

Item 8 Appendix 1

## SCHOOLS' FUNDING FORUM

<b>SUBJECT:</b>	Pupil Growth Funding
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### **SUMMARY OF REPORT:**

For many years the LA has retained DSG within Schools unallocated for pupil growth. As part of the new school finance reforms, LAs are required to reiterate and confirm these arrangements with the SFF.

## **1. Supporting schools with significant growth- DfE Guidance**

- 1.1 As part of the school funding reforms from April 2013, Local Authorities (LA) can continue to retain Dedicated Schools Grant (DSG) for pupil growth. The growth fund will need to be ring- fenced so that it is only used for the purpose of supporting growth in pupil numbers to meet basic need and will be for the benefit of both maintained schools and academies. Any funds remaining at the end of the financial year must be added to the following year's DSG and reallocated to maintained schools and academies through the local formula. Any overspend will be first call on next year's DSG settlement.
- 1.2 Importantly, LA will be required to produce criteria on how any growth funding is to be allocated. These would provide a transparent and consistent basis (with differences permitted between phases) for the allocation of all growth funding. The criteria should both set out the circumstances in which a payment could be made and provide the basis for calculating the sum to be paid.
- 1.3 LAs need to confirm the criteria to the SFF and gain its agreement before growth funding is allocated. The LA will also need to confirm the total sum retained and must regularly update the SFF on the use of the funding. It is essential that the growth fund is entirely transparent and solely for the purpose of supporting pupil growth.
- 1.4 Eligible expenditure on growth can include funding schools and academies where very limited pupil growth nevertheless requires an additional class, as required by class size regulations.

## **2. Pupil growth – schools/academies**

- 2.1 It is important to remember from the outset why schools/academies need protection for pupil growth. From April 2013 all schools and from September 2013 all academies will be funded on the October pupil count for the period April to March. This will mean that any increase in pupil numbers to a schools/academies roll in September (the

beginning of the academic year) will not be funded until the following April, i.e. a 7 month delay.

- 2.2 LAs have the statutory duty to ensure that all Kent children of statutory school age (5 to 16 years old) have school places, if their families wish to take these up. Area Education Officers (AEOs) are responsible for the planning of pupil numbers to ensure that Kent meets this duty and has to factor in 5% spare capacity into the overall numbers. The management of this is not a straight forward process, it involves careful planning, coordination and in many cases there are building/premises related issues.

### **3. Co-ordination of PANs**

- 3.1 The LA has to consult with the Governing Bodies (GBs) of Community Schools and Voluntary Controlled (VC) Schools as to the Planned Admission Number (PAN) the LA intend to publish for their school (the LA is the admission authority). The GB can object to the adjudicator if they feel the number should be higher.
- 3.2 Foundation Schools, Voluntary Aided Schools and Academies (where the GBs are the admissions authorities) – no longer have to consult on the PAN and instruct the LA to publish their PAN. In addition to this they can also instruct the LA to offer more places than the PAN if they choose to do so. The LA can instruct community and VC schools and direct foundation/VA schools to admit additional pupils (although with direction there is an appeal right to the adjudicator).
- 3.3 With the different powers available to schools/academies to control their admissions numbers it is essential that the overall process is managed so that the LA complies with its statutory obligation and a surplus over 5% capacity in school numbers is achieved. Preferably the management of pupil numbers should be a mutual agreement between both parties (LA and school/academy) and stability in funding will be an integral part of this, which is why we have operated pupil growth contingency arrangements for many years.

### **4. Associated cost of pupil growth**

- 4.1 Significant growth in pupil numbers in a school/academy will probably require the appointment of additional staff, and where it does the appointment process will need to commence before the September when the pupils are admitted to the school. The majority of growth is planned approximately 18 to 24 months in advance, and therefore schools can plan the receipt of additional pupil growth money.
- 4.2 Most growth scenarios are agreed in a timely manner, however unforeseen pressure points may occur each year. By March each year Area Education Officer's will have a good indication of the pattern of growth in pupil numbers and will liaise with schools/academies to agree additional capacity where pressure points in the surrounding /local area exists. The current rising roll mechanism funds a school for an increase in pupil numbers between the January and October count (the continuation of

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rising roll will be discussed later in this paper). The planning of growth and the matching of actual numbers in September is not an exact science therefore it is possible that a school/academy will not achieve its new admission number from the September.

On the basis that schools/academies will need to employ staff to cater for the increase in their PAN/admission number it is necessary to provide a degree of financial stability for the school/academy. In practice the majority of situations where this arises is in primary schools due to the increase to Yr R pupils, which is part of a national trend. In Kent the Year R intake has increased from 15,099 in 2009-10 to 16,483 in 2012/13 an increase of 1,384 pupils (9%)

- 4.3 The purpose of protection is not to fund a school/academy at an artificially high level in relation to their pupils on roll, but to give certainty in funding so that the school/academy can provide the right level of resource, for the increase in pupil numbers.
- 4.4 Protection should only be allocated, where it is agreed between the AEO and the school/academy to increase its admission number as part of the pupil planning process for the surrounding area. In general our recommendation would be for a school/academy to be protected only on the admission number for the initial academic year September to August.

## 5. Primary School Growth Funding

- 5.1 Funding protection in Primary schools can be split into two different types, one where the increase triggers funding that will meet the cost of the resource needed to support the additional intake (example 1) and the other where the increase in PAN will take a longer period of time to resource the need of the additional intake (example 2).

**Example 1** - Where the increase in the PAN is 30, the extra pupils will fully fund the additional class. In this instance protection will be provided in the year of admission only.

