

**DERBYSHIRE COUNTY COUNCIL**

**SCHOOLS FORUM**

**16<sup>th</sup> December 2014**

**Report of the Strategic Director for  
Children and Younger Adults**

**Criteria for the Allocation of the Pupil Growth Fund**

1. **Purpose of the Report**

To ask Schools Forum to agree the criteria for allocating additional funding to schools and academies from the 'Pupil Growth Fund' for 2015-16 and beyond.

2.1 **Background**

Under the School Funding Reforms, authorities are allowed to hold centrally a 'Pupil Growth Fund'. The DfE defined purpose for this fund is to support schools with complying with the KS1 Class Size regulations and/or to provide additional funding for schools with a significant increase in pupil numbers.

Derbyshire agreed to hold the former 2012-13 KS1 Class Size funding (£2.310m) in a Pupil Growth Fund for 2013-14. This figure was subsequently reduced to £2.111m for 2014-15 as a result of the actual 2013-14 expenditure.

Schools Forum agreed the criteria for the allocation of the KS1 funding at its meeting on 21<sup>st</sup> March 2013. This paper puts forward proposed criteria for the allocation of this fund in 2015-16 and sets out potential amendments to reduce the size of this centrally held resource to bring it into line with other similar LAs.

2.2 **KS1 Class Size Allocations**

Under previous regulations, the majority of this funding was allocated to schools on a formulaic basis using a single January census point. However, DfE regulations now make it clear that this funding can only be allocated to schools on the basis of real additional costs. There are several situations in which schools may operate with more than 30 pupils in a KS1 class and these are clearly set out in the admissions regulations.

The following process has been submitted to the DfE in support of the October 2014 Schools Block Pro-forma and now needs Schools Forum approval.

### 2.2.1 General Process

- In order to ensure that KS1 classes are limited to no more than 30 pupils, a top up is provided if the number of KS1 pupils is not an exact multiple of 30. The number of pupils remaining after the last multiple of 30 is increased to the next multiple of 30 by adding the relevant number of 'phantom pupils'. The phantom pupils effectively bring in additional resources to allow an extra KS1 class to operate. For example a school with 125 KS1 pupils would attract 25 phantom pupils to bring the total funded pupils up to the next multiple of 30 i.e. 150.
- As the financial year stretches across 2 different academic years, the number of KS1 classes required at some schools inevitably changes with effect from September. The funding is therefore dealt with on a 5/12<sup>th</sup> and 7/12<sup>th</sup> basis.
- Small School Adjustment – Mixed Key Stages: for primary schools with 90 or fewer pupils in total any KS1 pupils over the last multiple of 30 are added to KS2 classes. Provided the majority of pupils in the mixed classes are KS2 pupils, the 30 pupils limit does not apply. Beyond 90 pupils, no mixing of KS1/2 pupils is assumed.

The number of phantom pupils required will:

- Use the pupil numbers from the October census relevant to the academic year in question to determine the number of KS1 classes required, i.e. multiples of 30 KS1 pupils.
- Verify the actual number of KS1 classes that each school is operating and investigate variances between the calculated number as per the KS1 Class Size calculations and the numbers reported by the schools. It is expected that this exercise will eliminate funding for schools where the 31<sup>st</sup> pupil in a class is an 'Excepted Pupil' (e.g. admitted on appeal) and therefore no funding is required to run an additional KS1 class.
- Take account of the Small School Adjustment – Mixed Key Stages formula refinement as described above.
- Be referenced to the actual number of pupils funded in that particular financial year (i.e. the October census prior to the financial year in question). This means that in some cases:
  - No Phantom Pupil funding would be required if the pupil numbers have decreased and the school has sufficient AWP funding for 'real' pupils;
  - Phantom Pupils in excess of 30 will be required as the pupil numbers have increased sufficiently to require an additional class.
  - Some examples of the possible outcomes are shown in Appendix 1.

Finally, it is a DfE requirement that, if the Authority decides to hold a 'Pupil Growth Fund', academies must be able to access the funding on an equal footing. Exactly the same formula will therefore apply to both schools and academies.

