

NEW SCHOOL REVENUE FUNDING – 2016/17

To: Cambridgeshire Schools Forum
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From: Martin Wade - Strategic Finance Manager (Children's & Schools)

1.0 INTRODUCTION

- 1.1 The approach for revenue funding for new schools follows guidance provided by the Education Funding Agency (EFA) and requires approval by Cambridgeshire Schools Forum due to the elements funded directly from the Growth Fund.
- 1.2 The methodology is subject to annual amendments to reflect both national and local policy changes. The proposals below reflect both in-year changes for 2015/16 and the approach to be applied to the 2016/17 financial/academic year.

2.0 FUNDING FOR NEW PRIMARY AND SECONDARY SCHOOLS

- 2.1 Where a new school is opening, Local Authorities (LAs) are required to estimate the pupil numbers expected to join the school in September to generate funding through the Authority Proforma Tool (APT). LAs should also estimate pupil numbers for all schools and academies, including free schools, where they have opened in the previous seven years and are still adding year groups. These estimates should be adjusted each year to take account of the actual pupil numbers in the previous funding period. For academies an allocation of funding is recouped from each LA and following formula replication by the EFA an annual grant allocated.
- 2.2 With effect from 7th May 2015 all new schools established through the 2011 Education Act presumption process will be classified as free schools. This change intends to remove confusion around competing routes for delivering new schools. It reflects the fact that "free school" is the Department for Education's (DfE's) policy term for all new provision academies whereas "academy" is a legal term for state-funded schools that operate independently of LAs and receive their funding directly from the government.
- 2.3 There is no change to the funding of the school and as previously, the LA will still be responsible for providing pre-opening costs and for providing the sites for these schools. The DfE will provide £25k funding to the successful sponsor to meet their legal costs. Upon opening, the school will be funded by the EFA on the same basis as other academies and free schools in the same LA area.
- 2.4 The pre-opening revenue costs and post-opening diseconomies funding will be allocated from the centrally retained Growth Fund. These costs are to be provided for free schools/academies where they are created to meet basic need.
- 2.5 Following review of the levels of post-opening diseconomies funding for secondary schools it is recommended these amounts are increased in recognition of the additional costs associated with delivering the secondary curriculum in the first 4 years of operation, whilst pupil numbers build towards the school's planned total capacity. The revised amounts can be seen in **Appendix B**

2.6 In the limited number of circumstances under which new maintained schools are established and opened (those which received approval under the 2006 Education Act competition arrangements and, where agreed in response to evidence of need, Voluntary Aided schools) will be funded directly by the LA as per the local funding arrangements and funding formula. Academy schools will receive a combination of LA and EFA funding. The table below shows the key areas of funding and the appropriate funding body:

2.7

| Funding: | Maintained School: | Academy: | Detail: |
|---------------------------------|---------------------------|-----------------|---|
| Local Formula Funding | LA | EFA | Based on LA local formula. Funding recouped from LA and allocated by EFA (some factors based on county averages in initial years) |
| 16-19 Formula Funding | EFA | EFA | Based on National 16-19 Formula |
| Pupil Premium | LA | EFA | Based on National Pupil Premium funding rates |
| Funding for Education Services | N/A | EFA | Based on National Education Services Grant (ESG) funding rates |
| Diseconomies Funding | LA | LA | Funding from LA to recognise costs whilst the school fills to capacity (Appendix B) |
| Pre-opening revenue | LA | LA | Funding from LA prior to opening to support costs (Appendix A) |
| High Needs Pupil Top-Up Funding | Home LA | Home LA | Top-Up funding for pupils with Education Health and Care Plans (EHCP) or statements of special educational need (SEN) |

2.8 Final revenue funding amounts for new schools will vary depending on numerous factors. As the majority of the funding for new academies will come directly from the EFA the final amount to be received will be based on EFA calculations.

3.0 FUNDING FOR NEW SPECIAL SCHOOLS

3.1 All Special Schools are funded on the Place-Plus methodology. This provides schools with £10,000 per commissioned place as agreed with the EFA for Pre and Post-16 numbers. It is the responsibility of the home LA to then provide Top-Up funding based on the individual needs of the learners in line with their Education Health and Care Plan (EHCP).

