



SCHOOL FUNDING POLICIES

CONTENTS

	Page number
1. Growth Fund	
a) Growing schools	2
b) New schools	5
c) Re-organised schools	6
d) Infant Class Size	7
e) Temporary Classroom hire	8
2. Contingency	
a) General	9
b) Schools in financial difficulty	10
c) Closing schools	10
3. Split Sites	11
4. Falling rolls	12
5. Cap on Statemented Spend	14
6. Over-Occupancy Funding	15

Growth Fund

In March 2015, The Department for Education (DfE) produced “[Schools Revenue Funding 2015 to 2016 Operational Guide](#)”, in which they stated local authorities can centrally retain Dedicated Schools Grant (DSG) to support schools which are required to provide extra places in order to meet basic need including pre-opening and reorganisation costs. Funding for additional classes needed as a consequence of infant class size regulations can also be included.

This is subject to the following DfE requirements:

1. The growth fund must be ring-fenced so that it is only used for the purposes of supporting growth in pre-16 pupil numbers to meet basic need.
2. The growth fund is for the benefit of both maintained schools and academies.
3. Any unspent growth funding remaining at the year-end should be reported to Schools Forum. Funding may be carried forward to the following funding period as with any other centrally retained budget, and can be used specifically for growth or falling rolls if the authority wishes.
4. Local authorities must produce criteria for allocating growth funding. The criteria should set out both the circumstances in which a payment is made and the basis for calculating the sum to be paid.
5. Local authorities will need to propose the criteria to Schools Forum and gain its agreement before growth funding is allocated. The local authority will also need to consult the Schools Forum on the total sum to be top-sliced from each phase and must regularly update the Schools Forum on the use of the funding.
6. The use of the growth fund is solely for the purposes of supporting growth in pupil numbers.

Any costs met or additional funding provided to schools in relation to the growth fund is subject to agreement in advance with the local authority.

Growing Schools

Local authorities can centrally retain Dedicated Schools Grant (DSG) for a growth fund in advance of allocating school budget shares. Local authorities should request a variation to pupil numbers where there is a more permanent and significant change to numbers.

The current Hampshire definition of a growing school is:

- A school where there is a planned increase in Planned Admission Number (PAN), and which has not had the full set of admission in-take. For example, an increase in PAN in September 2013 may still be having an impact in 2018/19.

- A school where the capacity has been increased, with planned expenditure on buildings, which has been agreed by the County Council.
- A school where an increase in pupil numbers has been agreed with, and specified by, the County Council as a consequence of a delay in the opening of a new school or implementation of a capital programme that would have increased the size of a neighbouring school.

A number on roll increase must be agreed with the Access Team (which is made up of Admissions, School Organisation and Strategic Development) to constitute a *planned* growth. School Organisation Officers will inform the School Funding team about schools that have a planned growth having agreed forecast pupil numbers with the-school.

Funding mechanism

Primary Growing Schools

The funding mechanism is based on a per pupil top up. This will be based on 7/12 (covering September to March) of the pupil-led funding for the school.

Using pupil-led funding rather than just AWPU accounts for other pupil led factors for which schools receive funding; deprivation; looked after children; low attainment; mobility and English as an additional language. This approach takes into account the profile of each school and assumes any new pupils will have similar attributes.

Some different funding scenarios are listed below to demonstrate the application of the new funding mechanism:

Example 1 – required to open an extra class

If a school opens an additional class, as agreed with the authority, then the school would be funded in the first year on the basis of increasing the year group by 30 pupils in the September regardless of the actual number of pupils in the class. The school would receive:

$(30 \times (7/12)) \times \text{£}2,559 = \text{£}44,783$. This is the equivalent of $\text{£}76,770$ in a full year.

** (Minimum pupil led factor for 2015/16 is $\text{£}2,559$)

If all 30 children join the school and are counted in the October census, the school will receive the full years pupil led factors for all 30 children:

$(30 \times \text{£}2,559 = \text{£}76,770)$ through their budget share. There will be no further adjustments.

If, however, less than 30 children join the school, there is a need to ensure that the school receives sufficient funding to run this extra class. Schools will require a minimum of 20 children to fund a class ($20 \times \text{£}2,559 = \text{£}51,180$) to cover the average

cost of a teacher including on costs of £38,000 and approximately £13,000 for other associated costs.

