

## FINANCE UPDATE

### REPORT OF THE COUNTY TREASURER AND CHIEF OFFICER FOR CHILDREN'S SERVICES

#### RECOMMENDED that DEF:

- a) Notes the DSG Draft Outturn position (subject to Statement of Accounts sign off) as set out in Section 1.
- b) Allocation of the carry forwards from 2018/19 as set out in Section 2.
- c) Approve the proposed changes to the Growth Fund as set out in section 3
- d) Notes the year-end Mutual Fund position as set out in Section 4

#### 1. DSG and Schools Funding Outturn 2018/19

##### 1.1 DSG 2018/19 Overview

The outturn position for Dedicated Schools Grant (DSG) is an overspend of £2.8millions, however this is after taking account of surplus balances of £18.9millions and the agreed deficit carry forward of £2.4millions for High Needs Block.

**Table 1: Dedicated Schools Grant and Schools Funding DRAFT 2018/19 Outturn**  
Brackets in the budget and spend columns represent income; brackets in the net variance column represent an under spend.

	Final Approved Net Budget £'000	Net Spend £'000	Variations (under) / over £'000	Grants c/fwds in 2018/19 £'000	Final Outturn Variance £'000
DSG	(276,302)	(276,596)	(294)	0	(294)
Pupil Premium	(13,233)	(13,233)	0	0	0
Early Years – Disadvantaged 2 year olds	(4,648)	(4,721)	(73)	0	(73)
Other Schools Grants	(10,072)	(10,072)	0	0	0
Post 16 Funding (mainstream)	(2,524)	(2,524)	0	0	0
<b>Total Schools Grant Funding</b>	<b>(306,779)</b>	<b>(307,146)</b>	<b>(367)</b>	<b>0</b>	<b>(367)</b>
Schools delegated budget, including maintained nursery units	210,778	196,908	(13,870)	13,872	2
De-delegated budgets	6,337	3,842	(2,495)	2,495	0
Central Provision within School's block	5,102	5,252	150	(85)	65
High Needs block, including maintained special schools	65,407	69,558	4,151	(105)	4,046
Early Years block	38,435	37,188	(1,247)	291	(956)
<b>Overall Net DSG and School Funding</b>	<b>19,280</b>	<b>5,602</b>	<b>(13,678)</b>	<b>16,468</b>	<b>2,790</b>

##### 1.2 Schools

The 2018/19 DSG schools block budget is based upon pupil numbers as at the October 2017 census, and is adjusted in year for existing and convertor Academies as well as deductions for

high needs places that are directly funded by the ESFA (to academies and non-maintained special schools).

Based on final pupil numbers and High Needs Place adjustments, the total initial DSG allocation including 2-year-old funding for Devon 2018/19 is £499.1millions. The final budget of £276.3millions is after in year adjustments for existing and convertor academies and Early Years census. Pupil Premium Grant is £13.2millions; School Sixth Form Post 16 funding £2.5millions and other Schools Grant £10.1millions.

The variance of £367,000 relates to the difference between the Early Years Spring 18 forecast when compared to the actual received in July 2018.

The schools carry forward balances of £16.1millions (£13.8millions maintained mainstream schools and £2.3millions special schools included as part of the High Needs Block) compares with £14.3millions on a like for like basis.

**Table 2: Schools carry forward balances**

		2018/19		2017/18
		£		£
<b>Brought Forward Balances</b>		<b>18,142,167</b>		<b>18,389,149</b>
Schools converted to Academies	33	(3,707,648)	7	(310,154)
Schools that have closed / merged	0	0	3	0
Schools with Decreasing Balances	56	(2,382,697)	97	(4,147,092)
	35.7%		52.2%	
Schools with Increasing Balances	101	4,074,945	88	4,069,066
	64.3%		47.3%	
New School with Increasing Balances			1	141,198
<b>Carry Forward Balances</b>		<b>16,126,766</b>		<b>18,142,167</b>

### 1.3 De-delegated budgets

De-delegated budgets have shown underspends totalling £2.5millions which will be carried forward to 2019/20 as agreed by Schools Forum to meet the slipped commitments with contingency, exceptional events and surplus maternity fund for maintained schools of £2.3millions.

