

GROWTH FUND AND NEW SCHOOLS FUNDING CRITERIA 2019/20

To: **Cambridgeshire Schools Forum**

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Purpose: **To provide Schools Forum with the proposed criteria for the Growth Fund and New Schools Funding to be applied from April 2019.**

Recommendation:

- a) Schools Forum are asked to note the national changes to Growth Fund allocations.**
- b) Schools Forum are asked to approve the continuation of the centrally retained Growth Fund at £2.5m for 2019/20.**
- c) Schools Forum are asked to approve the criteria in sections 3.0-3.3 to be applied from April 2019 subject to ESFA approval.**
- d) Schools Forum are asked to approve the amounts for pre-opening and post-opening diseconomies funding as set out in Appendix C to be applied in 2019/20.**

1.0 INTRODUCTION

- 1.1** The following report provides details of national changes to the allocation of funding for Growth to Local Authorities (LAs) alongside the proposed methodology for the local distribution for growth and new schools.
- 1.2** Following national changes to the allocation of the Dedicated Schools Grant (DSG) funding blocks, growth funding is now within the LA Schools Block allocation. For 2019 to 2020, growth funding will be allocated to local authorities using a new formulaic method based on lagged growth data. Further details of the new formula for growth can be seen in **Appendix A**.
- 1.3** In October the Education and Skills Funding Agency (ESFA) published illustrative growth figures based on the new methodology applied to the 2016 and 2017 census data. Following the application of protection the illustrative figures suggest a growth fund allocation of £3.3m. This is compared to an actual allocation in 2018/19 of £2.5m of explicit growth (via the growth fund) and £2.53m of implicit growth (variations to pupil numbers for new schools filling to capacity) funded as part of the Authority Proforma Tool (APT). Therefore based on these illustrative figures there is an approximate differential of £1.7m between the funding generated by the new funding formula and the allocations to support new and growing schools within Cambridgeshire.

1.4 The final allocation for 2019-20 will be based on the changes between the October 17 and October 18 census, and despite a complete version of the census not yet being available, initial analysis suggests little or no change to the allocation shown in the illustrative figures. The main issue appears to be the number of new schools which have opened in the last 5 years, and will be opening in the future. As many of these schools are supporting new communities, with a significant amount of new housing, we have funded on an agreed number of classes to provide capacity, whilst the schools fill year on year. Due to releases of new housing it is very rare a new school will be full in each cohort from the opening date and as such by funding guaranteed numbers it provides the school some level of certainty around funding and staffing levels as pupils are likely to join at any point throughout the initial years of opening. Without recognition of this implicit diseconomies funding, or a standard national approach to funding new schools, this will always result in the existing schools having to subsidise new schools whilst they fill to capacity.

1.5 The above issue was raised with the ESFA and the following response received:

“..we do recognise that the actual amount that local authorities spend on growth will be partly influenced by local factors not captured by our measure, such as local authorities choosing to fund schools based on higher, guaranteed pupil numbers in the way you describe. That is why we are not changing the flexibility local authorities have to decide how to allocate this funding, or to ‘top slice’ their schools block funding to pay for growth, with agreement from their schools forum.

We have listened to feedback about the specific additional costs associated with new schools, and included a lump sum in the growth factor of £65,000 in respect of each new school. We will, of course, continue to consider how we can best account for the costs of new schools going forward.”

1.6 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 legislation. (Please note: The growth fund is not used for this purpose within Cambridgeshire due to the overall cost.)
- meet the cost of new schools. (Pre-opening and diseconomies funding as prescribed in the New Schools Funding Policy.)

The Growth Fund **may not** be used to support schools in financial difficulty.

1.7 The Growth Fund will need to be ring-fenced so that it is only used for the purposes of supporting growth in pupil numbers to meet **basic need** in both maintained schools and Academies. Any growth or expansion due to parental preference/popularity will **not** be eligible to be funded from the growth fund.

