

To: Schools Forum
Date: 14 September 2023

**2024-25 initial Budget Preparations for the Schools Budget
and related matters
Executive Director: People**

1 Purpose of report

- 1.1 To provide an update to the Schools Forum from the information currently available in respect of the 2024-25 Schools Budget for mainstream schools together with other relevant finance related matters.
- 1.2 Whilst the Department for Education (DfE) has yet to provide the final data that must be used to calculate individual school budgets, information is emerging that allows for updates to be provided on some key matters and some early decisions to be taken which will aid the finalisation of the budget which must be presented to the DfE by the statutory deadline of 22 January 2024.

2 Executive Summary

- 2.1 The normal July release by the DfE of preliminary budget information has allowed for an initial update on the potential financial implications for 2024-25 and for early budget preparations to commence. These calculations have as far as possible replicated the DfE's National Funding Formula (NFF)¹ at an individual Bracknell Forest (BF) school level. This is in accordance with the agreed local budget strategy and the direction of travel being taken by the DfE which is prescribing all LAs to move towards in the NFF in the coming years.
- 2.2 The headline budget changes for 2024-25 are for an average increase in government per pupil funding allocations across England of 2.7%, with the BF increase also at 2.7%. These are provisional calculations that will be updated with the October 2023 census data.
- 2.3 In addition, there are 2 further changes to school funding:
1. Schools are expected to receive around £1.6m through the new Teachers' Pay Addition Grant that is being made available to contribute to the costs arising from the September 2023 Teachers' Pay Award. This averages 1.7% per pupil.
 2. The Mainstream Schools Additional Grant that was paid separately to schools in 2023-24 as a contribution to additional cost pressures will be distributed to schools through the NFF in 2024-25. This averages 3.4% per pupil.
- 2.4 After making initial calculations and adjustments that inevitably arise from a funding system that uses lagged data, there is a funding gap on school budgets of £0.247m, and £0.013m on centrally managed budgets. It is not unusual to have a funding gap at this stage of the budget process.

¹ 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 (ACA) uplift which is paid to areas with high costs. BF receives a 5.7% uplift.

- 2.5 The options available to manage the indicated budget shortfall, including a combination of both, are:
1. Draw down funds from the Reserve created in the Schools Budget to support the additional costs of new and expanding schools
 2. Fund schools at a scaled percentage of the NFF rather than the full amount.
- 2.6 These are relatively high-level calculations which will be subject to change as more information becomes available. However, they do present a sound starting point for budget planning and early decision making where appropriate.
- 2.7 There are 3 further scheduled meetings of the Forum to consider financial plans before a final budget needs to be agreed and returned to the DfE. Whilst setting most aspects of the Schools Budget is a council responsibility, this has always been on the basis of recommendations from the Schools Forum.
- 2.8 In common with many local authorities, the level of expenditure on high needs provision in Bracknell Forest significantly exceeds the grant funding provided. The DfE has introduced national programmes (Delivering Better Value in SEND and Safety Valve) to address these recurring deficits, which all authorities will be expected to participate in over time.

3 Recommendations

To AGREE:

- 3.1 That subject to consideration of school responses to the annual financial consultation and general affordability, the approach to setting the 2024-25 budget should remain broadly the same as for 2023-24, and in particular:**
- 1. That there should be no change to the current budget strategy of:**
 - a. as far as possible, replicating the NFF;**
 - b. setting minimum per pupil funding increases between financial years at the highest amount permitted by the DfE;**
 - c. 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.**
 - 2. That a centrally managed Growth Fund should be maintained for in-year allocation to qualifying schools (Table 2).**
 - 3. That work should be undertaken to consider potential options available to support schools facing the greatest financial impact from falling rolls;**
 - 4. On-going central retention by the Council of the existing Central School Services Block items (Annex 1).**
 - 5. To prevent over funding, 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.**

To NOTE:

3.2 The current estimated funding gaps on the Schools Budget at Table 3 of:

- 1. £0.247m on the Schools Block**
- 2. £0.013m for the Central School Services Block.**

3.3 For the High Needs Block Budget:

- 1 The 3% increase in per pupil DSG funding in respect of the High Needs Block Budget.**
- 2 That an update on the Delivering Better Value in SEND and Safety Valve programmes will be provided at the meeting**

4 Reasons for recommendations

- 4.1 To ensure that the Schools Block (SB) and Central Schools Services Block (CSSB) elements of the Schools Budget are developed in accordance with the views of the Schools Forum and governors, 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 22 January 2024.

5 Alternative options considered

- 5.1 These are set out in the supporting information.

6 Supporting information

Overview

- 6.1 This report concentrates on the SB and CSSB elements of the Schools Budget which are intended to fund delegated school budgets and the small number of services that the DfE allows LAs to manage centrally on behalf of schools, where agreed by the local Schools Forum.
- 6.2 The introduction of the current funding framework, including the structure of the Schools Budget commenced in April 2018 and elements of transitional funding protection remain in place to reduce the impact of financial turbulence from the policy change on both schools and LAs.

