

## **School Expansion: Policy for Additional Revenue Funding**

**This policy is applicable only for basic need growth commissioned by the LA**

**This policy was originally approved by the Schools Forum on 14 January 2014 and introduced from 1 April 2014. Subsequent amendments to the policy have been agreed since that date.**

### **Background**

Schools of various sizes have been, and will continue to be, commissioned by the local authority to provide additional school places. The Strategy for the Provision of School Places and Schools' Capital Investment sets out the approved criteria around the identification of schools for growth and the approved policy around the provision of additional places.

### **Funding shortfall**

The schools' budget will increase in line with the additional pupils on roll. However, there is a seven month lag between September and the following April, from when the increased budget is effective. It is this funding gap that can present difficulties for schools when they are required to establish an extra class for the expanded intake. As the growth continues in the case of a permanent expansion (Primary 7 years / Secondary 5 years), schools will experience ongoing funding gaps depending on class organisation and actual numbers of pupils, until the growth transition is complete.

### **Policy for Additional Revenue Funding**

It is important that disincentives to expansion are kept to a minimum as the transition period can prove challenging for schools, especially in terms of managing staffing resources, class organisation, parental expectations, relationships with other schools and the build project itself. The local authority must meet its statutory obligations with regards to school place provision and it is important that schools that are supporting the LA in meeting this requirement are not financially disadvantaged in doing so.

A transparent and formulaic process has been established for allocating additional funds is established, that takes account of expanding schools' needs whilst minimising the effect on the DSG.

This is set out below:

- i. For the first year of expansion schools receive the relevant Minimum Pupil Funding (MPF) rate contained in the National Funding Formula (NFF) (Primary £4,405 Secondary £5,715 per pupil from April 2023) for 7/12ths of the difference between the previous admission number and the new admission number;**
- ii. For the second and subsequent years of expansion, schools receive the relevant Minimum Pupil Funding (MPF) rate contained in the National Funding Formula (NFF) (Primary £4,405 Secondary £5,715 per pupil from April 2023) for 7/12ths of the difference between the previous admission number and the actual numbers of Year R (Primary) or Year 7 (Secondary) pupils on roll as at the**

previous January (provided that more pupils are on roll than the previous admission number);

- iii. Where places are commissioned by the LA at an academy in Lancashire, a full 12 months support will be provided, rather than applying the 7/12th calculation, in recognition that increased pupil numbers in academies will not feed through into the budget until the following September;
- iv. Each school/academy must sign up to the spending profile they require at the outset of the expansion, subject to a maximum draw down period of three years, which will be adjusted annually to reflect actual pupil numbers in the second and subsequent years.
- v. The maximum period support will be provided when a school/academy operates a temporary expansion in the first year and then makes the arrangement permanent the following year is 7 years for a primary and 5 years for a secondary;
- vi. Where a school/academy has a single 'bulge' year that does not require a permanent expansion, a temporary expansion will be supported by a one off payment calculated in accordance with the first year's expansion policy that will not be subject to re-determination the following year if the increased numbers do not materialise. (Schools will still be subject to clawback if their closing balance at year end is over the guideline balances figure);
- vii. Where expansion funding has been provided to a school based on a specific Published Admissions Number (PAN), then within the following 7 years for primary schools/academies or 5 years for secondary schools/academies, considerations of extra funding will be considered on the same PAN irrelevant of any decision by the school to reduce their PAN;
- viii. Where a school has reduced their PAN, this may only be considered as the new growth funding baseline after 7 years for primary schools/academies or 5 years for secondary schools/academies post reduction;
- ix. By the school/academy signing the funding agreement they are committing to taking up to that number of pupils across the whole academic year and maintaining that higher admission number for that cohort as it moves through the school.

To ensure a structured approach is adopted to the profile of the allocations to be made to the school/academy a simple proforma has been produced to identify the available funding across the five / seven year expansion period. Each school/academy will be asked to agree with the authority at the outset how they wish to receive this funding in order to meet the requirements of their individual class structure. The total additional funding will be reviewed annually and adjusted to reflect actual pupil numbers in the

second and subsequent years. In order to ensure that a school/academy did not request all its funding in Year 1 and then fail to admit sufficient pupils in subsequent years a maximum allowable draw down period of three years would be set. Any overpayments made to schools/academies would need to be repaid to the authority.

Options available to cover different class organisations might in a primary school / academy include a payment profile of:

- An equal payment in each of the seven years;
- A three year draw down in first year and fourth year with a single payment in the seventh year;
- A two year draw down in first year, third year and fifth year with a single payment in the seventh year.

Options available to cover different class organisations might in a secondary school / academy include a payment profile of:

- An equal payment in each of the five years;
- A three year draw down in first year and a two year drawdown in the fourth year;
- A two year draw down in first year and third year and a single payment in the fifth year.