### 2.2.2 5/12th Period April to August 2015

The reference points will be:

- Funded pupil numbers @ October 2014
- Class structure @ October 2014

### 2.2.3 7/12th Period September 2015 to March 2016

The reference points will be:

- Funded pupil numbers @ October 2014
- Class structure @ October 2015

## 2.3 Other matters

It is envisaged that, barring any changes to regulations, the methodology described above can be applied to future years. However, as already reported, Derbyshire's funding in this area is significantly above that of many other LAs, the key figures for 2014-15 are as follows:

Local authority	Per pupil
Kent	£29
<b>Derbyshire</b>	<b>£19</b>
Lincolnshire	£14
Northamptonshire	£13
Lancashire	£8
Warwickshire - median	£7
Nottinghamshire	£6
Staffordshire	£5
Cumbria	£0
Wigan	£0
Dudley	£0
Stat Neighbour (SN) average (median)	£7
Derbyshire SN rank (of 11)	2 <sup>nd</sup>
Shire average – median	£12
Derbyshire rank (of 27)	7 <sup>th</sup>

Derbyshire's per pupil budget is over 50% higher than the shire average and 170% higher than the average of our statistical neighbours. Some comparator LAs' figures will also include funding for general pupil growth, rather than purely KS1 related support, hence these percentages may understate the gap between Derbyshire and other LAs' support for KS1.

The current payment arrangements take no account of individual schools' ability to self-fund some or all of the additional costs of an extra class for 5 or 7 months. Looking at the claims for 2014-15, the following picture emerges:

Item	Infant	Primary	Total
Number of schools in sector	63	235	298
Number making a KS1 claim(s)	57	150	207
% making a claim	90.5%	63.8%	69.5%
No. claims from £0-£5k	10	35	45
No. claims from £5k-£10k	11	50	61
No. claims above £10k	36	65	110
Value of claims from £0-£5k	£31k	£86k	£117k
2013-14 balances of schools making claims	£593k	£2,862k	£3,455k
Average value of claim	<b>£3,074</b>	<b>£2,458</b>	-
Average balance of a school making a claim	£59,296	£81,766	-
Value of claims from £5-£10k	£73k	£375k	£448k
2013-14 balances of schools making claims	£650k	£3,815k	£4,465k
Average value of claim	<b>£6,654</b>	<b>£7,490</b>	-
Average balance of a school making a claim	£59,135	£76,291	-
Value of claims above £10k	£576k	£971k	£1,547k
2013-14 balances of schools making claims	£1,843k	£4,261k	£6,104k
Average value of claim	<b>£16,009</b>	<b>£14,933</b>	-
Average balance of a school making a claim	£51,193	£65,553	-

For all the grouped claims the average value of schools' balances far exceeds the average claim value. Of the 207 claimants:

- ~90% (185) had balances at the end of 2013-14 in excess of the amount claimed;
- ~71% (147) had balances which were at least £25k more than the amount claimed; &
- ~48% (100) had balances which were at least £50k more than the amount claimed.

## 2.4 Proposed refinement to the calculations

Given the current level of schools' balances, and the above average size of the centrally held fund, it is proposed that the calculations be refined so that schools are required to meet the first £2,500 of any claim relating to the summer term and £3,500 of any autumn/spring claim. These sums equate to £500 per month for the relevant period. The new arrangements would commence from September 2015 so that claims agreed for the latter part of 2014-15, and which have financial implications for the summer term 2015, would be unaffected i.e. existing commitments would be honoured.

On the basis of the 2014-15 claims it is estimated that the change would potentially save up to £560k in 2015-16 and almost £1m in a full year. Assuming the 2016-17 KS1 budget was reduced to reflect this change the residual budget of £1.1m would equate to £10 per pupil, below the shire average but still above our statistical neighbours.

Clearly there will be some schools for which meeting these additional costs would place an unreasonable burden on the budget. Examples might include a sudden and significant reduction in pupil numbers elsewhere in the school, increased SEN demands, existing budgetary problems e.g. a deficit budget position or the size of the school's budget. To minimise these risks it is proposed that, in exceptional circumstances, schools be allowed to reclaim the £2,500 or £3,500 deduction from the re-pooled contingency fund. However, schools would have to demonstrate that the requirement to meet the first £2,500/£3,500 would have serious effects on the delivery of the curriculum.

## 2.5 Potential use of released funding

For the first year of operation, 2015-16, it is recommended that no reduction in the budget should be applied until the impact of the changes on the level and value of claims has been assessed. Any underspend in 2015-16 would instead fall into the DSG reserve and help towards resolving the projected medium term cash shortfall.

If the projections are correct a potential £1m would be available for reallocation within the DSG in 2016-17 and options for its use would be considered as part of that year's overall budget process.

## 3. Other Considerations

In preparing this report the relevance of the following factors has been considered: - prevention of crime and disorder, equality of opportunity; environmental, financial, health, legal and human rights, personnel and property considerations.

## 4. Background Papers

Supporting papers held in CAYA Finance Section.

