential over funding of some new schools, that the DfE be requested to approve that the council continues to disapply the requirement for minimum per pupil funding increases where schools are funded on the Start-up and Diseconomy funding policy for new and expanding schools

Updated budget proposals for 2023-24

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 2022 census data and the latest budget decisions made by the Forum. Whilst census data from 2 schools remains outstanding, this provides a sound basis for making updates although further change should be expected.

Schools Block DSG income

- 6.10 The provisional October 2022 census data shows that pupil numbers have increased by 349 (+2.1%) to 16,883 and this generates a further £2.051m pupil head count related DSG income which totals £88.205m.
- 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 2023-24 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 is expected to be a centralised DfE payment from April 2023, 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 £1.786m and comprises:
1. £1.661m for business rates
 2. £0.125m for split site costs (Warfield Primary)

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, Warfield Primary School will not receive the £0.125m additional lump sum funding payment received from the DfE as with effect from September 2022, the school migrated onto a single site at Woodhurst.

- 6.12 In terms of the Growth Fund³, this has now been recalculated at £0.847m, an increase of £0.154m.
- 6.13 Therefore, the overall DSG grant income for the SB, is now estimated at £90.838m, an increase of £2.205m.

Funding allocations to schools:

Changes in pupil numbers

- 6.14 The additional 349 pupils expected from the provisional October 2022 census results in an additional £2.119m allocation to schools, which is £0.068m above the extra DSG income. This change includes the effect on the School Supplementary Grant that will be mainstreamed into the DSG from April 2023.

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 £0.036m decrease to £0.119m. As previously reported, this is a significant reduction from 2022-23 budget where £0.925m was allocated and reflects the expectation that both Binfield Learning Village Secondary School and Oakwood Primary School are no longer expected to require diseconomy top up funding.

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.

6.16 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.
7. Schools transfer to the BF Funding Formula when:
 - a) The BF Funding Formula delivers a higher budget allocation (this moves Oakwood Primary School to the BF Funding Formula)
 - b) All intended year Groups are being admitted to (this moves Binfield Learning Village Secondary phase to the BF Funding Formula)
 - c) Total number on roll exceeds the published thresholds required for funding protection to cease.

The *Start-up and diseconomy funding policy for new and expanding schools* was reviewed at the previous meeting of the Forum with a minor clarification the only agreed change.

6.17 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 eligible schools once relevant data becomes available.

6.18 There are 2 consequences from Binfield Learning Village Secondary School and Oakwood Primary being funded on the core BF Funding Formula rather than the *Start-up and diseconomy funding policy for new and expanding schools*. Firstly, with both schools initially opening on a phased basis with pupil numbers below the PAN, those leaving the older age range groups at August 2023 will be replaced with greater numbers at the age of initial admission. The overall increase in pupil numbers in both

schools suggests that for the first time they will meet the criteria for in-year budget allocations to schools experiencing significant growth in pupil numbers.

- 6.19 Secondly, the current policy wording for 1 Form Entry (FE) schools like Oakwood Primary School to receive an in year growth allowance is an increase in total number on roll of 10 as this is considered a significant number for small schools. As Oakwood's increase in number on roll is most significantly impacted through opening a new year group, the number on roll is likely to increase by 30 at September 2023, triggering 3 growth allowances whereas in reality, the school will be opening just 1 class. In order to prevent over funding in these circumstances, the current policy text is proposed to be updated to limit the number of growth allowance payments to a maximum of the number of additional classes that would reasonably be expected. The proposed text is set out at Annex 1, which the Forum is recommended to agree.
- 6.20 Taking account of the predicted impact from the new schools on in-year growth allowances and a revised calculation of estimated support required for schools arising from the Key Stage 1 class size regulations, a further £0.100m is proposed to be held in the BF Growth Fund for allocating once qualifying schools are confirmed.
- 6.21 Annex 2 sets out the proposed budget requirement for the BFC centrally managed Growth Fund of £0.441m as well as the funding allocations due to individual schools which the Forum is recommended to agree.