3.2 Once the number of places for each academic year have been agreed this provides a minimum core budget for the school and as such there is no diseconomies funding for Special Schools. For maintained schools place funding will be made directly from the LA, whereas for academies it will be paid via the EFA. The Top-Up funding is based on participation and as such will only be payable directly by the pupil's home LA for the period of time each pupil is in attendance.

3.3 As with mainstream academies, Special academies will also receive a per pupil ESG allocation at the national rate.

3.4 Details of the pre-opening funding for Special Schools can be seen in **Appendix A**.

4.0 DEDICATED SCHOOLS GRANT (DSG) FUNDING

- 4.1 As the annual DSG received by LAs is based on the previous year's October census data, in the year of opening **no** DSG is received for new schools. In subsequent years DSG is only received based on the number of pupils and the characteristics of the pupils attending new schools. The result of this is a funding gap between the amount of DSG received and the amount required to fund new schools and the associated diseconomies funding.
- 4.2 There is further uncertainty in respect of the funding of high needs pupils and the revenue funding associated with new special schools and/or special school places. Current funding for high needs pupils continues to be based on historical spend and there is no mechanism to access additional funding for places or the extra Top-Up funding which would be required to maintain a new special school. Therefore, if no or only limited funding can be accessed from the EFA a transfer from the Schools Block will be required to meet the revenue costs of any new Special Schools.
- 4.3 The DfE have committed to undertaking a review of High Needs funding arrangements for future years, and this is currently underway. Despite this commitment, the potential pressures on High Needs places and new Special Schools remains an area of considerable concern.

5.0 ACTIONS

- 5.1 ***Schools Forum are asked to approve the proposed approach for new schools for funding pre-opening as set out in Appendix A and post-opening diseconomies funding as set out in Appendix B to be applied for the remainder of 2015/16 and 2016/17.***

Appendix A

Pre-Opening Funding for New Schools

The pre-opening funding is intended to cover all revenue costs up to the opening of the school. Capital costs to secure and develop the school's site, and ICT to support the curriculum, are funded separately for the LA's five year rolling programme of capital investment. Books and other curriculum materials may be purchased before opening, using an advance of the post-opening diseconomies funding.

The pre-opening funding is to cover:

- project management (support to coordinate all work leading to the development of the school);
- staff recruitment (including the head teacher/principal);
- salary costs (which often include the head teacher/principal, finance/business manager and administrative support in advance of opening);
- office costs;
- administration of admissions (including applications and appeals).

Primary Schools - funding is calculated on the basis of 1 term prior to the date of opening.

Secondary Schools - funding is calculated on the basis of 2 terms prior to the date of opening.

Special Schools - funding is calculated on the basis of 2 terms prior to the date of opening.

In all instances the funding can be accessed earlier, but the total amount to be received remains as detailed below.

| | |
|------------------|-----------------|
| Primary | £50,000 |
| Secondary | £150,000 |
| Special | £130,000 |

Appendix B

Post-Opening Diseconomies Funding

Resources –

Paid annually as the school builds up to capacity –

- £125 for each new mainstream place created in the primary phase (years R to 6)
- ~~£250~~ £500 for each new mainstream place created in the secondary phase (years 7 to 13)

New places will be calculated annually based on the increases in roll from year to year.

Leadership –

Paid annually based on the number of year-groups that the school will ultimately have that do not yet have pupils. The amount paid to mainstream schools with pupils aged 4 – 15 each year depending on how many year-groups (cohorts) are empty is set out below:

| Empty Cohorts | 6 | 5 | 4 | 3 | 2 | 1 | Total |
|----------------------|----------|----------|--------------------|--------------------|--------------------|--------------------|-----------------|
| Primary | £40,250 | £33,750 | £27,000 | £20,250 | £13,500 | £6,250 | £141,500 |
| Secondary | | | £62,500 | £46,750 | £31,250 | £15,500 | £156,000 |
| Secondary | | | £125,000 | £93,500 | £62,500 | £31,000 | £312,000 |

Please note: Diseconomies funding for all-through schools serving the 4-15 age range will be considered as and when the situation arises.