

Lincolnshire County Council Policy on funding arrangements for primary school reorganisations

Purpose

This policy has been developed to provide a formalised approach to the funding of primary school reorganisations to support the Local Authority's (LA) statutory duty to provide sufficient school places for the children of Lincolnshire. 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 above the planned admission number (PAN) temporarily, or expand 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. The policy aims to provide an appropriate level of funding during this transition period to those schools that the LA wishes to expand permanently (increase in the PAN) or temporarily (e.g. for perhaps for one year only, by taking additional pupils above their PAN as a 'bulge' year).

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

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

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 to ensure a sufficiency of school places exists. The phased PAN will impact only on the year Reception intake through a 7 year reorganisation.
- Permanent PAN expansions (through all the schools year groups)
A school is asked by the LA to have a permanent PAN change 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) to ensure a sufficiency of school places exist for a particular bulge year. This temporary PAN change will likely only affect the current year Reception, although it may be necessary on occasion to increase another year group to cope with mid-year admission pressures.

Proposed approach to funding

The Education & Skills Funding Agency (ESFA) Schools Revenue Funding 2018/19 Operational Guidance has been reviewed to influence the direction of travel for primary school reorganisation funding.

The primary school reorganisation policy has 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. It will be for the schools local decision-making in determining use of this funding. The secondary school reorganisation policy has developed a similar formulaic approach to funding schools.

The LA functions of Finance, School Improvement and Provision Planning have been working together to develop an approach for funding primary school reorganisation schools. The review has concluded that the national funding formula that is being implemented in 2018/19 would provide sufficient funding where 23 pupils are in a class of Reception and Key Stage 1 age considering the least funded school. Based on the planned funding for 2018/19, the least funded primary school receives c.£2,900 per pupil compared to highest funded school of c.£4,600 per pupil, with the average being £3,243 per pupil across the primary sector. Pupil-led factors include: age weighted pupil unit, deprivation factors (free school meals (current and Ever6), and income deprivation affecting children index); English as an additional language, and prior attainment. The level of pupil-led funding is determined by the number of pupils present on the schools October census, and their level of need using the national funding formula factor values.

The LA considered thoroughly the typical 'model' direct costs of opening an additional class for classes of Reception and Key Stage 1 age, and determined that 23 funded pupils in Lincolnshire's least funded primary schools (c.£2,900) would trigger funding of c.£66,700. The section below identifies the key cost drivers and modelled costs (using 2018/19 prices including pay awards) of opening an additional class. These key cost drivers amount to £64,431, with the remaining available funding meeting school specific costs, such as additional running costs; leadership triggers if applicable; other central staff time, and other school specific costs. It was important that the LA is able to demonstrate that this methodology provides sufficient funding even to the least funded per pupil funded primary schools in Lincolnshire. Schools that trigger higher levels of pupil-led funding will utilise this funding to provide greater support and intervention, and resources to its pupils above the model costs identified.

Typical 'model' direct costs of opening an additional class for classes of Reception and Key Stage 1 age:

- Teacher – main scale 3	£33,643
- PPA time: 10%	£3,364
- Teaching Assistant 32.5 hours	£19,567
- Midday Supervisor 5h50 G2 SCP4	£2,776
- Administration time 4h at G4 SCP10	£2,232
- Cleaning staff 2h per classroom	£952
- Teaching Resources per class	£200
- Sickness Insurance	£1,697
Total	£64,431

For Key Stage 2 classes a class size of 21 pupils has been determined as generating sufficient funding due to less teaching assistant support in this age range.

In Lincolnshire's least funded primary schools (c.£2,900) it would trigger £60,900, compared to costs of £59,707¹ with the remaining available funding meeting other school-related costs.

¹ The costs account for 25 hours of teaching assistant support (£14,943) and re-calculated sickness insurance costs (£1,588).

Those primary schools with higher pupil-led funding determined through the funding formula will utilise this funding to provide greater support and intervention, and resources to its pupils.

Permanent PAN Expansions

The ESFA 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. To avoid schools and academies having retrospective funding changes due to actual pupil numbers being less than the actual pupils above the original PAN (subject to the pupil number key stage threshold – 23 pupils for year Reception and Key Stage 1, and 21 pupils for Key Stage 2), the LA will fund this through the LA Growth Fund held in the Schools Block of the Dedicated Schools Grant.

