

SLOUGH SCHOOLS' FORUM
4th December 2018

Directorate of Children, Learning and Skills

Growth Fund 2019-20

1 PURPOSE OF REPORT

- 1.1 To ask that Schools' Forum review the allocation criteria for the Growth Fund, agree the maximum 'top slice' and agree the allocation model that will apply for 2019-20.
- 1.2 To provide Schools' Forum with an update of the Growth Fund expenditure for 2018-19, consider whether to provide support for Grove Academy for a second year and agree to carry forward the projected balance of funding.

2 RECOMMENDATIONS

- 2.1 That the Growth Fund will fund the following additional places at both primary and secondary schools, where expansion is requested and agreed in advance by Slough Borough Council:
 - a) Bulge classes including at new schools;
 - b) Permanent expansions at maintained schools and academies until a school is full in all year groups (and when new classes are opened); and
 - c) New places in excess of Planned Admission Numbers (PAN).
- 2.2 That the forecast outturn for 2018-19 in Appendix A is noted and the updated allocations of Growth Funding for 2019-20 as shown in Appendix B are agreed.
- 2.3 That consideration is again given to providing additional funding to academies in the second year after opening a bulge class to reflect the growth between October Censuses.
- 2.4 That consideration is given to utilising a percentage of the projected underspends in 2018-19 and 2019-20 to contribute towards the Council's costs for underwriting places at Grove Academy.
- 2.5 That consideration is given to the request from schools for a Falling Rolls Fund.

3 REASONS FOR RECOMMENDATIONS

- 3.1 The birth rate for Slough rose by 48% over the 9 year period from 2006-7 to 2015-16. More than half of existing primary schools expanded over this period and a number of new schools opened. After reducing for 3 consecutive years the number of births appears to have now stabilised. Inward migration to Slough continues to affect in-year admissions; bulge classes and larger classes will be the main solution where local shortages emerge.
- 3.2 The population growth is impacting secondary schools and a large scale growth in provision is underway. A number of new free schools have opened in recent years and 3 schools have seen or will see large expansion projects carried out on their sites funded by the LA. A further two selective schools have either expanded or will expand by 2019 without funding from Slough.
- 3.3 The prescribed methodology for calculating revenue funding for schools means that growing schools are not fully funded for the extra pupils attending the school. The reason for this shortfall in funding is due to the lag in the period from pupils starting until they appear on the School Census and funding is allocated at a later date. To support schools through this period of lag in funding while they are expanding the LA requests a sum of money through Schools' Forum called the "Growth Fund".
- 3.4 The methodology for qualification and allocation of the Growth Fund is reviewed and agreed by Schools' Forum on an annual basis. Schools' Forum is asked to consider the financial impact on schools of expansion and agree an affordable level of additional revenue support.
- 3.5 The funding criteria outlined in Section 5 below and proposed for 2019-20 is based on the criteria agreed by School's Forum in January 2018 and applied in 2018-19, any variations are indicated.

4 ALTERNATIVE OPTIONS CONSIDERED

- 4.1 All options for creating new places are being explored by Slough including:
- Bulge classes – classes of 30 pupils, opened to provide capacity for new arrivals and supported by the Growth Fund;
 - Permanent expansions –full form of entry added to an existing school by the LA. They require ongoing commitment from the Growth Fund to deal with the lag in revenue funding;
 - Increased class sizes or numbers above PAN – termly commitment from the Growth Fund where pupils are not recorded on the October School Census;
 - New Free Schools – originally funded by the ESFA with no call on the Growth Fund, a different approach has been taken by the ESFA for Grove Academy. Bulge classes may be requested at new schools by the LA and will be treated the same as any other bulge class.

5 SUPPORTING INFORMATION

- 5.1 The Growth Fund is one of the centrally held budget areas that Schools' Forum has decision making powers over. Guidance on how the Growth Fund should be approved and allocated can be found in *Schools Revenue Funding 2019 to 2020 – Operational Guide* (July 2018). Paragraph 115 states:

“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*

Paragraph 117 states: *The cost of new schools...will also include post-start-up and diseconomy costs...where they are created to meet basic need.*

5.2 **Level of Funding – Age Weighted Pupil Unit (AWPU)**

The methodology for distributing funding is based on AWPU per pupil, reflecting the proportion of the year which is not funded within the school's budget share. For 2018-19 it was agreed to apply the 2018-19 AWPU level with secondary funding based on the average AWPU for KS3 and KS4. Given current uncertainty around AWPU levels for 2019-20 it is proposed that 2018-19 AWPU rates are used for 2019-20. Final allocations will be based on AWPU rates for 2019-20 once these are finalised.