2024-25 financial settlement from the DfE

Update on progress towards the National Funding Formula (NFF)

- 6.3 The Forum is aware of the Government's is moving all LA funding arrangements onto the NFF. This will take a number of years with 2024-25 being the second year of transition to the "direct" schools NFF. In summary, this will require:
- LAs will only be allowed to use NFF factors in their local formulae, and must use all NFF factors other than the following optional factors: rates, PFI contracts and exceptional circumstances (requires ESFA agreement)

2. LAs will also be required to move their local formula factors 10% closer to the NFF values, compared to where they were in 2023-24, unless their local formulae are already so close to the NFF that they are classed as mirroring the NFF. For this purpose, local factor values within +/- 2.5% of the respective NFF values are deemed to be “mirroring” the NFF. Note, as part of the tightening requirement, local authorities are not allowed to ‘overshoot’ the NFF value by more than the 2.5% mirroring threshold.
- 6.4 In accordance with the agreed budget strategy of the Forum, the BF Funding Formula for Schools is already fully compliant with these new requirements and no new specific actions are therefore required. The NFF policy document that sets out the requirements on LAs to move their formulae closer to the NFF can be found here:
- [National funding formula for schools and high needs - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/policies/national-funding-formula-for-schools-and-high-needs)
- 6.5 There are 2 relatively minor changes being introduced next year, both of which relate to funding that LAs are permitted to retain centrally, where current flexibilities are being reduced with a more consistent national approach needing to be followed as follows:
1. LAs must follow the new local formula requirements for growth funding, whereby additional classes (driven by basic need) must be funded by at least the minimum funding level set out in the funding calculation. Initial calculations suggest the current BF funding allocation of £0.032m for financing the cost of a teacher from September to March will need to increase to £0.035m
 2. LAs with a falling rolls fund must also follow the new requirements for falling rolls funding, whereby local authorities can only provide falling rolls funding to schools where school capacity survey (SCAP) 2022 data shows that school places will be required in the subsequent 3 to 5 years. The restriction, that schools were previously only eligible for falling rolls funding if they were judged ‘good’ or ‘outstanding’ by Ofsted, is also being removed from 2024-25. BF does not currently operate a falling rolls fund, although a small number of 1 FE primary schools are experiencing relatively significant falling rolls.
- 6.6 Additionally, as previously reported to schools and the Schools Forum, LAs are required to notify mainstream schools of a clearly identified but notional SEN budget, within their overall budget allocation. This SEN budget should be used towards the costs of fulfilling their duty to use their ‘best endeavours’ to ensure that special educational provision for their pupils with SEN is made. LAs are responsible for calculating the amount of this notional budget using funds from the SB, with reference to their local mainstream schools funding formula factors.

DfE funding announcements

- 6.7 This section on DfE announcements sets out information that will shortly be provided to schools through the financial consultation document to help them with their initial preparations for next financial year.

Schools Budget:

Overview

1. The key parts to the way school and education related funding are to be allocated next year are:
 - a. The DfE will be using the same separate formulae to allocate funding to LAs for SB, CSSB, High Needs (HN) pupils and Early Years (EY) provisions.

- b. 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.
- c. In line with the DSG conditions of grant, LAs can transfer up to and including 0.5% of their SB funding into another block, with the approval of their schools forum. Without schools forum agreement, or where they wish to transfer more than 0.5% of their schools block funding into one or more other blocks, local authorities must submit a disapplication request to the Secretary of State.
- d. 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 5.8% uplift.
- e. 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.
- f. LAs will continue to receive funding based on the DfE running each school's data (mainly October 2022 census, so lagged) through the NFF at confirmed 2024-25 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 2023 pupil numbers will be used to calculate each LAs 2024-25 funding for their schools. This approach aids financial planning as it allows for the early publication of each LAs confirmed per pupil funding rates.
- g. DfE also allocate funds to LAs for premises related costs, most significantly for business rates. These are allocated on a lagged actual cost basis.
- h. LAs can also receive funding through a growth factor, based on the observed increases between the primary and secondary number on roll in each LA within Middle Layer Output Areas (MSOA)². between the October 2022 and October 2023 school censuses.
- i. 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.
- j. 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 Middle Layer Super Output Areas are a geographic hierarchy designed to improve the reporting of small area statistics in England and Wales. They have a minimum size of 5,000 residents and 2,000 households with an average population size of 7,800. They fit within local authority boundaries.

