

SCHOOLS FORUM

Funding School Growth

21 September 2015

Content Applicable to;		School Phase;	
Maintained Schools	X	Pre School	
Academies	X	Foundation Stage	X
PVI Settings		Primary	X
Special Schools / Academies		Secondary	X
Local Authority		Post 16	
		High Needs	

Purpose of Report

Content Requires;		By;	
Noting		Maintained Primary School Members	
Decision	X	Maintained Secondary School Members	
		Maintained Special School Members	
		Academy Members	
		All Schools Forum	X

1. This report sets out the proposed Local Authority policy on funding school growth

Recommendations

2. That Schools Forum approve the policy on funding school growth
3. That Schools Forum note the future financial implications for funding school growth

Introduction

4. Local Authorities may topslice Dedicated Schools Grant (DSG) to create a Growth Fund for revenue support to schools which are required to provide extra places in order to provide extra school places in order to meet basic need growth within the authority, including pre-opening, diseconomy and reorganisation costs.

Leicestershire is one of a few authorities that does not have this type of provision within its Schools Budget.

5. A Growth Fund cannot be used to support schools in financial difficulty or general growth due to popularity. EFA guidance states that a growth fund is a suitable manner in which to fund schools for short term increases in pupil numbers and bulge classes only.
6. Local authorities should submit a request to vary pupil numbers in situations of significant change to the Secretary of State, such as age range changes, as the scale of change is sufficiently great that it should be applied to all factors in the funding formula. Leicestershire does have this process in place, without undertaking this there is a significant risk that DSG is removed.
7. Where a new school is due to open the School and Early Years Finance (Regulations) require that authorities should estimate the pupil numbers expected to join the school in September and fund accordingly. The regulations also require that local authorities should estimate pupil numbers in all schools and academies that have opened in the previous seven years and are still adding year groups. Estimates may be adjusted each year to take account of the actual pupil numbers in the previous funding period.
8. The new school to serve Braunstone and Leicester Forest East is expected to be opened in September 2016, as Leicestershire County Council does not have a policy on the allocation of growth funding it is essential that one is in place for this school and for future schools expected to be delivered through the Sustainable Urban Extensions (SUE's) delivered over the medium to long term.
9. The decision on the local authority proposals on the allocation of a growth fund is vested with the Schools Forum, the local authority may seek adjudication from the Secretary of State if the Schools Forum does not agree with the local authorities proposal.

Background

10. Current planning information across Leicestershire's District Councils, including the new Braunstone/Leicester Forest East Primary school, suggests a total of 18 new schools – 16 primary and 2 secondary providing 7,620 additional places- will be built and require funding to 2024. This funding requirement is currently assessed at £19.5m but may change if and should developer plans for new homes change, any impact on the DSG reserve by future over and under spends and any future school funding changes affecting the level of resource within the school funding formula.
11. In accordance with 'academy presumption' legislation the DfE require that all new schools will be academies and local authorities are required to enter into competitive tendering to determine whom will operate the new school. The final decision on a school operator rests with the Regional Schools Commissioner acting on behalf of the Secretary of State for Education.
12. As for schools, local authorities receive DSG on lagged pupil numbers, a school opening or adding new year groups in September will have pupils for 7 months

before DSG is received for the additional pupils but must be funded for those pupils from the point of admission. It is assumed that all pupils in the schools will be 'new' even if those pupils join from another school, in this instance therefore there may be an element of double funding where pupils leave other schools to join opening schools.

13. Leicestershire does not presently have a policy on funding school growth. It does have a policy to vary pupil numbers in schools as a result of age range changes which has previously been approved by the Secretary of State. These two issues are separate and should not be confused, a growth funding policy is now required for new and expanding schools.

