

SCHOOLS FORUM

Leicestershire Policy For Funding Basic Need Growth

21 November 2023

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

Purpose of Report

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

1. This report sets out a new policy for meeting the revenue costs for additional school places to fulfil the local authority's statutory responsibility to ensure an adequate supply of school places.

Recommendations:

2. That Schools Forum approve the Policy to be applicable from 1 April 2024.

Introduction:

3. Schools Forum have the responsibility to create a fund for significant pupil growth to support the local authority's duty for place planning (basic need), including pre-opening and diseconomy of scale costs, and agree the criteria for maintained schools and academies to access this fund. The former of these responsibilities is through the annual approval of the budget for schools' growth and the latter through approving the policy which sets out the criteria for its allocation, which is the purpose of this report.

Background:

4. The current policy for meeting the revenue costs of opening and expanding schools was approved in September 2019.
5. Under the movement to the National Funding Formula (NFF) the Department for Education (DfE) has sought to bring an element of standardisation to the way mainstream school growth is approached in terms of how funding is allocated to local authorities and how schools are funded for it, which requires a revision to the Leicestershire policy.
6. There are restrictions on what a Growth Fund can be used for. The regulations specify that a growth fund, subject to the locally adopted growth policy, can only be used to:
 - support growth in pre-16 pupil numbers to meet basic need.
 - support additional classes needed to meet the infant class size regulation (please see below).
 - meet the revenue costs of new schools.

The growth fund cannot be used to support:

- schools in financial difficulty. Any such support for maintained schools should be provided from a de-delegated contingency. No such contingency is held for Leicestershire maintained schools.
 - general growth due to popularity. This is managed through lagged funding. This includes cases where academies have admitted above Pupil Admission Numbers (PAN) by their own choice.
7. The growth funding may be used in conjunction with school expansion that is permanent where it may be appropriate to use a variation to pupil numbers. This is currently applied to opening schools until they have reached their full capacity and it may also be appropriate for permanent expansions. This will be considered for permanent expansions where appropriate. Irrespective of the basis for the allocation of funding it is all met from the Growth Fund.
 8. The revised policy retains the principles of the current policy by:
 - providing funding for places in newly opened schools. This is done by replication of the Leicestershire funding formula between their opening date in September until pupils are reflected in the school census and generate a school level NFF allocation. For an academy, the time lag of funding is one year i.e., pupils in additional places in September 2023 are reflected in the 2023 October census which informs the school revenue budget for the 2024-25 academic year.
 - providing start-up funding for costs that a new school incur in their pre-opening period, such as the appointment of staff.
 - providing funding for expansion of places in maintained schools and academies as required because of the basic need for school places.
 9. The new approach by the DfE introduces minimum mandatory requirements for local authorities in the amount of funding they allocate as being a value attached to each place multiplied by the number of pupils. The policy retains the previous approach whereby growth is considered in terms of a Form Entry of 30 places but adds the ability

for expansion over a number of years e.g. 15 places in each of two years which is more applicable to smaller schools. Funding is allocated for each of the years of expansion until the full contingent of expanded age groups is reached

10. In line with the current policy funding will only be provided where the local authority has identified a need for additional places for the purposes of basic need. Neither does the policy provide funding to meet infant class size regulation where funding was delegated after consultation with schools in 2013.
11. The funding allocations under the current and revised policy are set out below. The revised funding allocations are consistent with the funding rates received by the local authority:

	Current Policy	Revised Policy	Note
New schools – formula funding	Funding formula replication until pupils generate funding through the NFF enacted by pupil number variation / estimate	No change	Mandatory requirement
New schools – pre opening costs	£125,000 + £9,250 per new class	£76,195	Per the funding allocation to the LA from the DfE
Permanent expansion of existing schools	£50,000 per Form Entry + £9,250 per additional class	£1,550 per primary place £2,320 per secondary place	Per the funding allocation to the LA from the DfE
Temporary expansion of an existing school i.e. bulge class	No provision	£1,550 per primary place £2,320 per secondary place	New mandatory requirement

Resource Implications:

12. Until such time that the additional place need for September 2024 and can be compared to the funding allocation from the DfE the precise financial implication from this change can be formally assessed. As such Schools Forum will, as in previous years, be asked to approve the retention of funding for the Growth Fund.
13. The expectation is that the policy will be cost neutral at the point historic allocations have been fully met. These are likely to result in the 2024-25 budget allocation for growth being insufficient and will be required to be met from the Dedicated Schools Grant Reserve of £10.5m which is currently offsetting the High Needs Deficit. This element of the reserve arises from a mismatch between the current allocation methodology used by the DfE and the number of additional places needed by the local authority. The revised national funding system will align need and costs which will be enacted under the new policy.

Background Papers:

[Gov.uk | Growth & Falling Rolls Fund Guidance: 2024 to 2025](#)

[Leicestershire Schools' Forum Agenda & Minutes | 30 September 2019](#)

Officers to Contact:

Jenny Lawrence

Finance Business Partner – Schools and High Needs

Email: Jenny.Lawrence@leics.gov.uk

Tel: 0116 3056401