2. There are a small number of changes to the national process to allocate funds.
 - a. Introducing a new formulaic approach to allocating split sites funding in the NFF, replacing the previous locally determined split sites factor. Note, there are no qualifying schools in BF so this has no impact.
 - b. The new Mainstream Schools Additional Grant (MSAG) that was introduced in April 2023 to support schools to meet rising costs is being rolled into the schools NFF from 2024-25 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 2024-25, without adding significant additional complexity to the formula. This amounted to £3.0m in 2023-24.
 - c. In calculating low prior attainment proportions, following the cancellation or incompleteness of both EYFSP and KS2 assessments in summer 2020 and summer 2021 due to coronavirus (COVID-19), local authorities will not be able to use assessment data from these years in the low prior attainment factor in their local funding formulae. Instead, local authorities will use 2019 attainment data as a proxy for the missing assessments in 2020 and 2022 attainment data as a proxy for the missing assessments in 2021. This is a change from 2023-24 when 2019 attainment data was used as a proxy for the missing assessments in both 2020 and 2021 and has the potential to introduce some turbulence to the allocation of funds, which can be assessed once the DfE issue relevant data in December.
 - d. In respect of falling rolls, for the first time, funding will be allocated to LAs on the basis of falling rolls, as well as growth. LAs can use this funding to support schools which see a short-term fall in the number of pupils on roll.

National funding decisions for 2024-25

Note: all amounts quoted for BF in this section are provisional and subject to update as budget calculations progress and the final data is released by the DfE.

3. Overall, core schools funding (including funding for mainstream schools and high needs) is increasing by £1.8 billion in 2024-25 compared with the previous year. Funding for mainstream schools through the schools NFF is increasing by 2.7% per pupil compared with 2023-24. The estimated increase in BF is also 2.7%.
4. The main features of the settlement are:
 - a. The key factors in the NFF will increase by 2.4% i.e. basic per-pupil funding, low prior attainment (LPA), free school meals at any time in the last 6 years (Ever6), income deprivation affecting children index (IDACI), English as an additional language (EAL), high pupil mobility and the lump sum.

- b. Current free school meals will increase by 1.6%.
 - c. After reflecting the impact of mainstreaming the MSAG, the minimum per pupil funding levels (MPPFL)³ have been increased by 2.4% and will ensure that every primary school receives at least £4,655 per pupil (£4,405 in 2023-24), and every secondary school at least £6,050 per pupil (£5,715 in 2023-24).
 - d. Provisional data indicates that the same 6 BF primary schools will be funded at these MPPFLs as in 2023-24. All secondary schools are again provisionally above the MPPFL.
 - e. Where the normal operation of the NFF does not allocate a minimum level of increase in per pupil-led funding compared to its 2023-24 NFF baseline, top-up funding is added to meet this rate of increase i.e. the Minimum Funding Guarantee (MFG)⁴. LAs have discretion to set the amount of MFG in their area, but it must be between +0.0% and +0.5%.
 - f. Provisional data based on October 2022 Census point indicates that if MFG was agreed to be set at the maximum of +0.5%, then all schools would be above this level compared to 2023-24 when 2 schools receiving additional support totalling £0.004m.
5. Using this initial data indicates that average per pupil funding for BF primary schools – excluding new schools where funding rates are very volatile due to significant changes in pupil numbers between years - will increase by 2.8% to £4,856 and secondary schools by 2.5% to £6,552. Average per pupil funding is £5,561, up 2.6%.
 6. In addition to the key elements of the funding settlement set out directly above, the DfE has also confirmed the arrangements to pass on additional funding to schools for additional costs arising from the September 2023 Teachers' Pay Award. There will be a new specific grant, the Teachers' Pay Additional Grant (TPAG), and this will be made available from September 2023 to March 2024 and for the whole of the 2024-25 financial year. The expectation is that TPAG will be mainstreamed into the NFF rates from 2025-26. LAs must pass on to individual maintained schools the amount specified by the DfE. DfE will directly fund academies.
 7. The TPAG has no time limit for spending, but conditions specify it must be spent:
 - for the purposes of the school; or
 - for the benefit of pupils registered at other maintained schools or academies, pupil referral units or hospital schools

³ The NFF includes MPPFLs that are applied equally to all primary and secondary schools (£4,655 and £6,050 respectively in 2024-25). LAs must also apply these minimum rates in their local funding formula. The only factors not included in per-pupil funding for the purpose of the MPPFL calculation are premises e.g. business rates, split site factor and growth funding.

⁴ 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.

The funding rates for the 7 months payable in financial year 2023-24 are subject to the area cost adjustment. This uplifts BF rates by 5.8% compared to the core national rates and are as follows:

- a basic per-pupil rate of £38.08 for primary pupils, including pupils in reception
- a basic per-pupil rate of £52.89 for key stage 3 pupils
- a basic per-pupil rate of £60.30 for key stage 4 pupils
- a lump sum of £1,422.87
- an FSM6 per-pupil rate of £32.79 per eligible primary pupil
- an FSM6 per-pupil rate of £47.61 per eligible secondary pupil

The TPAG is expected to allocate £0.911m to BF schools in 2023-24. Schools have been notified of their provisional allocation. 2024-25 funding rates will be at twelve sevenths of the funding rates in 2023-24 and subject to changes in core data e.g. pupil numbers etc, the allocation to BF schools is estimated at around £1.6m, 1.7% per pupil.

