



## Schools Forum

Date: 22 November 2018

Time: 8:30 a.m.

Venue: Shrewsbury  
Training and Development  
Centre

Paper

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Public

## Growth Funding 2019-20

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### Summary

Growth funding enables local authorities to support schools with significant in-year pupil growth which is not otherwise immediately recognised by the lagged funding system.

Growth funding for schools is provided within local authorities' schools block National Funding Formula (NFF) allocations. For 2019-20 growth funding will be allocated to local authorities using a new formulaic method based on lagged growth data. Shropshire's notional growth fund allocation for 2019-20, based on historic lagged data, is £604,000.

The growth fund can only be used to:

- Support growth in pre-16 pupil numbers to meet basic need
- Support additional classes needed to meet the infant class size regulation
- Meet the costs of new schools

Schools Forum agrees the total growth fund.

### Recommendation

That Schools Forum agree:

- The total growth fund for 2019-20, as proposed in paragraph 15 of this report; and
- The approach for distributing the growth fund to individual schools in 2019-20 as recommended within this report, as proposed in paragraph 16 of this report.

## REPORT

1. Growth funding enables local authorities to support schools with significant in-year pupil growth, which is not otherwise immediately recognised by the lagged funding system.

2. Growth funding for schools is provided within local authorities' schools block NFF allocations within the Dedicated Schools Grant (DSG). Shropshire did not receive growth funding in 2018-19 as it was based on historic growth spending by local authorities. For 2019-20 the Department for Education (DfE) has developed a formulaic method for distributing growth funding to local authorities through the schools block of the DSG based on lagged pupil growth data.
3. Growth allocations for 2019-20 will be based on pupil data from the October 2018 census and local authorities will receive details of actual growth funding allocations as part of their DSG allocations in December 2018.
4. The DfE will be measuring growth within local authorities at middle layer super output area (MSOA) level to detect 'pockets' of growth. Growth will be measured by counting the increase in pupil numbers in each MSOA in the local authority between the two most recent October censuses. Only positive increases in pupil numbers will be included.
5. For each local authority the growth factor will allocate £1,370 for each primary growth pupil, £2,050 for each secondary growth pupil and £65,000 for each brand new school that opened in the previous year. The DfE do not expect local authorities to use these rates in their local arrangements for funding growth. The growth factor in the national funding formula is a proxy for overall growth costs at a local authority level. There is no expectation that local authorities' spending on growth will necessarily match precisely the sum allocated to them for growth.
6. In 2019-20, the first year of the formulaic approach for growth funding, the DfE will include protections for local authorities losing growth funding and scale local authority growth gains to a maximum increase of 50% compared to their 2018-19 growth allocation. As Shropshire received no growth funding in 2018-19, our 2019-20 growth allocation will be scaled to 50% of the full formulaic value. Shropshire's notional growth allocation provided by the DfE based on October 16 and October 17 census data, including the 50% scaling, is £604,000.
7. As the growth funding is within the schools block, a movement of funding from the schools formula into the growth fund would not be treated as a transfer between blocks. The Schools Forum needs to agree the total growth fund.
8. The growth fund can only be used to:
  - Support growth in pre-16 pupil numbers to meet basic need
  - Support additional classes needed to meet the infant class size regulation
  - Meet the costs of new schools
9. Local authorities are responsible for funding these growth needs for all schools in their area, for new and existing maintained schools and academies. Local authorities should fund all schools on the same criteria.
10. 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.

11. The growth fund may not be used to support:
  - Schools in financial difficulty
  - General growth due to popularity; which is managed through lagged funding.
12. Local authorities are required to produce criteria on which any growth funding is to be allocated, which must be agreed by Schools Forum. The criteria should provide a transparent and consistent basis for the allocation of funding, which may be different for each phase.
13. Compliant criteria would generally contain some of the features set out below:
  - Support where a school or academy has agreed with the authority to provide an extra class in order to meet basic need in the area (either as a bulge class or as an ongoing commitment)
  - Additional support where a school has extended its age range (the majority of funding would be paid through the funding formula where the local authority should seek a variation in pupil numbers)
  - Support where a school has temporarily increased its admission numbers (PAN), by a minimum number of pupils, in agreement with the authority
  - Support for KS1 classes where overall pupil numbers exceed a multiple of 30, by a minimum number of pupils
  - Pre-opening costs, initial equipping allowance, or diseconomy of scale allowance, for new maintained schools and academies; including new academies where the school is opening in response to basic need.
14. Methodologies for distributing funding could include:
  - A lump sum payment with clear parameters for calculation (usually based on the estimated cost of making additional provision for a new class, or the estimated start-up costs)
  - A per pupil rate (usually based on AWPU, and reflecting the proportion of the year which is not funded within the school's budget share)
  - A per pupil rate, with a maximum ceiling.
15. Local authorities should report any unspent growth funding remaining at the year end to the school forum. Funding may be carried forward to the following funding period, as with any other centrally retained budget, and local authorities can choose to use it specifically for growth. Any overspent growth funding will form part of the overall DSG surplus or deficit balance.

### **Shropshire's Proposed Growth Fund Criteria 2019-20**

16. It is proposed the actual growth funding within Shropshire's 2019-20 schools block of the DSG is top-sliced and allocated for growth funding to Shropshire schools.
17. The following criteria is proposed for allocating growth funding to Shropshire schools in 2019-20:
  - Where the predicted numbers for a school (excluding nursery classes and Post 16) for the following September show an increase, due to basic need, requiring the running of additional classes they may be able to access additional funding.

- Where schools have chosen to admit above their Published Admission Number (PAN) to meet parental preference from outside their agreed planning area and not basic need they will not be eligible to receive funding from the Growth Fund in recognition that the local authority could have secured places for the children concerned at other schools.
  - The requirement for additional classes or forms of entry will be reviewed on a case by case basis.
  - Allocations will be based on appropriate costs of resourcing additional classes.
  - Initial growth funding requests will be evaluated using Admission data and demographic forecasts to aid schools with budget setting. Where there is uncertainty or disagreement around the predicted pupil numbers, funding will not be allocated until receipt of the actual October census data.
  - In instances where actual growth was at lower levels than original estimates, schools will not be subject to claw-back on any funding already allocated.
  - For maintained schools any growth funding is available to the end of the financial year. For academies any growth funding is available to the end of the academic year.
  - To avoid double funding, any maintained primary school attracting funding from the Growth Fund will not receive funding from the de-delegated pupil growth contingency in that financial year.
18. The Education and Skills Funding Agency (ESFA) will check the criteria for compliance with the regulations.
19. Schools Forum will receive regular updates on the allocation of the Growth Fund and, in exceptional cases, local authority officers may draw on a sub-group of Schools Forum to consider an individual Growth Fund allocation request.