

Committee:	School Forum
Meeting Date:	21 May 2015
Title:	Growth Paper
Author:	Lea Minnican
Decision making / consultative / information:	Decision Making
Who can vote?	All voting members of the Schools Forum

What is the Forum being asked to decide?

1. The Forum is being asked to agree to change the Growth Policy to give additional funding to the set-up of new schools, as outlined in paragraph 16 to 22. If accepted this policy would retrospectively start from the 1st April 2015.

2. Agree to a reduction to the AWPU in 2016/17 to provide the additional funding required for the policy. This would approximately equate to recurring £6.49 reduction to the AWPU for all schools in the 2016/17 pro-forma. It would also result in a cost pressure in 2015/16 that would need to be funded in 2016/17 non-recurrently.

Reason for recommendation

3. We are facing unprecedented demand for new schools in Suffolk over the next five years. Population is growing, particularly for primary age children and new housing development in parts of the county is putting increasing pressure on schools. The Council's three year capital programme includes nine new primary schools over the next three years.

4. All new schools will either be academies, free schools or church schools. This is government policy and there is no leeway for Suffolk to adopt a different approach. This means that most new schools will have academy sponsors, which adds to the complexity and to the cost as there will be costs incurred by academy sponsors in their work to develop the schools.

5. We also need to make Suffolk an attractive place to open new schools to attract good quality academy sponsors. From our conversations with Academy sponsors it is clear that the start-up funding package offered is an important factor.

6. The Schools Forum amended the growth paper in January 2014 to include a provision for the set-up of new schools and for schools that are facing significant growth. This decision was taken in light of the reduced capital funding available and the changes to the capital accounting rules.
7. Suffolk has opened three new schools in the last few years, Suffolk One, Pakefield and Trinity. All have opened with a deficit and the idea has been that as the pupil numbers increase at the school they would pay back the deficit. Our experience from working with these schools is that they have often struggled to pay back the deficit and in all cases the repayment period has had to be extended which has an ongoing effect on the pupils attending the school. This model was not popular with schools as they felt the sum they were required to be in deficit by was unreasonable. However academies, which will be the majority of all new schools, operate under a different financial regime and are not allowed to have deficits. It will therefore no longer be possible for new schools to use a managed deficit to cover start up costs.

Alternative options

8. The Schools Forum could vote to keep the policy as it is, however Suffolk runs the risk of not being able to attract sponsors to run new schools, or of newly opened schools being unsustainable and providing low quality education.
9. The Forum could challenge or amend the figures proposed, and suggest alternative values.
10. The Forum could task the RAWG to review centrally retained funding to see if any areas could be reduced to provide the additional funding needed to cover the increase in the growth budget. However the RAWG recommended against this option as most central funding supports maintained schools so they felt it would unfairly disadvantage maintained schools.

Who will be affected by this decision?

11. All new schools opening in Suffolk.
12. All Schools including Academies will be affected by the decision. If we amend the growth policy we will have to adjust the amount held back to fund growth in future years, the current growth pot was insufficient last year and is predicted to be overspent again in 2015/16, therefore if the policy is changed to increase the funding given to new schools then the pot will have to be increased to cover the increased costs.

Main body of the Report

13. The schools Forum will be aware that £1.2m is held back each year to fund growth within schools, this pot also funds significantly growing schools and new schools in setting up. In 2014/15 this pot overspent by £400k.

Growth 2014-15	
	Actual Spend
Growth pot	£1,280,000
New Class Funding	731,808
Low level basic need	26,147
SOR School	180,000
Significant Growth	443,812
Year 7 and Year 8 additional funding	133,315
New School Funding	147,116
Other	24,979
	1,687,177
Potential deficit	- 407,177

14. The current estimate for 2015/16 is that the pot is likely to overspend by £270k this could go up to £668k if we had the pay for the three new schools classroom and block allowance in 2016/17. Our current estimate is that only the start-up funding would be paid in 2015/16 and the set-up allowances the following year. We are also working on the basis that there will be no significant growth of existing schools in 2015/16. The figures are below.