If less than 20 children join the school e.g. 14, there is a need to “top up” the school’s funding to the level of funding that would have been generated by 20 pupils. This would be calculated as follows:

14 children x £2,559	£35,826
Top up – 6 x pupil led funding	£15,354
Total funding	£51,180

Growth funding will be available as required for each year as the class moves through the school and will need to be reviewed annually.

Example 2 – increased intake but no extra class required

In instances where schools admit a number of pupils at the start of a school year at the authority’s request, but no extra class is required, the school would be funded on the same basis as above and would receive 7/12 x pupil led funding for the equivalent number of children.

The school would then receive the full year pupil-led funding for these extra children based on the October census in the following year. No further adjustments will be required.

Secondary Growing Schools

The same funding mechanism used for primary schools will be applied to secondary schools. As such, secondary schools would receive 7/12 x pupil led funding. The schools would then receive the full year pupil led funding for the additional pupils based on the following academic years October census.

New schools

Since March 2013, the Department for have required Local Authorities to fund and support new maintained schools, from within the Growth Fund. This includes the lead-in costs, e.g. to fund the appointment of staff and purchase any goods or services necessary to admit pupils. These costs should be met for new academies that are established to meet basic need. This does not included Free Schools.

Lead in costs

New schools will be allocated a sum of £75,000 that can be used as the governing body see fit to fund any lead in costs. This is separate to the lump sum included within each school budget share.

School opens	Lump Sum	Additional allocation for costs relating to new schools
April	Full year's allocation (£175,000 in 2015/16)	£75,000
September	7/12 allocation (£102,000 in 2015/16)	£75,000
January	3/12 allocation (£73,000 in 2015/16)	£75,000

The level of funding for new schools is set at £75,000 and will be reviewed periodically.

Initial equipping

Initial equipping funding is paid based on the number of places at the school and will be funded outside of the additional lump sum. Current values are £60 per primary school place and £105 per secondary school place.

Funding methodology

For the new schools, data relating to pupils attending an existing local school for the catchment area will be used to calculate the pupil led factors for the school. Decisions will need to be made by the Access Team in consultation with Education Financial Services (EFS) on the most appropriate school and a mixture of 2 schools will be used where less than 75% of the existing catchment area feeds to one school. Analysis and judgement on the new schools catchment area and the school that the majority of pupils from that area currently attend will enable a proportional split.

Re-organised schools

In March 2015 the DfE updated the "[Operation Guidance for schools revenue funding 2015/16](#)". The guidance continues to require funding to support re-organised schools to be included in the Growth Fund. This includes the lead in costs, e.g. to fund the appointment of staff and purchase any goods or services necessary to admit pupils. These costs should be met for Academies and Free Schools which are established to meet basic need.

Additional costs

Unlike new schools, those undergoing re-organisation will be funded on the basis of actual cost as set out in the table below:

Category	Cost base	Additional criteria
Headteacher	Actual salary costs for one term prior to opening	Actual costs met only within the relevant pay band for the school
Headteacher recruitment	Actual costs	Up to a maximum of £5,000
Support costs	Actual salary costs for one term prior to opening	Administrative support only
Other recruitment	Actual costs	Up to a maximum of £10,000

Costs incurred can vary considerably, and in order to ensure an equitable yet flexible approach, each re-organisation will be assessed and the appropriate method of funding will be agreed by an Education and Inclusion Area Director following consultation with other relevant officers.

Initial equipping

Initial equipping funding will reflect the number of places at the school and will be funded outside of any additional costs. Current values are £60 per primary school place and £105 per secondary school place.

Infant Class Size

Infant Class Size (ICS) regulations state that no Key Stage 1 class should operate with more than 30 pupils. This does not apply in certain circumstances if the admission is outside the normal admissions round. These exceptional circumstances are:

- A pupil with Statement of Special Educational Needs (SEN) / Education Health Care Plan (EHCP)
- Admission appeal panel placement
- A child in care
- A child who has recently moved to the area and no other place can be found within a reasonable distance of the home
- Children admitted to correct an administrative error
- Admission of twins and other multiple births and same cohort siblings
- A child of service personnel

When ICS regulations are breached, it has been agreed to fund the cost of a teacher or Learning Support Assistant (LSA) and that this funding would be pro-rated across the terms.

