

Wolverhampton City Council

SCHOOLS' FORUM

Agenda item: 9

Date	9 October 2014
Report title	Establishment of a Growth Fund to Support Expanding Schools
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Summary

This report outlines the demographic challenges facing the primary school estate and highlights the need to support expanding schools. The report provides additional information relating to the need to establish a Growth Fund and requests that Schools' Forum review their position on this matter.

Decision

Members of the Schools Forum are asked to:

- a) Note the need to ensure that expanding schools are effectively supported in order to receive appropriate revenue support to meet increased pupil numbers
- b) Note that the existing locally adopted approach to supporting pupils in expanding schools is not in line with the Education Funding Agency's recommended approach
- c) Note that the proposed Growth Fund would exclusively support the revenue needs of expanding schools and not be used for any other purpose
- d) Note that any resources remaining in a Growth Fund at the end of the financial year would be reported to Schools' Forum and be added to the following year's Dedicated Schools Grant
- e) Note that the establishment of the Growth Fund would be of benefit to the entire school estate
- f) Agree to the establishment of a Growth Fund to support the needs of pupils in expanding schools.
- g) Agree to monitor the use of the Growth Fund and to receive a periodic update specifying any use of this fund.

Schedule of background papers

- Schools Forum (17 July 2014) 'Supporting School Reorganisations'
- Cabinet (25 June 2014) 'Primary School Organisation'
- Schools Forum (24 October 2013) 'School Funding Reform 2014/15'.

1.0 BACKGROUND

- 1.1 Levels of demand for primary schools in Wolverhampton have increased considerably in recent years. In order to meet demand, the Council has recently invested heavily in the provision of a significant number of additional primary school places in areas of high demand across the City. Recent school expansion schemes have been successful with the vast majority of additional places being occupied.
- 1.2 Levels of demand for primary provision are expected to continue to increase in the short term and projections suggest that additional primary school places urgently need to be introduced in order to ensure the provision of sufficient school places.
- 1.3 Wolverhampton City Council receives Basic Need Funding to support the capital requirement for providing new pupil places. To date the Council has been allocated £7.2 million for the financial years 2015/16 and 2016/17. The estimated cost of delivering sufficient primary school places significantly exceeds this allocation and additional resources are required to ensure that high quality learning environments are provided to meet the needs of pupils. A funding strategy to support the delivery of the 2015 Primary School Expansion Programme has been developed and approved. The additional capital resources will be met from the Council and there will be no call on the Dedicated Schools Grant to fund the capital costs of the expansion programme. The proposed establishment of a Growth Fund will solely support the revenue implications and in no way contributes to the capital requirements of the 2015 Primary School Expansion Programme.
- 1.4 DfE regulations enable Local Authorities, with the agreement of Schools' Forum, to create a growth fund to support the resultant revenue needs of schools which are required to provide extra places in order to meet basic need. Please find the relevant extract from the Education Funding Agency's Operational Guidance at Appendix A.

2.0 2015 PRIMARY SCHOOL EXPANSION PROGRAMME

- 2.1 The 2015 Primary School Expansion Programme proposes the expansion of existing schools across the City in order to meet community needs. Schools currently proposed for inclusion in the 2015 Primary School Expansion Programme are detailed in Appendix B.
- 2.2 Expansion schemes proposed for inclusion in the Programme were developed in line with the Primary School Organisation Strategy 2014 – 2017.
- 2.3 The 2015 Primary School Expansion Programme proposes both permanent expansions and the introduction of bulge classes (time limited expansions of the capacity of individual year groups within schools). The introduction of bulge classes has been considered because of an anticipated peak in demand in the short term. Proposing the introduction of bulge classes, as opposed to proposing the permanent expansion of all schools in the Programme, supports the longer term sustainability of the school estate and offers a more efficient use of resources.
- 2.4 In order to ensure the appropriate investment of resources and the introduction of sufficient primary school places, pupil projections have recently been subject to external challenge and validation. As a consequence, projected demand for Reception places in the 2015/16 academic year has increased.

In order to meet projected demand it is felt necessary to identify an additional expansion scheme, this will increase the number of schools subject to expansion from nine to ten. Council representatives are currently investigating potential opportunities to expand the Programme; however the specific additional scheme is yet to be determined.

3.0 EXISTING APPROACH TO SUPPORT EXPANDING SCHOOLS

- 3.1 It is recognised that taking on additional pupils has revenue budget implications for the schools concerned (as funding is based upon the preceding autumn term School Census). Without the provision of this support, expanding schools would face a shortfall in revenue funding for seven months until the funding allocations reflect actual numbers on roll.
- 3.2 Recent primary school expansion programmes have been supported by Schools' Forum through the in-year allocation of resources to those schools who have been expanded. Schools' Forum have previously determined that the costs of supporting school expansions should be top sliced from the following year's DSG allocation.
- 3.3 Individual school allocations are based upon actual pupil numbers (as at the Autumn Census) and are funded at seven twelfths of the pupil led factors of the local formula. The call on resources in 2014/15 to support previous primary school expansions is £189,189.52.

