

Date: 16 October 2014	Item 8	Type of report: Information & Decision
Report title:	Pupil Roll Growth Funding 2015-16	
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Executive Summary

This report provides the Schools Forum with a summary of the arrangements for funding roll expansion in schools from 2015 to 2016.

Schools Forum Actions

The Schools Forum is asked to:

- Note the national changes to the funding for roll growth in academies and free schools;
- Note the potential estimated additional cost pressure on the Dedicated School Grant (DSG) in 2015-16 resulting from these government changes;
- Agree the Criteria for allocating funds from the Growth Fund that will apply to the funding of planned pupil expansion in existing schools, which has now been updated to include secondary school planned expansion;
- Agree to the top-slicing of the DSG of £700k for the 2015-16 Growth Fund.

1.0 Background

- 1.1 The Dedicated School Grant (DSG) funding and individual mainstream school funding is based on lagged data (i.e. October 2014 school census data is the basis for 2015-16 DSG income and individual school budgets). This means that schools do not receive any additional funding for growth through the funding formula for a new class opened in September, until the following financial year (April). Pupil number growth is therefore funded from existing DSG resources.
- 1.2 In previous years, the funding system for school expansion/pupil number growth was:
- The EFA was responsible for funding growth in non-recoupment academies and free schools.
 - LA allowed to top slice the Dedicated Schools Grant (DSG) funding to create a Growth Fund to support maintained and recoupment academies with planned pupil expansion to meet basic need within the LA, accordance with the Growth Fund criteria.
- 1.3 The outcomes of the recent EFA consultation (considered at the July 2014 Schools Forum) are that:
- non recoupment academies are now treated like recoupment academies for DSG funding purposes (see item 7);
 - From 2015-16 the arrangements for funding growing free schools and non recoupment academies (i.e. those schools where all year groups have not opened yet) have changed, transferring the source of funding from the EFA to the LA from existing DSG resources;
 - There has been no change to the arrangements for maintained schools and recoupment academies funded from the Growth Fund in regards to planned pupil expansion.
- 1.4 This means that there are two approaches to the funding of pupil expansion from the DSG in 2015-16:

- For expanding free schools and potentially non-recoupment academies – the new national DSG “recoupment” arrangements for growth will be applied (section 2.0);
- For maintained schools and recoupment academies – funded from the Growth Fund (section 4.0) subject to the criteria.

1.5 For ease of reference a current list of the Free Schools and Non Recoupment Academies is listed at Appendix A.

1.6 These new arrangements for Free Schools and Non Recoupment Academies are complex and it is proving difficult to have full confidence in our understanding of the likely implications and additional DSG cost pressure based on the current guidance and data available. LA officers are continuing to liaise with other LAs and the EFA to understand the detail of the changes and further updates will be provided as the details are confirmed. Recent Email correspondence received from the EFA indicates that the fine detail is still being worked through.

2.0 Changes to the funding of growth in non-recoupment academies and free schools

2.1 A summary of the key changes are:

- Funding will be recouped from the DSG in regards to a new or expanding free school after the first year of opening. This is intended to reflect pupils leaving the local authority maintained sector to join a new or expanding school;
- Our current understanding is that in 2015-16, the cost of growth in free schools that will need to be met from existing DSG resources will be based on 7/12ths of the annual cost of the estimated numbers for the period September 2015 to March 2016;
- Funding will be recouped based on estimated pupil numbers which are applied to the school funding formula. Estimates can be retrospectively adjusted where actual numbers are different to estimates. Changes in estimated numbers represent a further risk to the DSG in the following year;
- The LA estimated numbers will only be used for the purposes of recouping funding from the LA. This will not impact on the way free schools are funded by the EFA.
- The impact in regards to new or expanding non-recoupment academies is unclear and we understand the EFA are still looking at.

2.2 The Government response to the consultation on simplifying the administration of academy funding is available on the following link:

<https://www.gov.uk/government/consultations/academies-funding-simplifying-the-administration>

2.3 For information, extracts from the EFA guidance on 2014-15 and 2015-16 arrangements are included in Appendices D and E.

3.0 Cost Implications for the DSG

3.1 Schools Forum is asked to note that following potential financial risks for the DSG associated with these changes:

- In Southwark, there are a significant number of non-recoupment academies and free schools, including growing schools. Initial estimates of the full year impact of these changes could be in the region of £4.2m, or £2.4m based on the costs from September 2015 to March 2016;
- This is based on the estimated full year costs (assuming the school is full) for an individual school of; 1 FE primary school £154k, 5 FE secondary school £1.124m. A breakdown of the estimated calculations is included in Appendix C;
- This is expected to be an ongoing additional cost to the DSG each year until all year groups in the school are open, in other words, a permanent expansion cost of up to £4.2m may need to

be identified from within the DSG. This equates to approximately £150 per pupil or 2.5% of the current total individual schools budget.