CSSB:

8. The CSSB covers funding allocated to LAs to carry out central functions on behalf of pupils in maintained schools and academies. CSSB funding is split into funding for ongoing responsibilities and funding for historic commitments. For 2024-25, CSSB NFF funding is estimated at £0.542m, a decrease of £0.013m from 2023-24.
9. The ongoing responsibilities element of the CSSB is allocated to LAs using a pupil-led formula. The formula now uses three factors: a basic per-pupil factor, through which LAs receive the majority of funding (nationally 90% of funds are allocated through this factor), a deprivation per-pupil factor (10% of national funds), and the new copyright licences per pupil factor to fund the additional costs of copyright licences that LAs faced in 2023-24, which amounts to £5.5m of which BFC received £0.010m.
10. There is a protection to ensure no LA sees losses of greater than 2.5% of their per pupil I funding for ongoing responsibilities (excluding the additional funding for copyright licences). BF will receive a 2.9% increase in per pupil funding in 2024-25 which is below the national average increase of 3.5%. £0.709m is the provisional allocation.
11. The historic commitments element of the CSSB, which funds some LAs for commitments they made in prior years that support the most vulnerable pupils is being reduced by 20% per annum from LA funding. This commenced in 2020-21 and for 2024-25, equates to a £0.033m funding reduction with associated income falling to £0.133m from £0.166m. Funding has now reduced by £0.273m from the £0.406m received in 2019-20.
12. The Forum agreed to fund £0.125m of the funding shortfall and this is assumed to continue.
13. Annex 1 sets out the services permitted to be charged to the CSSB and the 2023-24 budget amounts and includes elements of family support, education support for children looked after, school admissions and the centralised copyright license.

2024-25 Budget Development from BFC

Initial budget planning

- 6.8 It is important that budget planning now commences, and work has therefore been undertaken to model the potential impact on the BF Schools Budget to enable the Forum to consider some early conclusions.

2024-25 base budgets for schools and council managed Schools Block items

- 6.9 The SB base budget approved at the January 2023 meeting of the Schools Forum amounted to £91.840m. Of this, £0.188m was on a one-off basis as the final funding settlement for the year was in excess of the amount required to fully implement the NFF units of resource. £0.101m was added to school budgets through the fixed lump sum factor and £0.087m added to the centrally managed Growth Fund. Forum members will recall that the additional funding mainly arose from the lagged nature of calculating DSG Growth Fund income with funds received exceeded associated costs as a consequence fewer top up payments being required through the Start-up and Diseconomy Funding Policy for New and expanding Schools.
- 6.10 The budget approved for the CSSB amounted to £0.980m. This included £0.855m of CSSB DSG income as well as £0.125m of SB DSG income which has been agreed for a number of years to help meet the cost pressures and funding reductions being experienced on services that support the most vulnerable pupils.

Estimated Schools Block DSG income to be paid to BFC

- 6.11 The Forum will be aware that to determine an LAs SB DSG funding, the DfE applies the same uniform NFF factors and values to every school in the country, using lagged pupil number and other data sets e.g. FSM, test results. The resultant individual primary school budgets for an LA are then aggregated together and divided by total primary pupil numbers to determine an LAs standard primary per pupil funding rate – called the Primary Unit of Funding (PUF). The same calculation is also made for secondary schools to determine the Secondary Unit of Funding (SUF). Each LA is then funded at these per pupil funding rates on the most recent October census data.
- 6.12 For next year, the DfE has calculated the PUFs and SUFs against the confirmed 2024-25 NFF units and pupil headcount numbers and pupil additional educational needs top-ups both taken from October 2022 census data. This includes adding the £3.0m funding allocated to schools in 2023-24 for one year only through the separate MSAG, which is equivalent to an average 3.4% per pupil.
- 6.13 The final amount of funding to be received in 2024-25 will be calculated by multiplying the PUF and SUF against the October 2023 census data. This approach of using partially lagged data is taken to provide schools and LAs certainty of key funding data at an early stage of the budget setting process. Waiting for actual data would mean a release date of around a month before budgets must be finalised and approved through the local democratic process.
- 6.14 The DfE has confirmed the PUFs and SUFs that will be used to calculate 2024-25 DSG allocations at £4,866.91 for the BF PUF and £6,556.70 for the BF SUF. Excluding the impact of mainstreaming the MSAG, this equates to a 3.2% increase in the per pupil funding rate for primary aged pupils, 3.1% for secondary and an overall average increase of 3.2%. These increases are higher than the circa 2.4% increases applied to the core funding rates to generally reflect the significant increase in additional

educational needs data e.g. FSM eligibility between the October 2021 and October 2022 school census points.