5.3 **Bulge Classes**

Bulge classes must be agreed in advance by the LA.

- 5.4 Slough's maintained schools receive Growth Funding for September until March and academies receive funding for September through until August. The different funding periods reflect the difference in financial years for each category of school: maintained schools receive their funding from April to March, while academies are funded from September to August.
- 5.5 in 2016-17 and 2017-18, two schools, Marish Primary and Cippenham Primary, received a one-off payment of additional funding in the second year of their bulge classes. Whilst it was made clear this was not setting a precedent, Schools' Forum agreed to apply this criterion again in 2018-19 and is asked to consider applying this again for 2019-20.
- 5.6 An issue that was first flagged in 2016 is that the lag for academies can be longer than 12 months if pupils are admitted after the October Census. If a bulge class were to open November 2016 for instance with 30 pupils, then an academy would not receive funding for this class until 22 months later.
- 5.7 This issue could also apply when an academy opens a class in September 2018 with a small number on roll. It is rare that a new bulge class will be full as its purpose is to provide capacity for the rest of the academic year for new

arrivals; if it were full then the authority may look to open a further bulge class. The bulge class will fill up throughout the year with many pupils starting after the October 2018 Census. In the second year after opening the academy would only receive funding for the number on roll at the time of the October Census 2018. For a period of 10 months in the second year the school would absorb the full cost of the bulge class having received funding for a partial class.

- 5.8 A number of options for providing additional funding were originally considered by Schools Forum in 2017. It was agreed that funding would be allocated based on the following table. It should be noted that this methodology does not 'ghost fund' places and can still result in the school subsidising some of the cost of a teacher, however it ensures every pupil is funded while remaining affordable.

Funding Calculation
Fund the difference in number of pupils between the first year Autumn School Census and the second year.
For instance NOR Census 2017 = 10 NOR Census 2018 = 20 Fund (20 – 10) = 10 places

- 5.9 Only one bulge class opened in 2018-19, it had very few pupils in the class at the time of the 2018 Autumn Census. It is likely that the class will have more pupils by the time of the 2019 Autumn Census and will be entitled to additional funding in 2019-20 if this criterion is supported by Schools' Forum. Appendix B assumes this class might be full by October 2019 and would be entitled to an additional payment of £80K.

5.10 Expansion by a Form of Entry

The Growth Fund provides financial support for all the years a school incurs a shortfall in funding whilst going through a permanent expansion. Where a school grows from Reception up to Year 6, they will receive funding for a full class for 7 years if they grow gradually by one class a year. If a school doesn't have an additional class then it wouldn't be entitled to funding, for instance a bulge class leaves the school in the top year while an extra class joins in the lowest year group. In this case the school will have the same number of classes for 2 consecutive years and Growth Funding isn't necessary.

5.11 Larger Classes or Numbers in Excess of PAN

The Growth Fund will provide financial support for schools that admit pupils in excess of their PAN for each whole term that they make each additional place available at the request of Slough. For instance, where a school makes 96 places available into a year group instead of 90 at Slough's request, the school would be funded for 6 additional places for each full term the places are available.

- 5.12 Funding Mechanism - Schools will receive AWPU funding for 'the period' that they make each 'additional place' available at the request of Slough.

Additional Place – This is a school place that is over and above the PAN for that year group; it is also higher than the number of pupils in that year group as at the October Census for that academic year. This definition avoids double funding pupils, as schools will receive funding for the number on roll reported as part of this Census. Funding will only be provided for pupils in year groups Reception up to Year 11.

The Period - This will be agreed in units of whole terms as a minimum except in the first term which may already have started. This will allow revenue funding to be provided near the start of each term and avoid the need for claw back.

Agreement – The funding is not retrospective and will only apply where it is agreed by Slough that funding will be provided in advance.

- 5.13 Academies - There is an issue with funding of academies between April and August as the Education and Skills Funding Agency (ESFA) funds academies from April to August in arrears. The time to claim this funding is January each year at budget build time via the APT. Any decisions to create places after this date cannot be recouped from the ESFA. Therefore the Growth Fund will also fund this period for academies.