Where the LA requests a school to reorganise by increasing the PAN permanently, it will fund through the LA Growth Fund the number of additional pupils it receives above the original PAN in that specific year group (to the maximum of the revised PAN for the period September to March). The school will receive funding based on its national funding formula pupil-led funding proportioned for the remainder of that given financial year multiplied by the increase in pupil numbers received above its PAN². This funding will be allocated in the December. The pupil-led funding will form part of the schools delegated budget share for the subsequent financial year following the additional pupil's included in the autumn pupil census.

A school reorganisation may create the opportunity to take in pupils in older year groups, therefore generating further pupil-led funding for the school. Where the year 6 pupil cohort is greater than the original PAN, the schools will have a higher level of delegated pupil funding, therefore the differential in pupils leaving the school compared those entering the school in year reception will be lower. The LA Growth Fund allocation is to support a school due to lagged funding, however in this case the impact will be smaller, therefore the net pupil change will be reflected in the autumn term adjustment. Infant schools will also be treated in this way.

Where the school has had to open up an additional class as a result of the PAN change and the LA through its annual review of primary school reorganisations support the decision, (i.e. the school is operating with an efficient classroom structure), the LA will assess whether the additional reorganisation year group class meets the threshold of 23 pupils for year Reception. Where this threshold is not achieved, additional pupil-led funding (ghost funding) will be allocated in-year to the school up to this point to ensure that sufficient funding is received to support the additional costs of opening a class. The additional pupil-led funding will be allocated in two instalments for the September to March period, and the April to August to represent the academic year of the class structure³.

Key Stage 1 classes impacted by the reorganisation will be assessed overall against the threshold of 23 pupils (or 21 pupils for Key Stage 2 reorganisation classes) to ensure the thresholds have been met. Where the pupil threshold has not been met for the reorganisation year group(s), it will identify a shortfall in funding, therefore additional pupil-led funding (ghost funding) will be allocated to the school up to this point to ensure that sufficient funding is received to support the additional costs of opening an additional class. The additional pupil-led funding will be allocated in two instalments for the September to March period, and the April to August to represent the academic year of the class structure.

Primary schools involved in LA planned reorganisations will be required to complete the classroom structure template in Appendix 1 by the 31 October each year to enable accurate payments to be made.

For a phased PAN increase impacting only year Reception intakes, the LA policy will apply for 7 years. Thereafter, the school will be funded solely by the latest autumn pupil census, and would need to ensure the schools' classroom structure is financially sustainable through its delegated funding triggered through the funding formula.

² The autumn pupil census is used for schools funding to fund the following year financial periods: Maintained schools – April to March funding, and Academy schools – September to August funding. Academies will receive April to August funding due to their lagged funding, which is recouped by the LA from the ESFA.

³ The additional pupil-led (ghost) funding for September to March will be allocated in December, and the April to August in June.

Where a school has been asked by the LA to have a permanent PAN change (across a certain Key Stage or all year groups) to ensure a sufficiency of school places exists, the same approach will be applied for those year groups of the reorganisation. The LA will review the position annually, but the LA expects the time limit for funding to be no more than 3 years.

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.

Academies will be required to go through the 'significant change' expansion process with the ESFA to permanently increase their capacity.

Temporary PAN Expansions

The ESFA allows LAs to support school reorganisations through the LA Growth Fund (i.e. to support schools required to provide extra places in order to meet basic need with the authority). The ESFA is advising LAs to use the LA 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).

When a school is asked to operate with a bulge year, the opening of an additional class should not have a negative impact on the remainder of the schools' finances⁴. For the bulge year class (it could be one-year group or more), the pupil numbers taken above the PAN (to the maximum of the revised PAN for the period September to March) would be funded in the first year that an additional class is required. This allocation will be made in the autumn term that the pupil number increase takes place.

The LA will then assess whether the threshold for the reorganisation year group(s) involved have been met (i.e. 23 pupils for year Reception and Key Stage 1 (or 21 pupils for Key Stage 2)). Where the pupil number threshold has not been met for the additional reorganisation year group class involved, additional pupil-led funding (ghost funding) will be allocated in-year to the school up to this point to ensure that sufficient funding is received to support the additional costs of opening a class. This allocation will be made in the autumn for the period September to March relating to the first year of the reorganisation, and the summer term for future financial year allocations whilst the bulge year remains at the school⁵. The school will be required to manage the change back to the structure prior to the bulge year taking place to ensure the school remains financially sustainable.