- 6.15 Based on modelling the 2023-24 pupil data used for budget setting purposes against the 2024-25 funding rate, this would deliver £94.218m of core SB DSG income, a cash increase of £5.869m. This represents a 6.6% increase in DSG per pupil funding.
- 6.16 The DfE has also confirmed the separate funding allocations to LAs for non-pupil-related school expenses. This is lagged funding, based on 2023-24 actual spend and is intended to finance the cost of business rates and other specific costs agreed with individual LAs. The 2024-25 allocation relates only to business rates and amounts to £1.420m, a reduction of £0.241m, which relates to an 80% deducted to previous charges to schools that have recently converted to an academy at which point they receive charitable status and become eligible to the reduced charge. There is not expected to be any significant financial impact from this as the funding passed on to relevant schools will also be reduced to reflect this change.
- 6.17 Furthermore, the £0.125m split site DSG funding previously received for Warfield Primary School is no longer received as the school now operates on a single site.
- 6.18 As with all funding that is received on a lagged basis, there can be differences in the amounts received by BF and what is then provided to individual schools as this must use the most up to date data.
- 6.19 In terms of funding LAs for in-year increases in pupil numbers after the October 2023 census, the DfE will continue to use the Growth Fund⁵ to measure pupil growth between the two most recent October census points across small geographical areas. Per pupil funding is then allocated where there is a net increase in numbers, with no net-off against areas that experience a reduction. 2024-25 funding rates have been confirmed, with primary pupil numbers attracting £1,640 in 2023-24 and increases in secondary attracting £2,455.
- 6.20 In respect of the new DSG funding allocation for falling rolls, initial information suggests that BF will not qualify as the threshold has been set at an annual reduction in pupil numbers of at least 10% across each MSOA. Provisional information suggests reductions in primary aged pupils by MSO range from -0.12% (80 pupils) to -6.98% (116 pupils). Funding of £148,120 is allocated for each qualifying MSOA.
- 6.21 Financial results from recent years have indicated that a low number of the smallest schools in BF are carrying deficit balances that are increasing. This has mainly arisen as a result of falling rolls with limited actions available to reduce expenditure to the lower budget income. The council therefore intends to review these schools to see whether there is a case to make to provide additional financial support which must be compliant with the DfE eligibility criteria as set out in paragraph 6.5 (2). If relevant, a proposal will be included in the autumn term financial consultation.
- 6.22 The DfE has yet to release any data on these 2 funding allocations for 2024-25, with a provisional estimate from BFC suggesting around £0.514m of DSG for this purpose, a reduction of £0.481m. This reflects the newer schools that opened on a phased basis now reaching capacity and subsequently experiencing lower annual increases in pupil numbers.

⁵ 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.

6.23 Therefore, at this stage, the overall income for the SB is estimated at £96.182m, an overall increase from last year of £5.022m of which £3.037m relates to transferring the former Mainstream Schools Additional Grant into the DSG. Table 1 below sets out a provisional summary of the change in funding from each element of the SB DSG.

Table 1: Initial forecast SB DSG for 2024-25

	Total £'000	Total £'000
Total DSG for 2023-24		91,130
<u>Forecast changes for 2023-24:</u>		
Effect of average 6.6% increase in DSG funding rates	5,869	
Change in business rates funding	-241	
Change in split site factor funding	-125	
Change in Growth Fund	-481	
Total forecast change		5,022
Total forecast DSG for 2024-25		96,152

Provisional budget changes for 2024-25

Change in pupil numbers

6.24 At this stage of the budget setting process, the funding model assumes that any change in pupil numbers from the October 2023 census that will drive actual 2024-25 school budgets will have a broadly cost neutral effect when compared to the consequential change in DSG funding and are therefore excluded.

6.25 Modelling the 2024-25 NFF funding rates against the October 2022 data set, and applying the funding protections within the NFF indicates additional allocations to schools of £2.828m.

Mainstreaming the Additional Mainstream Schools Grant into the NFF

6.26 With £3.037m of Additional Mainstream Schools Grant being allocated to schools through the NFF from April 2024, this will result in a consequential increase in resources allocated through the BF Funding Formula for Schools.

Growth Fund - Impact from new / expanding schools and other criteria

6.27 Forum members will be aware that the SB Budget has experienced a significant medium-term pressure from the additional cost of new schools. The amount of additional funding to be provided is set out in the *Start-up and Diseconomy Funding Policy for New and expanding schools* of which the most recent substantial update was approved in December 2019, with only minor updates agreed subsequently.

