

## Report to the Schools Forum 22 November 2018

### T&W 2019/20 Growth Fund

- 1.1 In 2018/19, the DfE allocated growth funding to local authorities based on expenditure in 2017/18. This resulted in an allocation of £152,000. This allocation was based only on growth funding allocated through the specific fund and thus did not include growth funding allocated based on estimated pupil numbers.
- 1.2 The DfE has revised the method of allocating growth funding for 2019/20, so that it is based upon the actual growth in pupil numbers between October 2017 and October 2018 in each 'middle layer super output area' (MSOA) within an LA. Only positive growth is counted, so any falls in an MSOA are not offset against growth in other MSOAs. T&W contains 23 MSOAs:
- 1.3 As yet we do not have the confirmed October 2018 census data from the DfE, but we do have estimated numbers and the DfE has published the amount per pupil that it will allocate to local authorities for each growth pupil, as follows:
  - £1,370 for each primary 'growth' pupil;
  - £2,050 for each secondary 'growth' pupil.
- 1.4 Applying these per pupil amounts to the pupil number estimates produces an estimated allocation for growth of £1.045m. The net increase in funding compared to 2018/19 would be around £400,000 as the DfE adjusts the schools block for growth funded using estimates.
- 1.5 This growth fund is intended to be used for growth funded by using estimated pupil numbers (i.e. for new schools or a significant agreed change in a school's pupil admission number (PAN)) and for growth funded in-year (i.e. via T&W's growth fund). However the allocation is not ring-fenced and so it is up to the local authority and schools forum to determine the criteria and amount allocated for growth.
- 1.6 We currently fund Holy Trinity Academy, Lawley Village Academy, Ladygrove Primary and HLC Primary using estimated numbers as these schools are either new or have had a significant change in the PAN agreed by the local authority. Other growing schools are funded for growth using the local growth fund, which currently operates using the following criteria.
  - additional funds to be allocated to schools in which pupil numbers at the October school census are more than 5% higher than the preceding October census;
  - funds to be allocated on the basis of 7/12 of the basic per pupil formula rate for all pupil numbers above 5% growth;
  - funds only to be allocated to schools which are not being funded on estimated pupil numbers and in which any increase in the pupil admission number (PAN) has been agreed by the local authority as a response to basic need;
  - if the result of the above is an allocation exceeding the sum available, all allocations to be scaled back by the same proportion until the total growth fund has been spent;

- if the result of the above is an allocation less than the sum available, remaining funds to be used in the Schools Block;

- no school is allocated falling rolls funding and pupil growth funding within the same financial year.

The general intention of the growth fund is to support significant growth in mainstream schools occurring as a response to basic need, i.e. the need to have sufficient provision to support the rising pupil numbers in T&W.

- 1.7 Because of the cap on allocations and the limited amount of funds available, in practice the amount allocated per pupil above 5% has been significantly less than the AWPU amount. Even if the full AWPU amount was allocated, this method already allocates significantly lower amounts of funding compared to estimated numbers, as the first 5% growth is unfunded and only AWPU is used, not any other factors which are in the general funding formula such as deprivation or low prior attainment.
- 1.8 Significant growth is now taking place in the secondary sector in T&W as a combination of larger year 6 cohorts and local population growth due to housing developments take effect. This is being accommodated in a variety of ways varying from school to school, i.e. increase in PANs agreed with the local authority, increases in intakes above the existing PANs which have been agreed with the local authority, and increases in PANs which are being planned independently by individual schools
- 1.9 Estimating pupil numbers is not an exact process and an increase in the PAN does not necessarily mean that the school will fill to this number. When schools are funded on estimates, the local authority can adjust the following years funding to take account of the actual pupil numbers in the school. Funding growth in academies is more costly compared to maintained schools due to the 12 months lag in funding compared to 7 months for maintained schools. However, local authority DSG funds 7 months growth for both sectors, the ESFA funding the remaining 5 months for academies via an adjustment to the recoupment calculation for basic need growth.
- 1.10 In its operational guidance, the DfE distinguishes between growth arising from 'popularity' and that arising from 'basic need' and uses changes in admission numbers as the basis for describing 'basic need'. Because of the need to be sure that the adjustment to recoupment is made by the ESFA for growth in academies, we have a live query with the ESFA, asking them to confirm that the growth fund can legitimately be used when there is no change in the PAN. From our point of view, a school may have had significant spare capacity for some years and then grow rapidly within its PAN when pupil numbers in the Borough increase. We think that this should be classified as 'basic need' (arising from increases in the pupil population) rather than 'popularity' (arising from parents choosing a particular school and thus growth in one school being matched by falling rolls in another). The ESFA have yet to confirm that such growth can be funded using the growth fund.
- 1.11 In the context of the above issues, we intend to bring firm plans for the Growth Fund to the 17 January 2019 meeting of the Schools Forum.

Tim Davis  
Group Accountant  
November 2018