

Date of meeting:	Thursday 22 September 2022
Title of report:	Review of Pupil Growth & Falling Rolls Contingency Funds
Type of report: Delete as required	For information
Executive summary: Including reason for submission	<p>This report provides an overview of the usage of the Pupil Growth and Falling Rolls Contingency Funds in the 2021/22 financial year and sets out the likely requirements on the Funds for the 2022/23 financial year.</p> <p>The report also details the Pupil Growth and Falling Rolls reserve that have resulted from unspent balances from previous years and sets out proposals to determine the appropriate level of reserve to be maintained and the utilisation of any surplus funds.</p>
Budget / Risk implications:	<p>Financial implications for schools experiencing a significantly rising pupil roll or a temporary reduction in pupil numbers.</p> <p>Affordability within the current funding limits of the two Contingency Funds.</p>
Recommendations:	<p>The Schools Forum is asked:</p> <ol style="list-style-type: none"> a. To note the usage of the Pupil Growth and Falling Rolls Contingency Funds in the 2021/22 financial year as detailed in section 5.1 of this report b. To note the funding requirements currently estimated for the Pupil Growth and Falling Rolls Contingency Funds for the 2022/23 financial year as detailed in section 5.2 of this report. c. To note the reserves position on the Pupil Growth and Falling Rolls Fund as at 31 March 2022 and the forecast reserves position for 31 March 2023 as detailed in section 5.3 of this report. d. To agree the formation of a small working group of Schools Forum representatives to support the development of proposals to be presented to the Schools Forum in respect of the level of reserve to be retained on the core Pupil Growth and Falling Rolls Fund and the utilisation of any surplus funds in excess of the agreed reserve balance. The development of proposals will be informed by the outcome of the recent DfE consultation on “Implementing the Direct National Funding Formula”.



NORTH YORKSHIRE SCHOOLS FORUM

Voting requirements:	Not applicable
Appendices:	None
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Presenting officer: If not the originator	

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

- 1.1 This report provides an overview of the usage of the Pupil Growth and Falling Rolls Contingency Funds in the 2021/22 financial year. The report also provides an overview of the likely funding requirements of the Pupil Growth and Falling Rolls Contingency Funds for the 2022/23 financial year and the 2023/24 financial year. The report details the level of reserves on the Pupil Growth and Falling Rolls Contingency Funds as at 31 March 2022 and sets out proposals to determine the appropriate level of reserve to be maintained and the utilisation of any surplus 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 undertaken in 2015, one year after both funds were introduced. A further review of both funds was undertaken in September 2020. The most recent review considered the operation of the Funds, relevancy of the eligibility criteria to ensure the Funds were working as intended, schools accessibility to the available funding, and to enable a more proactive approach to be undertaken to identify schools eligible for support, where appropriate. Proposed changes to the criteria and funding methodology were endorsed by the Schools Forum September 2020.
- 2.2 In May 2022, the Schools Forum approved the expansion of the Pupil Growth Contingency Fund criteria to include provision for the allocation of additional funding to schools and academies that admit pupils as a direct result of the closure of a LA maintained school or academy. This is in the circumstances where the delegated budget of the closing school from the point of closure to the 31 March is added to the Pupil Growth Contingency Fund at the start of the financial year.

3.0 FALLING ROLLS FUND

- 3.1 The purpose of this fund is to provide financial support to schools where there is a temporary fall in pupil numbers but numbers are forecast to recover back to previous levels within 3 years. 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. The DfE state that schools must be rated Good or Outstanding by Ofsted in order to be eligible to access funding from a Falling Rolls Fund.
- 3.2 The eligibility criteria and operating methodology for the NYCC Falling Rolls Fund is as follows:
- The current year pupil roll is compared to the previous year census
 - The eligibility threshold is 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 requires 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 for 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 are based on the Primary AWPU funding level for Primary Schools and the average of the key stage 3 and 4 AWPU funding levels for Secondary Schools. Funding is applied to the number of pupils above the relevant threshold. Schools are 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 is capped at £100k in order to ensure overall affordability
- 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 will be considered. This consideration will take the form of the submission of an application for funding which would be presented to a Panel of LA officers and Schools Forum representatives.