Carry forwards have also been agreed for the underspends within Subscriptions and Trade Unions at Schools Forum to use for HNB projects (such as invest to save), subject to the Schools Finance Group working with the SEN manager and Head of Education & Learning to manage the budget £68,000. This has now risen to £173,000 as part of Outturn.

Budgets are subject to change during the years as schools convert to academies, expenditure commitments made for redundancies often are lower than expected once claimed for and costs regularly slip into the follow financial year.

### 1.4 Central Provision within Schools

Central Provision within Schools have an overspend of £65,000.

Surplus Properties overspent by £55,000 mainly due to management costs for Charlton Lodge site and Access for Disabled saw £16,000 overspend due to adaptations at Petroc.

Phase Associations have underspent by £8,000 within DASH which has been ring fenced for carry forward into 2019/20.

The Growth Fund has overspent by £93,000 as a result of the surplus funds in 2016/17 being used to offset the High Needs Block overspend at outturn.

During 2018/19 a total of £1.2millions from the growth fund was given to 32 schools received. This was in relation to falling roll £16,000; one-off classrooms £125,000; growth general £540,000; new and growing schools £514,000.

#### 1.4 High Needs

The overspend of £ 4.0millions is after adjusting for carry forwards relating to Maintained Special schools and Hospital school surplus balances of £2.3millions and the High Needs overspend of £2.4millions.

**Table 3: High Needs Budget Position for 2018/19**

	Final Approved Budget £'000	Net Spend £'000	Variations (under) / over £'000	Grants c/fwds in 2018/19 £'000	Final Outturn Variance £'000
Alternative Provision inc. Hospital school	2,657	3,009	352	78	430
Inclusion & Safeguarding	3,456	3,405	(51)	0	(51)
Nursery Plus	1,164	1,154	(10)	0	(10)
SEN Mainstream	10,821	10,822	1	35	36
SEN Services	924	924	0	0	0
Independent Special Schools & Recoupment	15,397	21,165	5,768	(2,473)	3,295
Maintained Special Schools	29,624	27,736	(1,888)	2,255	367
Support Centres and PSP's	1,364	1,343	(21)	0	(21)
<b>TOTAL</b>	<b>65,407</b>	<b>69,558</b>	<b>4,151</b>	<b>(105)</b>	<b>4,046</b>

##### 1.4.1 Alternative Provision

The original budget for learners that have been permanently excluded was based on an average of 113 FTE placements but actuals averaged out at 141 FTE with the top up at £12,650 per annum. In addition, due to significant issues at the previous Trust, resulting in re-brokerage, £105,000 (based on the minimum funding of 140 places) has been paid to ensure the new provider is able to address the significant safeguarding and performance issues. There will however be a final reconciliation in the summer term which should see this amount reduce.

This cost has been offset by the commissioned outcomes funding not payable in the Summer term to the old provider and removed from the contract for the new provider £378,000 there has also been a reduction of 10 Medical Placements from September 2018 resulting in savings of £108,000. However, due to increasing need for Alternative and Medical places including those with EHCP plans, an estimated 76 learners have had to be placed outside of the main contract, additional cost of £447,000.

##### 1.4.2 Inclusion & Safeguarding

Inclusion and Safeguarding saw an underspend of £51,000. Pupil premium was used for specific projects within the Children in Care element of the Babcock contract. The incidental costs budget did not see any demand which saved £35,000 and the Employment and Skills budget saved £15,000.

##### 1.4.3 Nursery Plus

The Nursery Plus Units are now funded on actual spend for each support centre which has resulted in a budget saving of £10,000.

#### **1.4.4 SEN Mainstream**

There is underspend of £24,000 for 2018/19. This budget has seen significant in year management action implemented to bring it back to this level. Non-statutory plans are being phased out and banding for statutory EHCPs introduced to cap expenditure this resulted in a budget saving of £1.1millions and the cessation of commissioning SEN R placements with an AP provider of £207,000.

These savings have been offset by an increase of £815,000 in FE College placements to avoid more costly ISP placements, £380,000 SEN therapy's and an increase in Multi-sensory Impairment (MSI) and Nurture Unit costs of £169,000

#### **1.4.5 Independent Special Schools**

Independent special schools have seen an increase of 93 placements over the budgeted level of 322 as well as rising placement costs. This has seen an overspend of £2.8millions after considering the £2.5millions deficit carry forward to be recovered over 2019/20 and 2020/21.