The Proposed Policy

14. The proposed policy is shown in Appendix 1.
15. The policy covers two areas;
 - New Schools – the policy sets out clearly for future potential school operators how the school will be funded, this will enable their early consideration when assessing whether to enter into, and inform, a competitive procurement exercise.
 - Expansion of Current Schools – There is no requirement for the local authority to provide funding for expanding schools outside the formula but is considered by the DfE to be best practice to do so. It will also ensure that where the local authority is requesting schools to add additional classrooms that the financial barrier for schools to expand is reduced and the provision of additional capacity as a result of basic need can be delivered in a co-ordinated manner.
16. The proposed policy is based upon guidance issued by the Education Funding Agency, and the experience within the local authority of managing a contingency for increased pupil numbers prior to its delegation to schools in 2013/14.
17. It will be necessary to review the policy as trends in pupil numbers and costs become clear. It is also essential that the objective of the policy is recognised as being the local authorities' response to the statutory requirement to provide sufficient school places and not to reflect general demographic changes and school popularity.

Resource Implications

18. Funding for the growth fund is through a top slice of the Schools Block DSG. No budget is currently maintained for this purpose although £6.5m is set-aside in the DGS reserve to accommodate such demands. It is currently estimated that the overall impact of per pupil funding for the seven months before pupil funding is reflected in DSG will be c £19.5m excluding any dis-economies funding leaving an estimated funding gap of c£13m.
19. The DSG reserve has been accumulated through the retention of underspend in the Early Years and High Needs Blocks and this underspend is not expected to continue. The contingency in the High Needs Block has been allocated to Special Schools and

Units to replicate the 2015/16 increase in funding rates for mainstream schools and at period 3 is expected to overspend. The Early Years block is currently being supported from the DSG reserve as a result of the changes in methodology for funding the early education offer for disadvantaged two year olds. Any overall future DSG over or underspend will affect the reserve funding available set-aside for growth.

20. The cost of providing growth funding in order to commission new classrooms in existing schools and academies is exceptionally difficult to assess with certainty and will increase the resource required.
21. At local authority level the Schools Budget is set at the level of DSG received. With the impact of government austerity measures on public sector spending there is no possibility of any Council funding to support growth in schools. The shortfall in funding needs to be met from the Schools Block DSG in one of two ways;
 - DSG Headroom – should any headroom become available this would be reserved to meet the future funding gap for growth.
 - Delegated School Budgets – should there be insufficient headroom or underspend it will be necessary to reduce the funding rates within the school funding formula.
22. A clear balance needs to be achieved between ensuring that an opening school has sufficient revenue to operate and the impact that may have on other budgets including those delegated to schools. No reduction in the funding rates used within the formula are proposed for 2016/17 as the modelling suggests that there is sufficient DSG reserve for the schools estimate up to and including September 2018. This will need to be monitored closely as the DSG reserve is impacted by income and expenditure for each year and the opening dates for new schools.
23. The costs relating to the direct commissioning of a new school are met from the local authority budget.
24. It is anticipated that the capital costs associated with a new school build in most cases will be fully funded from developers S106 contributions. The cost of expansion of existing schools is within the Basic Need capital grant payable to the local authority by the EFA.

Equal Opportunity Issues

25. The local authority has a statutory duty to ensure the sufficient supply of school places for all pupils. The adoption of this policy has no specific equal opportunities issues which are considered both within the school place planning strategy and within the evaluation of tenders from potential providers of new schools.

Background Papers

Schools Forum 18 June 2015 – 2014/15 Schools Budget Outturn

[http://politics.leics.gov.uk/Published/C00001018/M00004357/AI00044231/\\$Paper2201415SchoolsBudgetOutturnV22.docxA.ps.pdf](http://politics.leics.gov.uk/Published/C00001018/M00004357/AI00044231/$Paper2201415SchoolsBudgetOutturnV22.docxA.ps.pdf)

Cabinet 19 November 2014 – ‘In the Right Place’ – Strategy for the Provision of School and Other Learning Places in Leicestershire 2014/18

