



SCHOOLS FORUM
6 December 2017

Report from the Strategic Director
of Children and Young People

For Decision

Wards Affected: ALL

**Dedicated Schools Grant Pupil Demand Task And Finish
Group 2018/19**

1.0 Summary

- 1.1 Following a report to Schools Forum in October 2017, Schools Forum agreed to review the Pupil Growth Funding criteria. This report provides a summary of the policy discussion of the Pupil Demand Task and Finish Group.
- 1.2 This report recommends a Pupil Growth Fund budget of £2M for 2018/19 and a Rising Rolls Contingency of £1.13M for the reasons set out below.

2.0 Recommendations

- 2.1 That the current growth model for primary expansion is not changed. Support for individual schools that expand would continue.
- 2.2 That no additional funding be provided to schools experiencing lower demand. Therefore a falling rolls contingency is not required to be top-sliced from the DSG.
- 2.3 That Schools Forum members agree on a growth model for secondary schools, with a final methodology recommendation presented to Schools Forum in January.
- 2.4 That rising rolls funding is retained for primary schools and for secondary schools is considered in conjunction with the growth funding models.
- 2.5 That the Growth Fund budget is reduced by £500k, with underspends accumulated in reserves used to mitigate risks of future volatility.

3.0 Background

- 3.1 The Pupil Demand Task and Finish Group met to discuss the policy questions outlined in the October Schools Forum paper on Pupil Demand and Pupil Growth Support.

3.2 This report details the recommendations from this Task and Finish Group in relation to the following policy areas:

- additional support beyond current guaranteed funding for primary schools that have permanently expanded.
- support for secondary schools that expand by 30 places or more at the request of the Local Authority.
- how Rising Rolls funding operates and the time period for support to schools.
- A one-off payment of £25,000 to secondary schools that expand to support management capacity.

4.0 Policy Question: should criteria be developed for additional support beyond current guaranteed funding for primary schools that have been asked by the Local Authority to permanently expand?

4.1 Projections in primary reception places suggest an increasing number of surplus places in the next few years. The local authority does not anticipate the need for further primary school expansion.

4.2 It is recommended that the current growth model for primary expansion is not changed to provide additional support for individual schools that were asked to expand but are now experiencing lower demand. The Task and Finish Group noted that all schools have to manage budgets in response to changing patterns of demand.

4.3 Local authorities may top-slice the DSG to create a fund to support good schools with falling rolls, where local planning data shows that the surplus places will be needed in the near future. It is recommended that this top-slice for falling rolls is not required for schools in Brent.

5.0 Policy Question: should funding be used to support secondary schools that expand by 30 places or more at the request of the Local Authority?

5.1 Projections in secondary pupil numbers in the 'Pupil Demand and Pupil Growth Support' paper from October 2017 suggest a deficit of up to 12 forms of entry by 2023/24.

5.2 The Education and Skills Funding Agency has approved two free schools that would, if both delivered, contribute significantly to places needed. However, due to the risks associated with finding suitable sites, it is likely that some school expansions of permanent additional forms of entry and temporary bulge classes would be required to accommodate this growth.

5.3 The Task and Finish Group recommend that secondary schools that expand at the request of the Local Authority by 30 places or more are funded to address the issues of lagged funding and to ensure that schools can fund required resources. Two models were proposed for funding this growth in secondary schools and are outlined below:

Option 1: Payment of a lump sum to schools in the year in which the growth occurs calculated on the AWPU rate, with the expectation that schools would have to manage their cash flow in subsequent years (see section 5 below on Rising Rolls Funding).

Option 2: Funding the additional forms of entry through a manual pupil variation in the funding formula so that schools receive funding for the increased Year 7 cohort. For this to work, the expected change would have to be known and planned in the December before the relevant September intake. This would be simple to administer and would provide a degree of certainty to schools. The growth fund would then be used for bulge classes as demand required.

5.4 Further work is needed to model these scenarios before a recommendation on the methodology can be made to Schools Forum. This will be presented to Schools Forum in January 2018.

6.0 Policy Question: how should Rising Rolls funding operate in the future and for what time period should support to schools be provided?

- 6.1 Rising rolls funding needs to be considered in conjunction with the current growth funding policy that applies to primary schools and to the proposed models for secondary schools outlined in 4.3. The current threshold for triggering a rising rolls payment is a 1.75% increase in pupil numbers between school census counts and this applies to all schools.
- 6.2 It is recommended to retain the rising rolls contingency for primary schools at 1.75%, with the expectation that the requirement for access to this funding will reduce over time.
- 6.3 In relation to secondary schools that are requested to expand, if Option 1 was used to support schools that expand (a lump sum payment in the first year of expansion), then rising rolls funding would mitigate the impact of lagged funding as cohorts move through the school. If Option 2 was used, there would not be a need for rising rolls funding as the annual variation would not generate a lagged funding issue. If retained, rising rolls funding would apply to other secondary schools that experience an increase in pupil numbers.
- 6.4 In relation to secondary schools, the Task and Finish Group noted that 1.75% equates to a much larger number of pupils in secondary schools than primary. The Task and Finish Group asked the Local Authority to consider allocating a different percentage for each sector, or to use an absolute value instead of percentage. This will be modelled and recommendations presented to Schools Forum in January.

7.0 Policy Question: Schools Forum to consider if a one-off payment should apply to secondary schools

- 7.1 It is recommended that the revised policy does not award a lump sum of £25,000 to secondary schools that are asked to expand to provide additional management capacity, as has been awarded to expanding primary schools.
- 7.2 It is recommended that where schools expand and this requires a capital project, all appropriate costs are capitalised. Other costs would need to be managed by the schools within their budgets.

8.0 DSG Reserves

- 8.1 As well as funding places in schools that are requested to expand, the Pupil Growth Budget also funds the Choice and Fair Access Interview process (CAFAI), the secondary EAL projects and additional places for new arrivals at QPCS and Claremont and alternative education placements for hard to place pupils.
- 8.2 Underspends on the growth and rising rolls funds currently add to the overall DSG reserve. It is proposed to reduce the Growth Fund budget by £500k in 2018/19. This is shown in the table below:

	2016-17 Expenditure	Current Budget	Proposed 2018-19 Budget
Growth Fund	1,934,624	2,500,000	2,000,000
Rising Rolls Contingency	565,291	1,129,952	1,129,952
Total	2,499,916	3,629,952	3,129,952

- 8.3 The Task and Finish Group were of the view that schools needed certainty about annual budgets and that Schools Forum should work to minimise variations in the annual topslice required for Pupil Growth Funding. A £500k reduction would be sufficient to provide certainty and manageability to schools. Accumulated underspends in reserves would then be used to mitigate risks of future volatility and increased demands on this budget as larger cohorts move through into secondary schools.

9.0 Financial Implications

- 9.1 The financial implications are included throughout this report.

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