

Date of meeting:	Thursday 17 September 2020
Title of report:	Review of Pupil Growth & Falling Rolls Contingency Funds
Type of report: Delete as required	For decision
Executive summary: Including reason for submission	This report provides an overview of the review which has been undertaken with regard to the operation of the Pupil Growth & Falling Rolls Contingency Funds which were introduced in 2014/15. Based on the review findings the report provides a number of proposals for changes to the current eligibility criteria and funding methodology of the Funds.
Budget / Risk implications:	Financial implications for schools experiencing a significantly rising pupil roll or a temporary reduction in pupil numbers. Affordability within the current funding limits of the two Contingency Funds. Future funding requirements on the Funds will impact on the level of funding needed to be retained from schools budgets in order to meet the funding requirement.
Recommendations:	The Schools Forum is asked: a. To consider and provide approval for the implementation of the proposed changes to the Falling Rolls Fund eligibility criteria and funding methodology as detailed in 3.9 ii. from September 2020. b. To consider as to whether a Falling Rolls Contingency Fund should be retained for the 2021/22 financial year. c. To consider and provide approval for the implementation of the proposed changes to the Pupil Growth Fund eligibility criteria and funding methodology as detailed in 4.7 i. & ii. from September 2020. d. Subject to the approval of recommendations a. & c, to approve the operation of a combined approach to the utilisation of the Pupil Growth and Falling Rolls contingency budgets for the 2020/21 financial year.
Voting requirements:	LA Maintained School & Academy Members
Appendices:	None



**NORTH YORKSHIRE
SCHOOLS FORUM**

Report originator and contact details:	Howard Emmett, Assistant Director – Strategic Resources Howard.Emmett@northyorks.gov.uk 01609 532118
Presenting officer: If not the originator	Sally Dunn

Pupil Growth & Falling Rolls Contingency Funds**1.0 PURPOSE OF THE REPORT**

- 1.1 This report provides an overview of the process which has been undertaken to review the operation of the Pupil Growth & Falling Rolls Contingency Funds and to develop, where deemed appropriate, proposals for changes to the eligibility criteria and funding methodologies of the Funds.

2.0 BACKGROUND

- 2.1 The Falling Rolls and Pupil Growth Contingency Funds were first introduced in the 2014/15 financial year, where criteria and methodology was endorsed by the Schools Forum. A review of the eligibility criteria for funding was last undertaken in 2015, one year after both funds were introduced. Given the period of time since the use of these Contingency Funds was reviewed, it is now felt appropriate to consider the operation of the Funds and the relevancy of the eligibility criteria. Consideration is given to ensuring the Funds are working as intended, schools are able to access the available funding, where appropriate, and to enable a more proactive approach to be undertaken in identifying those schools eligible for support.

3.0 FALLING ROLLS FUND

- 3.1 Local Authorities are permitted to set aside Schools Block Dedicated Schools Grant (DSG) funding to support schools with falling rolls, where local planning data shows surplus places will be needed within the future. The funding is designed to support schools to avoid the need to take costly actions to reduce their capacity, when demographic data shows capacity will be needed for expansion in the near future. Falling Rolls Contingency Funding is available to support both maintained schools and academies that meet the agreed criteria.
- 3.2 The Schools Forum is required to agree both the value of the Fund and the criteria for allocation. The Schools Forum oversees the use of the Fund. Any overspend on the Fund needs to be agreed by the Schools Forum and will be required to be either offset against underspends elsewhere in the Schools Block DSG or deducted from the following year's schools' budget funding allocation.
- 3.3 Guidance from the DfE stipulates criteria for allocating falling rolls funding should contain clear objective trigger points for qualification and a clear formula for calculating allocations.
- 3.4 NYCC's Current Criteria

Under the current policy, schools need to meet the following criteria to be eligible for funding:

- Be judged Good or Outstanding in their latest Ofsted inspection¹(this is a mandatory requirement set by the DfE);

¹ The Ofsted rating from the latest inspection is applied. A decision was taken not to use the rating from previous October census as this would prevent any School which had recently secured a Good or Outstanding rating from applying

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- Be classified as a “necessary”² school;
- Be experiencing temporary falling falls (as determined by planning data held by the LA);
- Pupil rolls to have fallen by at least 15% for both Primary and Secondary over the previous three years (base year less base year minus three); and
- Pupil numbers to be expected to increase in the next three years (as at base year plus 3) to at least 50% of the overall reduction over the previous three years.

