

Lincolnshire County Council

Policy on funding arrangements for secondary school reorganisations

Purpose

This policy has been developed to provide a formalised approach to the funding of secondary school reorganisations to support the Local Authority's (LA) statutory duty to provide sufficient school places for the children of Lincolnshire. (pre-16). It seeks to address situations when, as part of its strategic planning of school places, the LA asks a school/academy to take in additional pupils in support of basic need requirements¹ typically above the planned admission number (PAN) temporarily or expanded permanently.

Objective

The primary objective of the policy is to ensure that schools subject to a reorganisation receive funding to meet all reasonable additional costs.

Principles

The following principles underpin the policy:

- Fairness - the funding provided aims to meet all reasonable additional costs. A school should not be financially disadvantaged by agreeing to an expansion, nor should they financially benefit from the funding support from the LA.
- Equity - all schools should be treated in a similar way.
- Transparency - all schools should be able to see and understand the policy and the allocations made to schools by the LA.
- Simplicity - the policy and underlying formula should be easily understood.
- Efficiency - resources should be used in a way that secures good value for money.

Scope

This policy is designed to deal with primary school reorganisations that are required by the LA in order to fulfil its strategic and statutory responsibilities for additional school places in support of basic need requirements in the area. The policy aims to provide an appropriate level of funding for an additional class(es) during this transition period to those schools that the LA wishes to expand permanently (typically by increasing the PAN) or temporarily (e.g., for perhaps for one year only, by taking additional pupils above their PAN as a 'bulge' year) to meet basic need requirements in the area.

The policy does not apply in instances where schools simply have the opportunity to offer more places above their PAN and choose to do so themselves. It must be commissioned and supported by the LA.

The policy applies to both LA maintained secondary schools and academy secondary schools, and the funding treatment is the same.

¹ Basic need definition is that Local Authorities need to fulfil their duty to make sure there are enough school places for children in their local area.

This policy does not cover merged schools, split site factors or newly created schools.

Types of School Re-Organisations

- Permanent PAN expansions (phased)
A school is asked by the LA to have a permanent PAN change (ongoing commitment and usually linked to an increase in net capacity) by creating additional class(es) to ensure a sufficiency of school places exists. The phased PAN will impact only on the Year 7 intake through a 5 year reorganisation.
- Permanent PAN expansions (through all the schools year groups)
A school is asked by the LA to have a permanent PAN change (ongoing commitment and usually linked to an increase in the net capacity) by creating additional class(es) to ensure a sufficiency of school places exists. The pressure on school places may exist across multiple or all year groups, therefore the PAN change may affect several of the schools year groups, the timing of which will be agreed.
- Temporary PAN expansions (over-offer on existing PAN for one year group)
A school is asked by the LA to have a temporary PAN change for only 1 year (an over-offer – PAN stays as it is) by creating additional class(es) to ensure a sufficiency of school places exist for a particular bulge year. This temporary PAN change will likely only affect the current year Year 7 intake, although it may be necessary on occasion to increase another year group to cope with mid-year admission pressures.

The primary purpose for school reorganisations is to support basic need requirements in Lincolnshire where additional classes are required.

Approach to funding

The Department for Education (DfE) Schools operational guide influenced the direction of travel for secondary school reorganisations funding. The secondary school reorganisation policy adopted a formulaic approach providing a consistent and transparent basis for the allocation of funding, which will allow schools to undertake effectively financial planning during this transition period.

Permanent PAN Expansions

The DfE request that LAs should consider varying pupil numbers where there is a more permanent and significant change in pupil numbers for LA planned reorganisations to enable the change in funding to be reflected in the formula. The LA is not required to submit a disapplication request for an increase in numbers, where it is a change to the admission limit (PAN).

Academies will be required to go through the 'significant change' expansion process with the DfE to permanently increase their capacity and amend their funding agreement as appropriate.

The autumn pupil census is used for schools funding to fund the following year financial periods (see bullet points below). Where the criteria is met for a planned reorganisation (such as a phased PAN change), the LA will increase the pupil numbers by the existing PAN to the new PAN for the Year 7 intake or an agreed place level to align to the reorganisation, (for example, a PAN change from 150 to 175 will trigger pro-rata'd pupil-led funding of 25 pupils for the period September to March – thereafter the new autumn pupil census numbers will be the starting position for its April funding for a maintained secondary school). Within the General Annual Grant, Academy schools will receive funding for the estimated pupil numbers for the

period September to August. This process will ensure funding is received by the school when the reorganisation takes place.

- Maintained schools – April to March funding, and
- Academy schools – September to August funding.