Payment for the summer term and spring term is based on the relevant census data. However, autumn funding is guaranteed in the summer term if schools anticipate they will be in breach of the ICS regulations and this is confirmed with the School Admissions team. The autumn term funding is guaranteed regardless of the number of children who turn up in September.

This ICS funding is currently made outside of budget shares and held centrally within the growth fund.

In rare circumstances where the admission of “excepted pupils” to an infant class results in an average class size of 33 or above (through agreement with the local authority and the school), it is proposed that growth funding be allocated to meet the average cost of a Learning Support Assistant. The allocation of such funding would be reviewed on a termly basis in respect of the agreed numbers for the following term. In order to ensure funding is fair and consistent, the class size will be calculated by using the average number of pupils in the year group impacted (number of pupils divided by the number of classes).

For example, a school with 90 pupils + 3 excepted pupils would not normally be eligible for this funding, as the average class size is 31 ($93 / 3$). In this example the school would need to have 9 excepted pupils in the year group impacted to be eligible for the funding ($99/3 = 33$). Exceptional circumstances may be agreed by the local authority.

Temporary Classroom hire

Temporary Classroom rentals are agreed by the School Organisation Team in cases of basic need for additional school places in advance of permanent constructions or where there is a “bulge” in pupil numbers in an area.

Funding of temporary classroom rentals is held centrally as part of the Growth Fund and allocated to schools at the end of the financial year.

The actual costs incurred by schools charged to their revenue budget will be fully reimbursed at the end of the financial year

2. Contingency

The DfE listed a limited range of services where central provision for maintained schools may be argued on the grounds of economies of scale or pooled risk, which included contingencies. This is a de-delegated budget and relates to maintained primary and secondary schools.

In June 2012 the DfE decided that contingencies can only be retained centrally for maintained schools for a limited range of circumstances:

- **Exceptional unforeseen costs**
- **Schools in financial difficulties**
- **Deficits of closing schools**

The requirements for holding contingencies are that:

- For each service retained centrally, authorities will need to make a clear statement of how the funding is being taken out of the formula and has been allocated
- When a school becomes an academy during the school year, the authority can retain any de-delegated funding to help services plan their future operations until the following September or April (whichever comes first), at which point the Academy will receive the full formula allocation and this will be recouped
- Where there has been agreement that a school is entitled to a contingency allocation, that agreement will be honoured if it converts to an Academy at any point in the year

Exceptional unforeseen costs

These are costs which it would be unreasonable to expect governing bodies to meet. This would usually be where there are consequences of decisions by bodies outside the school's governing body that impose additional costs on the school and have had a disproportionate effect on the school.

Such examples may include sixth form closure or substantial back-dated claims where there has been an error by another party.

Should a school believe that their circumstances warrant further consideration and financial support under exceptional circumstances, then a case must be submitted to Schools Forum for such consideration.

Any submission will need the support of the school's governing body and the relevant phase executive. It will need to be reviewed by the Education and Inclusion

Area Director and the Head of Education Financial Services prior to formal consideration by Schools Forum.

Schools in financial difficulty

Any financial impact on individual schools as a direct result of current policies will be covered by those policies e.g. school re-organisation, disproportionate SEN impact. Any financial consequences of issues arising outside of these policies, and which do not arise as a consequence of a school's own management decision, will only be considered if there are exceptional circumstances.

The Scheme for Financial Management (SfFM) applies in respect of schools that are likely to be facing a deficit requiring schools to produce a recovery plan (section 4).

It is likely that any support offered will be in the form of officer time (for advice etc.) rather than financial compensation.

Should a school believe that their financial circumstances warrant further consideration and financial support under exceptional circumstances, then a case will need to be submitted to Schools Forum for such consideration. Any submission will need the support of the school's governing body and the relevant phase Executive. It will need to be reviewed by the Education and Inclusion Area Director and the Head of Education Financial Services prior to formal consideration by Schools Forum.

Deficits of closing schools

Where a school is closing and a deficit is likely, every effort should be taken to achieve break-even. Where a school is becoming an academy, they should also ensure costs are only incurred that relate to the school.