Recoupment has seen an overspend of £475,000 which reflects the increased cost of exported pupils and reduced import income along with the increased cost in tier 4 beds.

#### **1.4.6 Maintained Special Schools**

Maintained special schools surplus balances total £2.3millions. With this in mind the outturn position shows an overspend of £367,000 which is predominantly due to additional place funding of £220,000, base funding for additional places at two special schools of £263,000 and £662,000 for the actual top-up day places averaging 1,135 compared to the budgeted 1,087.

This has been offset by additional joint funded income from Social Care of £235,000 a review of residential placements and the merging of Oakland and Ratcliffe £381,000 and the delay in the opening of Charlton Lodge until September 2019 £218,000 and other savings of £31,000.

#### **1.4.7 Support Centres**

Support Centre funding saw additional top ups and lump sum totalling £100,000, which were offset by recoupment of £46,000 base funding and a further saving of £78,000 in Direct Commissioning.

### **1.5 Early Years**

The initial DSG allocation for Early Years is based on January 2017 census notified to us at the end of 2017. An adjustment to the DSG settlement is made in July 2018 to take account of actual hours in the January 2018 Census for the full year. A further adjustment in July 2019 is made using the January 2019 CENSUS to cover any change in FTE's and calculated for the September 2018 to March 2019 period.

Overall the Early Years under spend is £956,000 after adjustments for ring fenced surplus funds of Pupil premium for PVI settings £206,000 and Disability Access fund £85,000.

£940,000 underspend on External PVI settings is due to difference in income (as per census) for 3 & 4 year olds in compared with actual take up, the take up of FTE's for 18/19 being 96.63% for the financial year where we previously budgeted at 98%. External PVI payments for 2-year-old has an overspend of £39,000.

### **1.6 Summary**

The DSG continues to overspend due to the demand within the High Needs block. More complex needs, rising costs, stronger regulatory checks and the declining market are driving up costs.

## 1.7 Recommendation

That DEF notes the DSG Draft Outturn position (subject to Statement of Accounts sign off) as set out in Section 1.

### All to Note

## 2. Allocation of carry forward from 2018/19

**2.1** The current outturn is subject to the Council's Statement of Accounts being signed off by Full Council. The Schools and Early Years Finance Regulations do not allow for in-year distributions to schools. Any redistribution of funding must go through the school funding formula in the following funding period (in this case 2020/21 financial year), whereby the LA may request through the Secretary of State that this additional funding is excluded from the MFG calculation. The LA must consult with the Schools Forum regarding any such proposal and has responsibility for the final decision.

The carry forward that Schools Forum agreed in principle have been amended to actuals for early allocation in 2019/20. It is requested that the carry forward requests of £16.5millions in Table 5 are noted or approved.

**Table 5: Carry Forward from 2018/19**

Budget Line	Amount £'000	Notes	Recommendation
Mainstream School balances	13,872	Automatically carried forward in Individual School budgets	2.2 All to note
<b>Total School balances</b>	<b>13,872</b>		
Maternity	662	Balance to fund ongoing maternity cover	2.3 All to note
Schools and DSG Contingency	1,660	Balance to fund contingency agreements in 2019/20 onwards	2.3 All to note
Phase Associations	8	DASH balance to carry forward to 2019/20	2.3 All to note
Trade Unions and Subscriptions	173	Costs lower than expected, Invest to save project for High Needs agreed by DEF	2.3 All to note
Growth Fund	(93)	Deficit Balance – agreed to be carried forward by DEF	2.3 All to note
<b>Total De-delegated and Central Provisions budgets</b>	<b>2,410</b>		
Special School Balances	2,255	Automatically carried forward as Individual School budgets	2.4 All to note
Hospital Education	78	Automatically carried forward as Individual School budgets	2.4 All to note
Mainstream SEN	35	Digitalisation of EHCP records – purchase of new system delayed to 2019/20 £31k and £4k Post 16 Element 2	2.5 All to note
Other Special Schools	(2,473)	Deficit Balance – agreed to be carried forward by DEF	2.6 All to note
<b>Total High Needs</b>	<b>(105)</b>		
Early Years Other Early Years Grants	206	PVI Pupil Premium and Teachers Pay Grant arrangements in 2019/20	2.7 All to vote
Early Years	85	Disability Access Fund	2.8 All to vote
<b>Total Early Years</b>	<b>291</b>		
<b>Total Carry forward requested</b>	<b>16,468</b>		