1.8 LAs are required to propose the criteria on which any growth funding is to be allocated to Schools Forum for approval. The criteria should both set out the circumstances in which a payment could be made and provide a basis for calculating the sum to be paid. The LA will also need to consult Schools Forum on the total sum to be retained and must update Schools Forum on the use of the funding. It is essential that the use of the Growth Fund is entirely transparent and solely for the purposes of supporting growth in pupil numbers.

- 1.9 Further guidance states that the growth fund should **not** be used to support schools which are undergoing reorganisations to change the age range and /or admitting additional year groups. In these instances LAs should request a variation to pupil numbers to reflect the change in all relevant formula factors and not just a marginal cost or Age Weighted Pupil Units (AWPU) only allocation.
- 1.10 In 2018/19 the growth fund remained at **£2.5m**, with total commitments to date in the region of **£2.55m** (allowing for academy adjustments).
- 1.11 Despite the original proposal to increase the growth fund from £2.5m to £3m, in light of the potential lower allocation from the ESFA it is now proposed to maintain the growth fund at £2.5m for 2019/20. It is recognised that this will require close scrutiny throughout 2019/20 and the criteria as set out in section 3.0 below will need to be applied rigorously to ensure schools do not receive growth funding without certainty around forecast numbers.
- 1.12 In respect of the implicit growth for new schools growing to capacity funded via the APT (Appendix D) the remainder of the amount received from the ESFA will be allocated in the Schools Block, but is likely to impact on the final basic entitlement per pupil as overall funding is scaled down to be within available resources.

2.0 FALLING ROLLS FUND

- 2.1 LAs may also create a small fund to support schools with falling rolls where local planning data show that the surplus places will be needed in the near future. However as there is a mandatory requirement that *“Support is available only for schools judged Good or Outstanding at their last Ofsted inspection”*, Forum have previously taken the view that it was not appropriate to apply such a factor.
- 2.2 Based on previous analysis only one Cambridgeshire school would meet the criteria for falling rolls funding. This will be kept under review on receipt of revised October census information and forecast data, but at this time there is insufficient supporting evidence to justify creating a Falling Rolls Fund in 2019/20.

3.0 GROWTH FUND CRITERIA 2019/20

- 3.1 It is proposed to apply the criteria below in 2019/20 where a school is growing or expanding to meet basic need in their area:
- Where the predicted numbers for a **Primary** School (excluding nursery classes) for the following September show an increase, due to basic need, requiring the running of additional classes or significant restructure they **may be** able to access additional funding.
 - Where the predicted numbers within the LA’s planning area as agreed with the DfE (for the purposes of calculating its basic need funding allocation) for a **Secondary** School for the following September show an increase (excluding Post-16), requiring the School to run one or more additional classes and/or undertake a significant restructure they **may be** able to access additional funding.
 - Where schools have chosen to admit above their Published Admissions Number

(PAN) to meet parental preference from outside of their agreed planning area and **not** basic need they will **not** be eligible to receive funding from the Growth Fund in recognition that the LA could have secured places for the children concerned at other schools.

- Where schools take the decision to extend their admission arrangements to give priority to children attending or in the catchment area of an out-of-county or out-of-area school, they will not be eligible to receive Growth Funding for the pupils concerned.
- In instances where the LA has specifically requested a school to expand to take an additional class to create capacity, but the forecast numbers do not represent the need for an additional class, schools may be able to claim additional funding. The funding will only be payable if the school is unable to reorganise its class teaching structure to meet the request.
- Where the LA has not specifically requested a school to operate an additional class, the school will be required to provide evidence that an additional class or tutor group and/or significant restructure would be required to meet basic need. (Views will also be sought from relevant officers in the Education Directorate and Finance.)
- A class is defined as “additional” if it requires a change in the school’s current or historical class organisation or number of classes. In Primary schools this may result in mixed year teaching where numbers dictate and this is seen as the most prudent option for the organisation of the school as a whole.
- Schools that have historically operated mixed-age classes or have a Published Admission Number (PAN) in a multiple of less than 20 would be normally expected to operate some mixed-age classes. (The Growth Fund cannot be used to reduce class sizes.)
- Should additional pupils be admitted following successful appeals, the expectation is that the school would be able to accommodate these without the need to reorganise or employ an additional teacher.
- The requirement for additional classes or forms of entry will be reviewed on a case-by-case basis. Funding will be allocated based on the requirement for additional support / classes / forms of entry.
- Allocations will be calculated at the following rates:

| Phase | Academic Year | Financial Year (7/12ths) |
|-------------------|-----------------------------|---------------------------------|
| Primary (0.5FE) | £27,000 + £2,000 | £15,750 + £2,000 |
| Primary (1FE) | £54,000 + £4,000 | £31,500 + £4,000 |
| Secondary (0.5FE) | £42,500 + £2,000 | £24,792 + £2,000 |
| Secondary (1FE) | £85,000 + £4,000 | £49,583 + £4,000 |

- **Please note:** The allocations include a £4,000 (pro-rata) allowance towards the cost of resourcing a new classroom. Once agreed these amounts are guaranteed irrespective of actual pupil numbers to allow schools to staff appropriately.
- Initial growth funding requests will be evaluated using Admissions 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.
- No funding adjustments will be made in respect of “missing” pupils in Key Stage 1.

3.2 **Other Considerations**

- Any school with a revenue balance deemed as excessive would **not** be permitted to claim the full value of the additional growth funding. These instances will be reviewed on a case-by-case basis.
- Given that the funding formula now allocates an equal lump sum to all schools regardless of size no further additional funding will be provided to support any changes in leadership structure.
- Where schools are in areas of high growth, support may be provided to allow schools to maintain class structures where there is uncertainty over timescales for the completion and occupation of new housing developments. As these arise, they will be addressed on an individual basis and will be funded using estimates of the number of places required to meet demand from the local planning area as determined by the LA.
- Where the LA supports a school’s decision to extend its age range, additional support will be made available subject to meeting the criteria in 3.1 above.
- All maintained schools funding is only guaranteed for the financial year to which it relates. Future years funding will be assessed annually during the budget setting process.

3.3 **Academies** will take account of the additional guidance in **Appendix B** and be subject to the same criteria as above with the following additions and amendments:

- Where an academy is expanding due to parental preference rather than basic need the academy can bid directly to the ESFA, rather than being funded from the LA Growth Fund.
- Any funding allocated would be for the full academic year as original funding is based on the previous October Census. This would be subject to confirmation of actual funded numbers from the ESFA and would be calculated on receipt of the October Census at the start of the new academic year.

DfE additional guidance states:

“Where academies are funded on estimates, however, there is no need for them to access the growth fund for this purpose. This is because they will receive additional funding through a pupil number adjustment for actual numbers. We will identify academies funded on estimates in the January edition of the APT. Around 90% of former non-recoupment academies are funded on estimates.”

4.0 NEW SCHOOL FUNDING CRITERIA 2019/20

- 4.1 Where a new school is due to open, the regulations require that local authorities should estimate the pupil numbers expected to join the school in September and fund accordingly, explaining the rationale underpinning the estimates. Under these regulations, local authorities should estimate pupil numbers for all schools and academies, including free schools, where they have opened in the previous seven years, and are still adding year groups. Local authorities can adjust estimates each year, to take account of the actual pupil numbers in the previous funding period. For academies an allocation of funding is recouped from each LA and following formula replication by the ESFA an annual grant allocated.
- 4.2 Pre-opening costs and diseconomies funding in respect of new basic need academies is also payable from the Growth Fund. Details of the current amounts payable can be found in the New Schools Funding Policy (**Appendix C**), which is also subject to approval on an annual basis.
- 4.3 This funding must be made available to new basic need academies on the same basis as maintained schools, including those funded on estimates – the only exception is that the ESFA will continue to fund start-up and diseconomy costs for new free schools where they are not being opened to meet the need for a new school as referred to in section 6A of the Education and Inspections Act 2006.
- 4.4 The table at **Appendix D** below shows proposed estimates for new school funding for the 2019/20 financial year to be submitted as part of the budget submission to the ESFA in January. **Please note:** All of these figures are to be confirmed on receipt of the October 2018 census and forecast data.