A bulge year may result in a favourable class structure change for the remainder of the school. In these circumstances pupil number classes may be lower than was previously the case, and therefore have the capacity to admit pupils in the older year groups. When this takes place, the schools latest October census will be compared to the October census when the bulge year took place to identify any pupil growth in those older year groups, which will be removed from the pupil ghost funded places.

A school meeting this threshold in the reorganisation year group(s) will not receive additional funding beyond the September to March funding (year 1 of reorganisation) since the school will be triggering sufficient pupil-led funding through its delegated budget share.

Transition

The funding approach has been discussed with a number of head teachers in the sector involved with reorganisations, and are satisfied that the methodology of funding reorganisation schools.

The LA will work with current primary schools involved in LA led reorganisations to transition onto the new policy in a manageable and sustained way. The objective is to fund all existing primary school reorganisations in 2018/19 through the new policy, subject to any temporary transition arrangements.

⁴ The bulge year will be considered in isolation initially, but where realistic classroom structure efficiencies can be achieved by the school these should be explored to ensure effective use of resources. This will be discussed with the school in sufficient time before the next academic year, and the LA will be clear of its funding intentions with the school at that point.

⁵ The classroom structure will be considered on an academic year basis, however the schools October census will determine the number of pupils the school is funded on through its delegated budget share.

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 7 years or that a phased intake will be required year on year, therefore schools will be able to manage this risk through fixed term appointments or through staff turnover. Schools are asked to consider staff appointments with their HR Advisor.

The LA will review annually the following academic year(s) projected pupil numbers in November / December, and provide a formal position statement on the schools direction of travel, and the LA's funding intentions to ensure classroom structures are organised appropriately. The LA is required to ensure the DSG funding is being deployed effectively. As such the LA would expect the organisation of classes 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 takes additional children up to the PAN;
- admits over PAN at 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 £9,525 to create a suitable teaching & learning environment. This sum will fund the items included in Appendix 3 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 age weighted pupil unit funding 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 LCC 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 is retained centrally with the agreement of the Schools Forum.

Schools National Funding Formula

The government has implemented the national funding formula in 2018/19, and it is expected that the government will keep the formula under review. The future funding levels allocated to Lincolnshire primary schools will need to be considered when reviewing the pupil threshold levels for year Reception and Key Stage 1 age (23 pupils), and Key Stage 2 classes (21 pupils) for primary school reorganisations.

The government has reviewed the Growth Fund arrangements for 2019/20 moving from a historical funding basis to a more formulaic method based on lagged growth data. 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.

Policy date

This policy was approved by Children's Services Directorate Management Team on 22 May 2018.

Template for schools completing classroom structures

	Reception	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Total Pupils per Class
Class 1								0
Class 2								0
Class 3								0
Class 4								0
Class 5								0
Class 6								0
Class 7								0
Class 8								0
Class 9								0
Class 10								0
Class 11								0
Class 12								0
Class 13								0
Class 14								0
								0
Total Pupils Per Year Group	0	0	0	0	0	0	0	0

Original Structure 30 PAN

	Reception	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Total Pupils per Class
Class 1	30							30
Class 2		30						30
Class 3			30					30
Class 4				30				30
Class 5					30			30
Class 6						30		30
Class 7							30	30
Class 8								0
Class 9								0
Class 10								0
Class 11								0
Class 12								0
Class 13								0
Class 14								0
								0
Total Pupils Per Year Group	30	30	30	30	30	30	30	210

Reorganisation Agreement 30 PAN with additional 30 over PAN

	Reception	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Total Pupils per Class
Class 1	30							60
Class 2	30							30
Class 3		30						30
Class 4			30					30
Class 5				30				30
Class 6					30			30
Class 7						30		30
Class 8							30	30
Class 9								0
Class 10								0
Class 11								0
Class 12								0
Class 13								0
Class 14								0
								0
Total Pupils Per Year Group	60	30	30	30	30	30	30	240

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	£1,350
Teacher desk and chair	£325
30 children's trays and 2 cabinets	£180
Additional cabinet and trays for scissors	£90
2 large bookcases	£360
2 small bookcases	£260
1 paper cupboard	£290
2 cupboards for storage	£600
Filing cabinet	£75
Art rack	£225
<i>Along with other class materials etc.</i>	
Total	£9,525