### 3. Growth Fund

**3.1** The new Growth Fund criteria (Appendix A) has been amended to reflect the following amendments from April 2019.

**3.2** The inclusion of paragraph 7 to highlight where the LA no longer needs to seek approval of pupil variations

*7. Local authorities are no longer expected to request approval to vary the pupil numbers in the funding formula (School Budget Share) for schools where*

- There is a planned reorganisation;*
- A school has changed, or is going to change, it's age range either by adding or losing year groups*

**3.3** Further clarity has been given in order to recognise support for Secondary growth in paragraphs 13 - 15 have been amended in the new Growth Fund criteria (Appendix B) accordingly

**13. Secondary Exceptional Growth –**

*This is based on the difference between the year 7 cohort intake (current October Census) and the year 11 leavers (previous October Census). Schools will be expected to fund a certain number of places before triggering the growth fund as detailed in the Table above.*

**14.** *Secondary Growth funding will only be paid if at least 80% of year 7 pupils allocated at the October Census are within the catchment area of the school.*

**15.** *The following applies in areas where there is more than one secondary school within an area (ie Exeter, Barnstaple and Newton Abbot),*

- the 80% criteria will be dropped when there is less than 5% surplus places when comparing actual year 7 numbers to total planned admission numbers. For example, at the time of writing, there is a combined PAN in Newton Abbot of 450, therefore the 80% in catchment trigger for growth will be removed for year 7 admissions exceeding 427 pupils (95%).*
- if a secondary school decides to increase their pan/intake during outside of a formal admissions consultation round, growth will only be paid on the consulted pan unless there is no spare capacity in the other local school(s) in the area and it has been specifically requested by DCC Strategic Planning Team.*

**3.4** Additional class/form one off lump sum payment has been updated to clarify the funding given to schools that are maintained or academy under paragraphs 17 – 18

**17.** *When the Authority specifically requests a school to increase its place numbers and agrees that an additional class/form of entry or equivalent is required, and there has been no variation to pupil numbers on the authority pro-forma tool (see paragraph 7) the school shall receive a one off lump sum payment to cover the incremental cost of the additional class. This is based on the annual cost:*

**Primary**

<i>Salary plus on-costs (main 6)**</i>	<i>£47,200</i>
<i>Initial equipping and set up costs £75 x 30</i>	<i>£ 2,250</i>
<i>Total</i>	<i><u>£49,450</u></i>

### **Secondary**

Salary plus on-costs (Upper 2)**	£51,200
Initial equipping and set up costs £150 x 24=	£ 3,600
Total	<u>£54,800</u>

*\*\* Maintained schools will receive 7/12<sup>th</sup> funding (September to March)*

18. Growth Funding for schools will be awarded at the greater of an increase in pupil numbers or one-off additional form entry.

**3.5** Amendment has been made to the guaranteed minimum funding for pupils in years 2 and 3 of a new primary school as identified in paragraph 30.

30. The initial budget will be calculated (pro-rata from date of opening) as per the local formula based on one full year group:

Primary	1 form entry	30 places (Year 1) 60 places (Year 2) 90 places (Year 3)
Secondary	5 form entry	120 places

**3.6** Clarification is to be sought with the ESFA regarding the exceptional growth funding provided for pupils based on the Basic Entitlement (AWPU) within the National Funding Formula as it is felt by academies that they are not being treated fair and equitably with the proper funding not being received until the following September. Similarly, any additional funding given to academies would be seen by maintained schools as double counting as this is all on a lagged process.

**3.7** The outcome of this decision will be made to paragraph 16 of the criteria if necessary.

### **3.8 Recommendations**

That DEF is asked to approve the revised Growth Fund criteria (Appendix A) to be implemented from April 2019 with a revision made, if the ESFA deem necessary, to paragraph 16.