A school’s balance will also be taken into account should it reach at least 15% in the previous financial year

3.5 NYCC’s Current Funding Distribution Methodology

Funding is distributed on the basis of a rate per vacant place (based on Age Weighted Pupil Unit (AWPU) values). For secondary schools, the average of KS3 and KS4 AWPU value is used. The AWPU value is multiplied by the number of pupil places required between the current year and the growth forecast figure at the end of the three years.

The Falling Rolls allocation is limited to 75% and should be seen as a contribution towards management of the falling rolls by the school, it is not intended to meet full cost. It is not unreasonable for schools to experience some fall in numbers and these should, ordinarily, be managed within the resource management and budget planning undertaken within the school.

3.6 The current budget for the Falling Rolls fund is £300,000

3.7 To date and since the Falling Rolls Fund was introduced only one funding allocation has been made from the Fund. £62.9k was allocated to a primary school in 2019/20.

3.8 Research Findings

- i. The DfE guidance provides LAs with discretion as to whether or not to operate a Falling Rolls Contingency Fund. Research identified that out of 151 local authorities, only 24 held a Falling Rolls Fund in the 2019/20 financial year.
- ii. If a Fund is established, the only mandatory criteria stipulated by the DfE is that funding is available only to schools with falling rolls who are judged Good or Outstanding at their latest Ofsted inspection.
- iii. As part of the review of current NYCC policy, research has been undertaken into the criteria and methodology employed by other local authorities. This work has highlighted the following:
 - Most LAs only compare falling rolls between the previous October census with the current Census.
 - Applying a clear criterion for regrowth differs amongst LA’s. Many did not stipulate a requirement or applied a broad definition of growth. Most LA’s stipulated growth must occur within two to three years, however one LA further

² A “necessary” school is defined as “one which, based on pupil place planning, the local authority considers is and will continue to be required in order to ensure that the Local Authority can meet its statutory duty under the Education Act (EA) 1996, Section 14 to secure sufficient schools in their area or under Section 14 (3A) added by Section 2 of the Education and Inspections Act (EIA) 2006 to secure diversity of provision of schools and to increase opportunities for parental choice.”

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required growth in years 4 and 5 to ensure sustained growth. The application of a minimum threshold for the reduction in pupil numbers between LAs varied amongst each, ranging from 5% to 15%.

- One LA stipulated a catchment area for falling roll funding – that the school roll included at least 80% of pupils living within that area.

iv. The profile of pupil numbers within schools within North Yorkshire has been analysed as follows:

Total NY Schools	347
Primary schools (maintained and academies)	304
Secondary schools (maintained and academies)	43
Pupil Roll Profile from 2019/20 to 2020/21	
Rising roll	161
Primary	129
Secondary	32
Constant Roll	29
Primary	28
Secondary	1
Falling Rolls	157
Primary	147
Secondary	10

Of the 157 schools with a falling roll, the rolls in 107 schools continue to fall for two years (until 2021/22), the rolls in 82 schools continue to fall for three years (until 2022/23), and the rolls in 58 schools continue to fall for four years (until 2023/24).

3.9 Consideration of Changes to the NYCC Falling Rolls Fund

- A key initial consideration is whether NYCC should continue to maintain a Falling Rolls Contingency Fund going forward? This consideration needs to have regard to:
 - The very limited usage of the NYCC Falling Rolls Fund since it's development in 2014/15
 - The profile of forecast pupil numbers for schools and academies within North Yorkshire and the outcome of the modelling as detailed below in section iii.
 - The national position with regard to the number of local authorities that operate a Falling Rolls Contingency Fund.
- Based on the experience of the operation of the Fund over the last 5 years and the findings from the research undertaken in the approaches employed by other local authorities, the following changes are proposed with regard to the eligibility criteria for the NYCC Falling Rolls Contingency Fund for 2020/21 and future years if the Fund continues:
 - The current year pupil roll is compared to the previous year census rather than base year minus 3 years
 - The eligibility threshold is reduced from a 15% decrease in roll to a decrease of the greater of 5% or 5 pupils for Primary Schools and 5% for Secondary Schools between the current year census and the previous year census