<http://cexmodgov1/ieListDocuments.aspx?CId=135&MID=3995#AI39945>

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Policy for Funding New Schools and Pupil Growth

Opening Schools

1. In accordance with the School and Early Years Finance (England) Regulations 2014 the funding for an opening school will be by the application of the local authority's school funding formula for each pupil estimated to be on roll in the September of each year until such time the school has a full contingent of year groups.
2. The number of pupils to be funded will be agreed with the operator of each school on an annual basis. This estimate will be agreed in January immediately preceding the opening of the school or the addition of new classes in order to be reflected in the local authority's school budget formula submission to the EFA.
3. The agreed pupil estimate will be adjusted each year, until the school has admitted all year groups, to reflect actual admissions i.e. if actual pupils exceed the estimate a positive adjustment will be made to the following funding period. Conversely if the estimate is higher than actual pupil numbers a negative adjustment will be made to the following funding period.
4. The basis for the pupil number estimate will be taken from the tender documents submitted by the operator of the schools in their application. This may be adjusted for relevant data held by the local authority and / or the school operator.
5. A start up grant of £50,000 will be provided to the school in its first year of opening.
6. A diseconomies of scale grant of £9,525 will be paid to reflect the cost of equipping a new classroom to ensure a suitable teaching and learning environment for each year group added in year two and each subsequent year where these items are not provided through the capital investment in the school. This reflects the provision of the following equipment;

	£
Whiteboard	£70
Interactive whiteboard	£3,500
Teacher laptop	£800
2 computers for pupils	£1,400
Classroom desks and chairs	£1,350
Teacher desk and chair	£325
Trays and cabinets	£270
Bookcases	£620
Cupboards	£890
Filing cabinet	£75
Art rack	£225
Total	£9,250

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7. The above list is not a recommendation for the equipment required to create a suitable learning environment (where not already provided) nor is the school required to use the grant in this manner. The school is free to use the funding in the way they feel will best meet the needs of the incoming pupils.

Additional Places / Classes in Open Schools / Academies

7. The local authority may make a one off payment to schools and academies in the following instances;
- Where the local authority carries out a formal consultation and approves an increase in the capacity of a schools
 - Where a school/academy carries out a formal consultation and approves an increase in capacity at either the request of the local authority or supported by the local authority
 - Where a school / academy admits significant increase of 15% in pupils to meet the demand from new housing developments at the request of the local authority. The increase in numbers will be calculated by the net movement taking into account pupils leaving and joining
 - Where the local authority is making capital provision with its Medium Term Financial Strategy to deliver additional classroom space
 - The provision of additional classroom space meets the local authorities priorities as set out within its school place planning strategy
8. No allocation will be made to a school/academy where the school/academy;
- Has surplus places and then takes children up to the Planned Admission Number (PAN)
 - Admits over PAN at their own choice
 - Adopts a PAN which will result in pupil numbers in excess of the Net Capacity Assessment
 - Admits extra pupils where those pupils have a reasonable alternative school place
 - Is directed and/or requested to admit additional pupils as a result of errors, appeals, fair access protocol, SEN, LAC etc
 - Provides an additional infant class to meet class size legislation
 - The increase in pupil numbers are the result of mid- term admissions from other Leicestershire schools
9. A one off grant of £50,000 will be allocated to schools that meet the following criteria;
- The school has considered the organisation of classes and the local authority agrees that the set-up of an additional class is the only option available
 - Where the admission of additional pupils over 10% of the October census creates a cost pressure within the school that cannot be managed within the resources available in the school

10. Schools qualifying for school growth as a result of expansion for basic needs purposes will be assessed through the school place planning processes by the application of the criteria detailed in this policy. The approval of funding will take place in the local authorities Corporate Schools Group which considers all aspects of school place planning.
11. Grant allocations will be reported to the Schools Forum, the report will detail the grant and also the criteria under which it is allocated.