

Schools Forum – 19th September 2012

School Funding Reform - The establishment of a Growth Fund – For Decision

Report written by Graham Moss, Strategic Development Consultant

1. Executive summary:

This report provides background information about the purpose of the Growth Fund. The Local Authority has to consult with its Schools Forum in respect of the amount of money to be held back from delegation to schools and Academies to cover the planned growth and in-year expansions of schools.

The Local Authority is recommending to Schools Forum that **£2.750m** is held back for growth in primary schools and a further **£100,000** is held back for growth in secondary schools in 2013/14.

2. Background Information:

One of the keys issues raised with the DfE was how within the framework of a national funding formula, schools experiencing growth in-year would be compensated for the additional costs incurred for pupils not on roll at the time of the October school census. Most Local Authorities currently set school budget shares which include funding for planned growth in school rolls in year e.g. new reception classes and additional year 7 classes in September. They also maintain a contingency fund for making in-year allocations where unplanned additional pupils result in additional costs for schools.

The initial view was that local authorities would not be allowed to do this in future as funding for all schools and academies would be based on the October census count. However, following further consultation the DfE amended their view. Local authorities would be able to establish a contingency fund for in-year growth for maintained schools if maintained primary school representatives on Schools Forum agreed to de-delegate funding from maintained primary schools. This arrangement would not apply to Academies who would retain full delegated funding but would be expected to cover any risks. It also only applied to primary schools.

The concern with this proposal was that it would create two different funding systems for maintained schools and Academies with the latter having to seek additional funding from the EFA where there were planned expansions. With the growing number of schools converting to Academies, this could have meant a significant funding cost for the EFA. However, on 28th June 2012, the Secretary of State announced his final decision having listened to these concerns he decided that local authorities would be allowed to establish a Growth Fund which would apply to both maintained school and Academies.

This local authority therefore consulted schools on seeking their approval for establishing a contingency fund for in-year growth in primary schools. The feedback from the consultation on having a Growth Fund showed that 6 primary phase schools were in favour, one was against and one unsure; whereas all 5 secondary phase schools and Academies were in favour of a Growth Fund.

3. A Growth Fund:

The key features of the Growth Fund as announced by the DfE are set out below:

- Funding is deducted from the Schools Funding block prior to delegation to schools and Academies.
- Maintained schools and Academies must be treated in the same way.
- It applies to both the primary and secondary phases.
- Apart from planned expansions, the Growth Fund can also cover the Key Stage 1 class size guarantee.
- Any funding unspent must be added to funding delegated to maintained schools and Academies in the following financial year.
- The local authority is required to seek the approval of Schools Forum on the amount to be held back, for what purposes the funding is used and the criteria for the allocation of funding to individual schools and Academies.

4. The Growth Fund in Waltham Forest:

The local authority proposes to use the Growth Fund to allocate additional funding to maintained schools and Academies as follows:

- Any primary and secondary school and Academy undergoing planned expansion e.g. reception classes and at year 7 will be eligible. Payment will be 7/12ths of the annual rate to cover additional costs incurred between 1st September and 31st March. Schools and Academies will be funded for the planned number of pupils e.g. 30 per extra FE. However from the next financial year, funding for the year group will be based upon the actual NOR in the October census. It will cease when schools have reached expansion in all year groups.
- Any primary and secondary school and Academy accepting an additional temporary class will be eligible. Payment will be 7/12ths of the annual rate to cover additional costs incurred between 1st September and 31st March. However from the next financial year, funding for the year group will be based upon the actual NOR in the October census.
- All qualifying schools and Academies undergoing permanent expansions or temporary expansions will also receive a sum of money equivalent to the average targeted pupil support rate per pupil for the school or Academy for the agreed increase in NOR. However from the next financial year, funding for the year group will be based upon the actual school pupil characteristics data collected by the DfE in the October Census.
- Where there is only a temporary one-off expansion, the maintained school or Academy will receive an extra £200 per pupil towards the cost of additional resources over and above the AWPU and targeted pupil support.
- Where there is only a temporary one-off expansion, the local authority will give a minimum class size guarantee of AWPU funding for 25 pupils per class or FE. This means that if the actual NOR in the class is only 23 at the time of the October census,

the Local Authority will increase AWPU funding as if the actual NOR was 25. In this respect, the local authority will also honour all previous class size guarantees given prior to the 2013/14 financial year.