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- The re-growth criteria is amended to require pupil numbers to be forecast (as per NYCC Strategic Services pupil forecast data) to return to the level of the previous census within 3 years of the current year.
 - At least 60% of the pupils attending the school are from the catchment area of the school.
 - Schools with excessive balances would not be eligible to funding from the Falling Rolls Fund. An excessive balance is deemed to be a revenue balance of 15% or more of delegated budget funding.
 - Funding allocations from the Falling Rolls Fund would continue to be based on AWPUP funding levels but the limit of 75% would be removed. Funding is applied to the number of pupils above the relevant threshold. Schools would be limited to 2 consecutive years for the receipt of funding. The overall funding allocation which any school could receive from the Fund over 2 consecutive years would be capped at £100k in order to ensure overall affordability
 - A process is developed to consider exceptional requests from any school who does not meet the eligibility criteria for the Fund but feels that they have a strong case for the receipt of a funding allocation from the Falling Rolls Fund. It is proposed that this approach could take the form of the submission of an application for funding which would be considered by a Panel of LA officers and Schools Forum representatives.
- iii. Modelling has been undertaken on the proposed revised eligibility criteria and funding methodology considered in 3.9 ii. above. Based on October 2019 actual pupil numbers and pupil number forecasts for the period October 2020 to October 2023 no secondary schools have been identified as being eligible for a funding allocation and one primary school has been identified as being eligible for a funding allocation. The table below provides a summary of the results for the 2020/21 financial year:

	Total Roll Oct.19	Total Roll Oct. 20	Max. Total Roll Oct. 21 – Oct 23	Fall in Roll No. Pupils	Fall in Roll %	Estimated Funding Allocation
Primary School 1 (academy)	196	185	201	11	6%	£3.4k

No primary schools or secondary schools are identified as meeting the eligibility criteria for the 2021/22 and 2022/23 financial years based on current pupil number forecasts.

4.0 PUPIL GROWTH FUND

- 4.1 Local Authorities are permitted to retain Schools Block DSG funding in order to create a Growth Fund to support schools and academies with significant pupil growth where such growth results in funding pressures as a result lag in time of the additional funding for the pupils being received by the school. Schools funding is based on a lagged system following the pupil census in October. For maintained schools, there is a funding lag period of 7 months, between September and March as the October census forms the basis of a schools funding from the following April. Academies' financial year runs from September to August, therefore the lag in funding is further delayed until the following September and the school would not receive funding for growth until the following financial year, a funding lag period of 12 months.

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- 4.2 The growth fund can be used to support schools in the following circumstances:
1. Schools experiencing growth in pre-16 pupil numbers in order to meet basic need within the authority,
 2. Schools required to provide additional classes in order to meet the infant class size regulation
 3. New schools established by the authority, in order to support pre-opening revenue costs
- 4.3 Growth funding is ring-fenced and cannot be used to support any of the following:
- Growth in under-5 or post-16 pupils;
 - Changes in a schools age range or the transfer of pupils from closing schools
 - Schools in financial difficulty (such support for maintained schools should be provided from a de-delegated contingency); or
 - General growth is due to popularity (this should be managed through lagged funding)
 - Capital expenditure such as the remodelling of existing accommodation.
- 4.4 It should be acknowledged it is not unusual for schools to experience general growth in pupil numbers and these fluctuations should be managed by a school in their budget planning process, small increases in pupil numbers can often be offset by reductions in other years. On the other hand, where growth is significant, it is recognised a schools should not be at a financial disadvantage in supporting additional capacity until the increase in pupil numbers are reflected in their budgets.
- 4.5 NYCC Current Criteria
- Under the current policy, pupil growth funding is only available for schools to support the revenue costs associated with exceptional pre-16 pupil growth to meet basic need in three clearly defined circumstances, being:
1. Primary schools - class expansion to meet basic need or in-year pupil number increases
 2. Growth in secondary schools
 3. New schools

The operation of 1 & 2 is considered in this review of the Pupil Growth Fund.

Primary Schools

An assessment of the school's current class structure and future requirement needs, to ensure an additional class is required. Class structures are assumed to be based on an average of around 30 pupils.

A school's balance will also be taken into account should it reach at least 15% in the previous financial year. Where this is the case, the school would be expected to meet the cost of pupil variances from within that balance.

Secondary Schools

A separate criterion was established for the secondary phase following a review of the pupil growth fund in 2015. It was acknowledged that the methodology used for primary class expansion cannot be applied to the secondary phases given the nature of provision varies significantly between the two. Secondary schools have greater flexibility around provision, pupil numbers are much higher and the curriculum is more varied.

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The secondary growth criterion established in 2015 is as follows:

1. Nature of growth must be classified as not due to popularity, a more permanent and significant change or exceptional circumstances (i.e. troop movements which may not be permanent). Other factors will be considered such as new housing developments in the school catchment area, resulting in an increase in pupil admissions.
2. Growth across years 7 to 11 on the previous academic year to exceed 25%
3. Consideration of a school's revenue balance if at least 15% at the end of the previous financial year. Where this is the case, the school would be expected to meet the cost of pupil variances from within that balance.