4.0 Growth fund

- 4.1 The Schools Forum agreed to the establishment of a Growth Fund in 2013-14.
- 4.2 The agreed growth fund in 2014-15 was £700,000, based on the cost of funding up to an additional 13.5 form entry (FE) from September 2014 at £52,000 per primary class of 30 pupils.
- 4.3 The Growth Fund criteria are outlined in Appendix B.
- 4.4 The LA proposes to continue to top-slice the DSG based on expansion of a further additional 13.5 FE; £700,000. Updates will be presented to future Schools Forum meetings as class numbers are finalised. In addition, the criteria and funding has been expanded to include secondary schools.
- 4.5 Further, LA's are able to top slice the DSG to create a small fund to support good schools with falling rolls, where local planning data show that the surplus places will be needed in the future. It is a mandatory requirement that support is only available to schools judged as Good or Outstanding at their last Ofsted inspection. The Schools Forum are asked to note that Southwark do not currently require such a fund.

Schools Forum Actions

The Schools Forum is asked to:

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- Note the potential estimated additional cost pressure on the Dedicated School Grant (DSG) in 2015-16 resulting from these government changes;
- Agree the Criteria for allocating funds from the Growth Fund that will apply to the funding of planned pupil expansion in existing schools, which has now been updated to include secondary school planned expansion;
- Agree to the top-slicing of the DSG of £700k for the 2015-16 Growth Fund.

Appendix A
List of current academies and free schools in Southwark

DfE number	School	Type of school	Phase	Growing school
2102000	Southwark Free School	Free School	Primary	Yes
2102001	Harris Primary Free School Peckham	Free School	Primary	Yes
2102002	Judith Kerr Primary School	Free School	Primary	Yes
2104000	Compass School Southwark	Free School	Secondary	Yes
2102004	Harris Primary Academy East Dulwich	Free School	Primary	Yes
2104002	University Engineering Academy, South Bank	Academy – non recoupment	Secondary	Yes
2106905	City of London Academy	Academy – non recoupment	Secondary	
2104001	ARK All Saints Academy	Academy – non recoupment	Secondary	Yes
2106906	Harris Academy Peckham	Academy – non recoupment	Secondary	
2106907	Harris Academy Bermondsey	Academy – non recoupment	Secondary	
2106908	Harris Girls' Academy East Dulwich	Academy – non recoupment	Secondary	
2106909	Walworth Academy	Academy – non recoupment	Secondary	
2106911	Bacon's College	Academy – non recoupment	Secondary	
2106913	Harris Boys' Academy East Dulwich	Academy – non recoupment	Secondary	
2102169	Dulwich Hamlet Junior School	Academy - recoupment	Primary	
2102500	Redriff Primary School	Academy – recoupment	Primary	
2102857	Harris Primary Academy Peckham Park	Academy – recoupment	Primary	
2102859	Goose Green Primary School	Academy – recoupment	Primary	
2104265	Kingsdale Secondary School	Academy – recoupment	Secondary	
2104318	The Charter School	Academy – recoupment	Secondary	
2105403	St Michael's Catholic College	Academy – recoupment	Secondary	
2105405	Sacred Heart RC School	Academy – recoupment	Secondary	
2106912	Globe Academy	Academy – recoupment	All through	
2102335	John Donne	Academy – recoupment	Primary	

Southwark Growth Fund Scheme

(updated October 2014)

- The DfE require all Local Authorities to have a specified scheme for funding the growth in pupil numbers.
- This growth is funded through a top slice from the Dedicated Schools Grant.
- This growth is ring-fenced, unspent funds are roll forward for Schools Forum consideration.
- The Schools Forum will annually consider the eligibility criteria and level of funding from the growth fund.
- Any unspent funds will be allocated to the following year's DSG and reallocated to maintained schools and academies through the local formula.

Expansion of Existing Primary and Secondary Schools**Criteria**

Payments from the Growth Fund will be allocated to specific schools with temporary expansion classes which have been agreed by the Local Authority and in line with the LA's overall strategy for meeting pupil number growth within specific areas of the borough. In addition, this funding will also support the ongoing financial impact of previously agreed permanent expansions.

