

Budget Planner Software & Budget Submission Details

Budget Planner Software – Additional Year End Guidance

Following acceptance of the 2018-20 pay deal for employees, covered by the National Joint Council for Local Government Services (the Green Book), the Support Staff Pay structure held within the Educator Solutions Budget Planner Software (BPS) will need to be updated. These changes will be implemented when the year-end process is completed to move the BPS from 2018-19 to 2019-20.

Within the latest 2018-19 Support Staff Pay Scales the costs of the new pay structure were included at the proposed uplifted rates, i.e. the salary costs for spinal points 10 and 11 are the same in 2019-20:

PAYSCALES				Pay Ranges	In Year Costs	Annual Costs	Paid Weeks Per Year		
Category	CFR	Subj	Spinal Point	Apr 2018 to Mar 2019	Apr 2019 to Mar 2020	Apr 2020 to Mar 2021	Apr 2021 to Mar 2022		
ADCL - Scale C	E05	13600	10	£16,863	£18,065	£18,426	£18,795		
ADCL - Scale C	E05	13600	11	£17,007	£18,065	£18,426	£18,795		

This should limit the variance to the total support staff staffing forecasts, however, some variances will still occur.

Increased Salary Costs: Staffing forecasts for auto-incremented staff members that are at the lowest Spinal Point of the 2018-19 structure in April 2019 may see an increase in their salary costs as they will skip a spinal point under the new structure.

For example, a staff member on Spinal Point 10 in April 2019 would expect to auto-increment to Spinal Point 11 in July 2019 using the current pay structure (orange arrow below). Under the new pay structure this employee will be moved to Spinal Point 3 in April 2019 and will auto-increment to Spinal Point 4 in July 2019. As Spinal Point 3 is the amalgamation of Points 10 and 11 of the old structure and Spinal Point 4 is the amalgamation of points 12 and 13 of the old structure, the employee will be skipping point 11 under the new structure (red arrow below).

Scale C	10	£16,863	3	£18,065	7.1%
	11	£17,007			6.2%
	12	£17,173	4	£18,426	7.3%
	13	£17,391			6.0%

This should only affect those employees paid at Point 10 of Scale C or Point 14 of Scale D as at **April 2019**.

Decreased Salary Costs: Under the new pay structure 4 new Spinal Points will be created – Points 10, 13, 18 and 21. Staffing forecasts for auto-incremented staff members that are registered at the Spinal Point below one of the new Spinal Points in the 2018-19 structure in April 2019 may see a decrease in their salary costs as they will not increment to as high a salary under the new structure.

For example, a staff member on Spinal Point 20 in April 2019 would expect to auto-increment to Spinal Point 21 in July 2019 using the current pay structure (orange arrow below). Under the new pay structure this employee will be moved to Spinal Point 9 in April 2019 and will auto-increment to Spinal Point 10 (new) in July 2019 (red arrow below).

Scale E	18	£18,870	7	£19,554	5.7%
	19	£19,446	8	£19,945	2.6%
	20	£19,819	9	£20,344	2.6%
			10 (new)	£20,751	
	21	£20,541	11	£21,166	3.0%

Under the old pay structure in 2019-20 the staffing forecast of a full-time member of staff would expect to increase by £822 (£21,166 - £20,344), however, under the new pay structure the increase will only be £415 (£20,751 - £20,344).

Auto-Incremented Forecasts: If a staff record is flagged to be auto-incremented the forecasts will be amended to increment through the new PayScale structure, which includes the new Spinal Points (10, 13, 18 and 21). If the record is **not** set to be auto-incremented there may be records with a 2-point jump in Spinal Points. A report will print showing those staff records that have a 2-point jump which will need to be manually amended once the year-end staffing recalculation has taken place (excluding Spinal Point 15 to 17).

Spinal Point 16: This Spinal Point is being skipped under NAPS / ESOPs, therefore, employees on Scale F will jump from 15 to 17.

Spinal Point 18: Scale G has a new starting Spinal Point (18). When the new structure is implemented any staff members on the old starting Spinal Point (26) will be moved to Spinal Point 19. If the employees' contract begins with the school on 01st April 2019 rather than being a continuing employee this will need to be manually amended to start at point 18.

Earnings Threshold: The Earnings Threshold (the amount at which an employee starts paying National Insurance) will increase from £8,424 to £8,632 from April 2019, therefore, the amount of National Insurance calculated for each employee will decrease slightly.

