

Date: 13 th October 2016	Item 10	Type of report: Decision
Report title:	Update on Schools Expansion and Need for Increased Growth Fund Base and Proposals for a Falling Rolls Fund for 17/18	
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Executive Summary

This report provides the Schools' Forum with an update on the allocation of funding from the Growth Fund for 2016-17 and sets out the issues surrounding the current funding rate of expansion classes. The report proposes a new funding rate to be agreed by Schools Forum to be used for 2016-17 in retrospect, and further funds to be agreed for the 2016-17 Growth Fund budget. A further report to agree an increase level of central retention for the Growth Fund for 2017-18 will be taken to the December 2016 Schools Forum. This will take account of expanding schools and any new bulge classes.

The Schools Forum is asked for its views on developing a discrete fund for Falling Rolls. In addition the Authority will also provide greater clarity on guidance on the eligibility for each of these schemes and the Schools in Difficulty Fund.

Schools Forum Actions

The Schools Forum is asked to:

- note under the current scheme the 14 additional classes eligible for growth funding require £728,000 which is £28,000 more than agreed budget of £700,000
- approve the proposed increase to the primary and secondary school base funding allocation for schools receiving growth funding for an expansion class for 2016-17 from £52,000 to £60,000 for primary schools and from £65,000 to £75,000 for secondary schools.
- note the increased pressure on the DSG 2016-17 budget allocated to Growth Fund for 2016-17 by £140,000.
- give its views as to whether the Authority should introduce a Fund for Falling Rolls.

Background

1. School funding is based on a lagged approach using the previous October Census pupil numbers. This means that if schools expand in year they do not receive any additional funding until the following financial year. The DfE requires 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.
2. In October 2015 Schools' Forum agreed a budget of £700,000 for the Growth Fund for the financial year 2016-17.
3. Currently 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 total of which is £52,000.

4. The secondary school base funding allocation is based on the primary school allocation plus 25%. The additional 25% reflects the additional pupil teacher ratio costs between primary and secondary schools. School workforce statistics: PTR primary 20.8, PTR secondary 14.95, i.e. 25% lower PTR in secondary schools, according to <https://www.gov.uk/government/statistics/school-workforce-in-england-november-2013> table 17a. This gives a growth fund base figure of £65,000 ($£52 \times 1.25 = £65,000$) for secondary schools.
5. Schools receiving the growth payment have found this amount to be insufficient to meet the true costs of expansion and it is understood that other Local Authorities are funding this need at a higher level.

Allocation of 2016-17 Budget

6. The schools with an expansion class in September 2016 are listed in the table below.

SCHOOL	PAN 2016	ADDITIONAL PLACES	COMMENTS	STATUS	GROWTH FUND ALLOCATION
Redriff	90	30	1FE Bulge for 2016	Temporary 2016	52,000
Rotherhithe	90	30	1FE Bulge for 2016	Temporary 2016	52,000
Ivydale	90 (2016)	30 (2016)	1FE Bulge for 2016	Temporary 2016	52,000
Dulwich Wood	60	30	1FE Bulge for 2016	Temporary 2016	52,000
Charles Dickens	60	15		Permanent 2016	26,000
Keyworth	90	45		Permanent 2016	78,000
Robert Browning	60	15		Permanent 2016	26,000
Albion	60	30		Permanent 2016	52,000
Galleywall	60	60		Permanent 2016	104,000
Grange	60	15		Permanent 2016	26,000
Phoenix	90	30		Permanent 2016	52,000
Bellenden	60	30		Permanent 2016	52,000
Crawford	90	30		Permanent 2016	52,000
Bessemer Grange	90	30		Permanent 2016	52,000
TOTAL		420	Equivalent to 14 FE		728,000

7. The 2016-17 requirement exceeds the budget by £28,000.
8. The level of Growth Funding required for 2017-18 is anticipated to be considerably lower than 2016-17 levels as the permanent expansions which started in September 2009 have now filled all classes and are therefore will receive full funding in September 2017. It is anticipated that three temporary bulge classes will be required for 2017-18 which is considerably less than previous years, therefore the budget top-sliced for Growth Fund can be significantly reduced.

Suggested Increase in Growth Fund Base

9. The amount paid by neighbouring authorities to fund expansion classes is Lambeth at £72,500 and Lewisham at £57,000. When considering a revised level for Southwark schools, the mid-point of these two amounts of £65,000 was calculated. To limit the impact on the DSG, which is facing increasing pressure from other areas, it is proposed that the growth fund be agreed at £60,000 in 2016-17 for primaries, which represents a 15% increase. Keeping the same principle of a 25% higher allocation for secondary expansion classes, a new figure of £75,000 for secondary schools is proposed.
10. The impact of increasing the growth funding base unit to £60,000 for 2016-17 is an increased pressure on the DSG of £112,000, making a total requirement of £840,000 for growth funding.
11. Given that a number of permanent primary FE expansions will no longer require growth funding, having filled rolls across all years in the school, the impact of increasing the growth fund base will be significantly less in future years. Next year an anticipated need for three temporary bulge classes, funded at the higher level would result in a need for an increase in the level of central retention to be determined based upon expanding schools and bulge classes from September 2017. This would also need to factor in any expanding academies and basic needs free schools.

Falling Rolls Fund

12. Schools Forum have the power to create a fund for falling rolls for good or outstanding schools if the schools' surplus capacity is likely to be needed within the next three years to meet rising pupil numbers to and agree the criteria for maintained schools and academies to access this fund. Suggested criteria to be eligible for this scheme are:
 - Judged Good or Outstanding at their last Ofsted inspection (this is a mandatory requirement).
 - Surplus capacity exceeds 30 pupils or 20% of the published admissions number.
 - Local planning data shows a requirement for at least 50% of the surplus places within the next 2 years.
 - Formula funding available to the school will not support provision of an appropriate curriculum for the existing cohort.
 - The school will need to make redundancies in order to contain spending within its formula budget.
 - It does not have a surplus balance in excess of 5% of its school budget share as at 31 March 2015 and 31 March 2016 (or the relevant academic years in the case of academies).
13. Schools who meet the above criteria would need to prepare a business case that, after checking by officers, would be submitted to Schools Forum for a decision, taking into

account the funding available in the falling pupils fund. Any agreed funding would be for a specified number of surplus places (within the planned admissions number) at 75% of the relevant AWPU rate.

14. Schools Forum is asked for its views as to whether the Authority should introduce such a scheme. In doing so the Authority would need to clarify the eligibility of schools for each of the schemes, in particular the Schools in Difficulty Fund in order to ensure that there is no scope for double funding and to ensure the efficient allocation of resources. The Falling Rolls fund would be created by an additional central retention of the DSG which Schools Forum would need to approve at its December meeting.

Schools Forum Actions

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