

Sutton Schools Forum

Enclosure 5

New Schools Funding and Growing Schools Funding

Report Author:
Kieran Holliday, Head of
Pupil Based
Commissioning/Acting
Senior Education Officer

Chair of FRG
Brenda Morley MBE

19 October 2017

Background / Context

1. At its meeting on 8 December 2016, Schools Forum resolved to reduce Growth funding for schools that are expanding in the Borough given the severe financial pressures on DSG in 2017/18 and in future years.
2. Growth funding provides support to existing schools that are expanding but is not suitable for new school provision.
3. In the report to Schools Forum in December, officers stated that the DSG would normally support new school provision in the Borough where a Local Authority considered it necessary to meet basic need - (section 6a of the Education and Inspections Act 2006 which requires LAs to seek proposals for a new Academy/Free School). However, where new schools are created through the Central Free Schools route (as Harris Academy Sutton and Sutton Free School 1 - Rosehill/GLT have been) pre and post opening funding will be provided directly to these schools from the ESFA to cover costs of resources, leadership and teaching staff.
4. The latest guidance from the DfE for 2018/19 indicates that this remains the case. Paragraph 96 of the operational guidance states that *"The costs of new schools will include the lead-in costs, for example to fund the appointment of staff and the purchase of any goods or services necessary in order to admit pupils. They will also include post start-up and diseconomy of scale costs. These pre and post start-up costs should be provided for academies where they are created to meet basic need. ESFA will continue to fund start-up and diseconomy costs for new free schools where they are not being opened to meet the need for a new school as referred to in section 6A of the Education and Inspections Act 2006"*.
5. Ordinarily, Schools Forum would be expected to have developed a policy on how to meet the start-up costs of new school provision from the growth fund however the Local Authority would likely wish to deliver any further new school provision needed through the Free

9. The ability for the school to recruit is subject to a number of risks. The additional housing will take time to build, to be occupied and there are no certainties about the child yield or whether they will be 'new children' or existing children from other parts of the Borough. The school is not currently oversubscribed and its location (near to Beddington Park/Farmlands/Reserve) means that it needs to recruit from further afield given its smaller catchment area. The school will need funding support in the earlier years. A decision on when and if to commission the second form of entry will be taken at a later stage - at present the school is being built with 1FE classroom capacity but is allowing for 2FE ancillary internal and external spaces.
10. In some respects, the expansion of the school represents a new school proposal as they will have a new building on a new site therefore they will need additional front of house/admin staff, additional caretaking capacity, additional catering staff and so on. In others, it doesn't represent new school provision because there is an existing Head Teacher and Leadership team that will not need to be replicated (though some additional leadership capacity is probably justified). In this sense, the diseconomies of scale funding that brand new schools would normally attract wouldn't apply in the same way in this case.
11. All capital costs associated with the new building will be met by the capital project budget - e.g. all loose furniture, fixtures and equipment. All resources and staffing costs will need to be met by a revenue budget agreed with Schools Forum.
12. Entirely new schools will receive pre-opening costs (often in the form of a lump sum) however Hackbridge primary have not requested any costs of this nature given that they are not a new school and much of what this would normally be spent on (recruitment and early appointment of HT and admin) will not be incurred in this case.
13. Post opening funding - resources - a brief review of practice elsewhere (including that which the ESFA provide to new free schools) suggests that for each pupil expected £250 would be provided on an annual basis - equivalent to £7,500 per class of 30 pupils. It is reasonable that Hackbridge receive equivalent funding to this given that that this funding is unrelated to diseconomies of scale
14. Post opening funding - viability and diseconomies of scale - this funding will generally support schools in the period after opening in view of the fact that the new schools/academies will have empty year grounds and it is not clear how long they will take to build up their numbers - particularly if the school is commissioned in response to housing.
15. The ESFA would provide the following for new free Schools based on how many cohorts are empty:

Empty Cohorts	6	5	4	3	2	1	Max
Primary	£80,500	£67,500	£54,000	£40,500	£27,000	£13,500	£283k

16. It is not considered appropriate to provide Hackbridge with diseconomies of scale funding in this way because they are in effect an expansion not a new school. That said, officers are of the view that it would not be fair to fund them on the existing growth funding arrangements with split site factor only (e.g. where they receive £50k split site funding and £51k for the first year and then nothing thereafter).

17. The school have put together an estimate of what they think they need by estimating their likely income (including growth funding 5/12's and split site factor) against their anticipated extra costs which totals the following. It should be noted that there include some provisional sums for the ICT contract, services, building maintenance costs because at this stage they are unknown. More or less support for the school may be needed once these costs are clearer but the below is a reasonable estimate at this stage.

Year 1 - £80k

Year 2 - £120k

Year 3 - £76k

18. To provide schools with diseconomies funding indefinitely is not appropriate but for reasons described above expanding an existing school onto a split site is different from expanding a school on an existing site. It is therefore proposed that funding should apply for a period of three years from the date of opening but cease thereafter.

19. Given that a new 1FE primary school would attract Yr 1 - £283k, Yr 2 - £202.5k and Yr 3 - £135k = £620k if it grew by one class at a time over three years - plus resources funding of £21k. On this basis, £276k over three years does not appear to be unreasonable - particularly given the uncertainty associated with child yield from housing in the area (Felnex). It is recommended that Schools Forum agree to this request but reserve the right to review this each year.

Growing Schools Funding

20. It should be noted that Sutton Primary Heads Group requested that Growth funding be discussed at Schools Forum again, as colleagues feel that they did not fully understand the implications of the decisions previously taken through Forum.

21. This is noted however it is recommended that this issue is discussed as part of the item relating to the National Funding Formula. The Local Authority can propose formula factors that will allow sufficient funding for growth however growth funding requires the agreement

of schools forum if it is to be used for this purpose. As such this should be discussed as part of the wider discussions relating to the NFF and as part of the next agenda item.