The arrangements for the allocation from the Growth Fund are as follows:

- Formal agreement to the expansion class by the LA as part of the overall strategy for meeting primary or secondary age pupil number growth as confirmed in writing to the school's Chair of Governors by the Southwark Director of Education, Children's and Adults Services;
- The letter will confirm the agreed number of places and value of funding that will be provided to the school;
- The funding that will be allocated to the individual school will be based on £52,000 for an expansion class of 30 places in primary schools to cover the period September to March;
- The funding allocated to an individual secondary school will be £65,000 for an additional class of 30 places to cover the period September to March.
- To support the school's cash flow, funding will be provided to the school in a one-off payment on the actual opening of the expansion class.

Funding

The primary school base funding allocation is based on the estimated costs of a UPS1 teacher, full-time classroom support and £10,000 to cover resources and any other expenses the school incurs. The school would use these resources to meet the need as they see fit.

The secondary school base funding allocation is based on the primary school allocation plus 25%. The 25% reflects the additional pupil teacher ratio costs between primary and secondary schools (school workforce statistics: PTR primary 20.8; secondary 14.95 – i.e. 25% lower PTR in secondary schools; <https://www.gov.uk/government/statistics/school-workforce-in-england-november-2013> table 17a)

For temporary expansion classes, the schools will be funded in future financial years on the actual pupils on roll school as part of the Southwark School Funding formula.

Budget Monitoring

Update reports will be provided to the Schools Forum meetings throughout the year providing detail of the use of the funding. An outturn report will also be provided to the Schools Forum.

Appendix C

Estimate costs of Recoupment for Free Schools and Non Recoupment Academies

Table A – Estimated cost of 1 FE primary school

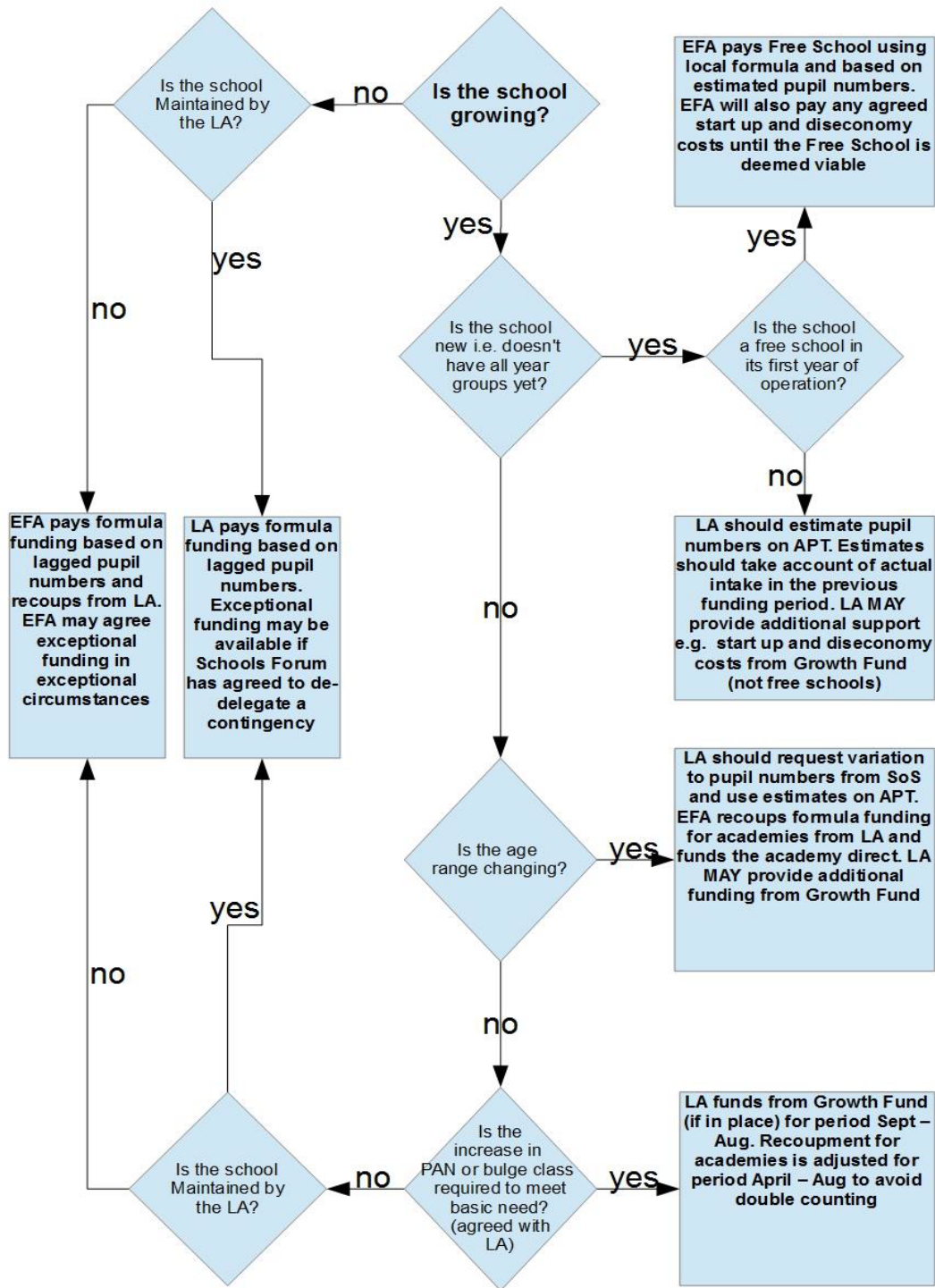
Year Groups open	Estimated pupil numbers (if full)	Lump sum	Estimated AWPU (Based on £4,089.66)	Estimated other factors (based on average per pupil)	Total Estimated Full Year Budget	Full year cost (excluding year 1)	Cost based on 7/12ths of annual cost (excluding year 1)
R	30	£150,000	122,690	31,405	£304,095	£0	£0
R to 1	60	£150,000	245,380	62,810	£458,190	£154,095	£89,889
R to 2	90	£150,000	368,069	94,216	£612,285	£154,095	£89,889
R to 3	120	£150,000	490,759	125,621	£766,380	£154,095	£89,889
R to 4	150	£150,000	613,449	157,026	£920,475	£154,095	£89,889
R to 5	180	£150,000	736,139	188,431	£1,074,570	£154,095	£89,889
R to 6	210	£150,000	858,829	219,836	£1,228,665	£154,095	£89,889
Total					£1,228,665	£924,570	£539,334