Business Rates

- 6.22 Whilst the business rates payment system for schools is expected to be centralised from 2023-24 with the Education and Skills Funding Agency (ESFA) paying billing authorities directly on behalf of state funded schools, due to the impact of lagged funding, funding allocations to schools are expected to be £0.082m higher than the associated DSG funding. This is a reduction of £0.001m from the previous estimate.
- 6.23 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

- 6.24 The Forum has previously agreed that additional costs being incurred at Warfield Primary School as a consequence of operating across 2 sites should be funded through their budget allocation. As set out above, the school migrated to the Woodhurst site in September 2022, and therefore the £0.125m funding allocation previously received as a "split site" school will no longer be received, resulting in a consequential budget saving.

Estimated impact from December 2022 DfE data update

- 6.25 LAs will receive final school budget data towards the end of December, with the potential for financial impact on current estimates, particularly in relation to pupil profiles, such as eligibility to a free school meal, or a pupil with English as an additional language. Recent years have seen significant increases in budget allocations from this update - £0.233m in 2022-23 – and current economic and other activity, such as increases from Ukrainian and Hong Kong resettlement programmes, suggest a larger cost increase could occur in 2023-24 budgets. At this stage a provision for £0.300m has been included in the estimates.

Uplift on de-delegated budgets

- 6.26 Recognising that all maintained primary 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 primary 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 5.0%, the average increase in per pupil funding expected to be received by schools through the NFF (2.0%) and the mainstreamed School Standards Grant (3.0%).

Meeting DfE per pupil funding requirements

- 6.27 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

The financial impact of these changes is included above within the update on pupil numbers in paragraph 6.14, and included below as additional information.

MPPF values

- 6.28 The DfE has set mandatory MPPF values of £4,405 for primary aged pupils and £5,715 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 £0.375m for 6 primary schools. All secondary schools are expected to be funded above the MPPF rate. This is a decrease of £0.330m compared to 2022-23 when 13 primary schools received £0.704m and 1 secondary school £0.001m.

MFG

- 6.29 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 2023-24, the DfE requires each LA to set their MFG at between +0.0% and +0.5%.
- 6.30 The Forum has previously agreed that the maximum +0.5% 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. The 2022-23 deduction was £0.031m, allocated to 6 primary schools, and 1 secondary school. The current modelling indicates that 1 school will qualify for MFG top-up which amounts in total to £0.006m and this will be subject to change as a result of the final budget data set provided by the DfE.

2023-24 individual school budgets

6.31 These budget proposals, using NFF funding rates, result in a 2.0% average per pupil funding increase⁴ from 2022-23, 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 1.9%, and secondaries 2.7%.
- 2 The highest per pupil increase in a primary school is 4.01%, with 3.0% in secondary. The lowest increases are 0.5% and 2.3% respectively.
- 3 1 school receives an MFG top up when the guaranteed increase is set at the maximum 0.5% permissible by the DfE. The total estimated allocation is £0.006m.
- 4 The MPPF level amount has increased by 3.3% with 6 primary schools needing to receive top ups to this level
- 5 The average per pupil funding amount for a primary school would be £4,551 and £6,169 for a secondary.

Centrally managed budgets within the CSSB

6.32 It was reported to the September Forum that a funding reduction of £0.042m would be applied by the DfE to the historic costs element of the CSSB in 2023-24 and that the council would examine ways to manage this cost increase outside of the Schools Budget.

6.33 The council is in the initial stages of formulating its budget proposals for 2023-24, and at this stage the assumption is that the £0.042m reduction in DSG funding will be offset by additional funding from other resources. Therefore, there is no overall reduction in funding for the services, although the funding source will change in some areas. Annex 3 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

6.34 Based on the provisional October 2022 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 2023-24 SB and CSSB budgets. Table 1 below summarises the changes proposed which results in a funding surplus of £0.046m on school budgets compared to NFF rates, an improvement of £0.150m from the previous proposals. Annex 4 sets out the summary changes in the proposals made in Table 1 compared to those reported to the September Forum meeting.

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.

