

West Berkshire Schools' Forum	
Title of Report:	Retained Funding Proposals
Date of Meeting:	7th October 2013
Contact Officer(s)	Claire White & Ian Pearson
For Decision	

1. Introduction

1.1 Under the current school funding regulations, no in-year adjustments to funding allocations are permitted and all funding to schools has to be allocated through the approved formula. There are, however, two circumstances for which funding can be retained centrally before the formula is calculated:

- 1) A growth fund for the purpose of supporting growth in pre-16 pupil numbers to meet basic need, to support additional classes needed to meet infant class size regulation, and to meet the costs of new schools.
- 2) A falling rolls fund where a population bulge is expected in the future but where a good and necessary school or academy currently has surplus places and faces an unmanageable funding shortfall in the short term.

1.2 West Berkshire currently operates a growth fund, but more detailed guidelines have been produced by the DfE for 2014/15 which necessitates a revision of the current scheme. The falling rolls fund is a new optional fund for 2014/15.

1.3 Both funds must be used on the same basis for the benefit of both maintained schools and academies.

1.4 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.

1.5 Local authorities are required to produce criteria on which any growth funding or falling rolls fund is to be allocated. These should provide a transparent and consistent basis (with differences permitted between phases) for the allocation of the funding. The criteria should both set out the circumstances in which a payment could be made and provide a basis for calculating the sum to be paid.

1.6 Schools' Forum is required to agree the criteria and be consulted on the total sum to be top sliced from the DSG. The Schools Forum will receive regular updates on the use of the funding.

2. Growth Fund

2.1 Appendix A sets out each circumstance and the proposed criteria where a school may be allocated additional funding from the growth fund.

2.2 It is recommended that £250,000 be top sliced from the DSG to cover these circumstances in 2014/15.

3. Falling Rolls Fund

3.1 Appendix B sets out the proposed criteria where a school may be allocated additional funding from the falling rolls fund.

3.2 The DfE has restricted the use of this fund to population increases in 2-3 years in necessary schools which are classed by OFSTED as good or outstanding. It cannot be used to prop up unpopular or failing schools.

3.3 It is recommended that £120,000 be top sliced from the DSG for this fund in 2014/15.

Recommendation: Schools' Forum to agree the criteria and sums to be top sliced from the DSG for 2014/15

Appendices

Appendix A – Growth Fund Criteria

Appendix B – Falling Rolls Fund Criteria

Growth Fund Criteria (2014/15)

1 Background

- 1.1 Under 2013 and 2014 School Funding Reform, local authorities can set up a growth fund from the DSG in advance of allocating school budget shares. The purpose of the growth fund is to support maintained schools and Academies which are required to provide extra places in order to meet basic need within the authority, including pre-opening and reorganisation costs. It can also include funding schools where very limited pupil number growth requires an additional class as required by infant class size regulations.
- 1.2 The growth fund is ring-fenced so that it can only be used for the purpose of supporting growth in pre 16 pupil numbers to meet basic need. 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.
- 1.3 Local authorities are required to provide on a transparent and consistent basis the criteria on which any growth funding is to be allocated. The criteria should both set out the circumstances in which a payment could be made and provide a basis for calculating the sum to be paid.
- 1.4 The Schools' Forum is required to agree the criteria and the total sum to be top sliced from each phase, and will receive regular reports on the use of the funding.
- 1.5 The criteria and funding as agreed by the Schools' Forum at its meeting on 7th October 2013 is set out below.

2 Growth Fund Criteria

2.1 New School

Start-up costs are payable to a new school for pre-opening costs (such as Headteacher and other staffing and recruitment costs prior to opening), and initial equipping allowance *where the school is opening in response to basic need in the area*.

Funding will be actual cost of the Headteacher prior to the school opening for up to one full term, plus a fixed lump sum of £25,000

2.2 Extending Age Range

This is payable to a school which has extended its age range in agreement with the authority *in response to basic need in the area*. Funding is payable from the growth fund where the new pupil numbers have not been added to the school formula funding in agreement with the DfE (i.e. the deadline for such agreement was missed) or the new pupil numbers are greater than the number agreed with the DfE.