Teachers Pensions Grant: From September 2019 the pension rate for teaching staff will increase from 16.48% to 23.60%. The DfE “*proposes fund fully the contribution increase in 2019 to 2020 for maintained schools, academies, and FE providers obliged to offer TPS*”, however, no further details regarding funding these increases from April 2020 have been given at this stage.

To enable schools to compare what were to happen if the grant does and does not continue after April 2020 it is the recommendation of the Finance and Business Services Team that the **trial budget** feature is utilised.

Live Budget: When a staffing forecast is updated to the detailed **live** budget (see Budget Planner User Guide) the system will add a line for the Pension Grant to subjective code 99120 for the difference between the Pension Costs at 16.48% and 23.60% for teaching staff. This line will be locked so the figure cannot be amended.

BUDGET PLAN ORIGINAL 2019-20				Copy Budget to Future Years		Budget
Filter: Budgeted Subjective Codes Only						
Subj Code	Subjective Description	CFR Department		Original 2019-20	Forecast 2020-21	Forecast 2021-22 Notes
99120	Additional grant for Schools	118		-53,195	0	0 Pension Grant

Within the live budget a figure will only be added for the 2019-20 financial year.

Trial Budget: Once the live budget has been completed it should be imported into the trial budget (see Budget Planner User Guide, Section 02). The staffing forecast used to update the live budget should then be updated to the trial budget (see Section 04 of the Budget Planner User Guide).

TRIAL BUDGET PLAN ORIGINAL 2019-20					Copy Budget to Future Years	Budget
Subj Code	Subjective Description	CFR Department		Original 2019-20	Forecast 2020-21	Forecast 2021-22 Notes
X 99120	Additional grant for Schools	118		-53,195	-90,313	-90,406 Pension Grant

Within the trial budget a figure will be added for all three financials year to subjective code 99120 for the difference between the Pension Costs at 16.48% and 23.60% for teaching staff.

This will allow a comparison between the year-end positions of the **live** budget (grant not continuing after April 2020), and the **trial** budget (grant continues for all three years):

Surplus Summary				
		Original 2019-20	Forecast 2020-21	Forecast 2021-22
		Surplus	Surplus	Deficit
Balance Cfwd as % of Budget Share		5.15%	2.80%	-0.63%

Surplus Summary - Trial				
		Original 2019-20	Forecast 2020-21	Forecast 2021-22
		Surplus	Surplus	Surplus
Balance Cfwd as % of Budget Share		5.15%	5.87%	5.52%

Budget Submission Details

As disclosed above, it is likely that the Employers Teachers Pension rate will increase to 23.6% from September 2019. Based on recent communication from the Department for Education, a grant to '**fund fully**' this increase will only be provided from September 2019 to March 2020. We have included the grant in your budgets to cover this period based on your staff profile and the difference between the current rate of 16.48% and 23.6%. However, it is likely that the Department for Education will calculate an amount per pupil and apply this as the basis of your grant.

We fully understand that this will put extreme pressure on schools being able to balance their budgets in future years. The Department for Education recently released a public consultation on this proposal, inviting evidence relating to the impact on all sectors covered by the TPS, before determining final funding arrangement, which closed on the 12th February. I do hope you were able to respond.

We would therefore like you to submit 2 budgets this year, a live budget that only allocates the grant from September 2019 to March 2020 and a trial budget that allocates the grant over 3 years.

This will provide the Governors & Local Authority further information on the impact of the pension change for your school.

Please can both budgets be discussed and approved by Governors and submitted to the Finance & Business Services Team by the 31st March 2019, but no later than the 1st May 2019 as per the requirements of Norfolk's Scheme for Financing Schools.

The live budget will be a 'worst case scenario budget', however, if no further grant will be provided by the Department for Education to support the pension increase in future years and your budget indicates deficits in future years, you must start planning for ways to recover this situation.

When we are provided with further information by the Department for Education we will communicate this to you as soon as possible and make updates to the budget planner software where applicable.

Finally, Governors and school leaders are reminded to look beyond the unusual circumstances of the pension contribution increase, and its potential impact on budgets. Schools should not allow the uncertainty of this matter to mask any other inevitable budget concerns; if the financial position dictates that staffing adjustments are still required, then these must proceed as originally planned.