6.28 The existing funding policy can be viewed here:

<https://can-do.bracknell-forest.gov.uk/Pages/Download/eccff09f-ccc3-41e6-a3b0-ecdddbc1ae59/PageSectionDocuments>

6.29 The annual officer review of the policy has identified that no updates are considered necessary for 2024-25, although in accordance with the policy, some of the factor values will need to be updated to current prices, in particular to reflect the new values of the MPPFLs which are a key element of the calculations.

6.30 In the absence of the October 2023 census, only a broad estimate of likely costs arising from new schools can be established, which initially shows a cost reduction of £0.015m. Similarly, the budget provision for Growth Fund responsibilities managed by BF in existing schools can only be tentatively estimated, with a reduction of £0.008m being proposed. These estimates will need to be reviewed once the census data is available to better assess the amount of funds that are likely to be required.

6.31 Table 2 below summarises the estimated financial implications for 2024-25.

Table 2: Proposed financing and associated budget for the Growth Fund (provisional)

	Primary	Secondary	Current Proposed	Actual	Change
	£'000	£'000	2024-25	2023-24	from
	£'000	£'000	£'000	£'000	2023-24
					£'000
<u>New schools:</u>					
Diseconomy costs	90.9	0.0	90.9	106.1	-15.2
	90.9	0.0	90.9	106.1	-15.2
<u>Retained Growth Fund</u>					
Start-up costs	0.0	0.0	0.0	0.0	0.0
Post opening costs	15.0	0.0	15.0	22.5	-7.5
In-year pupil growth	128.0	128.0	256.0	256.0	0.0
KS1 classes	170.0	0.0	170.0	170.0	0.0
2023-24 one-year funding	0.0	0.0	0.0	86.6	-86.6
	313.0	128.0	441.0	535.1	-94.1
Total estimated costs	403.9	128.0	531.9	641.2	-109.3
<u>Costs by school:</u>					
KGA - Oakwood	0.0	0.0	0.0	7.5	-7.5
KGA - Binfield	105.9	0.0	105.9	121.1	-15.2
Total estimated costs	105.9	0.0	105.9	128.6	-22.7
<u>Final total:</u>					
Diseconomy costs	90.9	0.0	90.9	106.1	-15.2
Retained Growth Fund	313.0	128.0	441.0	535.1	-94.1
Total estimated costs	403.9	128.0	531.9	641.2	-109.3

Business Rates

- 6.32 Funding for school business rates is allocated by the DfE annually in arrears on a lagged basis and is therefore set at 2023-24 prices. At this stage the funding allocations to schools are assumed to match the DSG allocation and will therefore reduce by £0.241m.

Impact from updated pupil profiles from the October 2023 census

- 6.33 Whilst changes in pupil numbers arising from the October 2023 census will be reflected in the final DSG income allocation and is therefore at this stage assumed to have no significant financial effect, other data updates could result in a cost change, most significantly the key pupil characteristics that are used for funding purposes, such as eligibility to a Free School Meal and English as an Additional Language.

Meeting DfE per pupil funding requirements

- 6.34 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 levels permitted relating to:
1. the amount of per pupil funding received for the year i.e. the MPPFL, and
 2. the increase in per pupil funding from the previous year i.e. the MFG

MPPFL

- 6.35 The DfE has set mandatory MPPFL of £4,655 for primary aged pupils and £6,050 for secondary. These are the minimum per pupil funding rates that an LA must pay their schools unless specifically agreed by the DfE. The provisional calculations made at this stage indicate additional payments of £0.271m being allocated to 6 primary schools with no secondary schools receiving a top-up. This is a decrease of £0.013m compared to 2023-24 when the same 6 primary schools received £0.258m.

MFG

- 6.36 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 2024-25, the DfE will again require each LA to set their MFG at between +0.0% and +0.5%.
- 6.37 Schools have consistently supported applying the maximum permitted increase in the MFG, and this is one of the questions included in the financial consultation with schools. MFG top-up payments are ordinarily financed from capping gains above the MFG at other schools and are therefore self-financing. Schools receiving top-ups to the MPPFL values are excluded from contributing to the cost of the MFG. A provisional calculation indicates that no BF schools would be eligible for a funding top-up if the MFG level was set at +0.5%. This compares to 2 schools qualifying in 2023-24 at a cost of £0.004m.
- 6.38 The DfE recognise that there can be circumstances when the normal operation of the MFG can result in unexpected outcomes and LAs can therefore make a request for a "disapplication" of the MFG.
- 6.39 MFG disapplication requests have been approved previously where "the normal operation of the MFG would produce perverse results for very small schools with falling

or rising rolls”. Indeed, the DfE has approved requests from BFC since 2020-21 for the scenario being faced at Kings Academy Group schools where the diseconomy funding model results in a reduction in per pupil funding between years as the significant increase in pupil admissions each year result in a lower per pupil funding allocation as the significance of diseconomy funding top-ups reduce.

- 6.40 The same issue is again a possibility in 2024-25 requiring an MFG disapplication request to be made to the DfE.

