

## **Cabinet – 20 March 2024**

### **Schools Growth Funding**

<b>Portfolio:</b>	Councillor M. Statham, Education & Skills
<b>Service:</b>	Children's
<b>Wards:</b>	All
<b>Key decision:</b>	Yes
<b>Forward plan:</b>	Yes

#### **1. Aim**

To enable the Local Authority to fulfil its duty to secure sufficient primary and secondary school places, through the adoption of a policy for the application of revenue funding for school growth.

Previously, expansions have been funded from growth funding via the Authority Proforma Tool (APT) – the process for calculating and allocating mainstream school annual budgets. In creating a formal process, it extends our options to fund schools for agreed increased pupil place numbers at different points throughout the financial year.

#### **2. Summary**

The policy sets out criteria for the application of Growth Funding for schools with regard to both planned and exceptional growth resulting from demographic (Basic Need) change within Walsall.

#### **3. Recommendations**

- 3.1 That Cabinet agree to adopt the Schools Growth Funding Procedure (Appendix A).

#### **4. Report detail**

- 4.1 Local Authorities are permitted to retain an element of the Dedicated Schools Grant (DSG) Schools Block funding to support Primary and Secondary schools (including Academies and Free Schools) with significant in-year growth in pupil numbers from Reception to year 11.

Pupil number growth arises from two key sources:

- increased birth rates
- in-year net migration into our schools.

## **DFE Guidance**

- 4.2 DfE guidance states growth funding is allocated through the national funding formula (NFF) within each local authority's school block funding. Unlike the other factors in the NFF, a provisional growth allocation is not published. This is because growth funding is based on the latest pupil data, recorded in the October 2023 census. Instead, each local authority's growth allocation is included in the dedicated schools grant (DSG) published in December. However, local authorities can use the growth funding calculator to input estimated pupil numbers in the October 2023 census and forecast growth funding in advance.
- 4.3 The methodology to calculate growth funding was introduced for the 2019/20 financial year and has remained the same for the 2024/25 financial year. This means it will be based on the observed differences between the primary and secondary number on roll in each local authority between the October 2022 and October 2023 school censuses. Growth is measured at the middle layer super output area (MSOA) within each local authority – these are [areas used by the Office for National Statistics \(ONS\)](#), based on population data, which allow us to capture growth in small geographical areas within local authorities.
- 4.4 The growth allocation for each local authority will be £1,550 per new primary pupil and £2,320 per new secondary pupil, plus a lump sum of £76,195 for each brand new school (these are new schools identified from the latest census data). Allocations are subject to an area cost adjustment (ACA). These values have increased by 2% compared to last year.
- 4.5 As growth funding is within the school's block, a movement of funding from the schools block into the growth fund would not be treated as a transfer between funding blocks. However, Schools Forum must be consulted on and agree, the total size of the growth fund. In addition, it should be consulted before any expenditure from the growth fund, is incurred.
- 4.6 A growth policy may differentiate between school phases but applies equally to mainstream schools and academies. Growth funding does not apply to special schools where growth is addressed through the place commissioning process.
- 4.7 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 revenue cost of new schools;
  - meet revenue costs, for schools, of removing or repurposing surplus places.

4.8 From 2024/25, local authorities will need to provide growth funding where a school or academy has agreed with the local authority to provide an extra class to meet basic need in the area (either as a bulge class or as an ongoing commitment).

4.9 The growth fund must not be used to support:

- schools in financial difficulty; any such support for maintained schools should be provided from a de-delegated contingency.
- general growth due to popularity; this is managed through lagged funding. This includes cases where academies have admitted above pupil admission numbers (PAN) by their own choice.

4.10 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. Where growth occurs in academies that are funded by Education and Schools Funding Agency (ESFA) on estimates, ESFA will use the pupil number adjustment process to ensure the academy is only funded for the growth once.

4.11 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.

4.12 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.

4.13 The DfE expect that the growth fund may not be the most appropriate source of funding for growing schools and they expect local authorities to use varying pupil numbers where there is a more permanent and significant change to numbers, and where it's appropriate for the change to be reflected in the funding formula

4.14 DfE guidance sets out features of compliant criteria for growth funding as follows:

- support where a school or academy has agreed with the local authority to provide an extra class 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 pupil admission numbers (PAN), by a minimum number of pupils, in agreement with the local 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

4.15 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 age-weighted pupil unit (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

4.16 None of the Growth Fund is retained or used by the LA for any other purposes. Any funds remaining at the end of the financial year may be carried forward to the following funding period 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.

