

TITLE	Support for primary school expansion, and arrangements for lagged funding and pupil movement funding
FOR CONSIDERATION BY	Schools Forum on
WARD	All
DIRECTOR	Judith Ramsden

OUTCOME / BENEFITS TO THE COMMUNITY

That school places are available for primary age children that move into the area after the co-ordinated admission round for admission to Reception classes.

RECOMMENDATION

That Forum agrees to fund primary schools for the additional cost associated with opening a new class until such time as school formulaic funding is sufficient to make the class sustainable.

That the existing new class arrangement is confirmed: that until formulaic funding is available funding is:

Planned expansion X AWPU X Operational months / 12

That from 1st April after the expansion of the school the funding should be on the basis of

(Planned roll – allowance for unfunded places (lesser of 3 or 5% of the planned year group roll) – actual roll) X AWPU

That in the event that planned roll numbers do not materialise officers can agree that funding be based on a new planned roll based on mixed age groups (no more than 2 age groups within one Key Stage).

SUMMARY OF REPORT

Primary schools have raised a number of concerns regarding the impact on school budgets of expansion and / or accepting bulge classes.

It should be noted that there are two separate issues which are regularly conflated:

- The first relates to the amount of planned growth funding (that is funding for additional places over and above the historic capacity of the school, agreed with the local authority to meet the challenge of rising rolls) provided;
- while the second relates to funding for additional classes within the historic capacity of the school which are not full and where there are limitations in managing the increase as a result of infant class size legislation. (This funding was historically referred to in many Local Authorities as ‘ghost funding’).

The analysis set out below is that planned growth should be funded through new

formulaic arrangements, while growth within established capacity should not.

It is proposed that where a new class is required to meet the needs of primary phase children who have moved into the borough after the initial point of entry to the school (Reception) to fund unfilled and unfunded (through formula driven AWPU) places up to a maximum of 27 places per planned additional class.

Wokingham is a borough that families move to; leading to growth in primary cohorts after that cohort has started on its school journey. The consequence of this is that there is effectively no capacity in the borough's schools in a number of year groups (in particular Years 2 and 4), despite an investment programme that had created sufficient places at the point at which these cohorts had entered Reception classes. The borough has a statutory duty to provide education for these children so either additional capacity must be created or children arriving from out of borough must be allocated over the admission number of individual schools. Over-allocation in these circumstances is a permitted exception to the Infant Class Size requirement for classes of no more than 30. The alternative to over-allocation is the creation of new classes in fully subscribed year groups in existing schools.

Since 2010 Wokingham has created new capacity predominantly in Reception classes, either in new Academy or Free Schools (which have bespoke funding agreements) or in existing maintained schools. These classes have been created where the borough had confidence that the classes would be sufficiently full from the outset to be sustainable, once lagged formulaic funding had been paid. It is not expected that new mid-phase classes will always fill as quickly, so a new arrangement (mirroring the arrangements in place for new schools) is proposed that ensures schools can be confident that they can employ teaching staff and buy resources for new classes without placing an unacceptable burden on the existing pupils at the school.

Background

The Regulations

Local authorities may top slice the DSG in order to create a Growth Fund to support schools which are required to provide extra places in order to meet basic need within the authority, including pre-opening, diseconomy and reorganisation costs. The growth fund may not be used to support schools in financial difficulty (any such support for maintained schools would be provided from a de-delegated contingency) or general growth within the pre-existing capacity of the school (due for example to changed popularity). Criteria for allocating growth funds should contain clear objective trigger points for qualification and a clear formula for calculating allocations.

Methodologies for distributing funding could include:

- A lump sum payment with clear parameters for calculation (usually based upon the estimated cost of making additional provision for a new class or the estimated startup costs.
- £x per pupil (usually based on AWPU) and reflecting the proportion of the year which is not funded within the school's budget share.
- £x per pupil, with a maximum ceiling

Where growth funding is payable to academies, the local authority is required to fund the increase for the period from the additional September intake through until the following August.

Current arrangements

The current arrangements for revenue funding for new capacity are as follows:

- For new Reception classes 7/12 of the AWPU for 30 pupils (or the planned number of additional pupils) to cover costs over the period between 1st September and 31st March the following year, on the basis that there would be sufficient pupils on roll at the census point to generate sufficient funding for the new class at the point at which formulaic funding would become available (1st April onwards in the Academic Year in which the new Reception class opened).
- For new schools, bespoke arrangements that fund the gap between agreed operating costs and formulaic funding.

The current Year 2 cohort entered primary school Reception classes in 2014, at a point at a point where 4 new primary schools had opened (the last, Windmill primary, opened that year) and additional Reception places had been created at a number of schools. There were 2,119 Reception pupils on roll (Jan 2015 census) at that point and by the October 2016 census this had risen to 2,164 Year 2 pupils (an increase of 45 pupils), against a planned capacity of 2,191 places (a surplus of 27 places or 1% in October 2016). Although children both arrive and leave the net effect has been to erode this surplus further to the point where at times there are more applicants than places.

A similar position applies to Year 4 – although in this case there is sufficient physical capacity for this cohort across the school estate, it cannot currently be used because the schools with unused classrooms would need to be able to staff and resource them to open and both WBC and the schools would need to be confident viable classes could

be created for the wellbeing of the pupils concerned.

Although any new mid-phase class would be expected to grow over time, the initial number of pupils admitted is expected to be low, taking account of the following:

- The number of new children at any one point in time is low and dispersed across the borough, so unless the new class attracts children currently on the roll of other schools, it can only grow in line with the growth in the number of children who cannot be placed in another preferred school.
- The overall number of children grows slowly – a 45 increase by October 2016 represents an increase of 15 children per year. This would point to a growing class reaching a sustainable roll number after nearly 2 years.
- Where parents have settled children into schools and made the arrangements necessary to get them there on time they are often reluctant to relocate children to new schools, even when these are significantly closer to their homes.