**Example 2**- There are a wide range of PANs in the primary school phase. Sometimes where a school increases its PAN the initial change creates a situation where in the short term the school finds that it has un-economical PAN. The best way to explain this is by looking at a primary school who has its PAN increased from 20 to 30 pupils. The Primary school has to comply with Infant Class Size legislation (cannot exceed more than 30 pupils in an infant class). Before the increase to the school's PAN, there would have been two classes for pupils in Years R to 2 (Yr R- 20, Yr 1-20 & Yr 2-20 = 60 pupils / 2 = 30 per class). However the change in the PAN would force the class structure of the school to change as follows:

- In Yr 1 the school's PAN will be (Yr R- 30, Yr 1-20 & Yr 2-20 = 70 pupils)
- In Yr 2 the school's PAN will be (Yr R- 30, Yr 1-30 & Yr 2-20 = 80 pupils)
- In Yr 3 the school's PAN will be (Yr R- 30, Yr 1-30 & Yr 2-30 = 90 pupils)

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From Yr1 the school would have to run 3 classes in order to comply with Infant Class Size legislation, however they would not have an efficient PAN until Yr 3. In this instance the school would be protected on 90 pupils for the first three years until the new PAN had worked its way through. Where a school does not meet the criteria in example 1 then it will be at the discretion of the AEO to agree the period and number of pupils a school is protected on, however protection will not exceed three years.

- 5.2 Like we currently do, protection will be calculated by multiplying the number of protected pupil numbers by the basic entitlement (AWPU), plus £6,000 towards the set up cost of each new class.

Example - a school increases its PAN from 30 pupils to 60 pupils.

Protection for the period September to March (i.e. the first 7 months) =  $30 \times \text{basic entitlement} \times 7/12$

Protection for the period April to August (i.e. the next 5 months) = 60 planned pupils less the actual number of pupils on roll in year R as at October census. For the purpose of this example the school has 55 pupils in Yr R. The school will be protected on 5 pupils for the period April to August (at  $5/12 \times \text{AWPU}$ ).

- 5.3 Schools/academies can be requested to increase their PAN permanently or for a defined period i.e. one year, two years etc. In relation to where a school is requested to increase their PAN permanently, protection will be paid for a period of three years, this will only include protection for the individual year group in the year the expansion takes place.

## 6. Secondary School Growth Funding

- 6.1 Currently protection for secondary schools is not allocated unless there are exceptional circumstances. This is primarily due to secondary schools having a different economy of scale to primary schools, a view that the DfE until recently fully supported. The initial guidance in the funding consultation was that secondary schools/academies should be able to manage any growth in numbers within their annual formula budget. This has now been revised and growth funding for secondary schools can be retained and allocated on an agreed basis.
- 6.2 The recommended mechanism for doing this would be as per a primary school and the school/academy would be protected on its admission number in the year of increase and would need to be fully supported by the AEO. Funding for additional classes could be allocated on the basis £6,000 for every additional 30 pupils.

## 7. Rising Roll

- 7.1 Currently schools receive rising roll funding for increase in pupils numbers between the September and January intakes and this applies to both primary and secondary schools. The current eligibility criteria is detailed in appendix 1 and this was updated in 2011-12 by DFFG to recognise only schools with significant increases in pupil numbers.

- 7.2 This process acknowledges the unfunded additional cost generated by an increase to a schools roll for the period September to March and is calculated automatically on receipt of the October census pupil numbers. This could continue and be applied to both maintained schools and academies. In order for this to operate two changes would need to be made to the current system. The first is the January count date would need to be replaced by the October count. The second is that the individual MFG rate per pupil used for each individual school to calculate rising roll funding should be replaced by the basic entitlement (AWPU), to ensure equity of funding between schools.

## 8. Recommendation

- 8.1 The SFF is asked to approve
- a) That we continue to retain funding for pupil growth
  - b) That the LA continue to retain a budget of £6m for this purpose (£4m for pupil growth and £2m for rising roll)
  - c) The method for allocating pupil growth funding to schools as set out in sections 5 and 6
  - d) The amended method for allocating rising roll funding to schools as set out in paragraph 7.2 above
- 8.2 The SFF is asked to note
- a) That any underspends from this budget will be returned to schools in the following financial year
  - b) That any overspends will be first call on the following years DSG allocation
  - c) That the proposals in this paper will apply to all Kent maintained primary and secondary schools, and Kent recoupment academies. They will not apply to non-recoupment academies.

## Appendix 1- Existing Rising Roll Contingency arrangements

Schools may be entitled to rising roll funding if they have an increase in pupil numbers. Rising roll funding includes year groups R to 11.

In order to trigger funding a school must fulfil the following criteria:

1. Firstly, funding will only be generated when there is an increase in pupil numbers between the January and September census that is greater than 2% of the pupils on roll and more than 5 pupils. When funding is triggered the payment will exclude the greater of the first 2% of pupils or the additional 5 pupils on roll.
2. Entitlement will only exist if the funding triggered after exceeding the thresholds in 1 above is greater than £ 2,000 for a primary school and £10,000 for a secondary school.
3. If a school fulfils the criteria in 1 & 2 above then funding is subject to a further threshold whereby the amount of funding triggered must be greater than 0.5 % of the schools initial budget for the period (April to March).

In cases where rising roll funding is triggered as above, the number of eligible pupils will be multiplied by the MFG baseline amount per pupil, and then multiplied by 7/12ths (September to March). If the school received funding through the MFG then this amount will be deducted to obtain the funding figure. It will be this figure that will be tested against requirements 2 and 3 above.