The Central School Services Block

- 6.41 The CSSB has been created to ensure LAs can continue to carry out their important role in supporting the provision of excellent education for all children of compulsory school age. It covers pre-defined service budgets, with the local Schools Forum holding the statutory decision-making responsibility for agreeing the amount of funds that can be spent on each budget.
- 6.42 As set out above, the DfE are reducing funding for the historic cost element of the CSSB by 20% which is estimated at £0.033m. A £0.020m increase in funding for on-going commitments results in a net funding reduction of £0.013m. £0.406m was initially allocated by the DfE to BF for these historic services, with £0.134m now expected in 2024-25. The council is currently examining ways to manage this outside of the Schools Budget and an update will be provided to a future Forum meeting.
- 6.43 Annex 2 sets out the services included in the CSSB, showing the 2023-24 base budget by individual budget area and the overall provisional funding for 2024-25.

Summary of proposed changes

- 6.44 Based on provisional budget data, a series of changes have been detailed above that could be applied in the 2024-25 budget. The Forum is recommended to agree this approach, with further updates planned to be presented at the November, December and January Forum meetings. At this stage, there is a £0.260m funding shortfall: £0.247m on the Schools Budget and £0.013m on the Central School Services Block. Table 3 below provides a summary of the estimated financial implications.

Table 3: Summary initial budget proposals for 2024-25

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	2023-24 Schools Block budget	90,325	535	980	91,840
2	Remove: 2023-24 funding in excess of NFF	-101	-86	0	-187
3	2023-24 base budget	90,224	449	980	91,653
4	Provisional 2024-25 DSG funding	95,703	449	842	96,994
5	Internal Schools Block funding transfer	8	-8	0	0
6	On-going contribution to CSSB pressures	-125	0	125	0
7	2024-25 forecast income	95,586	441	967	96,994

Ref.	Item	Schools Block		Central Services Schools Block C	Total D
		Delegated school budgets A	Growth Fund - LA Managed B		
		£'000	£'000	£'000	£'000
8	+Surplus of income / - Deficit of income	5,362	-8	-13	5,341
9	<u>Changes for 2024-25</u>				
10	Cost of new year NFF funding rates at circa +2.4%	2,828	0	0	2,828
11	Mainstream School Supplementary Grant	3,037	0	0	3,037
12	New schools - 2023-24 change in cost pressure	-15	0	0	-15
13	In-year growth allowances, KS1 classes etc	0	-8	0	-8
14	Rates: impact of academisation	-241	0	0	-241
15	Total changes proposed for 2023-24	5,609	-8	0	5,601
16	+Surplus / - Deficit of income to DSG Funding	-247	0	-13	-260

Managing the shortfall to DSG funding

- 6.45 There has always been a funding gap at this stage of the budget setting process; between what is allocated by the DfE and the assessed local budget requirement which has been managed through:
1. A draw down funds from the Reserve created in the unallocated Schools Budget to support the additional costs of new and expanding schools (current balance is £0.572m).
 2. Fund schools at a scaled percentage of the NFF rather than the full amount.
- 6.46 A combination of these options can also be used, and funding proposals will be presented when there is greater certainty on the final budget requirement. In considering a draw down from Reserves, this will need to take account of the available amount and the expected duration of additional support. To allow some flexibility for costs to exceed the current estimated amount, a drawdown from Reserves of up to £0.200m in each of the next 3 years is considered a reasonable approach to take, although this will need to be kept under review.

Issuing 2024-25 budgets to schools

- 6.47 Publication of 2024-25 individual school budgets will follow last year's timeline, with provisional budgets issued in early January 2024 and final budgets in March 2024. The expectation is that the January provisional budgets will reflect the October 2023 verified census data (subject to this being provided by the DfE no later than mid-December) and the final budget decisions of the Schools Forum and will therefore be very close to final allocations.

Initial HNB budget information for 2024-25

- 6.48 The HNB element of the DSG is allocated to LAs by the DfE through a national funding formula to support pupils with Special Educational Needs and Disability (SEND) and is intended to fund a continuum of provision for relevant pupils and students from 0-24. It

is a ring-fenced grant that defines the areas of permitted spend against which LAs in general commission services from providers. In-house arrangements are made for a relatively small number of provisions.