Funding will be total AWPU per additional pupil in the new class (pro rata for the remainder of the financial year) plus a fixed lump sum of £10,000 per new class for set up costs

2.3 Provision of an Extra Class

This is payable where a school has agreed with the authority to provide an extra class *in order to meet basic need in the area* (either as a bulge class or as an ongoing commitment).

Funding will be total AWPU per additional pupil in the new class up to a maximum of £50,000 per class (approx. 17 pupils in primary, 11 pupils in secondary) pro rata for the remainder of the financial year. £50,000 will pay for a full time teacher at MS3, a term time only Teaching Assistant, and approximately £9,000 for other costs.

2.4 Increase in Pupil Admission Number (PAN)

This is payable where a school has increased its admission number by 5 or more pupils in agreement with the authority, but this has not necessitated an additional class, or is not in response to basic need for a bulge class or general pupil number growth in the area.

Funding will be 50% of the AWPU per additional pupil up to a maximum of £25,000 (approx. 17 pupils in primary, 11 pupils in secondary) pro rata for the remainder of the financial year.

2.5 KS1 Classes (infant class size)

This is payable to a school with infant classes which is required to set up an additional class in the Autumn term as required by infant class size regulations, and the school cannot accommodate all its additional reception and Key Stage 1 pupils in classes of 30 or less i.e. the total number of pupils in the 3 year groups exceeds a multiple of 30. (see Appendix A for examples).

In order to qualify for the additional funding, the school must have set up an additional class and employed an additional teacher, and must not have exceeded its admission number unless requested to by the LA.

Funding will be a fixed sum of £40,000 for each new class (to pay for a mid grade TMS teacher plus a teaching assistant), pro rata for the remainder of the financial year.

Before setting up an additional class and employing an additional teacher, schools should be aware that this additional in-year payment is temporary one-off funding for the remainder of the financial year in order to meet the pupil's basic need until full per pupil funding is received the following April. Schools will be required to meet the costs of the additional class from their formula pupil funding and lump sum from the following financial year. Schools accessing the infant class size funding where pupil numbers are just 2 or 3 above the limit, should carefully consider the longer term financial implications of employing an additional teacher (11 additional pupils are needed to pay for a M3 teacher, or 9 additional pupils for a M1 teacher).

3 Funding to be Top sliced from DSG

3.1 The sum to be set aside in 2014/15 is as follows:

Estimated Requirement	Calculation	Total
New School (none expected 2014/15)		£0
Extending Age Range (none expected 2014/15)		£0
Additional Classes x 6	$£50,000 \times 6 \times 7/12$	£175,000
Increase in PAN – 10 pupils x £1,454	$£14,540 \times 7/12$	£8,480
Infant classes x 2	$£40,000 \times 2 \times 7/12$	£46,670
Contingency		£19,850
TOTAL DSG REQUIREMENT		£250,000

- 3.2 Funding requests from schools are to be submitted to Schools' Finance who will make payment following approval by the Head of Education if he is satisfied that the criteria are met. All approvals will be reported to Schools' Forum.
- 3.3 Any overspends in year will be met from a top slice of the following years DSG allocation. Any underspends will be carried forward and reallocated to all schools through the following years funding formula.

Annex A – Examples of Infant Class Size Additional In-Year Funding

Examples of Infant Class Size Additional In-Year Funding

Example 1

	October 2013 Census	October 2014 Census
Reception Pupil Numbers	23	31
Year 1 Pupil Numbers	20	25
Year 2 Pupil Numbers	22	20
Total Pupil Numbers	65	76
Number of Classes run by school	3	3

Although pupil numbers have increased by 11, and the reception class exceeds 30, under infant class size regulations the school is still only required to run 3 classes, therefore no additional in-year funding will be payable. Total pupil numbers would need to exceed 90 to trigger the requirement for a 4th class.