4.17 Recent formal expansions have all occurred in the primary sector to accommodate the increase pupil places for cohorts now entering the secondary phase. The expansions have included Christ Church Primary, Greenfield Primary, Kings Hill Primary, Manor Primary, Old Church CofE Primary, Short Heath Junior, St Giles CE Primary and St Michael's CofE Primary.

4.18 As the bulge in pupil numbers is now transitioning into the secondary sector, the proposal is to update the growth funding policy to reflect the forecast growth required.

4.19 Criteria for allocating falling rolls funding should contain clear objective trigger points for qualification, and a clear formula for calculating allocations. Differences in allocation methodology are permitted between phases.

4.20 Compliant criteria would generally contain some of the features set out below:

- support is available only for schools judged good or outstanding at their last Ofsted inspection (this is a mandatory requirement)
- surplus capacity exceeds a minimum number of pupils, or a percentage of the published admission number
- local planning data shows a requirement for a minimum percentage of the surplus places within the next 3 years
- formula funding available to the school will not support provision of an appropriate curriculum for the existing cohort
- the school will need to make redundancies in order to contain spending within its formula budget

4.21 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 falling rolls.

- 4.22 The funding amount and criteria for both Growth and Falling Pupil numbers must be agreed by Schools Forum in accordance with criteria set by the Department for Education.
- 4.23 Whilst Schools Forum can alter the criteria to accommodate local needs, changes to any mandatory criterion requires DfE consent.
- 4.24 Local authorities are required to produce criteria on which any growth funding is to be allocated, which must be agreed by the School's Forum. The School's Forum must also be consulted on the total size of the growth fund and criteria, from each phase, and should receive regular updates on the use of the funding.

### **Growth Funding and Infant Class Size policy and Procedure**

- 4.25 Walsall has used the relevant guidance issued by the Department for Education (DfE) "Schools revenue funding 2016 to 2017: Criteria for allocating the growth fund, falling rolls fund and targeted high needs funding" to agree the following policy and procedure for allocating additional funding for basic need growth in Walsall. This is set out in Appendix A.
- 4.26 Experience has shown that Growth Fund provision is essential to expanding schools as the admission of significant numbers of additional pupils has clear revenue budget implications for the schools concerned (funding is based upon numbers on roll recorded within the preceding autumn term School Census). Without such provision expanding schools would face a likely shortfall in revenue funding until funding allocations reflect actual numbers on roll in the following financial year.
- 4.27 Growth funds can only be used to support growth in pre-16 pupil numbers to meet basic need, support additional classes needed to meet infant class size regulation and to meet the costs of new schools. These include the lead-in costs e.g. to fund the appointment of staff and purchase of any goods or services necessary in order to admit pupils.

### **Criteria for Growth Funding**

- 4.28 In Walsall any school that meets the criteria below will be assessed for growth funding each year and so this growth (and associated funding) may occur before the PAN has officially increased.

#### **1) Growth Funding Policy for Primary schools (YR to Y6)**

Growth funding would be provided to a primary school where:

- a) The Council agree that exceeding PAN (temporarily) or increasing the PAN (permanently) is necessary to meet population growth, not simply popularity growth or one school's desire to increase capacity. This excludes pupils admitted as a result of an admission appeal.

- b) The Council agree that the creation of an additional class is necessary OR that pupils can be accommodated within an existing foundation class but that this requires additional teaching assistant support to maintain required staffing ratios and is directly related to exceeding PAN.
- c) The Council agree that a school's compulsory school-age range needs to increase. The additional classes created would be funded (e.g. when an infant school is converted into a primary school, the school would be funded for each additional junior class created).

Where an additional class is required in a specific area, but agreement is unable to be reached to fund one individual school; the funding allocation may be split between two or more schools. If a school meets the criteria above, growth funding will only be provided for the first academic year that the additional class is created.

The growth funding provided would be calculated based on the agreed increase in schools admission number for its intake cohort in an academic year x 7/12ths x AWPU rate.