- 6.49 To assist LAs with their budget planning, the DfE publishes provisional HNB DSG allocations each July in advance of the relevant financial year. Further updates are provided in December but remain provisional as final funding allocations for the basic element factor relating to number of students in special schools and the import / export adjustment to compensate LAs educating pupils from other areas will be based on January 2024 data which is not confirmed until after the commencement of the financial year.
- 6.50 HNB funding is increasing by £440 million, or 4.3%, in 2024-25. All LAs will receive at least a 3% increase per head of their 2 to 18 population, compared to their 2023 to 2024 allocations, with some authorities seeing gains of up to 5%.
- 6.51 Initial information from the DfE indicates a gross HNG DSG allocation for 2024-25 of £25.604m which will be subject to deduction relating to the impact of the import / export adjustment that compensates LAs that educate pupils from other areas and the DfE direct funding of academies and other relevant providers. In terms of core funding increase, BF will receive a 3% increase from 2023-24.
- 6.52 In terms of presenting the 2024-25 HNB budget proposals to the Forum for consideration and comment, updates are expected at all 4 Forum meetings that will take place before the start of the financial year in April 2024. An outline of planned updates is as follows:
- 16 November: confirmation of key budget developments under consideration, update on 2023-24 academic year placement and top-up costs relating to EHCPs
 - 7 December: first draft costed budget plan for consideration
 - 11 January: updated costed budget plan, reflecting on comments received by the Forum in December and other data changes
 - 7 March: final HNB budget proposals reflecting current data and comments received from the Forum from 11 January
- 6.53 Members of the Schools Forum will be aware that the current level of HNB expenditure is around £7m above the level of grant provided. To date, local authorities have been permitted to roll forward the growing cumulative deficit from year to year. This is not, however, a long-term, sustainable approach and the DfE has introduced the Delivering Better Value in SEND and Safety Valve programmes to address the highest deficits. An update on Bracknell Forest's participation and what has been achieved to date will be provided at the meeting.

7 ADVICE RECEIVED FROM STATUTORY AND OTHER OFFICERS

Borough Solicitor

- 7.1 There are no legal issues arising from this Report that requires specific legal comments.

Executive Director: Resources

- 7.2 Included within the supporting information.

Equalities Impact Assessment

- 7.3 A decision on the need for an EqIA will be taken when the final budget proposals are confirmed.

Climate Change Implications

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

Strategic Risk Management Issues

- 7.4 Whilst the funding reforms and financial settlement in general result in schools receiving additional funds, a number of strategic risks exist, most significantly:
1. Insufficient funding to cover anticipated pay and price inflation and changes in contributions to the Pension Funds.
 2. The ability of schools with licensed deficits to manage their repayments.
 3. The ability of schools with falling rolls to balance their budgets
 4. Managing the additional revenue costs arising from increased number of high needs pupils.
 5. The ability of schools to achieve school improvement targets.
 6. Emerging, significant inflationary pressures.
- 7.5 These risks will 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 £0.152m (2023-24 amount after academy deduction) to support maintained schools in financial difficulties that meet qualifying criteria – subject to on-going agreement to the funding.

8 CONSULTATION

Principal Groups Consulted

- 8.1 People Directorate Management Team. School governors, head teachers, Schools Forum and other interested parties will be consulted throughout the budget setting process.

Method of Consultation

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

Representations Received

- 8.3 Included in body of the report.

Background Papers

None:

Contact for further information
Paul Clark, Finance Business Partner
paul.clark@bracknell-forest.gov.uk

(01344 354054)

Doc. Ref: [https://bfcouncil.sharepoint.com/sites/fina/bpm/FIBPSCB-FIN9.6/Schools Forum/\(118\) 140923/2024-25 Schools Budget Initial Budget Preparations.docx](https://bfcouncil.sharepoint.com/sites/fina/bpm/FIBPSCB-FIN9.6/Schools%20Forum/(118)%20140923/2024-25%20Schools%20Budget%20Initial%20Budget%20Preparations.docx)

Central School Services Block

Budget Area	Schools Budget Funded		
	2023-24 Final Budget	2024-25 Indicative Funding	Change
<u>Combined Services Budgets:</u>			
Family Intervention Project	£100,000		
Educational Attainment for Looked After Children	£133,590		
School Transport for Looked After Children	£42,740		
Domestic Abuse	£2,000		
SEN Contract Monitoring	£32,680		
<i>Central School Services - historic commitments</i>	£311,010		
<u>Other Permitted Central Spend</u>			
<u>Miscellaneous (up to 0.1% of Schools Budget):</u>			
Forestcare out of hours support service	£5,150		
Borough wide Initiatives	£9,720		
Support to Schools Recruitment & Retention	£5,000		
<u>Statutory and regulatory duties:</u>			
'Retained' elements	£290,680		
<u>Other expenditure:</u>			
School Admissions	£202,025		
Schools Forum	£20,935		
Boarding Placements for Vulnerable Children	£50,000		
Central copyright licensing	£85,560		
Central School Services - on-going responsibilities	£669,070		
Total Central School Support Services	£980,080		
<u>Funding</u>			
Historic commitments	£166,170	£132,930	-£33,240
On-going responsibilities	£688,670	£708,770	£20,100
Total Funding	£854,840	£841,700	-£13,140
Existing agreed transfer from Schools Budget	£125,240	£125,240	£0
Central School Services Total Funding	£980,080	£966,940	-£13,140