Table 1: Summary updated budget proposals for 2023-24

| Ref. | Item | Schools Block | | Central Services Schools Block | Total |
|------|--|--|--|--------------------------------|---------------|
| | | Delegated school budgets A £'000 | Growth Fund - LA Managed B £'000 | C £'000 | D £'000 |
| 1 | 2022-23 Schools Block budget | 84,429 | 221 | 1,007 | 85,657 |
| 2 | 2022-23 base budget | 84,429 | 221 | 1,007 | 85,657 |
| 3 | Provisional 2023-24 DSG funding | 90,617 | 221 | 839 | 91,677 |
| 4 | Internal Schools Block funding transfer | -220 | 220 | 0 | 0 |
| 5 | On-going contribution to CSSB pressures | -141 | 0 | 141 | 0 |
| 6 | 2023-24 forecast income | 90,256 | 441 | 980 | 91,677 |
| 7 | +Surplus of income / - Deficit of income | 5,827 | 220 | -27 | 6,020 |
| 8 | <u>Changes for 2023-24</u> | | | | |
| 9 | Cost of new year NFF funding rates at circa +3% | 1,710 | 0 | 0 | 1,710 |
| 10 | Mainstream School Supplementary Grant | 2,554 | 0 | 0 | 2,554 |
| 11 | Impact of change in pupil numbers (+349) | 2,066 | 0 | 0 | 2,066 |
| 12 | New schools - 2023-24 change in cost pressure | -806 | 0 | 0 | -806 |
| 13 | In-year growth allowances, KS1 classes etc | 0 | 220 | 0 | 220 |
| 14 | Rates: revaluation and inflation | 82 | 0 | 0 | 82 |
| 15 | Split site funding - no qualifying schools | -125 | 0 | 0 | -125 |
| 16 | Provision for impact from data changes - January | 300 | 0 | 0 | 300 |
| 17 | Central School Services Budget changes | 0 | 0 | -27 | -27 |
| 18 | Total changes proposed for 2023-24 | 5,781 | 220 | -27 | 5,974 |
| 19 | +Surplus / - Deficit of income to DSG Funding | 46 | 0 | 0 | 46 |
| 20 | <u>Memo items:</u> | | | | |
| | Total calculated requirement [2 + 18] | 90,210 | 441 | 980 | 91,631 |
| | Sub total: | 90,651 | | | |
| 21 | MPPFL | 375 | 0 | 0 | 375 |
| 22 | MFG | 6 | 0 | 0 | 6 |
| 23 | Cost of new schools | 120 | 0 | 0 | 120 |

Managing the budget gap

- 6.35 The Forum has previously agreed that the 2023-24 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 £0.046m funding surplus. Clearly, with such a small predicted surplus, final budget

proposals could present a deficit budget and therefore an approach to balancing the budget needs to be agreed to cover both potential scenarios.

- 6.36 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. Use the Reserve created in the unallocated Schools Budget to support the additional costs of new and expanding schools, with a draw down or additional to the current £0.572m balance.
 2. Fund schools at a scaled percentage of the NFF, which could be above or below 100%. If scaling is to be used, then that could be applied at the same percentage scaling to each factor or could be focused on a restricted number of factors.

A combination of these options can also be used.

- 6.37 The Forum will need to consider the affordability of any draw down from Reserves and at this stage, the council suggests the following approach:
1. For April 2024, there should be at least £0.450m in Reserves to fund the medium-term cost of new schools (current balance is £0.582m).
 2. If a deficit remains, top slice to NFF rates, applied equally to all factors in the BF Funding Formula.
 3. If a surplus remains, top up to NFF rates, but to consider whether different proportions should apply to different factors, for example increased allocations through deprivations factors would likely target resources to pupils that need the most support to achieve, or the fixed lump sum would most likely help the smallest schools in the borough where it is well established that these schools are the lowest funded in a funding system that is pupil driven.

A number of other LAs are also forecasting a possible budget surplus in 2023-24 and informal advice from the DfE suggests that any surplus funds should be transferred to Reserves rather than built into NFF rates as this could create future funding difficulties when applying the statutory minimum annual increase in per pupil funding. Further advice will be sought on this option.