Table B – Estimated cost of 5 FE secondary school

Year Groups open	Estimated pupil numbers (if full)	Lump sum	Estimated AWPU (Based on £5,853.39)	Estimated other factors (based on average per pupil)	Total Estimated Full Year Budget	Full year cost (excluding year 1)	Cost based on 7/12ths of annual cost (excluding year 1)
7	150	£150,000	878,009	246,546	£1,274,554	£0	£0
7 to 8	300	£150,000	1,756,017	493,092	£2,399,109	£1,124,554	£655,990
8 to 9	450	£150,000	2,634,026	739,638	£3,523,663	£1,124,554	£655,990
9 to 10	600	£150,000	3,512,034	986,184	£4,648,218	£1,124,554	£655,990
10 to 11	750	£150,000	4,390,043	1,232,730	£5,772,772	£1,124,554	£655,990
Total					£5,772,772	£4,498,216	£2,623,960

Appendix D

Extract from EFA - Schools revenue funding 2015 to 2016 Operational guide
Funding flow chart for growing schools



**Extract from EFA – 2014-15 Revenue Funding Arrangements: Additional information for local authorities
Current funding arrangements for growth**

Growth and new schools – funding source

This table sets out how funding pupil growth works in different types of maintained school and academy

Type of school/academy	Responsibility for start-up and diseconomies costs	Responsibility for paying budget share	Formula on LA proforma and recouped	Responsibility for funding additional classes for basic need	Route for requesting additional funding for growth not related to basic need
Existing maintained school	n/a	LA	Proforma - but no recoupment for maintained schools	LA growth fund	Authorities can have a de-delegated contingency for maintained schools if relevant schools forum members agree
Existing recoupment academy	n/a	EFA	Yes	LA growth fund	Academy would need to make exceptional case to EFA
Existing non-recoupment academy including free schools	n/a	EFA	No	EFA using LA growth fund criteria	Academy would need to make exceptional case to EFA

Type of school/academy	Responsibility for start-up and diseconomies costs	Responsibility for paying budget share	Formula on LA proforma and recouped	Responsibility for funding additional classes for basic need	Route for requesting additional funding for growth not related to basic need
New academy/free school opened for basic need purposes	LA from growth fund	EFA	Yes based on part year estimated numbers – becomes recoupment academy	n/a	Academy would be funded on estimates as school is adding new year groups. Could make a case to the EFA for additional funding where there is exceptional in-year growth.
New academy/free school not opened for basic need purposes	EFA	EFA	No	n/a	Academy would be funded on estimates as school is adding new year groups. Could make a case to the EFA for additional funding where there is exceptional in-year growth.