3.3 Use of the Fund during 2021-22 financial year

Initially four primary schools were identified as being potentially eligible for Falling Rolls Funding within the 2021/22 financial year. After confirmation of the October 2021 census data and the application of the Fund eligibility criteria, three of the four primaries originally identified were not eligible for funding, however an additional primary school was found to meet the eligibility criteria. No secondary schools met the eligibility criteria for Falling Rolls funding.

Two primary schools (LA maintained) received payments of £25k and £15.6k, with the total amount of funding paid from the Falling Rolls Fund during 2021-22 being £40.6k

3.4 Forecast funding requirements from the Fund for 2022-23 and 2023-24

Based on forecast pupil numbers for September 2022, received from NYCC's Strategic Planning during August 2022 and through applying the LA criteria, one primary school have been identified as potentially eligible for Falling Rolls funding for the 2022/23 financial year. The table below provides a summary of estimated funding requirements for this school for the 2022-23 financial year:

	Total Roll Oct.21	Total Roll Oct. 22	Max. Total Roll	Fall in Roll No. Pupils	Fall in Roll %	Estimated Funding Allocation
Primary School 1 (LA maintained)	94	88	95 (2024/25)	6	6%	£3.2k
Estimated Funding Requirement						£3.2k

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No secondary schools are identified as potentially meeting the eligibility criteria for the 2022/23 financial year based on current pupil number forecasts.

Based on current pupil number forecasts, 1 LA maintained primary school is potentially eligible for Falling Rolls Funding in 2023/24. No secondary schools are currently identified as meeting the eligibility criteria for funding. The estimated funding requirement is £3.2k.

4.0 PUPIL GROWTH FUND

4.1 The purpose of this fund is to provide financial support to schools experiencing significant pupil growth where such growth results in funding pressures from the system of lagged funding. 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

4.2 The operation and eligibility criteria for 1 and 2 detailed in 4.1 are outlined below:

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. This assessment is informed by input from NYCC CYPS Strategic Services.
- Consideration is also given in extenuating factors that may prevent a school from reaching an average class size of around 30 pupils.
- Schools with excessive balances would not be eligible for funding from the Pupil Growth Fund. An excessive balance is deemed to be a revenue balance of 15% or more of delegated budget funding.
- A lump-sum funding contribution of £50k (full year allocation – 7/12 adjustment for LA maintained schools) is provided.

Secondary Schools

1. Year 7 growth of at least 15% between the current census and the previous census, and total pupil number growth of at least 5% between the current census and 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.

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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 school qualifies under both 1 and 2, the school would receive the higher of the funding allocation calculated under each growth threshold criteria.

Funding methodology for secondary schools KS3 AWPU value x Y7 growth in excess of 15%. Funding allocation capped at £100k per secondary school per annum. An adjustment is applied of 7/12 to local authority maintained schools.

Schools with excessive balances would not be eligible for funding from the Pupil Growth Fund. An excessive balance is deemed to be a revenue balance of 15% or more of delegated budget funding.

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 will be considered. This approach will 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.

4.3 Use of the Fund during 2021-22 financial year

Initially three primary schools and three secondary schools were identified as potentially meeting the eligibility for the allocation of Pupil Growth funding in the 2021/22 financial year. After further checks had been undertaken, one of the primary schools was found to be ineligible due to an excessive revenue balance, for one secondary school the pupil growth was determined not to meet the basic need criteria and another secondary school declined the funding as the school (academy) was already in receipt of pupil growth funding from the ESFA.

Two primary schools (academies) received payments of £50k per school and one secondary school received a capped maximum funding value of £100k. The total amount of funding paid from the Pupil Growth Fund for the 2021-22 financial year was £200k.

