

FUND FOR SMALL SECONDARY SCHOOLS IN AREAS OF DEMOGRAPHIC GROWTH

Report of the Director of Children's Services

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1. Purpose

- 1.1 To seek agreement from the Forum to remove the cap on the Falling Rolls fund to enable very small secondary schools and academies with surplus places which will be needed in the near future to set a balanced budget.

2. Summary

- 2.1 Hertfordshire operates a Fund for Small Secondary Schools in Areas of Demographic Growth which is designed to support small secondary schools and academies with surplus places which will be needed in the near future. There is also a primary component to the fund which is not covered here.
- 2.2 The criteria and formula for determining allocations from the Fund includes a cap of £250,000 on payments to any school in any given year. It is believed from tracking termly returns of maintained secondary schools that the cap of £250,000 presents a particular challenge to very small secondary schools in balancing their budget. The purpose of the Falling Rolls Fund is to provide transitional support to small schools which are expected to increase in size in the near future. This is to avoid a situation where a school has to make significant organisational reductions in order to balance its budget in the short-term; only to reverse these reductions, incurring significant additional cost in the medium-term.

3. Recommendations

- 3.1 The Forum is asked to support the removal of the £250,000 cap in the Fund for Small Secondary Schools in Areas of Demographic Growth in order to support very small schools in area of demographic growth.

4. Background

- 4.1 Hertfordshire operates a Fund to support small secondary schools and academies with surplus places which will be needed in the near future – namely September 2018.
- 4.2 The eligibility criteria and formula for determining allocations from the Fund are based on the assessment that 550 pupils (years 7-11) is the minimum long-term viable size for a school.
- 4.3 The Fund has the following eligibility criteria:
- (i) The school/academy has fewer than 550 pupils (excluding sixth form) in the October census prior to the start of the financial year.
 - (ii) The number of places offered by the school across year groups 7 to 11, if full, is greater than 550.
 - (iii) The authority has forecast that at least 110 places will be required from the school in year 7 (year 9 for upper schools) by Autumn Term 2018; otherwise there will be an absolute shortfall of capacity in the relevant planning area.
 - (iv) The school is Good or Outstanding. The date at which Ofsted category data will be taken will be 31st August prior to the start of the financial year to which funding relates, except that a school which becomes Good or Outstanding during the subsequent Autumn term prior to the start of the financial year shall also be eligible.

Formula for Allocation:

The allocation formula takes account of the size of the school but also incorporates a ceiling on allocations. It also takes into account any MFG protection funding the school receives in its budget share to avoid duplicating it.

The formula for determining an allocation to eligible schools is:

- (i) KS3 calculation: $330 - \text{actual number of KS3 pupils on roll} \times \text{KS3 AWPU} \times 50\%$
- (ii) KS4 calculation: $220 - \text{actual number of KS4 pupils on roll} \times \text{KS4 AWPU} \times 50\%$
- (iii) Sum of the result of lines i and ii capped at £250,000
- (iv) Deduct any MFG protection funded received by the school - the MFG protection figure taken into account in calculating allocations

from the Fund is the MFG protection calculated by the Authority and notified to the DfE via the Authority Proforma Tool (APT).

- (v) Equals the allocation from the Fund

This fund does not cover Schools or Academies that have newly opened in the last five years.

- 4.4 Based on evidence from tracking the termly returns of very small secondary schools it seems to be the case that the methodology for calculating the additional allocation provides an additional funding sum – a level of funding – that schools may sometimes or often find it difficult to manage within. Nevertheless, for the time being we do not wish to propose any change to this. It may be that, following the current budget modelling exercise and more extensive work with schools that we would want to make changes. However, we do not yet have an evidence base sufficient to propose this.
- 4.5 However, it has also become apparent that the operation of the cap may have the effect of providing insufficient funding to particularly small schools – in other words our methodology for calculating requirements was reasonable but the cap is an arbitrary reduction which is not justified and would result in an inability to support provision of an appropriate curriculum for the existing cohorts. This challenge has been highlighted by the circumstances of one school in significant financial difficulty. We therefore propose to remove the cap on allocations.
- 4.6 Falling Rolls allocations for 2016/17 cannot be finalised until all data is received, but at this stage it is estimated that the additional cost from removing the cap will be around £400,000 and would affect three schools. It is estimated that this is less than the costs of significant organisational change and redundancy coupled with recruitment costs projected in the next three years.
- 4.7 Forum should note, that given the wider Budget Pressures Programme, very small schools will not be exempt from wider organisational change. The removal of the cap is designed to set a total budget allocation to the school that enables an appropriate curriculum for the existing cohort to be delivered. Both very small and small schools causing financial concern to the Local Authority will be subject to the same Local Authority mandated process outlined in the School Budget Pressures Programme Update Paper presented under this agenda.

5. Conclusion

- 5.1 In order to enable very small schools to set a balanced budget that supports an appropriate curriculum to be delivered for the existing cohort, it is proposed to remove the £250,000 cap on the Fund for Small Secondary Schools in Areas of Demographic Growth.