4.6 NYCC Current Funding Distribution Methodology

Funding is distributed on following basis where the eligibility for pupil growth funding has been met.

Primary Schools:

A contribution of £25k (based on 7/12) for primary class expansion, per additional class, multiplied by the proportion of the year not funded (the funding is adjusted to 12/12 for academies).

Secondary Schools:

A one-off contribution of £50k

The current budget for the Pupil Growth fund is £200,000.

The Growth Fund has been utilised as follows over recent years:

	2019-20	2018-19	2017-18	2016-17
	£	£	£	£
Budget	200,000	200,000	200,000	200,000
Total amount payable	(69,569)	(68,905)	(277,000)	(236,000)
Under / (over)	130,431	171,095	(77,000)	(36,000)
No. Schools In Receipt of Funding	3 Primary	3 Primary	6 Primary	5 Primary

4.7 Research Findings

- i. The DfE guidance provides LAs with discretion as to whether or not to operate a Pupil Growth Contingency Fund. Research identified that 130 out of 151 local authorities held a Pupil Growth Fund in the 2019/20 financial year.
- ii. As part of the review of current NYCC policy, research has been undertaken into the criteria and methodology employed by other local authorities. Research conducted highlighted the following:
 - For the secondary phase, it was clear that most LAs adopt a separate set of criterion. However, it was apparent that most LAs stipulate that the growth request must relate to an increase in pupil numbers within the Year 7 intake.
 - One LA set different growth thresholds depending on the numbers of pupils within both primary schools and secondary schools.
 - One LA stipulated a catchment area for growth funding for secondary schools – that the year 7 school roll included at least 80% of pupils living within that area

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- One LA adopted a separate set of criterion specifically relating to housing developments, restricting funding to a maximum of 3 years or until the school reaches capped capacity, whichever is sooner.
- iii. Funding allocations differed amongst LA's and research into funding methodologies of other LAs highlighted the following:
 - One LA limits funding allocations to 80% of the additional planned intake numbers for both the primary and secondary phases
 - Where requests related to an additional class being required, most LA's apply a one-off lump sum payment. However, all LAs within the research only requested funding to be sufficient to cover the average costs of a teacher with on-costs, plus funding for other costs (i.e. to cover the initial equipping and set-up costs); rather than to cover the cost of both a teacher and teaching assistant.
 - One LA stipulates a maximum amount payable to primary schools and secondary schools
 - Many LAs had a Growth Fund budget in excess of £500k

4.8 Consideration of Changes to the NYCC Pupil Growth Fund

Based on the experience of the operation of the Fund over the last 5 years and the findings from the research undertaken in the approaches employed by other local authorities, the following changes have been considered with regard to the eligibility criteria for the NYCC Pupil Growth Contingency Fund:

i. Primary Schools

To date, this methodology has proven to work as intended; it remains clear and simple to understand. Proactive work is undertaken with NYCC CYPS Strategic Services to identify schools which are likely to need to establish an additional class. In working out if a school is eligible, an assessment is undertaken of the school's current class structure and future requirement needs, to ensure an additional class is required. Class structures are based on an average of around 30 pupils. Consideration is also given in extenuating factors which may prevent a school from reaching an average class size of around 30 pupils.

It is proposed to increase the lump sum funding contribution from £42.9k to £50k (full year allocation – 7/12 adjustment for LA maintained schools) to reflect pay increases over the last 5 years. The lump sum is aimed at providing a significant contribution towards the costs of the creation of an additional class in relation to teacher and teaching assistant costs.

ii. Secondary Schools

The current eligibility threshold of a 25% increase in pupil numbers is unlikely to be achieved by secondary schools. It is proposed to amend the eligibility criteria to better reflect the funding requirements of schools which:

- Have a one-off 'bulge' year group starting in year 7
- Are growing schools with year on year increases in pupil numbers.

The proposed amendments to the criteria seek to ensure that secondary schools receive an appropriate contribution towards the additional costs resulting from resourcing the requirements of a growth in pupil numbers whilst

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retaining affordability within the constraints of the overall budgeted contingency.

