

LONDON BOROUGH OF WALTHAM FOREST

Meeting / Date	SCHOOLS FORUM 17 September 2014	Agenda Item	9
Report Title	Growth Fund in 2015-16 and beyond		
Decision/ Discussion/ Information	For Discussion and Decision		
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Appendices	Appendix A: Growth Fund Provisional Allocations 2015-16 Appendix B: Criteria for the allocation of funding through the Growth Fund		

1. SUMMARY

- 1.1 This report updates Schools Forum on the operation of the Growth Fund. The last report on the Growth Fund was in June 2014. This highlighted the reasons for the forecasted overspend in 2014-15, the indicative allocations for 2015-16 and also raised the issue of Waltham Forest, along with other LAs, having to fund the expansion of free schools and non-recoupment academies from April 2015.
- 1.2 On the basis of updated information, the provisional allocations under the current criteria agreed by Schools Forum suggest that total planned expenditure will rise from **£3.750m** in 2014-15 to **£3.981m** in 2015-16. This report sets out why expenditure is changing and ways in which the net cost can be reduced in 2015-16. It also looks ahead to likely calls upon funding in 2016-17 and 2017-18 and the financial implications for schools.

2 RECOMMENDATIONS

Schools Forum to:

- 2.1 Note the provisional allocations for 2015-16 as set out in **Appendix A**.
- 2.2 Agree that the allocation of **£2.000m** of DSG underspends should be allocated as **£1.480m** for 2015-16 and **£0.520m** for 2016-17 thereby reducing the provisional total cost of the Growth Fund to **£2.501m** for 2015-16 and **£2.742m** in 2016-17.
- 2.3 Consider whether or not any changes should be made from April 2015 to the criteria for funding the planned expansion of primary and secondary schools and

academies from September 2015 and financial support for good or outstanding secondary schools with falling rolls as set out in **Appendix B**.

3. REASON

- 3.1 The Local Authority is required to consult annually with Schools Forum on the amount of funding to be retained to meet the cost of implementing the Growth Fund. This includes reviewing the criteria used to allocate the funding. The Growth Fund is deducted from the Schools Block funding and therefore it reduces the funding available for delegation to schools and academies through the local funding formula (LFF).

4. BACKGROUND

- 4.1 Expenditure on school expansions in Waltham Forest at **£3.750m** in 2014-15 is the second highest in London and more than double the average for London. Apart from Croydon at £5.000m, there are only 5 other local authorities – all shire counties - where expenditure is higher than in Waltham Forest. Total expenditure across all 150 local authorities was planned to be **£150m** in 2014-15.
- 4.2 There is therefore a need to ensure that expenditure represents value for money and is seen to be both fair and equitable. Over the next few years the expansion of existing primary schools will be completed and most of the expansion will switch to secondary schools. Changes in funding arrangements announced in July 2014 mean that Waltham Forest will be required to fund all new free schools and academies, after their first year of opening, whether or not they are required to meet basic need. As the cost of the Growth Fund is met by deducting funding allocated through the LFF to existing schools, future expansions in the secondary sector could potentially have a very damaging effect on funding per pupil through the LFF.
- 4.3 **Appendix A** sets out the provisional allocations for 2015-16 based upon forecasted NOR in October 2014 and known expansions. It assumes no changes in funding criteria and rates.

Primary:

- 4.4 The appendix shows that a total of **£2.340m** is required to fund permanent expansions at 17 primary schools and a further **£0.490m** is required for class size protection for bulge classes in 18 primary schools. This compares with **£2.780m** and **£0.638m** respectively for 2014-15 – an overall reduction of **£0.440m**. Some primary schools which are still expanding will receive reduced allocations or no allocations at all in 2015-16 since the permanent expansion replaces existing bulge classes. The allocations now include **£0.073m** for the 1FE reception intake into Emmanuel Community Primary School in September 2015 and also take into account any class size protection for the extra Year 1 bulge class at Selwyn Primary School started in September 2014.

Secondary:

- 4.5 For secondary schools a total of **£0.852m** is required in 2015-16. **£0.334m** covers the permanent expansions of Highams Park and Willowfield schools. A further

£0.112m is expected to be allocated to The Lammas School under the falling rolls factor since the total NOR at 689 is expected to fall below the 80% capacity threshold of 720 due to the low intake into year 7. It is eligible for funding because it is judged to be a good school by Ofsted. However, the continued improvement in the year 7 intake into Norlington School for Boys means that the school will no longer be entitled to financial support in 2015-16 since the NOR at approximately 505 will rise above the 80% capacity threshold of 480. Rush Croft would be eligible for financial support but it is not judged to be good or outstanding by Ofsted.