5.0 AMENDMENTS TO FUNDING CRITERIA

- 5.1 It is possible to amend the above Growth Fund criteria during the year where this becomes necessary; however the revised criteria must be submitted to the ESFA for compliance checking and must also be approved by Schools Forum before the revised criteria can be implemented.

| Source Documents | Location |
|---|---|
| National Funding Formula for Schools and High Needs: 2019 to 2020 | https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/728273/National_funding_formula_policy_document_-_2019_to_2020_- |

| | |
|--|---|
| <p><i>Schools Revenue Funding 2019 to 2020: Operational Guidance</i></p> | <p><u>BRANDED.pdf</u></p> <p><u>https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/730636/Operational_guide_2019_to_2020.docx</u></p> |
|--|---|

Appendix A – ESFA Growth Funding Formula 2019-20

The ESFA will allocate funding to local authorities based on the actual growth in pupil numbers they experienced the previous year. This will ensure that over time local authorities are funded on the basis of the actual growth they experience (albeit on a lagged basis), rather than historic spending decisions.

Growth will be measured within local authorities at middle layer super output area (MSOA) level. We are using MSOAs as these are small enough geographical areas to detect 'pockets' of growth within local authorities. The increase in pupil numbers in each MSOA in the local authority will be calculated between the two most recent October censuses. Only positive increases in pupil numbers will be included, so a local authority with positive growth in one area, and negative growth in another, will not be denied growth funding.

Allocating funding for growth

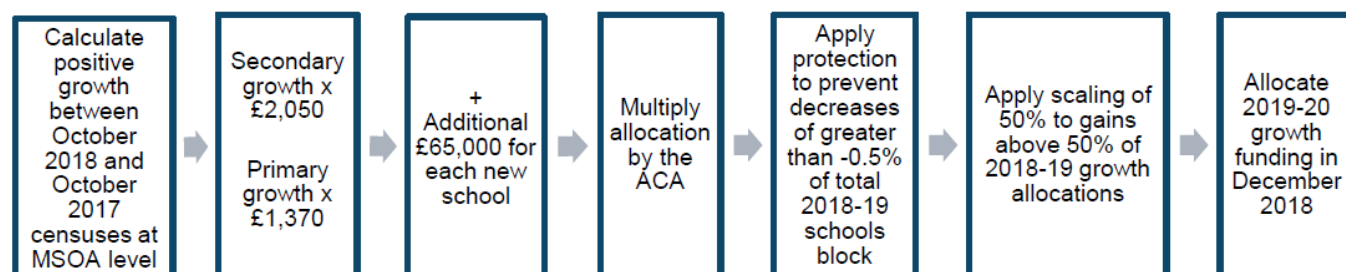
For each local authority, the growth factor will allocate:

- £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 (that is, any school not appearing on the October 2017 census but appearing on the October 2018 census)

These values were set by looking at the amount spent on growth across all local authorities in 2017-18.