**All to vote**

## **4. Mutual Fund Update**

**4.1** The Schools Mutual Fund is a scheme that provides cover for absence for subscribing schools for teaching and support staff. The Fund is administered by a Board comprising the members of Schools Finance Group whose schools are members of the fund, to include representatives from DAPH, DASH and SHAD, together with an officer from Devon Finance Services. The Board meets at least twice a year (usually to coincide with a normal Schools Finance Group meeting) to review the financial status of the Fund, to set premiums and establish the Fund's protocols for the following financial year.

**4.2** The Fund will continue to operate only if the numbers are considered sufficient to justify the continued operation of the fund.

**4.3** The Mutual Fund Board at their meeting of 9 January 2019 agreed the following: -

- i) That premiums have been reduced from 2018/19 for teaching staff by 20% and support staff by 10%.
- ii) That any school(s) or academy within Devon's authority or linked to a school in Devon's authority is allowed to join the scheme. New schools wishing to join the

scheme will incur a one off joining fee of 7% on top of the cost of their premium. There will be no joining fee for those schools that are currently members of the fund.

- iii) That claims are paid at 50% of the total amount at the time of submission
- iv) That the balance of claims is not released until the end of the financial year when the full costs are known. If the value of claims exceeds the value of the premiums collected, the claims will be abated pro-rata to ensure financial balance is achieved. If the value of the claims is significantly less than the premium collected, the Board will consider if a rebate shall be made.

**4.4** At the end of the 2017/18 financial year, the value of premiums collected exceeded the value of the claims paid out by £462,500.

#### **4.5 Recommendation**

That DEF note the Mutual Fund update set out in Section 4.

**All to Note**

**MARY DAVIS**  
County Treasurer

**JO OLSSON**  
Chief Officer for Children's Services

Please ask for: Adrian Fox  
[Adrian.fox@devon.gov.uk](mailto:Adrian.fox@devon.gov.uk)

## Growth Fund (April 2019)

1. Growth Funding is within local authorities' schools block National Funding Formula allocations. As it is within the schools block, a movement of funding within the schools block is not treated as a transfer between blocks. The schools forum would still need to agree the total growth fund.
2. The Growth Fund supports schools required to provide extra places to meet basic need within the authority, including pre-opening and reorganisation costs. The growth fund may not be used to support schools in financial difficulty.
3. The growth fund can only be used to:
  - support growth in pre-16 pupil numbers meeting basic need,
  - support additional classes in growing schools
  - support demographic change
  - meet the costs of necessary new schools, including lead-in costs, pre and post start-up and diseconomy of scale costs.
4. The fund will be for the benefit of both maintained schools and academies. The Schools and Early Years Financial Regulations 2013 had been updated allowing local authorities to carry forward unspent funds to future years.
5. The Growth Fund covers the following areas of growth
  - Increase in school places in existing schools required to meet localised demand (demographics, housing developments) – known as “basic need”
  - New schools required to meet localised demand (demographics, housing developments) – known as “basic need”
6. Where a school is experiencing financial pressures due to an exceptional in-year increase in pupil numbers not related to basic need, a maintained school may apply to the LA for contingency funding. Academies would need to apply to the ESFA.
7. Local authorities are no longer expected to request approval to vary the pupil numbers in the funding formula (School Budget Share) for schools where
  - There is a planned reorganisation;
  - A school has changed, or is going to change, its age range either by adding or losing year groups
8. Local authorities are expected to request approval to vary the pupil number in the funding formula (School Budget Share) where
  - A new school (including free schools) is opening
  - A school (including free schools and academies) has opened in the previous seven years and are still adding year group
  - The growth fund (a suitable route for short term increases in pupil numbers and bulge classes) may not be suitable because the scale of change in pupil

numbers is sufficiently great that it should be applied to all factors in the formula.

- Pupil numbers have been adjusted and included in the individual school budget calculations, the growth fund will only fund pupils over and above that estimate. When the local authority specifically requests a school to increase its place numbers and agrees that an additional class is required resulting in the varying of the pupil numbers on the authority pro-forma tool (APT), there will be no additional lump sum payment from the growth fund.
- Estimates are adjusted to take account of the actual pupil numbers in the previous funding period.

9. The Growth Fund criteria has been approved through the School Finance Group and Devon Education Forum

## Criteria

### Existing Schools - Exceptional in year growth - basic need

10. Funding is made available to schools and academies for exceptional growth due to basic need
11. Funding methodology

Schools are expected to support a level of growth from within existing resources. The table below details the thresholds for qualification of funding.