## 5. Strategic Director's Recommendations

That the Schools Forum:

- (i) approves the methodology for allocating the Pupil Growth Fund for KS1 Class Size purposes as set out in section 2.2;
- (ii) agrees the new arrangements for determining claims as set out in section 2.4; and
- (iii) agrees to reconsider the size of the KS1 fund as part of the 2016-17 budget process.

**IAN THOMAS**

**Strategic Director for Children & Younger Adults**

## APPENDIX 1

EXAMPLES OF KS1 CLASS SIZE FUNDING: 2015-16 AND BEYOND			
<b>SCHOOL A: FUNDED FOR 92 KS1 PUPILS (as per October 2014 Census)</b>		<b>SCHOOL B: FUNDED FOR 88 KS1 PUPILS (as per October 2014 Census)</b>	
<b>(1) 5/12th PERIOD APRIL - AUGUST 2015 (i.e. 2014/15 AY)</b>		<b>(1) 5/12th PERIOD APRIL - AUGUST 2015 (i.e. 2014/15 AY)</b>	
~ Starting point = 4 KS1 Classes and 28 phantoms (i.e. to the next multiple of 30)		~ Starting point = 3 KS1 Classes and 2 phantoms (i.e. to the next multiple of 30)	
~ School confirmed that actually running:		~ School confirmed that actually running:	
3 KS1 Classes ( <b>Note 1</b> )	No phantoms (already funded for 92 real pupils)	3 KS1 Classes	2 phantoms (only funded for 88 real pupils)
4 KS1 Classes	28 phantoms (only funded for 92 real pupils)	4 KS1 Classes ( <b>Note 2</b> )	2 phantoms (only funded for 88 real pupils) No funding for the 4th KS1 Class
5 KS1 Classes ( <b>Note 2</b> )	28 phantoms (only funded for 92 real pupils) No funding for the 5th KS1 Class	<b>OR:</b> 4 KS1 Classes ( <b>Note 3</b> )	32 phantoms (only funded for 88 real pupils)
<b>(2) 7/12th PERIOD SEPTEMBER 2015 - MARCH 2016 (i.e. 2015/16 AY)</b>		<b>(2) 7/12th PERIOD SEPTEMBER 2015 - MARCH 2016 (i.e. 2015/16 AY)</b>	
~ Starting point is <b>STILL 92 pupils</b> This is how many pupils the school has actually been funded for in 2015-16		~ Starting point is <b>STILL 88 pupils</b> This is how many pupils the school has actually been funded for in 2015-16	
~ The October 2015 Census data and information from the School confirms that there are:		~ The October 2015 Census data and information from the School confirms that there are:	
85 KS1 Pupils in 3 KS1 Classes	No phantoms (already funded for 92 real pupils)	85 KS1 Pupils in 3 KS1 Classes	2 phantoms (already funded for 88 real pupils)
95 KS1 Pupils in 3 KS1 Classes ( <b>Note 1 &amp; 4</b> )	No phantoms (already funded for 92 real pupils)	95 KS1 Pupils in 3 KS1 Classes ( <b>Note 1 &amp; 4</b> )	2 phantoms (already funded for 88 real pupils)
95 KS1 Pupils in 4 KS1 Classes	28 phantoms (only funded for 92 real pupils)	95 KS1 Pupils in 4 KS1 Classes	32 phantoms (only funded for 88 real pupils)
85 KS1 Pupils in 4 KS1 Classes ( <b>Note 2</b> )	No phantoms (already funded for 92 real pupils)	85 KS1 Pupils in 4 KS1 Classes ( <b>Note 2</b> )	2 phantoms (already funded for 88 real pupils)
125 KS1 Pupils in 5 KS1 Classes	58 phantoms (only funded for 92 real pupils)	125 KS1 Pupils in 5 KS1 Classes	62 phantoms (only funded for 88 real pupils)
115 KS1 Pupils in 5 KS1 Classes ( <b>Note 2</b> )	28 phantoms (only funded for 92 real pupils)	115 KS1 Pupils in 5 KS1 Classes ( <b>Note 2</b> )	32 phantoms (only funded for 88 real pupils)
<b>NOTES:</b>			
1. <b>Example:</b> school able to run KS1 Classes with >30 pupils because of pupils admitted on appeal, school named in a SEN statement, mid-term admissions, etc.			
2. <b>Example:</b> the school has sufficient balances to support an additional class - this is a school decision and outside of the KS1 Class Size funding arrangements			
3. <b>Example:</b> the Admissions Team confirmed prior to the start of the 2014/15 AY that the school should expect to admit 6 Reception pupils in January 2016. The school therefore had to plan to have 4 KS1 classes			
4. <b>Example:</b> a claim for any unfunded additional pupils would have to meet the thresholds of the re-pooled Schools Block Contingency criteria			