Eden Girls' School:

- 4.6 From September 2015 Waltham Forest becomes responsible for funding the expansion of Eden Girls' School which opened in September 2014. Based on an intake of 100 a year and an assumed pupil profile similar to Walthamstow Girls, the estimated cost to be met from the Growth Fund is **£0.407m**.
- 4.7 During the first year of opening, the EFA will meet the full costs of any new free school. However, after the first year, the local authority in which the school is located becomes responsible for any funding through the Local Funding Formula; with the EFA recouping this sum from the local authority.
- 4.8 In 2016-17 Waltham Forest will become responsible for funding Eden Girls School based on all the factors in the LFF and this will then be recouped by the EFA as currently happens with all recoupment academies. However, the EFA will continue to provide the additional funding for new schools e.g. start-up costs and diseconomies of scale. This is why the forecasted cost for Eden Girls School is lower than that reported in June 2014.
- 4.9 For the 2016-17 financial year, the Eden Girls' School roll as at October 2015 will then be included within the total school population for Waltham Forest; thereby attracting additional DSG to the LA. However, the additional funding for Waltham Forest is likely to be less than the amount recouped by the EFA based on applying the Waltham Forest LFF.

Other adjustments:

- 4.10 The provisional allocation for the Growth Fund in 2015-16 also includes an estimated overspend of **£0.098m** details of which were reported to Schools Forum in June 2014 and a contingency fund of a further **£0.200m**.
- 4.11 This brings the total funding required for the Growth Fund for 2015-16 to **£3.981m** compared with **£3.750m** for 2014-15. The principle adopted for funding school expansions is that funding is top sliced from the sector where the expansion is taking place which is why most of the cost has been set against the primary sector. In this case the rising cost is entirely due to the inclusion of the two free schools currently funded by the EFA.
- 4.12 In 2014-15 the total cost was reduced by **£1.000m** by using DSG underspend from 2012-13 as agreed by Schools Forum. A second and final tranche of £1.000m of DSG underspend in 2012-13 is also available for 2015-16. This would reduce the net cost to **£2.981m**.
- 4.13 However, there were some concerns expressed at the last meeting of Schools Forum that existing schools may have to meet the cost of the expansion of the

two free schools if proposals out for consultation by the DfE were implemented. This was seen as being unfair and iniquitous. A separate report to Schools Forum entitled “Use of DSG Underspends” gives details on recommendations for the use of further DSG underspends this time for 2013-14. This includes allocating a further **£1.000m** to the Growth Fund. It is therefore proposed that **£0.480m** of this funding should be used in 2015-16 to offset the costs of:

- Allocation for Emmanuel Community Primary School in 2015-16 of **£0.073m**
- Allocation for Eden Girls School in 2015-16 of **£0.407m**

- 4.14 This would leave **£0.520m** to be used to smooth the increase in costs for 2016-17. Table 1 below shows how Growth Fund allocations may change between 2014-15 to 2017-18 based on current knowledge of expanding existing schools and new free schools approved by the DfE.

Table 1: Forecasted change in Growth Fund allocations between 2014-15 and 2017-18

	2014-15	2015-16	2016-17	2017-18
Primary	£3,120,440	£2,830,608	£2,332,907	£1,819,528
Secondary	£431,080	£852,194	£729,277	£653,847
Contingency / overspend	£198,429	£298,340	£200,000	£200,000
Total	£3,750,000	£3,981,142	£3,262,184	£2,673,374
DSG Underspends	-£1,000,000	-£1,480,000	-£520,000	
Net Cost	£2,750,000	£2,501,142	£2,742,184	£2,673,374

- 4.15 Figures for 2016-17 and 2017-18 include the funding of the 2FE Walthamstow Primary Academy due to open in September 2015 for which the LA will have a funding responsibility from September 2016. There may be other free schools in the pipeline. There could be a very sharp rise in the cost of the Growth Fund from 2018-19 when the LA would become responsible for any further expansion of secondary places from September 2017 to meet basic need.
- 4.14 **Appendix B** sets out the current criteria as agreed by Schools Forum in September 2013. Schools Forum are being asked to consider whether the same criteria should be applied in 2015-16.

5 CONSULTATION

- 5.1 There has been no direct consultation with schools on issues raised in this report although some of them have been discussed at previous meetings of Schools Forum. Should Schools Forum wish to consider changes to the current criteria used for allocating funding for the expansion of schools or the protection of schools with falling rolls then consultation will need to take place with schools during the autumn term as final decisions need to be taken by Schools Forum at the meeting on 14th January 2015.