For a phased PAN increase impacting only Year 7 intakes, the LA will be required to undertake pupil estimates for up to a 5 year period (length of the reorganisation) for each Year 7 entry until the school PAN is operational in each year group. Thereafter, the school will be funded solely by the latest autumn pupil census.

Where a school has been asked by the LA to have a permanent PAN change (possibly across all year groups) to ensure a sufficiency of school places exists, the same approach will be applied as above, however the requirement to vary a schools pupil numbers is likely to be less frequent.

The approval to vary the schools pupil numbers will ensure schools receive additional funding through their original budget share. The change in pupil numbers will attract Age Weighted Pupil Unit (AWPU) funding (Key Stage 3 funding for Year 7 pupils) and other pupil-led funding factors, such as Deprivation (Free School Meals ((current and Ever6) and IDACI); English as an Additional Language, Prior Attainment and Mobility. The funding being triggered for the other pupil-led factors will be based on the current pupil characteristics in the school. A reorganisation school in receipt of per pupil minimum funding guarantee on its existing funding will receiving funding for the additional pupils based on the direct funding formula allocations only.

Funding allocations are calculated based on Lincolnshire's schools funding formula. The introduction of the government's national funding formula in 2018/19 provides a fairer funding settlement to schools which has increased the level of funding being devolved to Lincolnshire secondary schools overall through the LA funding formula. The LA continue to adopt the government's national funding formula following support from schools and the Schools' Forum.

Example: Academy School A – a phased PAN increase impacting only Year 7 from 150 to 175

Key Stage 3 AWPU + Other Pupil-led factors = Total annual Pupil-led Funding x Pupil Numbers (25 in this example)

Each schools' pupil-led funding will be based its own pupil characteristics.

The funding approach and anticipated funding levels for secondary school reorganisations was discussed with a number of head teachers in the sector and were satisfied that the level of funding being triggered through the variation in pupil numbers will be sufficient to meet the additional costs of the reorganisation. The policy has been in place since 2018 and the schools involved in reorganisations are supportive of the approach the LA is applying.

Regulations allow retrospective adjustments in the following financial year so that schools are appropriately funded if actual numbers are different from the estimates. This is a matter for local decision. The LA recognises the additional costs in a school increasing its PAN and its desire to provide financial stability to schools; therefore, the LA decision is not to undertake a retrospective adjustment to take account of actuals. This will be kept under review by the LA to ensure fairness in funding is achieved and affordability of the Schools block of the Dedicated Schools Grant (DSG). The Growth Fund that supports the

cost of reorganisations (explicit and implicit growth) is funded by the government on a formulaic method based on lagged growth data in pupil numbers between the two October censuses.

The criteria outlined provide a transparent and consistent basis for the allocation of funding, which will allow schools to undertake effective financial planning in this transition period. It will be for the schools local decision-making in determining use of this funding.

Temporary PAN Expansions

The DfE allows LAs to support school reorganisations through the Growth Fund (i.e., to support schools required to provide extra places in order to meet basic need within the authority), which is held within the Schools block of the DSG. The DfE is advising LAs to use the Growth Fund for temporary PAN (bulge) expansions, for example a school is asked by the LA to have a temporary PAN change for only 1 year (an over-offer).

The same treatment will be applied as the permanent expansions; namely, agreeing the temporary PAN level; the level of pupil-led funding received and not undertaking a retrospective adjustment; however, the funding will be allocated mid-year in this instance by the LA from the Growth Fund rather than it being included within the original budget share. This treatment can also be applied where reorganisation decisions are taken after the schools budget shares process when setting schools budgets.

Please Note

Schools and academies should be mindful of the long-term requirements of planning for a permanent or temporary increase in pupil numbers. There is no guarantee that a permanent or temporary increase will be sustained over a period of 5 years or that a phased intake will be required year on year. The LA will review the position annually with the school and expect schools and academies to organise appropriately to ensure that best use is made of all available resources with classes of a suitable number, and what is considered to be reasonable e.g., a 1FE expansion may in two years' time only require an additional 0.5FE intake for the following three years if there is no longer a need for all of those places to remain available. As such the LA would expect the organisation of classes and the curriculum to reflect this rather than financial support being provided by the LA to fund empty places unnecessarily, which could artificially set schools up with a structure that is not sustainable.

No allocation will be made to a school or academy where the school or academy:

- has surplus places and the school takes additional children up to the PAN;
- admits over PAN as their own choice;
- admits extra pupils where those pupils have a reasonable alternative school place; and
- is directed and / or requested to admit additional pupils as a result of errors, appeals, fair access protocol, SEN, LAC etc. as these numbers will be extremely low on an individual school basis.