When the current arrangements for Reception classes were agreed in 2010 the effective census for funding was the January Census, now that funding is determined on the October Census there is an additional delay for formulaic funding to become available for any class opening (and filling) after the October census. Mid-phase classes are also not tied to the academic year – they can open at any point, even if there may be good organisational reasons to tie the opening to the start of the academic year, where possible, to make good fit with other changes that occur according to the academic year cycle.

Analysis of Issues

Bulge classes versus permanent expansion

The impact of admitting additional pupils is different for bulge classes (single classes that age through a school and have no permanent implications for the size of the school) and planned expansions. Although schools accepting bulge classes receive additional funding to cover the lagged period, they also receive the full AWPU for the bulge class (i.e. for a primary school, the pupils are in the school for 7 years and the school receives 7 years of AWPU plus the growth funding). Overall, the financial impact of a full bulge class should be positive. However, it is recognised that the point at which this balance is achieved is (even with an infant school) several years in the future and, unless additional funding is provided the implication is reduced funding for all children attending the school, for the period the bulge class children are on roll.

Schools which expand permanently feel the additional costs differently. Although the system operates identically with every pupil fully funded through the formula and growth funding as an additional amount, the permanent nature of the 'lagged' funding means that the school never 'catches up' and schools feel that the difference between the growth funding and the AWPU for those pupils is lost or under-funding.

However, it should be noted that the long term viability of the school should be improved by expansion as there are greater economies of scale and higher levels of pupil funding contributing to fixed costs.

Although the current arrangement is predicated on agreed classes being of sufficient size to generate sufficient AWPU to make the class financially self-sustaining from the April after the planned growth occurred, this cannot be guaranteed. It would be desirable if school had a safety net – a minimum level of funding they can expect to ensure that the growth is not established at the cost of reduced per pupil spend across

the school. This funding guarantee has to have sufficient flexibility though so officers can negotiate alternative arrangements (e.g. vertical grouping) to maintain efficient class sizes and sustain school standards. This might be, for example, where the number of children over and above the original capacity is less than the number required to be sustainable, but the children could be combined with children in other contiguous age groups within the same key stage to create a more viable class unit.

'Ghost Funding' for growth within pre-existing capacity

Under normal circumstances, schools are expected to manage small classes and / or small numbers of additional pupils (for example due to successful appeals) within formulaic funding. This is because growth funding is permissible for planned growth in capacity to meet basic need. If other growth causes financial hardship this can properly be managed through a licensed deficit or de-delegated contingency funds.

Proposed arrangements for funding planned growth

The current arrangements are based on planned class sizes of 30. This allows some additional funding for initial purchase of teaching materials and provides some buffer against rolls being unexpectedly low on the census date. However, schools do not need 30 pupils per class to be financially sustainable. DfE's working presumption for school organisation purposes is a 5% surplus. It is proposed that, after the initial period the additional classes should be funded on the basis of a potential 5% surplus in capacity in a model 2FE (60 places per year) school, which equates to 57 pupils on roll or 3 unfunded places. When a school recruits above this number it will receive the full benefit of formulaic funding.

There will be a greater impact on the budget than the alternative course of action (allocation over the admission number), but this proposal does ensure that classes do not, as a matter of course, increase beyond 30 in a class (or 32 for classes in some Junior schools in accordance with their current admissions arrangements). The additional costs will range between:

30 X AWPU (where only one additional Year 2 child is admitted to a school by the census date)

And nothing, where a new class is fully funded by formula (although at this point a further mid phase class may be necessary).

The overall impact is difficult to predict with certainty, but based on 15 pupils per year growth the modelled impact for an exemplar Year 2 class would be:

Financial Year 1 - 30 X AWPU X (the number of operational months / 12)
(e.g. September start) (consistent with the adopted arrangements for new planned Reception Classes)

Financial Year 2 – 26 X AWPU (based on one child on roll)

(in these years the class starts with 1 child and grows, but no formulaic funding is available until Year 2 at which point funding would be based on an October census roll of 1)

Financial Year 3 – 12 X AWPU

(based on the class recruiting 15 children who would be on the Year 3 roll for the October census).

Financial Year 4 –

(No additional costs, as the class would be fully subscribed on the October census date.)

Note that this is an example, the impact of the one school (Loddon) that has opened a new mid-phase class (a year 1 class in September 2016) was markedly less for the mid phase class. In that example 18 additional pupils were recruited by October (so “gap” funding is required for 9 places (12 unfilled places less the 3 place allowance for a reasonable surplus level)).

FINANCIAL IMPLICATIONS OF THE RECOMMENDATION

The Council faces severe financial challenges over the coming years as a result of the austerity measures implemented by the Government and subsequent reductions to public sector funding. It is estimated that Wokingham Borough Council will be required to make budget reductions in excess of £20m over the next three years and all Executive decisions should be made in this context.

	How much will it Cost/ (Save)	Is there sufficient funding – if not quantify the Shortfall	Revenue or Capital?
Current Financial Year (Year 1)	£83,424.30 (30 x £2780.81)	Yes	DSG Revenue
Next Financial Year (Year 2)	£72,301 (26 x £2,780.81)	Yes	DSG Revenue
Following Financial Year (Year 3)	£33,370 (12 x £2,780.81)	Yes	DSG Revenue

Other financial information relevant to the Recommendation/Decision	
Cross-Council Implications (how does this decision impact on other Council services, including properties and priorities?)	
Reasons for considering the report in Part 2	
List of Background Papers	
Contact	Service
Telephone No	Email
Date	Version No. 1

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March 2017**