Growth Affordability 2015/16		
	Estimate	
Growth pot	£1,280,000	
New Class Funding	£709,160	Based on 20 classes @ £35,458
New Class Funding Secondary Schools	£70,916	2 @ £35,458
Low level basic need	£30,000	Assumed same spend at 2014-15
SOR School	£295,000	Based on on 59 classes (33 BSE, 26 Stow)
Significant Growth		Assumed no Significant growth in 2015/16
Year 7 and Year 8 additional funding	£75,000	Potential for increased pupils in Stow area
New School Funding	£345,000	Start up funding only, classroom and block allowance would fall into 2016/17
Other	£25,000	Estimate based on 2015/16 spend
	£1,550,076	
Potential deficit	-£270,076	
Worst	-£667,576	If we had to pay block and classroom allowance in 2015/16

15. This is without any change to the policy, and if the policy was changed further funding would need to be provided to allow it to be securely funded.

16. The Schools Infrastructure Team has been working with the Academy Sponsor NET on the new Bury Secondary School. This sponsor is deemed to be reasonable and has a good reputation for attainment so is the type of sponsor we are hoping to attract to Suffolk. The sponsor has highlighted the start-up funding is insufficient to meet the pre-opening costs and the setting up of the school with equipment and unlike a maintained school an academy is unable to open with a deficit. The proposals below are informed by these discussions, and we believe is a reasonable compromise between the aspirations of the academy sponsor and a sum that is realistic and affordable in Suffolk.
17. If agreed this policy would apply to the new Bury High school and the nine new primary schools opening over the next three years.

Setting Up Funding

18. The current policy is basic classrooms are funded at £5k per class and specialist classrooms £7.5k per class. Then Primary schools receive a block allowance of £25k and secondary £50k.
19. The proposal would be to keep the above the same but allow an additional £100 per pupil for ICT costs. This would cover the cost of wireless set up, hosting, back up services and for the costs of ICT equipment for the office staff and for leasing photocopiers which will need to be in place at the school before pupils start and a school budget is generated.
20. This increase would cause an additional cost pressure in 2015/16 of £73.5k as this would need to be paid in advance.

Start-up funding

21. Annex A shows the current start-up funding for primary and secondary and compares this to the start-up funding the Schools Infrastructure Team and the sponsor believe is required. The employment costs for the sponsor are based on salary plus 17%.
22. The main difference is increasing the site manager from 1 month to 2 months, 6 months of a FTE admin officer and £57.5k start-up costs for Secondary and £45k for primary. The start-up costs equate to £2.5k per month for 23 months for secondary and 18 months for primary this funding is to cover office and admin costs, prospectus, publicity, admissions, governing body and contracting costs for equipment that will need to be on site before pupils start at the school.
23. This would result in start-up funding increasing from £165k to £259.5k an increase of £94.5k for secondary and start-up funding increasing from £115k to £191k an increase of £76k for primary.
24. This would cause an additional cost pressure in 2015/16 of £228k, which is three lots of the additional start-up funding for primary.

Impact

25. The total increase for 2015/16 of this change in policy would be £301.5k, which when added to the existing predicted overspend would result in a forecast overspend of £571.5k for 2015/16.
26. However this increase may be temporary and the pot would need to be reviewed each year to see if the overall pot could be reduced. As we come towards the end of SOR, the SOR funding and Year 7 & 8 pupil funding will drop out. Also with the building of the new primary schools we may also see a reduction in the low level basic need and new class funding as the pupils are directed to the new schools.

Heading	Suffolk Current policy - Secondary		Proposed Secondary Policy		Suffolk Current policy -Primary	Proposed Primary Policy
	Resource	Funding	Resource	Funding	Funding	Funding
Headteacher	1 FTE - 8 Months	72,000	1 FTE - 8 Months	78,000	48,000	52,000
Business manager	1 FTE - 4 Months	14,000	1 FTE - 4 Months	18,000	11,000	13,000
Deputy Head	1 FTE - 4 Months	28,000	1 FTE - 4 Months	32,000	22,000	24,000
Site Manager	1 FTE - 1 Month	3,000	1 FTE - 2 Months	8,000	3,000	8,000
Admin Officer			1 FTE - 6 Months	18,000	-	18,000
Recruitment Costs		15,000		15,000	10,000	10,000
Start Up Costs				57,500	-	45,000
Non pay costs		30,000		30,000	20,000	20,000
Misc		3,000		3,000	1,000	1,000
Total		165,000		259,500	115,000	191,000
Increase				94,500		76,000