

Item 6

Surrey Schools Forum

6 October 2022

Lead: David Green

For discussion and support

Other schools funding issues:

a) Disapplication requests to DfE: Varying pupil numbers

Use of estimated average pupil numbers for primary schools losing bulge classes or reducing PAN from September 2023

Summary

The LA proposes to apply to the DfE to vary funded pupil numbers for 2023/24 for primary schools reducing PAN or losing bulge classes, so that 2023/24 funding takes into account those reductions. This is in line with Surrey's practice in recent years, although the potential impact of the former is greater in 2023/24

Background

A "disapplication" request to the DfE is required in order to fund a school for lower pupil numbers than its most recent October census count. For several years, Surrey has applied to amend funded pupil numbers where a primary school is losing a bulge class or where there has been a reduction or other change in PAN such that fewer classes are required, so that funding from September excludes the leaving bulge class or pupil losses due to the reduction in PAN.

When submitting an application, the LA is expected to consult those schools affected and the Schools Forum and to report the views of both to the DfE. The deadline for requests to the DfE is 10 October if a decision is to be received by December. The number of schools involved is higher this year than in recent years, and the level of objection has been appreciably higher.

Any reduction in funding from use of estimated pupil numbers has usually been taken into account in setting the growing schools budget for the following year. The level of growing schools fund allocation to Surrey in 2023/24 will not be known until December. The commitments against it cannot yet be known with any certainty either.

It is not yet clear whether similar variations will be possible once the direct NFF is implemented, although it is probably unlikely.

Loss of bulge classes

The logic of the adjustment to pupil numbers for bulge classes leaving is that

- the reduction in pupil numbers is one which can be planned for, over and above the normal year on year variation in pupil numbers which occurs in most schools;
- bulge classes are funded from September in the year in which they were admitted, rather than from the following April, so that the school has already received three, four or seven full years' full funding (infant, junior or primary)

- When bulge classes were opened, they were time limited (i.e. schools never had any expectations that they would continue once the original bulge group left the school).

For 2023/24 the LA is proposing to use average pupil numbers in respect of 14 schools which are losing bulge classes, at an estimated “saving” (to be recycled) of £612,000. Responses from those schools can be summarised as follows:

Agreed/no comment: 9

Requested special arrangement:1

No response: 4

Reduction in PAN

Where there is a reduction in PAN the situation may be slightly more complex i.e, several scenarios may be considered which in principle could be subject to different rules:

- It may arise as a result of a reorganisation (e.g. realignment of infant/junior provision), where in effect a group is being moved from one school to another within the local area, and the new school is increasing PAN or extending age range. In this case the LA may have a commitment to fund another school for growth which is not true growth in the area, and even if it counts as such in the DfE growth funding calculation, that will not cover the full cost. In 2023/24 the LA is proposing to vary funded pupil numbers for one school in this category (estimated sum £33,000, no objections raised);
- It may be intended to remove surplus capacity- which is sometimes already vacant when the PAN is reduced. Thus some reductions in PAN mean a future loss in pupils, whereas others merely confirm a loss of pupils which has already occurred. The timing of a formal reduction in PAN may affect whether a school’s funding would be subject to adjustment as above, and the number of years for which such a reduction may be considered. Where pupil numbers in the affected year groups already fall below the new PAN, there would be no reduction in funding compared to October census data.

This is a category which really only arose from 2021/22 onwards, and the number of schools affected in 2023/24 is much higher than in previous years.

In 2023/24 the LA is considering changes in respect of ten such schools (£231,000) and it is from this group that the significant objections have originated;

- Occasionally there are multiple simultaneous changes in PAN in a single school, which are too complicated for changes to be proposed, although there may be a case for one.

Where a reduction in funded pupil numbers is proposed under any of the above categories, it has reflected only the loss of the bulge class or the change in PAN (i.e. those changes which would not occur in any other school). For example, if there

were 45 pupils in a leaving group and the new entry PAN was 30, the school's funded pupils would be reduced by $(45-30) \times 7/12 = 8.75$. However, it is accepted that in some schools there could be a simultaneous increase in pupil numbers in other year groups. If supporting the proposal, the Forum may wish to consider whether any reduction in funded pupil numbers should be offset in part by any increase in pupils in other year groups (which would mean that the reduction in funded pupils would be the lower of the loss resulting directly from the PAN change/bulge class loss and the overall loss in year R-6, if any), which would reduce the loss for some schools. For the avoidance of doubt, the LA is not routinely allowed to fund "casual growth" or "popular growth" (ie within PAN) in year.

Summary of impact of proposed changes in 2023/24 (reduced cost to LA) at 2022/23 funding rates

	Number of schools	LA impact £000
Bulge classes	14	612
Reorganisation	1	33
Other PAN reductions	10	231
Total	25	876

The annex summarises the main points raised by schools objecting to the proposals, and the illustrative financial impact on the individual schools.

