

## SCHOOLS' FUNDING FORUM

<b>SUBJECT:</b>	Growth Policy for 2015-16
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### **SUMMARY OF REPORT:**

One of the responsibilities of the SFF is to ratify the Local Authorities (LAs) annual Growth policy. This year the LA has been challenged by the DfE on the rising roll element of the policy and is being directed to make a further change. This change results in an overall reduction to the Growth fund.

<b>FOR:</b>	Decision
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## **1. Introduction**

- 1.1 One element of the Schools' Funding Reforms, introduced by the Department for Education (DfE) in 2013-14, was for Local Authority's (LA) to have a Growth Policy (and subsequent Growth fund). The Schools' Funding Forum (SFF) determines whether there is a need for a Growth Policy and, if there is a need, the criteria for allocating the funding. If there is deemed a need, the Policy is submitted annually to the DfE for ratification and compliance with their criteria. In both of the previous two financial years the SFF ratified and subsequently gained approval from the EFA for its growth policy. The SFF growth papers for 2013-14 and 2014-15 are provided as background documents to this report (see end of report for links).
- 1.2 The growth policy has two strands; reorganisation funding and rising roll. The reason for growth funding is due to the delay in funding schools (the term schools used throughout this document includes academies), as a result of the lagged funding system. Reorganisation funding is based on an estimated number and rising roll is based on actual increase in numbers during the autumn term. In 2013-14 and 2014-15 the SFF ratified a Growth fund of £6m with an estimated split of reorganisation funding £4m and rising roll funding £2m.
- 1.3 In 2013-14 the growth fund had a £3.6m spend for reorganisation and a £1.4m spend for rising roll. The estimated spend for 2014-15 is £4.2m reorganisation and £1.4m rising roll. At the time of the SFF we will not have

the actual rising figures as this will be available from the second week in December.

## **2. Changes to our Growth Policy for 2015-16**

### Reorganisation

- 2.1 There are no recommended changes to the reorganisation section of the growth funding policy.

### Rising Roll

- 2.2 Our rising roll policy has been approved in both of the two previous financial years. However, following our most recent submission (dry run of 2015-16), the DfE have informed us that our rising roll funding can only be applied to Basic Need schools.
- 2.3 To date rising roll funding has been allocated to non- basic needs schools. From 2015-16, the DfE have categorically stated that the LA is not allowed to apply rising roll funding to non-basic need schools. We have challenged the fairness and logic in respect of this directive and received the following response:
- The underlying principle of the lagged funding system is to provide stability, so that schools know how much funding they have for the year.
  - The alternative would be to revert to the “old” system of retrospective adjustments – both positive and negative
  - This would give less certainty over funding and could, if schools lose pupils, lead to deficit budgets.
- 2.4 Our reorganisation policy protects permanent expansions (an increase over time to all year groups in the school) for three years. Rising roll funding compliments our current system when reorganisation funding ends as it provides growth funding over the full period while the school is still growing. We still believe that rising roll funding for basic needs schools is worth retaining as it will offer protection in the medium term once reorganisation funding ends.
- 2.5 Due to the directed removal of rising roll funding for non- basic need schools we estimate that there will be a reduction to the growth fund of £1m, therefore the amount requested for the Growth fund in 2015-16 can reduce to £5m.
- 2.6 It is important to bring to the attention of the SFF that there is a potential problem with rising roll for Academies for the period April 2015 to August 2015. The Academies funding financial year runs for the period September to August and funded numbers in general are based on the previous year's

October count. The period April 2015 to August 2015 comes under the LA growth policy for 2014-15 and academies historically have continued to receive rising roll funding for this period, however this has not come out of the LAs growth fund, the DfE have funded this in full. Due to the pending changes to our policy regarding only funding basic need in schools, the DfE have to date not provided assurance that they will continue to fund for this period.

#### Lump Sum – amalgamations - change to national policy

- 2.7 Where schools amalgamate and consequently lose one of their lump sums, protection is provided at 85% in the financial year following the amalgamation. The DfE from 2015-16 will now allow, in exceptional cases, for LAs to submit a case for the protection of the lump sum to continue for an extended period of time beyond the allowable period of protection.

### **3. Recommendations**

- 3.1 The SFF are requested to approve our Growth Policy for 2015-16 which is attached at Appendix 1. The key changes from last year's policy are as following;
- Rising Roll will continue to be part of our Growth Policy but will only be applied to basic need schools and academies.
  - As a result of the removal of rising roll funding for non-basic needs schools, the overall growth fund budget for 2015-16 can be reduced by £1m to £5m.
  - The £1m saving is available for redistribution to schools – see item 4 on the agenda.
  - Academies may not receive rising roll funding for the period April 15 to August 15
  - There is now potential for amalgamating schools to extend the period of protection for the loss of lump sum funding.

### **Background Papers**

Growth Policy 2013-14 (from SFF meeting of 13 December 2013)

[Growth Policy 2012-13 \(from SFF meeting of 12 October 2012\)](#)