Primary Schools	Increase in pupil number threshold must be greater than:
Schools with 200 pupils or fewer	10 pupils
Schools with more than 200 pupils: either	10 pupils or 5% of number on roll*, whichever is the greater
or	Where growth is greater than 15 pupils, all pupils above 15 will be funded, irrespective of %age growth
Secondary Schools	
Schools with 600 pupils or fewer	30 pupils
Schools with more than 600 pupils: either	30 pupils or 5% of number on roll*, whichever is the greater
or	Where growth is greater than 45 pupils, all pupils above 45 will be funded, irrespective of %age growth

\*As per the previous October Census excluding 6<sup>th</sup> form pupils

12. **Primary Exceptional Growth –**  
This is based on the increase in the school roll comparing the current and previous October Census. If the growth at any school exceeds the pupil numbers we would expect the school to fund in the table above, colleagues in the Strategic Planning Team will be asked to consider whether the growth has been due to 'basic need', in assessing this, officers will consider:

- Is there sustained pressure on school places due to rising early years numbers;
- Has there been sustained housing development which is leading to increased in-year numbers;
- Have increases been due to lack of capacity at neighbouring schools.

The Growth Fund will not fund changes in parental preference.

**13. Secondary Exceptional Growth –**

This is based on the difference between the year 7 cohort intake (current October Census) and the year 11 leavers (previous October Census). Schools will be expected to fund a certain number of places before triggering the growth fund as detailed in the Table above.

14. Secondary Growth funding will only be paid if at least 80% of year 7 pupils allocated at the October Census are within the catchment area of the school.
15. The following applies in areas where there is more than one secondary school within an area (ie Exeter, Barnstaple and Newton Abbot),
- the 80% criteria will be dropped when there is less than 5% surplus places when comparing actual year 7 numbers to total planned admission numbers. For example, at the time of writing, there is a combined PAN in Newton Abbot of 450, therefore the 80% in catchment trigger for growth will be removed for year 7 admissions exceeding 427 pupils (95%).
  - if a secondary school decides to increase their pan/intake during outside of a formal admissions consultation round, growth will only be paid on the consulted pan unless there is no spare capacity in the other local school(s) in the area and it has been specifically requested by DCC Strategic Planning Team.
16. Exceptional Growth Funding will be provided for pupils based on the Basic Entitlement (AWPU) within the National Funding Formula

Primary	£2,747
Secondary KS3	£3,863

Maintained schools will receive funding for the period September to March (7/12ths) and academies will receive funding for the full academic year. Maintained schools being funded on the additional pupil numbers in the October Census from the following April, whereas Academies are only funded from the following September.

**17. Additional class/form one off lump sum payment**

When the Authority specifically requests a school to increase its place numbers and agrees that an additional class/form of entry or equivalent is required, and there has been no variation to pupil numbers on the authority pro-forma tool (see paragraph 7) the school shall receive a one off lump sum payment to cover the incremental cost of the additional class.

This is based on the annual cost:

**Primary**

Salary plus on-costs (main 6)**	£47,200
Initial equipping and set up costs £75 x 30	£ 2,250
Total	<u>£49,450</u>

## **Secondary**

Salary plus on-costs (Upper 2)**	£51,200
Initial equipping and set up costs £150 x 24=	<u>£ 3,600</u>
Total	<u>£54,800</u>

\*\* Maintained schools will receive 7/12<sup>th</sup> funding (September to March)

18. **Growth Funding for schools will be awarded at the greater of an increase in pupil numbers or one-off additional form entry.**

## **Existing Schools - Exceptional in year growth - housing developments**

19. Additional funding will be made available to schools and academies for a significant increase in admissions, to meet demand from new housing developments at the request of the Council. This is predominately in New Towns/Communities
20. The growth characteristics for an existing school situated within a major new town development are different to the criteria outlined in paragraph 5 in that the rate and scale of in-year growth is significant – for example rising from a roll of less than 50 to a roll of over 300 in 3 years.
21. Funding will be provided termly in advance (pro-rata) for estimated pupil numbers to enable planning for additional classes and resources. Actual pupil numbers are reviewed at each census date (October, January and May) and funding will be adjusted on a termly basis, avoiding over or under funding.
22. Funding will be provided at the Basic Entitlement (AWPU) rate, pro-rata to the funding period that the pupils are not included in the school budget share calculation.
23. Pupil growth will be capped at 70% capacity.