4.4 Forecast funding requirements from the Fund for 2022-23 and 2023-24

Primary Schools: 2022-23

During 2022/23, four primary academies have been identified as potentially eligible for receipt of Pupil Growth funding for 2022/23. Three of the schools have still to confirm their revenue balance position. Class structure information is currently being gathered for the fourth school that has requested funding. If all four primary schools (academies) meet the eligibility criteria, the funding requirement for primary schools will be £200,000 (£50k lump-sum funding each).

Secondary Schools: 2022-23

Based on forecast pupil numbers for September 2022, received from NYCC's Strategic Planning during August 2022 and through applying the LA criteria, five secondary schools have been identified as potentially eligible for Pupil Growth funding for the 2022/23 financial year. The table below provides a summary of estimated funding requirements based on current analysis for the 2022-23 financial year:

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	Y7 – Oct. 21	Y7 – Oct. 22	Y7 % Growth	Total Roll Oct.21	Total Roll Oct. 22	Total Roll % Growth	Estimated Funding Requirement
School 1 (Academy)	111	127	14.41%	372	446	19.89%	£100.0k
School 2 (LA Maint.)	112	153	36.61%	570	608	6.67%	£58.3k
School 3 (Academy)	183	240	31.15%	972	1038	6.79%	£100.0k
School 4 (LA Maint.)	124	154	24.19%	621	654	5.31%	£30.2k
School 5 (LA Maint.)	107	140	30.84%	499	540	8.22%	£44.8k
Estimated Funding Requirement							£333.3k

2023-24 Eligibility

Based on current pupil number forecasts, two secondary schools are potentially eligible for Pupil Growth Funding in 2023/24, having received funding in previous financial years and continuing to meet the eligibility criteria of overall growth in excess of 5%. Two primary schools (1 academy and 1 LA maintained) are potentially currently identified as needing to establish an additional class from September 2023. At this early stage, the overall estimated funding requirement for 2023/24 is £259k.

4.5 Pupil Growth Funding Related To A School Closure

The eligibility criteria and operating methodology of the Growth Fund in respect of any funding allocated to the Fund that is attributable to a school closure, as agreed by the Schools Forum in May 2022, is as follows:

- a. In consideration of the additional costs that a school may incur as a result of enrolling transferring pupils from a closing school, additional funding may be made available from the LA Pupil Growth Fund. The level of any additional funding will:
 - Only be available for those pupils that transfer from the closing school at the point of closure. Any pupils that transfer from the closing school prior to the point of closure will not be eligible to be included in the calculation of any additional funding.
 - Be initially based on the average pupil led funding of the closing school that the pupil transfers from.*
 - Reflect the period of time between the point of the school closure and the start of the next financial year. E.g. where a school closes on 31st August, any additional funding related to pupils transferring from the closed school to an LA maintained school on 1st September would attract 7/12 funding;

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any additional funding related to pupils transferring from the closed school to an academy on 1st September would attract 12/12 funding.

- Not be applicable for Year 6 pupils transferring from a primary school at the point of closure to a secondary school.
- * The LA will scale back the level of any additional funding provided in order to ensure affordability within the balance of funding available from the closed school's delegated budget funding allocation related to the period from the point of closure to the 31st March.

b. Schools accepting pupils transferring from a closing school are able to submit a request for exceptional funding from the LA Pupil Growth Fund in order to address the following situations:

- Where a significant number of pupils have transferred to the school from the closing school in the period between the time of the closure decision and the point of closure AND significant additional costs have been incurred by the school to accommodate the pupils.
- The point of closure for the closing school is after the October pupil census count and pupils transferring to the school at the point of closure are not counted in the delegated budget funding for the next financial year. Any funding request will need to clearly demonstrate the additional costs incurred by the school to accommodate the transferring pupils.

Exceptional funding requests to the LA Pupil Growth Fund are considered by a Panel of LA officers and Schools Forum representatives. The approval of exceptional funding requests is subject to the availability of funding from the balance of the closed school's delegated budget funding allocation related to the period from the point of closure to the 31st March, after the funding requirements of (a) have been finalised. Schools with excessive balances would not be eligible for exceptional funding from the Pupil Growth Fund. An excessive balance is deemed to be a revenue balance of 15% or more of delegated budget funding

Baldersby St James CE Primary Academy closed as at 31st August 2022. £149k, which represents the funding for the school for the period 1st September 2022 to 31st March 2023 was added to the Pupil Growth Fund to support schools admitting pupils from the closed school. Work is currently being undertaken to identify the schools that are eligible to receive funding.