Example 2

	October 2013 Census	October 2014 Census
Reception Pupil Numbers	20	21
Year 1 Pupil Numbers	20	20
Year 2 Pupil Numbers	19	20
Total Pupil Numbers	59	61
Number of Classes run by school	3	3

Total pupil numbers have increased by 2 taking the total over 60 and requiring 3 classes. However the school is already running and funding 3 classes within their existing budget, so no additional in-year funding will be payable – their budget requirement for the year has not changed by the admission of these 2 pupils.

Example 3

	October 2013 Census	October 2014 Census
Reception Pupil Numbers	20	21
Year 1 Pupil Numbers	20	20
Year 2 Pupil Numbers	19	20
Total Pupil Numbers	59	61
Number of Classes run by school	2	3

Same pupil numbers as the above example, except the school were operating with 2 classes. The school is therefore eligible for additional in-year funding if they operate a third class. However if their budget with just 2 extra pupils would not sustain the cost of an additional teacher beyond the following April, then they would need to carefully consider the implications of accepting an additional pupil taking them over 60 (unless exceptions to the regulations apply, such as pupils with a statement of SEN naming the school or pupils moving into the area outside the normal admission round).

Example 4

	October 2013 Census	October 2014 Census
Reception Pupil Numbers	20	30
Year 1 Pupil Numbers	20	20
Year 2 Pupil Numbers	19	21
Total Pupil Numbers	59	71
Number of Classes run by school	2	3

The school were running and funding 2 classes before the September admissions took them over 60 pupils. Additional in-year funding would therefore be payable for the additional class, and the additional 12 pupils will generate enough funding to sustain the cost of the additional teacher from April 2015.

Falling Rolls Fund Criteria (2014/15)

1 Background

- 1.1 From 2014/15, local authorities may top slice the DSG in order to create a small fund to support good schools with falling rolls. This is for where a population bulge is expected in the future but where a good and necessary school or academy currently has surplus places and faces an unmanageable funding shortfall in the short term.
- 1.2 The falling rolls fund is ring-fenced. 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.
- 1.3 It is mandatory that the falling rolls fund is restricted to population increases expected in 2-3 years in necessary schools which are classed by OFSTED as good or outstanding.
- 1.4 Local authorities are required to provide on a transparent and consistent basis the criteria on which any falling rolls funding is to be allocated. The criteria should both set out the circumstances in which a payment could be made and provide a basis for calculating the sum to be paid.
- 1.5 The Schools' Forum is required to agree the criteria and the total sum to be top sliced from each phase, and will receive regular reports on the use of the funding.
- 1.6 The criteria and funding as agreed by the Schools' Forum at its meeting on 7th October 2013 is set out below.

2 Falling Rolls Criteria

- 2.1 School must have been judged good or outstanding at their last OFSTED inspection.
- 2.2 Surplus capacity exceeds 10% of the published total school capacity.
- 2.3 Local planning data shows a requirement for at least 50% of the surplus places within the next 3 years
- 2.4 Without additional funding, the school will need to reorganise (reduce the number of classes) and make redundancies in order to avoid going into deficit and contain spending within its formula budget allocation based on the current pupil numbers and the staffing structure that this supports. This will need to be visible in the school's forward budget plan.
- 2.5 Where a school meets the above criteria, funding will be provided equivalent to the staffing cost of continuing to run the additional class(s) at a fixed sum of £40,000 per class. This will be pro rata for the remainder of the financial year.

3 Funding to be Top sliced from DSG

3.1 The sum to be set aside in 2014/15 is as follows:

Number of schools that may possibly meet the criteria $3 \times £40,000 = £120,000$

3.2 Funding requests from schools are to be submitted to Schools' Finance who will make payment following approval by the Head of Education if he is satisfied that the criteria are met. All approvals will be reported to Schools' Forum.

3.3 Any overspends in year will be met from a top slice of the following years DSG allocation. Any underspends will be carried forward and reallocated to all schools through the following years funding formula.