Where a school closes with a deficit, the cost must be picked up by the Dedicated School Grant (DSG) from within the contingency fund.

3. Split Sites

The DfE has recognised that schools that operate on split sites often incur greater costs. The DfE stated that local authorities need to fund such schools in a way that incentivises efficiency rather than sustaining inefficiency.

The DfE also stated that “Since we are keen to continue to encourage schools who do adopt efficient solutions, it is important that the consequences of those solutions continue to be reflected in schools’ budgets. We will therefore continue to allow local authorities to include a split site factor in their local formulae. This should be reflected through a cash sum to the school(s) affected.”

Schools sharing facilities, federated schools and schools with remote sixth forms are not eligible for split site funding

The proposal for split site funding in Hampshire is a lump sum of £50,000, which is to cover the additional costs of operating a split site. Likely additional costs identified are:

- Additional infrastructure and transport costs
- Additional administration costs
- The extra cost of running two reception areas
- Additional caretaking
- Additional IT costs

The additional funding is intended to meet the costs directly associated with operating on a split site rather than a site being extended such as when two neighbouring schools merge.

The school must meet the following criteria to enable funding for split sites:

- The sites must be more than 500 metres apart
- A range of core education must unavoidably take place for a significant proportion of pupils in buildings on both sites
- Travel between the two sites must require access via a public highway
- Must be a single school with one DfE number
- Funding will be allocated where a historic split site exists
- The creation of any new split site will require prior agreement with the local authority to ensure it is unavoidable in delivering core education

4. Falling Rolls

The Department for Education (DfE) published “[2014-15 Revenue Funding Arrangements: Operational Information for local Authorities](#)” detailing the introduced of a falling rolls policy.

This is subject to the following DfE requirements:

- Funding can be retained centrally before the formula is calculated for falling rolls where a population bulge is expected in the future but where a good and necessary school or academy currently has surplus places and faces an unmanageable funding shortfall in the short term.
- Any unspent falling rolls funding at the end of the financial year must be added back into the funding formula for the benefit of all schools in the following funding period.

The requirements of the falling rolls fund are that:

- The falling rolls fund should be restricted to population increases expected in 2-3 years in necessary schools which are classed by OFSTED as good or outstanding. It must not be used to prop up unpopular or failing schools.
- Any funds remaining at the end of the financial year must be added to the following year's DSG and reallocated to maintained schools and academies through the local formula.
- Local authorities will be required to produce criteria on which any falling rolls funding is to be allocated. This should provide a transparent and consistent basis (with differences permitted between phases) for the allocation of funding. The criteria should both set out the circumstances in which a payment could be made and provide a basis for calculating the sum to be paid.
- Local authorities will need to propose the criteria for both funds to the Schools Forum and gain its agreement before funding is allocated. The local authority will also need to consult the Schools Forum on the total sum to be top-sliced from each phase and must regularly update the Schools Forum on the use of the funding. The EFA will check the criteria for compliance with the regulations.

Hampshire Criteria

Schools must meet all of the following criteria to be eligible for falling rolls funding:

- Must have had a falling number on roll for a minimum of 2 years based on the autumn term census
- Number on roll must have fallen by more than 5% in both years.
- Must have an Ofsted rating of good or outstanding. The Ofsted ratings will be taken as at census day in October

- The forecast pupil data must show the school is expected to have an increase in pupil numbers by the end of the 3 years (e.g. years 2 to 3)
- Pupil numbers must also show the school is increasing numbers in future years 4 and 5 to ensure sustained growth
- Schools are not eligible if they are deemed to have an excess balance
- Schools cannot receive more than 5% of budget share or £100,000

The data showing schools forecast pupil data is taken from the SCAP return which is a School level capacity return. Local authorities are required to provide data and information on all state-funded primary and secondary schools in their areas. This data is returned to the Education Funding Agency (EFA) in August each year.

The SCAP return does not include special schools and education centres. Any growth in special schools and education centres anticipated over the next 2 -3 years and on going would need to be agreed by the School Organisation team in conjunction with the SEN department and Education Inclusion Area Directors.

An excess balance is deemed as those schools that have had a balance of over 10% for the last 3 years.