- 6.38 With further changes expected to the final budget proposals that will be presented in January, the Forum is recommended to consider an initial approach to the different scenarios.

Autumn 2022 Budget Statement

- 6.39 As at the publication of this report, no further information has been released on the 17 November budget statement regarding additional funding for schools. The highlights known at this stage are:
1. There would be an extra £4.6bn in the core schools budget in the next 2 years
 2. There would be a 3.5% cash increase in the core school budget in 2024-25 compared to previously published figures
 3. The institute of Financial Studies comments that It restores 2010 levels of per pupil funding in real terms and provides an average cash increase for every pupil of more than £1,000 by 2024-25 compared to 2021-22.

- 6.40 How schools will receive this money is also unclear, however DfE have indicated that for planning purposes, LAs should assume that funding will be allocated in a similar way to the 2022-23 School Supplementary Grant, so an amount per pupil, an amount per Ever 6 free school meal pupil and an amount per school.
- 6.41 Assuming this additional funding is equivalent to 3.5% per pupil, together with the 2.0% increase in funds through the BF Funding formula, schools can expect an average increase in per pupil funding of 5.5%.

Actual cost pressures estimated for 2023-24

- 6.42 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. There is considerable uncertainty relating to potential cost pressures, including pay and utilities, so this estimate should be viewed very much as a guide and not a guarantee. However, based on current assumptions, cost pressures are estimated at between 6% and 7% from:
1. Cost of pay awards are not yet known, and schools are advised to assume 3% from the effective date. This reflects the proposed award for Teachers,. As the Teachers' pay award is effective from September, there will also be an additional full year effect cost from the 5% award from September 2022.
 2. 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.
 3. The 1.25% increase in employer National Insurance contributions that come into effect from April 2022 was reversed from November 2022, and therefore costs for this aspect of National Insurance will be around 0.7% lower next year.
 4. The general rate of inflation on non-pay costs (October Consumer Price Index) is 11.1%. The Bank of England forecast a 6.7% inflation rate for 2023-24.
 5. Utility costs are the most volatile and hard to accurately predict. In 2021-22, on average these amounted to 1.3% of total school costs but are expected to be above 4% by the end of 2023-24. At this stage, an increase of 150% is assumed.

There will be other costs / savings that will vary school by school that have been excluded from the above calculation, such as overall cost of performance related pay and contractual increments.

More information on the inflation calculation is shown in Annex 5.

Conclusion and Next steps

- 6.43 Based on the assumptions set out in the supporting information, schools can expect to receive a 5.5% increase in per pupil funding compared to 2022-23. An indicative, high level estimate for likely cost increases next year indicates an increase of between 6% and 7%. As the future cost forecasts are very tentative, they should be viewed as a guide with actual changes varying school by school.

- 6.44 At this stage, there is an expectation that the cost increases schools face will be greater than the increase in funding.
- 6.45 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.
- 6.46 The Executive Member is expected to agree the 2023-24 Schools Budget 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 initial budget allocations by the middle of January.

7 Advice 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 6.4. 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. Cost pressures arising from inflationary pressures may exceed to funding allocated by the government.
 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.

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://bfcouncil.sharepoint.com/sites/fina/bpm/FIBPSCB-FIN9.6/Schools Forum/\(114\) 081222/2023-24 Schools Budget Proposals - December v2.docx](https://bfcouncil.sharepoint.com/sites/fina/bpm/FIBPSCB-FIN9.6/Schools_Forum/(114)_081222/2023-24_Schools_Budget_Proposals_-_December_v2.docx)

Criteria for in-year budget allocations to schools experiencing significant growth in pupil numbers

Proposed change to policy text agreed by Schools Forum on 23 June 2022.

Deleted text is bold and struck through.

New text is bold and shaded yellow

This element of the Growth Fund is ring fenced so that it is only used for the purpose of supporting growth in pre-16 pupil numbers to meet basic need⁵. The fund will be for the benefit of both maintained and Academy schools. For Academy Schools, the funding is for an academic year.

