



Report to the Schools Forum

Title: Growth Funding Methodology for mainstream schools.

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1. Purpose of Agenda Item

- 1.1. As agreed at the Schools Forum meeting on the 3rd December 2019, this report sets out the proposal to move to a formulaic approach to Buckinghamshire County Council's (BCC) growth funding methodology for mainstream schools. All proposed changes in methodology are in line with the recently published DfE growth fund guidance for 2020/21, and will take effect from 1st April 2020. The methodology will be reviewed on an annual basis as part of the budget setting process to ensure it is still fit for purpose and is affordable.
- 1.2. The local authority's growth fund criteria and methodology will need to be approved by Schools Forum and then submitted to the DfE via the Authority Pro-Forma Tool (APT). The APT provides raw data on pupil characteristics provided by the DfE to enable the Local Authority to use the agreed funding formula to calculate individual schools budgets. The DfE will check that BCC's methodology provides a transparent and consistent basis for the allocation of funding. The deadline for submission to the DfE is 21st January 2020.

2. Background

- 2.1. As part of the move to a formulaic approach, consideration has been given to methodologies adopted by other Local Authorities as well as the recently published DfE guidance which sets out examples of growth fund methodologies that are compliant with DfE criteria.

2.2. As an agreed principle, where a shortfall in DfE's growth funding is identified as part of the schools budget setting process, the estimated shortfall will be met by top slicing schools' funding prior to applying the formula factors. For 2020-21 the DfE's growth fund allocation of £3.14m and is sufficient to meet funding needs – this is detailed in the budget proposals report earlier in the agenda.

2.3. The DfE Schools Revenue Funding 2020 to 2021 – Operational Guide states 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
- Meet the revenue cost of new schools

The following sections outline the current BCC growth fund methodology and the proposals for change for each of these 3 criteria.

3. Support growth in pre-16 pupil numbers to meet basic need

3.1. Funding for growth in existing schools applies where the Local Authority agrees to expand an existing school to support basic need in the County, this may be permanent or for a one off temporary (bulge) class. The funding is calculated for each school based on 3 funding formula factors and is paid to schools outside of the schools funding formula, as a growth fund project. If this is a permanent expansion, funding can be for a period of up to 7 years.

3.2. Currently, the Local Authority does not use the schools funding formula via the APT to fund increases in pupil numbers outside of the October census. The APT is thus based on the previous year's census data to drive the funding to each school. In any given financial year, the Local Authority has funded growth outside of the funding formula for the agreed number of additional pupils that would present as new pupils at the start of an academic year in September but who have not been captured on any census data. For maintained schools funding is for 7/12ths (September to March) covering the period of time in which the school is not funded by the funding formula. For Academies, whose funding year runs from September to August, the funding is for 12/12ths, but the DfE returns the additional 5/12ths back to the Local Authority to maintain 7/12ths funding consistency with maintained schools.

3.3. From April 2020, BCC are proposing to reflect the DfE Guidance which states where it has been agreed with a school to increase a school's PAN on a **permanent basis** this should be reflected in an adjustment to the pupil numbers via the APT. The expanding school will then receive its funding through all of the per pupil formula factors.

3.4. From April 2020, where it is a temporary increase in pupil numbers or it is unclear as to exactly where growth is needed, this is dealt with outside of the schools funding formula as a growth fund project. Funding will reflect all funding factors in line with permanent expansions, and will reflect the proportion of the year which is not funded through the formula.

3.5. The following table illustrates current funding factors and proposed growth funding per pupil for an average expanding school or temporary classes. (Based on actual expanding schools using 2020/21 funding rates):

Factors	(a) Current Primary	(b) Proposed Primary	(a) Current Secondary	(b) Proposed Secondary
AWPU	£1,714	£1,714	£2,411	£2,411
Deprivation - IDACI	£39	£39	£45	£45
Deprivation - FSM		£93		£141
Prior Attainment	£219	£219	£253	£253
EAL		£59		£17
Total	£1,972	£2,124	£2,709	£2,867
Increase on Current		£152		£158

Note: In certain circumstances some schools under the new proposal would be entitled to fringe, minimum per pupil funding, mobility and potentially MFG.

4. Support additional classes needed to meet the infant class size

4.1. Currently, under BCC's Fair Access Protocol the maximum any school would be asked to admit is one child in 30 of the admission number (i.e. one child per class of intake per academic year, for example with an Admission of 180, the maximum BCC would ask a school to admit up to is 6 extra pupils). Should there be a need to increase over and above this protocol in a particular school this increase would fall under the category of a temporary expansion as discussed in section 3 above. BCC are proposing to maintain the current practice.

5. Meet the revenue cost of new schools

5.1. Currently, where a new school is required to meet basic need as determined by the LA, all the funding for that new school is negotiated between a group of schools forum members and the new school's representatives. This process has provided useful information on costs to be considered when funding a new school on a formulaic methodology. The last agreed funding under Buckinghamshire's current methodology for new schools were £171k for a Primary school and £275k for a Secondary school.

5.2. From April 2020 BCC are proposing a new methodology to meet the revenue cost of a new school. There are three different areas of funding and a worked example is included in Appendix 1 showing the possible funding a school might receive prior to opening and in the initial years.

