



North Tyneside Council

Financial Services
Quadrant, The Silverlink North, Cobalt Business Park, North Tyneside, NE27 0BY
Tel: (0191) 643 5800

Briefing note

To: Schools Forum Sub-Group **Author:** Claire Emmerson / Noel Kay

Date: 8 September 2020

Purpose of the Paper:

Information

Consultation

Decision

√
√
√

Title of Briefing: Growth Funding Allocation Methodology

Background

At the meeting on 16 January 2020 Schools Forum were advised that in accordance with the guidance relating to the Schools block, the Authority can set aside funding to support growth. 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. From 2019/20 growth funding was allocated to local authorities using a new formulaic method based on lagged growth data. North Tyneside's notional growth fund allocation for 2020/21, based on historic lagged data, is £0.745m. Schools Forum approved the Authority's proposal to create a Growth Fund of £0.250m to support schools where Growth in pupil numbers requires additional funding and where this growth meets the criteria set out by the DfE.

The creation of the Growth Fund requires Schools Forum to agree criteria for the administration and distribution of the funding. A Sub-Group of Schools Forum was tasked to propose a suitable policy for this in a similar way to which the Falling Rolls and Schools in Financial Difficulty policies are administered and distributed.

Government Guidance

Growth fund allocations are governed by the guidance provided by the Education & Skills Funding Agency (ESFA) and notes conditions / criteria regarding the application of such, the main stipulations within the guidance note:

The growth fund can only be used to:

- support growth in pre-16 pupil numbers (excluding nursery classes) to meet basic needs;
- support additional classes needed to meet the infant class size regulation; and
- meet the revenue cost of new schools.

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.

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.

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.

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; and
- general growth due to popularity; this is managed through lagged funding.

Proposed methodology for allocating funds for pupil growth in existing North Tyneside schools

Growth funding is applicable to pre16 growth in mainstream schools. It is appropriate to update Schools Forum of the criteria and to refresh it in accordance with the latest Schools Admissions Code and the Schools revenue funding 2020 to 2021 Operational Guidance.

The local authority is required to publish the methodology used to provide additional growth funding to schools and academies and it must be applied in the same way regardless of the type of school.

Growth funding will apply where a school/academy:

- has increased its PAN, or agreed to admit over PAN at the request of the authority, to provide an extra half form of entry or greater to meet basic need in the area (caused by general population growth or housing development) as an on-going commitment;
- has agreed with the authority to provide a number of places as a bulge class as a consequence of school reorganisation or to meet short term additional needs;
- where a new school is built or an existing school increases number of year groups, at the request of the Authority, to meet growth in the area additional funding will be allocated until the school reaches normal occupancy; and
- Funding is triggered where the agreed increase in pupils exceed 15.

Growth funding will **NOT** apply where a school/academy:

- Increases its PAN by choice but not agreed with the local authority as part of the process to meet basic need in the area;
- Admits over PAN by choice (not to meet agreed basic need);
- Where pupils are admitted above a schools PAN as a consequence of appeal or error in the school admissions process;
- General growth due to popularity; which is managed through lagged funding; and

- Is in financial difficulty and the LA has not agreed to an increase in the PAN.

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. An additional class would be assumed to increase the year group numbers by at least 15 pupils this will require verification by School Improvement officers 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, with an increase of at least 15 pupils in any given year group. 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 whole.

Schools that have historically operated mixed-age classes or have a PAN in a multiple of less than 15 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.

The fund will not be applied retrospectively and will only apply to increases in class size agreed for the 2020/21 academic year and beyond.

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.

Proposed methodology for allocating funds

When applying for growth funding, schools will be required to provide evidence that an additional class or tutor group would be required to meet increasing numbers. This will need to be independently verified by appropriate officers within the Authority (to be agreed).

Allocations will be calculated per additional pupil using the applicable AWPU rates for Primary, Secondary KS3 and Secondary KS4 pupils.

Amounts payable to maintained schools will be pro-rata for the 7/12th period September to March. Amounts payable to academies will be for the full academic year as academy budgets run from September to August.

An upper threshold will also be applied so no primary school can receive more than £35,000, no middle school can receive more than £52,500 and no Secondary school more than £70,000 for the 7/12th period September to March and no Primary academy can receive more than £60,000 and no Secondary academy more than £120,000 for the full academic year.

For schools receiving funding for taking pupils from closing schools not in reception or year 7 funding will be based on the average per pupil funding of that school. Maintained schools will receive 7/12th funding and academies for the full academic year.

Initial growth funding allocations would be based on admissions data and demographic forecasts to aid schools with budget setting (May/June). Where there is uncertainty or disagreement around

the predicted pupil numbers, funding will not be allocated until receipt of the actual October census data.

Proposed methodology for allocating funds costs in new schools and for increasing year groups in an existing school

Growth funding would be provided to a new mainstream school, including new academies where the school is opening in response to basic need as identified by the Authority. This funding does not apply for existing schools converting to academies or other statuses.

Funding would be allocated to schools who meet the criteria as a lump sum based on proposed school PAN:

Pupil number range	1st year	Subsequent years
Primary	£75,000	£60,000
Middle	£100,000	£80,000
Secondary	£150,000	£120,000

The application would be considered in the year of opening and thereafter for each year until the school was deemed to have reached normal occupancy.

Proposal for unused Growth Fund

In the event that no school within North Tyneside were eligible / met the Growth Fund criteria in any given year, the following applies:

- a) a growth fund balance to be maintained, to be added to annually at the agreement of Schools Forum;
- b) Where allocations exceed fund balance, the deficit is rolled to the following year and is taken from that year's allocation before considering new allocations;
- c) the growth fund is not aggregated with the falling roles / headroom funds and is ringfenced for the specific purpose; and
- d) there is no transfer back to academies of any part of the remaining balance.

Recommendations:

Schools Forum sub-group having read this report and clearly understanding the information provided and having asked sufficient questions to ensure clarity:

1. note the contents of this report;
2. consider the recommendations being made for growth fund, and
 - a. determine whether or not they agree with proposed criteria that will qualify for an application to the growth fund;
 - b. determine that the methodology suggested is in line with the DFE requirements;
 - c. agree funding is based on:
 - i. current AWPU rates for the Authority; and
 - ii. A lump sum for new schools, split between first and subsequent years.

- d. No clawback of funding will occur if expected growth numbers are not met.
- 3. to agree retention of unused growth fund;
- 4. to agree that there should be in place an annual review of this policy that provides an update regarding the operation of these funds, prior to the funding allocations being made; and
- 5. to recommend the annual timetable for administering the fund and reporting back to Schools Forum.