5.0 PUPIL GROWTH & FALLING ROLLS FUND OVERALL POSITION & RESERVE

5.1 The numbers of schools and academies that received funding from the Pupil Growth and Falling Rolls Contingency Funds in the 2021/22 financial year is summarised in the table below:

	No. Schools in receipt of funding in 2021/22	2021/22 Funding Allocation
Falling Rolls – Primary	2 schools	£40.6k
Falling Rolls – Secondary	None	£0k

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Pupil Growth – Primary	2 Schools	£100.0k
Pupil Growth – Secondary	1 School	£100.0k
2021/22 Funding Allocations		£240.6k

- 5.2 Based on forecast pupil numbers for September 2022 and through applying the LA criteria, the funding requirement for the 2022/23 financial year is currently estimated as follows:

	No. Schools Potentially Eligible	Estimated Funding Requirement
Falling Rolls – Primary	1 school	£3.2k
Falling Rolls – Secondary	None	£0k
Pupil Growth – Primary	4 Schools	£200.0k
Pupil Growth – Secondary	5 Schools	£333.3k
Total Estimated Funding Requirement		£536.5k

Following confirmation of the October 2022 pupil census, the position of all schools will be confirmed after the application of the wider criteria, such as confirming revenue balances, which apply as eligibility requirements of both funds. Confirmed funding allocations from both funds will be made to schools and academies in January 2023.

- 5.3 The current forecast reserves position for the combined Pupil Growth & Falling Rolls Fund for 31st March 2023 is as follows:

	Core Pupil Growth & Falling Rolls Fund	Pupil Growth Fund Associated with Closing Schools	New Schools Provision (pre-opening funding, post-opening diseconomies funding & estimated pupil number funding)
Balance as at 31/03/2022	£855.1K	£0.0k	£1,115.6k
2022/23 Funding Allocation	£500.0k	£149.0k	£1,553.0k
2022/23 Estimated Funding Requirement	-£565.5k	-£149.0k	£0.0k
Forecast Reserve as at 31/03/2023	£789.6k	£0.0	£2,668.6k

- 5.4 The DfE have recently consulted on proposals for changes to the Pupil Growth and Falling Rolls Fund with the potential implementation of any changes in the 2024/25 financial year. Once the outcome of the consultation is known, it is proposed to form a small group of Schools Forum members to consider and develop proposals in relation to the appropriate level of reserve to be retained on the core Pupil Growth & Falling Rolls Fund and to consider the utilisation of any surplus funds in excess of the agreed

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reserve balance. Any proposals developed by the working group will be presented to the Schools Forum for discussion and decision.

6.0 RECOMMENDATIONS

6.1 The Schools Forum is asked to:

- a. To note the usage of the Pupil Growth and Falling Rolls Contingency Funds in the 2021/22 financial year as detailed in section 5.1 of this report
- b. To note the funding requirements currently estimated for the Pupil Growth and Falling Rolls Contingency Funds for the 2022/23 financial year as detailed in section 5.2 of this report.
- c. To note the reserves position on the Pupil Growth and Falling Rolls Fund as at 31 March 2022 and the forecast reserves position for 31 March 2023 as detailed in section 5.3 of this report.
- d. To agree the formation of a small working group of Schools Forum representatives to support the development of proposals to be presented to the Schools Forum in respect of the level of reserve to be retained on the core Pupil Growth and Falling Rolls Fund and the utilisation of any surplus funds in excess of the agreed reserve balance. The development of proposals will be informed by the outcome of the recent DfE consultation on “Implementing the Direct National Funding Formula”.

STUART CARLTON

Corporate Director – Children and Young People’s Service