Classroom Fixture & Fitting costs

In certain instances, the LA will support the school by providing temporary classrooms or converting or extending accommodation for an additional permanent classroom(s). Additional equipment is likely to be required for each new classroom being created. When this criteria is met and the classroom is being utilised, the LA will provide an additional £10,909 to create a suitable teaching & learning environment. This sum will fund the items included in Appendix 1 for a typical classroom environment. The LA believes this approach to the funding of equipment is reasonably generous. It recognises that schools have to equip classrooms in advance of their use and understands the need to make funds available to schools. However, it also acknowledges that IT equipment typically has a useful life of approximately 4 years and those costs

can be spread over that period through leasing arrangements. Such costs would ordinarily be funded by the AWPU attracted by new pupils.

The fixture & fittings funding for those schools meeting this policy requirement will be allocated in the summer term. The school can choose to spend this funding to equip the new room as they wish.

One-off items of expenditure

The LA will consider exceptional one-off funding requests to allow the school to continue working effectively and to avoid operational difficulties created by the change in the PAN, e.g., the integration of alarms or servers where additional accommodation has been built for the extra children, or specialist classroom equipment. Such exceptional requests will have to be demonstrated.

Revenue based costs are considered in this policy; however anticipated capital costs to the school from a reorganisation perspective should be discussed with the assigned LA Project Manager to clarify precisely what reasonable capital items will and won't be funded as part of the capital build project.

Impact of this policy upon other local schools

The LA recognises that whilst needing to facilitate change to fulfil its strategic responsibilities for the provision of school places, this policy should not cause undue turbulence in other schools. The LA will be mindful of this in reaching decisions with schools and will set limits above which no extra funding will be provided. Over time, there may be an impact upon other local schools, but the LA would expect any reduction in pupils to be moderate and gradual, and a matter that can be dealt with through good financial planning and by taking advantage of natural wastage, etc, to avoid redundancy costs. No compensation will therefore be paid to those schools. Likewise, no additional funding will be provided for future potential redundancy situations for schools that are expanding, should pupil numbers fall in future years.

Funding source

The funding delivered through application of this policy will continue to be made available from the Schools block of the DSG.

The DfE regulations contain a number of provisions in relation to the setting of central budgets within the DSG. Funding for significant pre-16 growth to meet basic need requirements is retained centrally with the agreement of the Schools' Forum.

Schools National Funding Formula

The government implemented the national funding formula in 2018/19, which is reviewed annually. The national funding formula is still operational and the growth fund is part of these arrangements, enabling growth to be used to support pre-16 growth to meet basic need.

As a minimum the LA must provide funding to a level which is compliant with the following formula:

- Secondary growth factor value (£2,350²) x number of pupils x ACA

The secondary growth minimum value established by the DfE will be assessed against the per pupil value determined through operating this policy, and where per pupil allocations are below the minimum value,

² Minimum level continuing in 2026/27 at £2,350.

additional funding to this level will be applied on a per pupil basis. The policy is however more favourable than the DfE minimum level since it uses the national funding formula monetary values and school-led pupil characteristics. Funding for maintained schools is provided to cover the period September to March before the lagged funding system 'catches up' from the subsequent April through the national funding formula. Since academies are funded on an academic year basis, they would receive additional funding (at a rate of an additional five-sevenths of the allocation) to cover a full year's growth funding before the system 'catches up'.

The formula is intended to be a proxy for overall growth costs at an LA level, and the DfE acknowledge that LA spending on growth will not necessarily match the sum allocated. The policy will need to be reviewed annually to ensure the growth funding continues to be sufficient to financially fulfil the agreed School Reorganisation policy moving forward.

This policy will be reviewed by Children's Services Financial Strategy Team and service teams on at least an annual basis.

Review

This policy is to be reviewed annually.

Schools' Forum Approval: 23.04.2026

Appendix 1

School Re-Organisation: Equipment costs for suitable teaching & learning environment

Fixture & Fitting costs	Monetary Value
Whiteboard	£70
Interactive whiteboard	£3,500
Teacher laptop	£800
2 computers for pupils	£1,400
18 desks 36 chairs; some used for the teacher's laptop and computers	£2,324
Teacher desk and chair	£372
30 children's trays and 2 cabinets	£328
Additional cabinet and trays for scissors	£164
2 large bookcases	£360
2 small bookcases	£260
1 paper cupboard	£375
2 cupboards for storage	£600
Filing cabinet	£131
Art rack	£225
<i>Along with other class materials etc.</i>	
Total	£10,909

Please note that the above items are only examples and the list is not prescriptive. It is used to model reasonable costs that a school might incur when equipping a new classroom. It is for schools to determine how they spend the total funding they receive.