## **Addition to Policy**

### **Support for schools or academies admitting pupils from a closing school or academy**

The expansion policy now also offers support to any maintained primary school or secondary school or their academy equivalent that admits pupils from a closing school or academy. Schools/academies shall receive the following support from the growth fund for the year in which the pupil is admitted:

- i. Maintained primary and secondary schools – shall receive funding for each pupil admitted into any year group from the date deemed by the authority to be the date of transfer of all pupils due to the closure of a school or academy to the end of the financial year at the equivalent rate per pupil as applied within the primary and secondary growth fund;**
- ii. Primary and secondary academies - shall receive funding for each pupil admitted into any year group from the date deemed by the authority to be the date of transfer of all pupils due to the closure of a school or academy to the end of the academic year at the equivalent rate per pupil as applied within the primary and secondary growth fund;**
- iii. In the case where schools are subject to phased closures, the 'date deemed by the authority to be the date of transfer of all pupils due to the closure of a school or academy' may be a different date for each year group and the impact of pupil numbers received from a phased closure will be aggregated across the two years;**
- iv. Support from this policy will only be payable where the number of additional pupils transferred is greater than 4% of the NOR of the admitting school/academy at the October census;**
- v. Support from this policy will only be payable to Lancashire schools and academies and only to support implications that are a result of County Council decisions;**
- vi. Current growth fund rates for new agreements from 1 April 2023 are £4,405 for the primary and £5,715 for the secondary phase.**

## **School Expansion: Policy for Additional Revenue Funding Support for New Schools**

### **New Schools**

Where a new school is needed to meet the expected growth in pupil numbers this will be commissioned in accordance with the DfE's free school presumption guidance.

This guidance indicates that Local authorities are also required to meet the revenue costs of the new provision. This relates to:

- all funding for pre-opening development costs and post-opening funding required to address diseconomies of scale as the school builds up to capacity (which local authorities should make provision for in their growth funds to support increases in pupil numbers relating to basic need, as detailed in the Pre-16 schools funding: guidance).
- the per-pupil revenue funding (which the ESFA recoups from the local authority and pays directly to the school)

**Support will be provided as follows for a one form entry primary school:**

#### ***Pre-Opening Costs for 1 FE Primary school (opening one year group at a time)***

The Lancashire growth fund policy will provide a one off-lump sum of £65,000 to support pre-opening costs.

Pre-opening costs could include:

- Salary costs for a Headteacher designated;
- Administration and finance support costs;
- Recruitment and interview related costs;
- Marketing and consultation;
- Any other incidental expenses.

It will be up to successful proposer to use these funds how they see fit, but no further one off funding prior to opening will be payable.

Any unspent funds can be retained by the school.

It should be noted that the DfE will also provide a one-off Project Development Grant (PDG) payment of £25,000 to the successful proposer towards meeting the legal costs associated with establishing the new school.

#### ***Post-Opening Diseconomies Funding***

The Lancashire growth fund policy will provide additional funding for the new school once it has opened to support the school and to ensure that the new school is not disadvantaged due to diseconomies of scale in its early years.

The growth fund will guarantee to provide the revenue funding for a prescribed number of pupils for the first four years of opening, as follows:

Year	Guaranteed funding for the following pupil numbers
1	30
2	60
3	90
4	120

The guarantee of funding will occur through the mechanism of adjusting the pupil numbers funded via the county council's Authority Proforma Tool (APT), which is submitted annually to the Education and Skills Funding Agency (ESFA) and is subject to compliance checking and approval by the ESFA each year.

For years 5 to 7 in the school opening process, the new school will be supported on the basis of the criteria set out in the earlier '**Expansion of Existing Schools/Academies**' section of this policy.

If the NOR of the new school reaches 60% or more of the 210 capacity before year 4, it will be deemed that the diseconomies support is no longer required and the criteria set out in the earlier '**Expansion of Existing Schools/Academies**' section of this policy will apply.

Please note that the DfE has only confirmed local authority involvement in calculating school budgets up to and including 2023/24. The guarantee will only therefore apply if the LA continues to be involved in calculating school budgets in the future years.

### ***Ongoing Revenue Funding***

Once the full number of year groups are operating within the school, the funding will be based on pupil numbers on roll as at the previous October school census.

**April 2023**

**School Expansion Claim forms are available from the Schools Portal:**

[https://schoolsportal.lancsngfl.ac.uk/view\\_sp.asp?siteid=6288&pageid=42115&e=e](https://schoolsportal.lancsngfl.ac.uk/view_sp.asp?siteid=6288&pageid=42115&e=e)  
(Schools Portal login access is required)