5.3. **Start-up funding:** this covers the costs of setting up the new school before it opens. BCC proposes to fund all start-up costs based on the DfE's Growth Factor Lump Sum, with Primary schools being funded based on the DfE's Lump Sum (£67k in 2020/21) and Secondary schools being funded at twice this amount to recognise the differential in costs. The funding is to support the following:

- New Headteacher salary (Approx. 2 Terms Prior to Opening)
- Recruitment
- Admin
- Any other Goods and Services Necessary

Assuming the new school will open in September, payment will be made to the new school 1/3 in the spring term and 2/3 in the summer term. The DfE will also provide a one-off Project Development Grant (PDG) payment of £25k to the successful proposer towards meeting the legal costs associated with establishing the new school.

5.4. **Variations to pupils** (in the funding formula). BCC are proposing to maintain the current practice. For a new school, pupil numbers are included in the APT at 30 pupils per class for each new year group. Typically when the Local Authority opens a new primary school it opens with a reception, year 1 and year 2 class. A secondary school opens with year 7 classes only. The school receives funding through the funding formula on this basis. This is up to a maximum of seven years until all year groups are open. In addition a new school will receive its lump sum funding in the first year outside of the formula as this cannot be processed through the APT until the school has opened and is recognised in the DfE's data.

5.5. **Diseconomies Funding:** Diseconomies funding is additional funding for new schools on top of variation to pupil numbers, to reflect the diseconomies of scale in the first few years of a new school until pupil funding gives it sufficient funding to achieve economies of scale. Currently this is part of the negotiation process. From April 2020, BCC proposes to move this to a per pupil arrangement as follows:

- **Primary – diseconomies funding**
 - In the first year the school opens all of the initial classes and are funded via the APT (reception, year 1 and year 2 classes).

- From the second year all year groups previously open are protected so as to receive funding for a minimum of 27 pupils per class. This protection is provided for a maximum of three years from the point of opening.
- **Secondary – diseconomies funding**
- Typically in the initial years, a school would open with fewer classes per year group than expected once fully established. In the first year the school opens but is funded for all expected classes in the open year groups (usually this is only for year 7 classes).
- In subsequent years all expected classes are guaranteed funding of all open year groups at 27 pupils per class. This protection is provided for a maximum of three years from the point of opening.

6. Recommendations

- 6.1. Schools Forum members are asked to note the information set out in the paper and in the appendix.
- 6.2. To agree from April 2020, where it has been agreed with a school to increase a school's PAN on a permanent basis, this should be reflected in an adjustment to the pupil numbers via the APT, with funding through all of the per pupil formula factors, as in 3.3. above.
- 6.3. To agree from April 2020, where it is a temporary increase in pupil numbers or it is unclear as to exactly where growth is needed, this is dealt with outside of the schools funding formula as a growth fund project. Funding will reflect all funding factors in line with permanent expansions, as in 3.4 above.
- 6.4. To agree to maintain the current practice with regard to supporting additional classes needed to meet the infant class size as in 4.1 above.
- 6.5. To agree from April 2020, Start-up funding for new schools will be at DfE's Growth Factor Lump Sum rate for Primary schools and twice the DfE's Growth Factor Lump Sum rate for Secondary schools, as in 5.3 above.
- 6.6. To agree to maintain the current practice for variations to pupils for new schools, with pupil numbers included in the APT at 30 pupils per class for each 'new' year group, as in 5.4 above.
- 6.7. To agree from April 2020, Diseconomies Funding for new schools will be based on a per pupil arrangement, with guaranteed funding of all open year groups at 27 pupils per class, as in 5.5 above.
- 6.8. To agree that the growth fund methodology be reviewed on an annual basis as part of the budget setting process.

Appendix 1

Illustration of Funding Provided to a New Primary School:

Bucks New Primary opens in September 2020, it is due to be a one form entry combined school and initially opens with a Reception, Year 1, and Year 2 class. The table below sets out the funding over the first 3 years:

Class/Year of Opening	Start-up Funding*	1 st Year Sept. 2020	2 nd Year (Oct. 2020 Census)	3 rd Year (Oct. 2021 Census)
Reception		30	30	30
Year 1		30	28	30
Year 2		30	21	29
Year 3			19	24
Year 4				22
New Places Funded in formula		90	30	30
Funded Pupil No.s (APT)		90	98	135
Diseconomies – Shortfall in Expected Pupils (Total Guaranteed 27 Places x No. of classes – Funded Pupil No.s)			13	3
Estimated Funding	£67,000	# £259,803	£111,595	£75,183

*Additional £25,000 academy conversion grant from the ESFA to cover pre-opening costs.

1st Year includes Part Year Lump Sum

Illustration of Funding Provided to a New Secondary School:

Bucks New Secondary opens in September 2020, it is due to be a 6 Form Entry secondary school and initially opens with just 4 Year 7 classes. The table below sets out the funding over the first 3 years:

Class/Year of Opening	Start-up Funding*	1 st Year Sept 2020	2 nd Year (Oct. 2020 Census)	3 rd Year (Oct. 2021 Census)
Year 7		120+60	150+30	180
Year 8			118	146
Year 9				120
Year 10				
Year 11				
New Places Funded in formula		120+60	150+30	180
Funded Pupil No.s (APT)		180	298	446
Diseconomies – Shortfall in Expected Pupils (Total Guaranteed 27 Places x No. of classes – Funded Pupil No.s)			44	58
Estimated Funding	£134,000	# £584,704	£732,314	£801,122

*Additional £25,000 academy conversion grant from the ESFA to cover pre-opening costs.

1st Year includes Part Year Lump Sum