The Growth Fund shall include funding for an allocation to those schools that experience exceptional increases in pupil numbers between the October census used for funding original budgets and actual pupil numbers on roll on the following October census

To assist schools in meeting the additional costs arising in such circumstances, an in-year budget addition will be made where the whole school number on roll from Reception up to Year 11 increases up to the point that significant additional costs are expected to be incurred.

The relevant thresholds for additional funding are:

- less than 2 FE schools = 10
- 2 FE schools = 20
- 3 FE and above schools = 25

With the exception of less than 2 FE schools, the amount of additional funding is calculated from the cost of appointing a teacher on Main Scale Point 6 – salary and employer on-costs - for the period September to March.

Less than 2 FE schools will be funded at half the value of other schools sizes, to reflect the lower additional costs expected to be incurred i.e. it is not expected that such schools would ever need to open a new class and recruit a new teacher.

To calculate whether a school is eligible, the following checks will be carried out:

- For the year of entry, the calculation of additional pupils will be capped at the lower of the actual number admitted or the Published Admission Number (PAN), other than where the need to exceed PAN is agreed in advance with the LA.
- Pupil admissions from parental appeals, LAC pupils and pupils with an EHCP are included in the number on roll when checking that a school has not exceeded its PAN in year of entry; these admissions are generally known by May preceding the start of the academic year.

⁵ The DfE define basic need as the statutory duty on local authorities to make sure there are enough school places for children in their local area. This requirement does not extend to individual planning or school designated areas within an authority.

- Schools can request that the Assistant Director: Education and Learning of Education considers additional funding in exceptional circumstances. These will be considered on an individual case basis.
- An appeal to a decision of the Assistant Director: Education and Learning can be made to the Executive Director: People, whose decision will be final.

For schools that qualify for this factor the calculation is unchanged from the current methodology that compares the total NOR for statutory aged pupils on roll for the October census in the current financial year with that of the October Census number on roll in the previous financial year.

Where a school does admit pupils above PAN without agreement of the LA, the calculation for a significant growth in pupil numbers will exclude pupils in the year of entry.

There are **23** exceptions to the general policy.

1. This relates to schools that agree with the LA to open a 'surge' class – i.e. one additional class to accommodate up to 30 additional pupils – where additional funding will be allocated irrespective of the actual number of pupils admitted, if the pupils in the 'surge' class are admitted after the census used for funding purposes. The funding allocation will be calculated in the same way as for general in-year growth, applied from the beginning of the term that the 'surge' class is open, [i.e. rather than against the number of months the 'surge' class is open].

Where a 'surge' class opens after the census point used for calculating the school's budget for the next financial year, a further funding top-up will be made to cover the full year cost of a teacher on Main Scale Point 6 and a Learning Support Assistant on Bracknell Forest pay point 12 for the relevant financial year. This funding will be made available for one year only at the commencement of the relevant financial year.

2. This relates to those schools that expand by a whole form of entry. As the current calculation is based on the form of entry at admission, it assumes those schools expanded by a whole form of entry are immediately admitting to all year groups at the increased capacity, when in reality, the increased capacity starts in the entry year, and takes 7 years (5 for a secondary school) to work through the school until admission to full capacity is possible. In order to make a fair calculation of the threshold to be used to calculate in-year growth allowances in these circumstances, the threshold to be used to calculate a growth allowance is calculated on the number of classes available at the census point used to calculate the original budget.

For example, a primary school moving from a 2 form to 3 form entry school has 3 classes in reception in the first year after expansion, and 2 classes in other year groups. The funding threshold for a 2-form entry school is 20 with 25 used for 3 form entry schools. In the first year following expansion, eligibility to growth allocations would be calculated on reception classes at the 25-number threshold, with all other classes at a threshold of 20. For the second year, Reception and Year 1 would be calculated on a 25 threshold, all other year groups on 20 and so on. A full illustration of the calculation is set out below and shows how the funding threshold rises gradually, in line with the phased increase in pupil numbers, starting at 21, and rising to 25 after 7 years.