Any further responses by schools will be summarised at the meeting.

Action requested of the Forum

To support an application to DfE to vary funded pupil numbers for the 14 schools losing bulge classes in July 2023

To support an application to DfE to vary funded pupil numbers for the school whose second PAN has been deleted as part of a local reorganisation.

To consider whether to support applications to DfE in respect of the other ten schools subject to reductions in PAN in September 2023

To consider whether to offer any recommendations on future applications.

Annex to item 6(a)

Numbers of schools affected by variations in funded pupil numbers in recent years

	2019/20	2020/21	2021/22	2022/23	
Lose bulge class	14	7	9	9	
Local reorganisation	0	0	0	2	
Other reduction in PAN	0	0	2	4	

Financial impact on individual schools with reductions in PAN affected by the proposals (NB these are the estimated impact on the schools, based on May 2022 data and 2022/23 funding rates. They do not add up to the total impact on the LA because of the differing funding years for maintained schools and academies)

School	reduction in funded pupils	est cash reduction 2023/24 £	Est % of budget
School A	5	10,800	2.20%
School B	14	31,200	2.80%
School C	25	97,500	14.66%
School D	20	79,700	5.74%
School E	9	38,800	1.94%
School F	4	16,900	1.34%
School G	20	92,400	3.81%
School H	6	23,200	2.64%
School I	13	51,100	4.06%
School J	14	54,000	10.23%

Note : some schools would see reductions in funding for several consecutive years under the proposed policy, although the amount would vary from year to year. These are typically schools in which most year groups are not full.

Cash reduction is relative to being funded on Oct 2022 pupil numbers in the normal way and is an estimate at this point, which will be updated when Oct 2022 and Oct 2023 census data is known.

All based on estimated pupil numbers and 2022/23 funding rates (including schools supplementary grant)

Issues raised by schools objecting to the proposal: summary

That the proposal is at variance with the principle of funding on lagged pupil numbers and that there is no “compelling evidence to justify it”

That the purpose of lagged funding is to protect schools against losses in pupil numbers (planned or otherwise)

That it is not fair to adjust numbers for a PAN reduction without providing in year funding for all year on year increases (the latter is definitely outside current rules)

That it will cause the school's financial recovery plan or three year budget to be undeliverable

That it discourages schools from taking action to reduce PAN and thus to stabilise the system for all, and in effect rewards those who take no action

That the possibility of such reductions was not discussed when the school agreed to reduce PAN

That insufficient notice was given to allow the school to take it into account in financial planning

That the proposal does not take the latest census data into account.

That other schools will not be funded in year for pupil number increases arising from the reductions in PAN in the schools subject to the proposed reductions in funding

That the school's incurred additional costs through LA delays in agreeing to a reduced PAN

That all schools are under such financial pressure as a result of recent cost increases that this ought not to be pursued.

b) Falling rolls funding: proposed special case for relocated school

Summary

The Forum is asked to support, in principle, the limited use of falling rolls fund for a school moving sites onto a new housing development, where the move may result in a short term dip in pupil numbers. This additional funding may be required from 2024/25 onwards, subject to a decision at the time and to funding regulations at the time.

Background

LAs are allowed to provide “falling rolls” funding for schools experiencing a fall in pupil numbers, where a school’s most recent OFSTED grading was good or outstanding and where the places are likely to be required within three years of the end of the funding period in which falling rolls funding is given. Surrey does not currently use a falling rolls fund, not least because it is often difficult to identify accurately schools where a fall in rolls is for the short term only.

The LA is proposing to use falling rolls funding for the specific case of a school (it happens to be an academy) which is consulting on a move from its existing site to new buildings on a new housing development, which is some distance from its current site. This will provide school places for the new development, but it means that the school is no longer local to its current community, and it may mean that some existing pupils leave the school rather than moving to the new site. This may mean a loss in pupils if the housing development does not immediately generate sufficient pupils to offset the loss of existing pupils to nearer schools. Thus the situation can be distinguished from the general widespread impact of falling rolls. The school’s capacity would not change and the move is proposed for September 2023 and thus, if implemented, would affect funding from September 2024.

Officers suggest that funding could be provided for up to three years from Sept 2024 for vacancies which could reasonably be attributed to the move eg

- Number in year group is lower than before the move and
- Pupils who left are known to have moved to other schools.

In principle a similar situation may occur with other schools, but it is expected to be rare, as it has been unusual for mainstream schools to move to new sites outside their existing community.

Action requested of the Forum

The Forum is asked to support this proposal in principle. If the proposal is pursued, the Forum will be asked to approve a specific detailed proposal next year, for implementation in 2024/25, subject to compatibility with the funding regulations in place at the time.