## **2) Growth Funding Policy for Secondary schools (Y7 to Y11)**

Growth funding would be provided to a Secondary school where:

- An increase in pupils of more than 5%, measured by the agreed increase in schools admission number for its intake cohort in an academic year, adjusted by the number on roll (NOR) in the preceding October Census x 7/12ths x AWPU rate. This is because the school will have already received funding via the mainstream funding formula for the number of pupils on roll in the preceding October census.

### **Schools Forum**

- 4.29 A paper will be taken to Schools Forum with a copy of this Cabinet Paper and Appendix A on 5 March 2024, proposing the instatement of a Growth fund policy in Walsall. Any recommendations or alterations following Schools Forum will be reported and shared with Cabinet in line with this paper.
- 4.30 Any funds remaining at the end of the financial year would be reported to Schools' Forum and would be added to the following year's DSG. Any Growth Fund must be employed on the same basis for the benefit of both maintained schools and academies.
- 4.31 In order to ensure transparency, it is proposed that the use of any Growth Fund would be reported to Schools' Forum on a periodic basis as part of standard reports detailing the use of the DSG.

## ***Council Plan Priorities***

- 5.1 Providing sufficient school places in the borough is in line with the council corporate plans, to ensure children and young people have access to high quality education and training opportunities and that schools are more inclusive.

## ***Risk management***

- 5.2 The provision of good quality places will enable the Council to meet its statutory duty to ensure that there are sufficient school places to meet the increasing demand for school places in the area.

## ***Financial implications***

- 5.3 Growth funding forms part of the Mainstream Schools Block Unit of DSG which for 2024/25 totals £282.959m. The amount of funding attracted based on numbers of pupils totals £279.103m, with the value per primary pupil being £5,369 and £6,969 per secondary pupil. In addition, the Schools Block has attracted £2.371m relating to premises costs and £1.485m pupil growth funding.

The growth funding is allocated to LA's using the formulaic approach, based upon lagged growth data, for example, 2024/25 funding will be based on the difference between October 2023 census and October 2022 census.

Walsall are proposing to ring fence the full £1.485m for growth funding as suggested by the DfE. This will then be passed on to schools meeting the criteria as per the proposed growth fund policy.

The growth funding paid to schools will be calculated based on the agreed increase in schools admission number for its intake cohort in an academic year x 7/12ths x AWPU rate. (To note, the AWPU rate for secondary key stage 3 school placements for 2024/25 is £5,032.45 per child.) This will provide funding to support the additional children in the school from September to March. Ongoing funding will then be provided through the annual mainstream schools funding formula.

Academies budgets are annualised and therefore funding to support growth would be agreed for the following 12 months (September to September) however this would be funded from the growth funding allocation across 2 different financial years (e.g. funding for September 2024 – September 2025 would be funding 7/12<sup>th</sup> from 2024/25 growth fund and 5/12<sup>th</sup> from 2025/26 growth fund.)

Updates on the spend to date and funds remaining will be shared with Schools Forum on a regular basis and any unspent funds at the end of the financial year will be carried forward to the following year to support further future growth.

### ***Legal implications***

5.4 No legal implications to this report.

### ***Procurement Implications/Social Value***

5.5 No implications from this report.

### ***Property implications***

5.6 No implications from this report.

### ***Health and wellbeing implications***

5.7 No implications from this report.

### ***Reducing Inequalities***

5.8 It is of crucial importance to the Council's strategic objectives that the young People of Walsall can access the right provision to meet their need to achieve the appropriate qualifications, progressing to employment and / or training and to make a positive contribution within the Borough in the future.

### ***Staffing implications***

5.9 No implications from this report.

### ***Climate Impact***

5.10 No implications from this report

### ***Consultation***

5.11 This paper has been brought to Cabinet following internal consultation with Council representatives, directors, and the portfolio holder for Children's Services.

## **6. Decide**

The introduction of a growth fund is necessary to support growth of school places to meet the demand for pupil places across the borough.

## **7. Respond**

Subject to approval, the growth funding policy would be implemented across Walsall.

## **8. Review**



In line with DFE guidance, annual reviews of the growth funding will be undertaken.

### Appendices

- Appendix A - Growth Funding and Infant Class Size policy and Procedure

### Background papers

- DFE Guidance – Growth and falling rolls fund guidance: 2024 to 2025.

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Signed



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22<sup>nd</sup> February 2024

Signed



Councillor Statham  
Portfolio holder

12<sup>th</sup> March 2024