- 3. Where a school's increase in pupil numbers indicates at least 2 additional funding allocations are required, an assessment will be undertaken by the LA**

to confirm that the relevant school does need to create the number of new classes implied by the standard funding thresholds. This assessment will also consider whether for 1 FE schools the full value of growth should be paid rather than the standard 50%.

Approved by the Schools Forum on 23 June 2022

Proposed financing and associated budget for the 2023-24 Growth Fund

| | Primary £'000 | Secondary £'000 | Current Proposed 2023-24 £'000 | Actual 2022-23 £'000 | Change from 2022-23 £'000 |
|------------------------------------|------------------|--------------------|---|----------------------------|------------------------------------|
| <u>New schools:</u> | | | | | |
| Diseconomy costs | 119.6 | 0.0 | 119.6 | 925.5 | -805.8 |
| | 119.6 | 0.0 | 119.6 | 925.5 | -805.8 |
| <u>Retained Growth Fund</u> | | | | | |
| Start-up costs | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Post opening costs | 22.5 | 0.0 | 22.5 | 22.5 | 0.0 |
| In-year pupil growth | 124.0 | 124.0 | 248.0 | 93.0 | 155.0 |
| KS1 classes | 170.0 | 0.0 | 170.0 | 105.0 | 65.0 |
| | 316.5 | 124.0 | 440.5 | 220.5 | 220.0 |
| Total estimated costs | 436.1 | 124.0 | 560.1 | 1,146.0 | -585.8 |
| <u>Costs by school:</u> | | | | | |
| KGA - Oakwood | 7.50 | 0.0 | 7.5 | 78.8 | -71.3 |
| KGA - Binfield | 134.64 | 0.0 | 134.6 | 869.2 | -734.6 |
| Total estimated costs | 142.1 | 0.0 | 142.1 | 948.0 | -805.8 |

The yellow highlighted cell indicates the total £0.441m budget proposed for the BFC centrally manage Growth Fund as referenced in paragraph 6.20.

Services proposed to be centrally managed by the Council in 2023-24

| Budget Area | Schools Budget Funded | | | |
|--|----------------------------|--------------------|-------------------------------|-------------------|
| | 2022-23 Final Budget | 2023-24 Funding | 2023-24 Proposed Budget | 2023-24 Change |
| Combined Services Budgets: | | | | |
| Family Intervention Project | £100,000 | | £100,000 | £0 |
| Educational Attainment for Looked After Children | £133,590 | | £133,590 | £0 |
| School Transport for Looked After Children | £42,740 | | £42,740 | £0 |
| Common Assessment Framework Co-ordinator | £42,470 | | £0 | -£42,470 |
| Domestic Abuse | £2,000 | | £2,000 | £0 |
| SEN Contract Monitoring | £32,680 | | £32,680 | £0 |
| <i>Central School Services - historic commitments</i> | £353,480 | | £311,010 | -£42,470 |
| <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 | £0 |
| Borough wide Initiatives | £9,720 | | £9,720 | £0 |
| Support to Schools Recruitment & Retention | £5,000 | | £5,000 | £0 |
| <u>Statutory and regulatory duties:</u> | | | | |
| 'Retained' elements | £284,725 | | £290,685 | £5,960 |
| <u>Other expenditure:</u> | | | | |
| School Admissions | £192,760 | | £202,020 | £9,260 |
| Schools Forum | £20,935 | | £20,935 | £0 |
| Boarding Placements for Vulnerable Children | £50,000 | | £50,000 | £0 |
| Central copyright licensing | £85,560 | | £85,560 | £0 |
| <i>Central School Services - on-going responsibilities</i> | £653,850 | | £669,070 | £15,220 |
| Total Central School Support Services | £1,007,330 | | £980,080 | -£27,250 |
| <u>Funding</u> | | | | |
| Historic commitments | £207,710 | £166,170 | | |
| On-going responsibilities | £658,880 | £673,170 | | |
| Total Funding | £866,590 | £839,340 | | |
| Existing agreed transfer from Schools Budget | £140,740 | £140,740 | | |
| Central School Services Total Funding | £1,007,330 | £980,080 | £980,080 | -£27,250 |