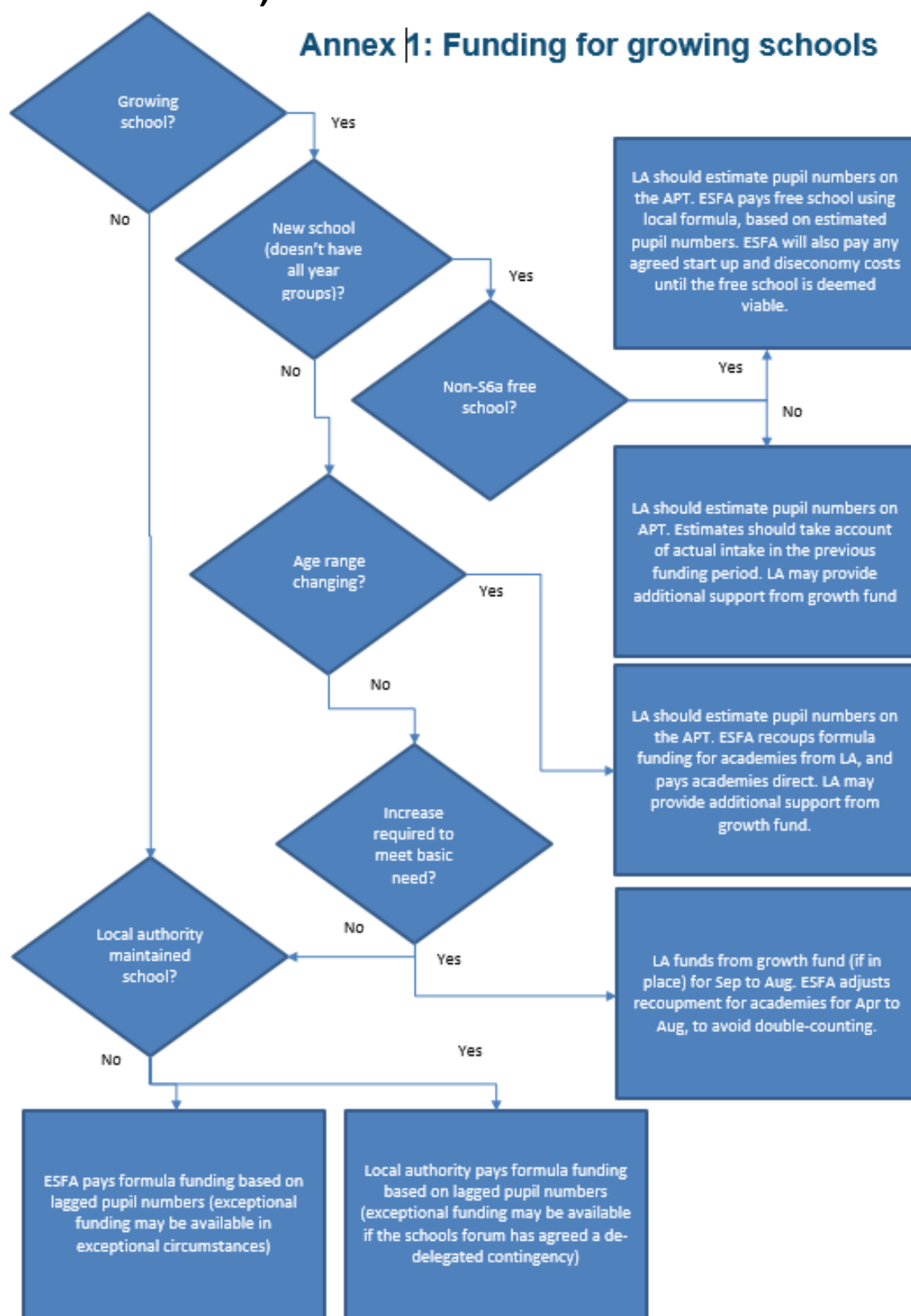
The ESFA do not expect local authorities to use these rates in their local arrangements for funding growth. Local authorities will generally allocate growth funding for a smaller number of pupils (where additional pupils have required an additional class), and will use higher factor values. The growth factor in the national funding formula is a proxy for overall growth costs at local authority level, and not at the level of individual schools.

Equally, they are not illustrating allocations of growth at school level and do not expect local authorities to necessarily use this methodology to decide how much growth funding to allocate to individual schools. Local authorities should continue to make decisions about growth funding locally as they do now. Finally, they not do anticipate that local authorities' spending on growth will necessarily match precisely the sum allocated to them for growth, and they will continue to have the ability to 'top slice' their overall schools block funding to fund pupil number growth.