- 5.14 Non-Academies - As currently happens with bulge classes, the Growth Fund will support non-academy schools from September to March, thereafter funding is provided via the next School Census in October. This is because non-academies (maintained schools) are funded April to March.

5.15 **Underwritten Places at Grove Academy**

Grove Academy opened for September 2017 but only after it was agreed with the ESFA that Slough would underwrite the following number of pupils for the first 3 years to ensure the viability of the school. Without this agreement the school would not have opened and Slough would not have had sufficient capacity.

	Year Groups					Total
	R	1	2	3	7	
2017-18	30	30	30	30	120	240

	1	2	3	4	8	Total
	2018-19	30	30	30	30	120

	2	3	4	5	9	Total
	2019-20	30	30	30	30	120

The tables above can be compared to the tables below which show the actual numbers on roll in October each year. The underwritten classes have filled significantly between October 2017 and October 2018, with a net gain of 97 pupils in that time.

	Year Groups					Total
	R	1	2	3	7	
2017-18	31	13	8	8	49	109

	1	2	3	4	8	Total
	2018-19	48	31	24	25	78

- 5.16 For new Free Schools the ESFA only provide funding for the number of pupils on roll on the October Census of the relevant school year. For this reason Slough was asked to fund the empty places in each class to ensure the school has the revenue funding it needs to deliver a full curriculum.
- 5.17 Based on estimates at the time Schools' Forum agreed to provide up to £90K for year 1 or 50% of the actual cost for underwriting places whichever was the lower figure. In the end Slough contributed £167K for underwriting costs and the Growth Fund contributed £90K.
- 5.18 Schools' Forum is asked to consider whether some of the underspend from the 2018-19 Growth Fund budget could be utilised to fund up to 50% of cost for a second year and again for a third/final year. Slough (not Schools' Forum) originally agreed to underwrite this cost as there was no time for discussion with Schools' Forum at the time. However, the guidance in para 5.1 demonstrates that use of Growth Funding to meet the costs of a new school is allowed and is one of the 3 key aims of the Fund. Any decision would need to first consider the level of funding and contingency sums available in 2018-19 and 2019-20.
- 5.19 **Falling Rolls and Half Classes**
Growth Funding is not permitted to support reductions or falling rolls. A separate fund called the Falling Rolls Fund can be set up from the DSG for this purpose. The explanation in the *Schools Revenue Funding 2019 to 2020 – Operational Guide* (July 2018) has been included in full in Appendix C.
- 5.20 The Local Authority is not making any recommendation within this report but is opening up the topic for discussion with Schools' Forum members.
- 5.21 The issue of falling rolls and the impact this can have on viability is taken very seriously by the LA. However, it is not clear, assuming Schools' Forum supports it, that a Falling Rolls Fund would be useful for many schools. The criteria that apply would mean that only Good and Outstanding Schools can apply for funding and a case would need to be made that the surplus places would be needed within 3 years. At this point Slough does not have any evidence that birth levels will raise again overall although there may be rises in specific localities.

5.22 One alternative to the Falling Rolls Fund could be a managed process between the school and LA Admissions Team to wind down classes that are no longer needed or have an unviable number of pupils. The Admissions Code would, however, limit the effectiveness of this tactic.

5.23 **ESFA Growth Fund Settlement**

At this point it is uncertain how much funding Slough will be allocated by the ESFA for Growth in 2019-20. If Slough's final allocation is lower than expected then there may be a need to revisit the 'top slice' and allocation model, in which case a further paper will be brought to Schools' Forum for consideration.

6 **ADVICE RECEIVED FROM STATUTORY AND OTHER OFFICERS**

6.1 Borough Solicitor

Local Authorities are under a statutory duty to ensure that there are sufficient school places in their area, ensure fair access to educational opportunity and promote the fulfilment of every child's educational potential.

6.2 Section 151 Officer – Strategic Director of Resources

The financial implications of the report are outlined in the supporting information.

6.3 Access Implications

There are no access implications.

7 **CONSULTATION**

7.1 Principal Groups Consulted

School Organisation Group, Slough Schools Education Forum and all primary schools were consulted on the option of larger classes in late 2015. This has been reported to Schools' Forum in previous reports.

Background Papers

None

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