Methodology

Any schools that have fallen in roll by more than 5% from the previous year will be funded for the percentage above this. For example, a school who has dropped 50 pupils, which is a 10% reduction, will receive funding for 25 pupils, which is the amount over and above the 5%.

Primary and Secondary Schools will be funded on the pupil led funding for each school rather than simply the Age Weighted Pupil unit. Using this method will take into account the other pupil led factors for which schools receive funding for example deprivation, looked after children, low attainment, mobility and English as an additional language. This approach takes into account the profile of each school and assumes any new pupils will have similar attributes. This is also consistent with the methodology used for funding growing schools. Using the example above the school will receive their school level AWPU of £2,900 x 25 pupils = £72,500

Nursery pupils will be paid at the nurseries hourly rate x 570 hours, e.g. £4.14
x 570 = £2,359.80

Special Schools and Education centres will be funded on the basis of per place funding.

5. Cap on Statemented Spend

Schools Forum have agreed to cap spend on pupils with a statement of Special Education Needs (SEN) or Education Health Care Plan (EHCP) at 3% of a schools budget share.

Operation of the policy

The cap for spend by schools on statemented pupils is 3% of budget share. This is the figure before de-delegation and excluding any resourced provision funding.

The calculation of a schools spend on statemented pupils will be based on the method used by the Special Educational Needs service for allocating top up funding. This is based on an hourly rate of £9.09 for an LSA spread over 52.286 weeks. (2015/16 is based upon 366 days)

The methodology for calculating whether a school is eligible for any additional funding under the new policy is as follows:

1. Calculate 3% of the schools budget share (A)
2. Calculate the total spend on statemented pupils based on data held by the SEN service, split between school spend and centrally funded top up funding (B)
3. If B is greater than A, additional top up funding will be provided.

The calculation will be done at the end of the financial year once the final spend on statemented pupils has been confirmed.

Worked example

School A has a budget share before de-delegation of £500,000. Their spend on statemented pupils is capped at 3% of this figure, or £15,000.

School A has 4 statemented pupils as follows:

Pupil	LSA hours / week (A)	Hourly cost £ (B)	No. of weeks (C)	Total cost £ (A) x (B) x (C)	School spend £	Top up funding £
Pupil W	20	9.09	52.286	9,506	6,000	3,506
Pupil X	20	9.09	13	2,363	2,363	-
Pupil Y	12.5	9.09	52.286	5,940	5,940	-
Pupil Z	15	9.09	52.286	7,129	6,000	1,129
Total					20,303	

The school's total spend on statemented pupils is greater than 3% of the budget share so the difference (£5,303) will be provided as an additional allocation at the end of the financial year.

6. Over-Occupancy Funding

This funding is payable to academy and maintained special schools, schools with resourced provisions and education centres. This funding ensures that a school is not financially disadvantaged in the event of their actual average occupancy across the financial year (April to March) exceeding their agreed place number (APN). The APN for each specialist provision is agreed between the SEN department and the school prior to the start of the year.

The funding is calculated by taking the average actual pupil numbers for the year and comparing it to the APN. If this number is greater than the APN, the additional places are funded at the place funding rate (currently £10,000). The pupil numbers are the actual monthly FTE pupils used for the purposes of calculating top-up funding. A worked example can be found below:

School APN – 45

Pupil numbers each month:

April - 45

May – 45

June - 45

July - 45

August – 45 (same pupil numbers as July)

September - 48

October - 48

November - 48

December - 48

January - 48

February - 48

March – 48

561

Average pupil numbers = **46.75** (561 / 12)

Over occupancy funding = **£17,500** (46.75 – 45 = 1.75 x £10,000)

Funding is calculated and transferred to the school at the end of the financial year, once all of the top-up funding and pupil numbers have been finalised.

For resourced provisions, the same calculation is applied. However the school level AWPU unit funding is deducted from the place funding (£10,000), as this amount has already been paid to the school at the start of the year.

For maintained schools, amounts will be posted to the schools SAP account in April, but, in the relevant financial year. For academies, the payment will be made in April.

Funding is only payable when a school exceeds the APN. Place funding will not be adjusted in the event of when the average pupil numbers for the year is lower than the APN.