



**Report to:** Schools Forum  
**Date of Meeting(s):** 17 October 2019  
**Subject:** Growth Funding  
**Report of:** James Winterbottom – Director Children and Families  
**Contact Officer:** John McDonald Strategic Finance Manager

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**Summary:**

**Recommendation(s):** To retain the current model until further DfE guidance is available

**Implications:**

*What are the **financial** implications?* n/a

*What are the **staffing** implications?* n/a

**Risks:** n/a

Please list any appendices:-

<b>Appendix number or letter</b>	<b>Description</b>
1	Growth Fund Examples

## 1. Introduction

- 1.1 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. Growth funding for schools is provided within local authorities' schools block NFF allocations within the Dedicated Schools Grant (DSG). 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.
- 1.3 Growth allocations for 2019-20 were based on pupil data from the October 2018 census and local authorities received details of actual growth funding allocations as part of their DSG allocations in December 2018.
- 1.4 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.
- 1.5 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.
- 1.6 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.
- 1.7 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.
- 1.8 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

- 1.9 The growth fund may not be used to support:
- Schools in financial difficulty
  - General growth due to popularity; which is managed through lagged funding.
- 1.10 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.
- 1.11 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.
- 1.12 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.
- 1.13 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.

## **2.0 Wigan's Agreed Method of Allocation**

- 2.1 A school or academy can submit a business case where it has agreed with the authority to provide an extra class in order to meet basic need or where a school has increased its PAN in agreement with the authority. The business case will detail the additional costs to the school of this extra provision, and this will be cross referenced against an amount based on an additional per pupil AWPU increase reflecting the proportion of the year which is not funded within the school's budget share. (The amount paid includes not just the AWPU but all funding factors less the fixed sum)

## **3.0 Other NW Local Authorities**

- 3.1 There is a wide variation of practice across LAs in terms of criteria and the rates being awarded. We contacted the DfE to assess if this will be something they intend to address and were informed they will be looking at the allocation of growth at LA level and will be refreshing their guidance. Appendix 1 was provided by the DfE and shows a number of different models that they are aware of.
- 3.2 Of the LAs who responded in the North West in terms of rates all bar one uses the Basic Entitlement Rate (not including the factors). 1 uses the DfE rates outlined above and 1 caps at £54k for a 1 FE and £27k for 0.5 FE. Our allocation is more generous than all of these. The criteria used must be in line with DfE guidance though some LAs operate a more complex approach than others.

## **4.0 Recommendations**

- 4.1 Schools Forum to note that the current methodology is comparable to most local authorities.
- 4.2 Schools Forum to note that the rates used to fund growth includes all factors (a Forum decision)
- 4.3 To maintain the current methodology until further guidance or a change is directed by the DfE