Appendix B – Funding Flow Chart for Growing Schools (from EFSA Guidance)

Annex 1: Funding for growing schools



Appendix C – New School Funding

Pre-Opening Funding for New Schools

The pre-opening funding is intended to cover all revenue costs up to the opening of the school. Capital costs to secure and develop the school's site, and ICT to support the curriculum, are funded separately for the LA's five year rolling programme of capital investment. Books and other curriculum materials may be purchased before opening, using an advance of the post-opening diseconomies funding.

The pre-opening funding is to cover:

- project management (support to coordinate all work leading to the development of the school);
- staff recruitment (including the head teacher/principal);
- salary costs (which often include the head teacher/principal, finance/business manager and administrative support in advance of opening);
- office costs;

Primary Schools - funding is calculated on the basis of 1 term prior to the date of opening.

Secondary Schools - funding is calculated on the basis of 2 terms prior to the date of opening.

Special Schools - funding is calculated on the basis of 2 terms prior to the date of opening.

In all instances the funding can be accessed earlier, but the total amount to be received remains as detailed below.

| | |
|------------------|-----------------|
| Primary | £50,000 |
| Secondary | £150,000 |
| Special | £130,000 |

Post-Opening Diseconomies Funding

Resources –

Paid annually as the school builds up to capacity –

- £125 for each new mainstream place created in the primary phase (years R to 6)
- £500 for each new mainstream place created in the secondary phase (years 7 to 13)

New places will be calculated annually based on the increases in roll from year to year.

Leadership –

Paid annually based on the number of year-groups that the school will ultimately have. The amount paid to mainstream schools with pupils aged 4 – 15 each year is set out below:

| Year | 1 | 2 | 3 | 4 | 5 | 6 | Total |
|-------------|----------|----------|----------|----------|----------|----------|-----------------|
| Primary | £40,250 | £33,750 | £27,000 | £20,250 | £13,500 | £6,250 | £141,500 |
| Secondary | | | £125,000 | £93,500 | £62,500 | £31,000 | £312,000 |

Please note: *Diseconomies funding for all-through schools serving the 4-15 age range will be considered as and when the situation arises.*

Appendix D - Estimated Pupil Number Adjustments for New Schools 2019/20 – Subject to change prior to final submission.

| School | Year Opened | Estimated Numbers to be funded - April to Aug (5/12ths) | Estimated Numbers to be funded - Sept to Mar (7/12ths) | Total Estimated Numbers to be Funded (5/12ths / 7/12ths) | Comments |
|---------------------------------|--------------------|--|---|---|--|
| The Shade Primary School | Sep-13 | 210.00 | 240.00 | 227.50 | |
| Chesterton Primary | Sep-13 | 180.00 | 210.00 | 197.50 | |
| Isle of Ely Primary | Sep-14 | 300.00 | 360.00 | 335.00 | |
| University of Cambridge Primary | Sep-15 | 390.00 | 480.00 | 442.50 | |
| Trumpington Community College | Sep-15 | 360.00 | 480.00 | 442.50 | |
| Godmanchester Bridge Academy | Sep-16 | 120.00 | 150.00 | 137.50 | Pupils in each year group - Disapplication request required. |
| Ermine Street Primary | Sep-16 | 120.00 | 150.00 | 137.50 | Pupils in each year group - Disapplication request required. |
| Pathfinder Primary | Sep-17 | 150.00 | 180.00 | 167.50 | Pupils in each year group - Disapplication request required. |
| Trumpington Park Primary | Sep-17 | 150.00 | 210.00 | 185.00 | |
| Littleport Secondary | Sep-17 | 240.00 | 360.00 | 310.00 | |
| Wintringham Park | Sep-18 | 60 | 60 | 60 | |
| Northstowe Secondary | Sep-19 | 0 | 120 | 70 | New School – Opening September 2019 |