- Where the planned expansion of the maintained school or Academy is by at least 2FE, the Local Authority will provide additional Leadership and Management funding worth £150,000 over the first three financial years in recognition of the increase in management costs associated with significant expansion.
- Where the planned expansion of the maintained school or Academy involves a second site, the Local Authority will provide a split-site payment through delegated funding. In addition, the local authority will make a tapered payment to such schools in the first few years of expansion on to the second site in recognition of the fact that all the costs incurred for utilities, caretaking and cleaning and maintenance are now met solely out of AWPU and that in the first few years, the additional pupils do not generate sufficient funding to meet these costs.

Broadly speaking the average costs (per pupil) have been calculated at £150 per pupil, e.g. 3FE site costs @£94,500 utilities and caretaking cost. We will be recalculating this cost by looking at submitted budget profiles for 2012/13 for all our primary schools. The Local Authority plans to meet the shortfall in funding until the NOR on the new site reaches 70% of capacity e.g. the September when the growth in the size of the school reached Year 5. Thus, for a 2FE expansion the funding (in academic years) would be as set out in **Table 1** below:

Table 1: Additional funding for expanding on a second site

September	Shortfall	Additional Funding
Year 1	540	£81,000
Year 2	450	£67,500
Year 3	360	£54,000
Year 4	270	£40,500
Year 5	180	£27,000

All of the above arrangements are already in operation in Waltham Forest, although in the case of the last proposal, this is limited to St Mary's C of E and The Woodside, although it is expected to include at least 3 other primary schools from September 2013.

- Where a parent takes a decision to defer a place for their child in reception to after the October census date, the Local Authority will make an additional payment through AWPU equivalent to the sum the school would have received had the pupil been on roll. For practical reasons, this will be paid a year in arrears, as we can only fund on October numbers on roll.
- Where as a result of an appeal or the local authority asks a school to take a child (e.g. looked-after or with SEN) which takes the number in the reception or Key stage class to over 30, the Local Authority will meet the cost of an additional teacher to keep the class size at 30 or below. Payments will be made termly in arrears based on submitted evidence of costs incurred by the school.

5. The cost implications:

The Local Authority has estimated that the costs of implementing a Growth Fund as set out above in 2013/14 are likely to be of the order shown in **Table 2** below:

Table 2 – Forecasted cost of implementing a Growth Fund in 2013/14

	Primary	Secondary
Additional AWPU	£1,500,000	£85,000
Additional Targeted Support	£375,000	£15,000
Leadership & Management	£350,000	0
Resources	£12,000	0
Temporary class size guarantees	£188,000	0
Second sites	£300,000	0
Deferred placement - reception	£0	0
KS1 class size guarantee	£25,000	0
Total	£2,750,000	£100,000

For comparison, the funding allocated for these measures in 2012/13 is as shown in **Table 3** below. School organisation includes Leadership and Management, resources and second sites. However, KS1 class size guarantee is paid from contingency fund and the sum shown is that allocated so far this year to three schools (St Joseph's RC Infants, St Marys RC Primary and Oakhill Primary).

Table 3 – Comparable costs incurred to date in 2012/13

	Primary
Additional AWPU	£1,922,994
Additional targeted support	£360,554
Temporary class size guarantees	£182,691
KS1 class size guarantee	£23,441
School organisation	£487,000
Contingency (as yet unallocated)	£200,000
Total	£3,176,680

Action by Schools Forum:

The Local Authority is asking Schools Forum to agree to the following:

- 1. To the establishment of a Growth Fund from April 2013 which compensates maintained schools and Academies for the increased costs incurred through planned expansions or casual admissions as set out in section 4 above.**
- 2. That primary school and Academy representatives agree to the withholding of £2.750m from funding available to be delegated to primary schools and Academies in 2013/14.**
- 3. That secondary school and Academy representatives agree to the withholding of £100k from funding available to be delegated to secondary schools and Academies in 2013/14.**