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 | 2022-23 Schools Block budget | 0 | 0 | 0 | 0 |
| 2 | 2022-23 base budget | 0 | | 0 | 0 |
| 3 | Provisional 2023-24 DSG funding | 2,205 | 0 | 0 | 2,205 |
| 4 | Internal Schools Block funding transfer | -100 | 100 | 0 | 0 |
| 5 | On-going contribution to CSSB pressures | 0 | 0 | 0 | 0 |
| 6 | 2023-24 forecast income | 2,205 | | 0 | 2,205 |
| 7 | +Surplus of income / - Deficit of income | 2,205 | | 0 | 2,205 |
| 8 | <u>Changes for 2023-24</u> | | | | |
| 9 | Cost of new year NFF funding rates at circa +3% | 0 | 0 | 0 | 0 |
| 10 | Mainstream School Supplementary Grant | 53 | 0 | 0 | 53 |
| 11 | Impact of change in pupil numbers (+349) | 2,066 | 0 | 0 | 2,066 |
| 12 | New schools - 2023-24 change in cost pressure | -36 | 0 | 0 | -36 |
| 13 | In-year growth allowances, KS1 classes etc | 0 | 100 | 0 | 100 |
| 14 | Rates: revaluation and inflation | -1 | 0 | 0 | -1 |
| 15 | Split site funding - no qualifying schools | -125 | 0 | 0 | -125 |
| 16 | Provision for impact from data changes - January | 25 | 0 | 0 | 25 |
| 17 | Central School Services Budget changes | 0 | 0 | -27 | -27 |
| 18 | Total changes proposed for 2023-24 | 2,082 | | -27 | 2,055 |
| 19 | +Surplus / - Deficit of income to DSG Funding | -123 | | 27 | 150 |

Illustrative impact of inflation on school budgets

Estimated Inflationary Pressures

Average mainstream school spending profile (2021 -22) sets baseline to measure cost changes:

- Expenditure profile: £57.8m
 - Teachers' pay 52.4%
 - Learning Support Assistants 18.0%
 - Other staff on LG pay awards 9.8%
 - Utilities 1.3%
 - Other non-pay 18.5%
- Income: £7.2m
 - £4.3m (67%) from grants
 - £2.4m from parental contributions / donations, sale of goods and services and rentals and lettings
 - £0.5m other sources

Estimated Inflationary Pressures

2022-23: high level projection

- Estimated inflationary increase on relevant expenditure
 - NI increase: 1.25% from Ap to Oct 22 0.7%
 - Teachers' pay: 5% from Sept 22 2.8%
 - LSA: £1,925 plus 4% on LW from Apr 22 10.0%
 - Other LG staff £1,925 plus 4% on LW from Apr 22 5.0%
 - LG pension 0.3%
 - Utilities: 10% Elec, 29% gas from April 22 23.0%
 - Other non-pay: CPI at Sept 22 rate 10.1%
 - Income: assume all at increase on Pupil Premium 3.0%
- Average increase in per pupil funding:
 - BF Funding Formula 2.8%
 - School Supplementary Grant 3.0%
- Average shortfall

Pay
80.2%

7.2%

5.8%

-1.4%

Estimated Inflationary Pressures

2023-24: high level VERY TENTATIVE projection

- Estimated inflationary increase on relevant expenditure
 - NI: reverse 1.25% from Ap to Oct 22 **-0.7%**
 - Teachers' pay: 3% Sept 23,fye Sept 22 5% increase 3.7%
 - LSA and other LG staff: 3% from Apr 23 3.0%
 - LG pension deficit 0.3%
 - Utilities: increase from April 23 (say) 150.0%
 - Other non-pay: BoE inflation forecast 6.7%
 - Income: assume at BF Funding Formula **-1.9%**

6.0%
- Average increase in per pupil funding:
 - BF Funding Formula 1.9%
- Average shortfall **-4.1%**
- Between 2020-21 and 2023-24, pay as a % of total spend estimated to reduce from an average 80.2% to 77.5%, utilities increase from 1.3% to 3.3%, other spend from 18.5% to 19.3%