Example: A 420 place primary school, pupil number growth above 294 will cease to be funded under this methodology and will revert to the methodology outlined in paragraph 11, with only a single reference point to the October census.

24. Funding will be restricted to a maximum of 3 years or until the school reaches capped capacity, whichever is the sooner.

## **New Schools**

25. Application to the growth fund from a new school may only be made if the local authority has decided that it is needed.
26. There are 3 elements to consider:
- Pre-opening lead in costs – including leadership and administration, recruitment and initial equipment set up – (for example resources and consumables such as books etc. IT, furniture and fittings are expected to be part of the design build specification)
  - Initial budget allocation
  - Expansion

## Pre-opening lead in costs

27. These will vary depending on the size and nature of the school, but as a guide for leadership, management and administration: a one-off lump sum payable two terms before opening as follows:

Primary	£ 75,000
Secondary	£125,000
All-through	£125,000
Initial equipping:	£75 per primary pupil place; and £150 per secondary pupil place payable two terms before opening.

28. This assumes a school is opening under the “Academy / Free School presumption” and is in receipt of the £25,000 start-up grant paid directly to the Trust by the ESFA. Where a school is opening as a maintained school and is not in receipt of the start-up grant, the Local Authority will mirror the start-up grant of £25,000 for maintained schools.

## Initial budget allocation

29. If a school opens in September, estimated pupil numbers will be included in the Authority Pro-forma Tool (APT) generating a 7/12ths budgets share for the September to March period. The Growth Fund will fund the school budget share of new schools in their 1<sup>st</sup> year. The pupils actually on roll will be included in the October census and this will be used to calculate the School Budget Share from April the following year.
30. The initial budget will be calculated (pro-rata from date of opening) as per the local formula based on one full year group:

Primary	1 form entry	30 places (Year 1) 60 places (Year 2) 90 places (Year 3)
Secondary	5 form entry	120 places

31. The budget will fund Basic Entitlement (AWPU) plus Devon’s average allocation for deprivation and low attainment; lump sum (at the secondary rate for an all-through school); rates; split sites and sports hall allowance if applicable. The budget will be based on the prevailing rates in the Devon school budget share formula.

## Expansion

32. From the beginning of the financial year following opening, growth would be funded as per the methodology outlined in sections 19 to 24 above, for a maximum period of three years or until the school reaches capped capacity or is full, whichever is the sooner.
33. For a secondary school that has still not reached the equivalent to one full year group of 120 places at the beginning of the financial year following opening, the expectation is that the individual school budget will be topped up to a maximum total of 120 pupils from the central growth fund if the number on roll at the time of the census falls short of that.
34. For a secondary school opening Key Stage 4 classes for the first time, an additional £45,000 will be paid as a lump sum at the start of year 10 and then as the pupils

progress, a second lump sum be paid at the start of year 11 (ie a total of £90k over two years), to cover the incidental costs of the additional class.

35. The business plan will need to clearly identify pupil growth assumptions, which should be realistic and evidence based. Growth funding will be limited to a maximum of 5 years on the presumption that the sponsor will have a clear plan to operate at PAN, with the expectation that the school will be viable thereafter via the School Budget Share. This will encourage efficient deployment and allocation of resources as the school grows and will protect the growth fund against long term, non-sustainable commitments where demographic change falls short of expectations
36. Leaving aside the start-up grant, at no point will the temporary funding supplied to a new school lift its funding level beyond what it would receive when operating at full capacity.
37. The decision to provide start-up funding and the level of funding allocated will consider the local context and potential impact on other schools' sustainability.

### **Special School / Alternative Provision Expansion**

38. Where the Authority specifically requests a Special School / Additional Provision to increase its place numbers the school shall receive a one off lump sum payment to cover the incremental cost to provide staff appointments.
39. This will be calculated as follows:

Alternative Provision initial equipping and set up costs £150 x 3.75 x no. of places

Special Schools initial equipping and set up costs £150 x 4.25 x no. of places