The current growth threshold of 25% is proposed to be replaced by:

1. Year 7 growth of at least 15% between current census and the previous census, and total pupil number growth of at least 5% between the current census and the previous census.
2. Once a school has met the Year 7 growth criteria detailed in 1. above, as well as being considered against the eligibility criteria for Year 7 growth in future years, there is also be consideration of overall pupil growth in the school for the next 4 years after the year in which the Year 7 growth criteria was met. Schools with overall growth of at least 5% between the current year census and the previous year census will be eligible for funding based on the increase in total pupil roll (Y7 – Y11) growth above the 5% threshold in each of the following 4 years.

In subsequent years after meeting the initial Year 7 growth eligibility criteria, a school could qualify for a funding allocation under either 1 or 2 above. If a schools qualifies under both 1 and 2, the school would receive the higher of the funding allocation calculated under each growth threshold criteria.

It is proposed to change the funding methodology from the current £50k lump sum to:

1. KS3 AWPU value x Y7 growth in excess of 15%
2. KS3 AWPU value x overall growth in excess of 5% of total roll

Growth funding allocations would be capped at £100k per secondary school per annum.

An adjustment of 7/12 will applied to the funding allocations for local authority maintained schools.

It is also proposed that a process is developed to consider exceptional requests from any school who does not meet the eligibility criteria for the Fund but feels that they have a strong case for the receipt of a funding allocation from the Pupil Growth Fund. This approach, again, could take the form of the submission of an application for funding which would be considered by a Panel of LA officers and Schools Forum representatives.

- iii. Modelling has been undertaken on the proposed revised eligibility criteria and funding methodology considered in 4.7 i. & ii. above. Based on October 2019 actual pupil numbers and pupil number forecasts for the period October 2020 to October 2023 eligibility and funding requirements are identified as follows:

Primary Schools:

3 Primary Schools (2 academy, 1 LA maintained) identified as requiring an additional class from September 2020 (2020/21 only considered)

Estimated funding requirement £129.2k

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Secondary Schools:

	Y7 – Oct.19	Y7 – Oct.20	Y7 % Growth	Total Roll Oct.19	Total Roll Oct. 20	Total Roll % Growth	Estimated Funding
School 1 (Academy)	59	113	92%	289	338	17%	£100k
School 3 (Academy)	150	189	26%	485	592	22%	£66.3k
School 4 (LA Maint)	107	142	33%	532	586	10%	£44.4k

3 secondary schools identified, at this stage, based on current pupil number forecasts for October 2020 as meeting the eligibility for pupil growth funding.

Estimated funding requirement - £210.7k

The modelling undertaken in relation to secondary school pupil growth for future years indicates the following results:

Financial Year	Threshold Criteria 1 No. Schools Eligible	Threshold Criteria 2 No. Schools Eligible	Estimated Funding Requirement
2021/2022	1 School	3 Schools	£123.6k
2022/2023	1 School	4 Schools	£191.2k

- iv. It is proposed that any agreed changes to the Pupil Growth Funding eligibility criteria and funding methodology are implemented from September 2020.

5.0 OVERALL POSITION

- 5.1 Based on the proposed changes to the eligibility criteria and the funding methodologies for the Falling Rolls and Pupil Growth Contingency Funds the funding requirement for the 2020/21 financial year is estimated as follows:

	No. Schools Eligible	Estimated Funding Requirement
Falling Rolls – Primary	1 School	£3.4k
Falling Rolls – Secondary	None	£0k
Pupil Growth – Primary	3 Schools	£129.2k
Pupil Growth – Secondary	9 Schools	£210.7k
Total Estimated Funding Requirement		£343.3k

- 5.2 The combined contingency budget for Pupil Growth and Falling Rolls is £500k for the 2020/21 financial year (Pupil Growth: £200k, Falling Rolls: £300k). In order to meet the estimated funding requirement of the proposed changes a combined approach would need to be undertaken to the 2 contingency budgets.

Pupil Growth & Falling Rolls Contingency Funds**6.0 RECOMMENDATIONS**

6.1 The Schools Forum is asked:

- a. To consider and provide approval for the implementation of the proposed changes to the Falling Rolls Fund eligibility criteria and funding methodology as detailed in 3.9 ii. from September 2020.
- b. To consider as to whether a Falling Rolls Contingency Fund should be retained for the 2021/22 financial year.
- c. To consider and provide approval for the implementation of the proposed changes to the Pupil Growth Fund eligibility criteria and funding methodology as detailed in 4.7 i. & ii. from September 2020.
- d. Subject to the approval of recommendations a. & c, to approve the operation of a combined approach to the utilisation of the Pupil Growth and Falling Rolls contingency budgets for the 2020/21 financial year.

STUART CARLTON

Corporate Director – Children and Young People’s Service