Figure 1: Allocated Resources in Autumn 2013:

School	Allocation
Bilston CE Primary	£34,116.23
Eastfield Primary	£35,311.75
Northwood Park Primary	£57,915.54
St Andrew's CE Primary	£32,274.20
Wilkinson Primary	£29,571.80
Total	£189,189.52

- 3.4 The 2014 Primary School Expansion Programme introduced an additional 90 Reception places into the primary school estate with effect from September 2014. As a consequence the required commitment in 2015/16 is likely to increase. The estimated potential cost to be met in 2015/16 will be in the region of £410,000. Please note that this estimate has simply been produced by multiplying the latest average allocation per pupil by the number of additional school places being provided. Allocations will be made to expanding schools during the autumn term 2014 and in line with Forum's recommended approach resources will be recouped from the 2015/16 DSG allocation.

4.0 THE PROPOSED ESTABLISHMENT OF A GROWTH FUND TO SUPPORT EXPANDING SCHOOLS

- 4.1 The DfE's recommended way of supporting expanding schools is that Local Authorities, "...topslice the DSG in order to create a Growth Fund to support schools which are required to provide extra places in order to meet basic need within the authority, including pre-opening and reorganisation costs" (DFE 2013).
- 4.2 The opportunity to establish a Growth Fund to support expanding schools has proved necessary across the Country; "Some 121 of the 152 authorities are retaining a growth fund in their 2014/15 formulae, with a total value of £142.9m. Growth fund amounts for individual authorities range from £50,000 to £6m" (Education Funding Agency: March

2014). For examples of established growth funds and the employed growth criteria, please see Annex 4 in Appendix A.

- 4.3 Growth funds can only be used to support growth in pre-16 pupil numbers to meet basic need, support additional classes needed to meet infant class size regulation and to meet the costs of new schools. These include the lead-in costs e.g. to fund the appointment of staff and purchase of any goods or services necessary in order to admit pupils.
- 4.4 Please note that a Growth Fund would not be used to support schools in financial difficulty or to support general growth due to popularity.
- 4.5 Any funds remaining at the end of the financial year would be reported to Schools' Forum and would be added to the following year's DSG.
- 4.6 Any Growth Fund must be employed on the same basis for the benefit of both maintained schools and academies.
- 4.7 There is a requirement that Local Authorities (LAs) produce criteria on which any Growth Fund would be allocated, set out the circumstances in which payment could be made and provide a basis for calculating the sum to be paid. Criteria should provide a transparent and consistent basis for the allocation of funding. LAs need to gain agreement from Schools' Forum prior to implementation and also must ensure that Forum are regularly updated on the use of funding.
- 4.8 In line with the Education Funding Agency's (EFA) recommended approach and given the size of the anticipated call on resources to support school expansions, the establishment of a Growth Fund is recommended. This would enable income to be matched to the period in which the expenditure occurred and ensure that expanding schools continue to be supported.
- 4.9 It is proposed that schools would qualify for funding through the Growth Fund in the following circumstances:
 - The school or academy has agreed with the LA to permanently increase its admission limit to meet basic need
 - The school or academy has agreed with the LA to provide a bulge class to meet basic need.
- 4.10 The principal basis for allocating additional funding would be the number of additional children admitted (as at October School Census). Individual schools' funding rates would be based upon the pupil led factors of the funding formula.

However, in order to offer expanding schools more security, it is proposed that a guaranteed minimum level of funding is introduced. Expanding schools would be guaranteed to receive at a minimum, the equivalent of the salary of a teacher at the mid-point of the teachers' main scale for each 30 additional places provided (this figure would be adjusted on a pro-rata basis depending on the number of additional places being provided).

- 4.11 Due to the variations in financial years it is proposed that allocations to maintained schools would reflect the period September to March, whilst allocations to academies would reflect the period September to August. It is understood that the EFA would adjust the relevant recoupment to reflect the extra cost to the Authority to cover the period April to August.

- 4.12 Should a Growth Fund be established, it is estimated that it would be necessary to retain in the region of £1.2M in the 2015/16 Financial Year. Please note that this estimate is based upon multiplying the latest average allocation per pupil by the number of additional school places, with an estimate applied for the potential number of relevant academy conversions (please see Appendix C which details the school expansion schemes that this fund could potentially support in 2015/16).

Please note that the City would attract additional DSG funding in the subsequent funding year as a result of the increased number of pupils in the system (we currently receive £4,286 per pupil).

- 4.13 In order to ensure transparency it is proposed that the use of any Growth Fund would be reported to Schools' Forum on a periodic basis as part of standard reports detailing the use of the DSG.

5.0 SUPPORTING EXPANDING SCHOOLS

- 5.1 Schools proposed for expansion have raised significant concerns regarding Schools' Forum's decision in July 2014 not to establish a Growth Fund. Schools have emphasised the importance of ensuring that an appropriate revenue stream is available in a timely manner to support the needs of pupils.
- 5.2 The expansion of a school carries with it the inherent risk of a drop in standards. It should be recognised that the added pressure of an expansion scheme on Headteachers, members of staff and Governing Bodies can leave schools vulnerable and susceptible to a decline in performance. If resources are not made available to support the needs of the additional pupils in a timely manner, the risk of a reduction in the quality of education provided is exacerbated.
- 5.3 By supporting school expansions and meeting the needs of pupils and communities in a planned manner, expanding schools not only assist individual families and children but benefit the entire school estate. Primary schools are currently experiencing significant pressure on pupil places across Key Stage 1; this has resulted in increased class sizes, an increased number of classes exceeding the recommended infant class size and the allocation of pupils to schools a significant distance from their homes. Without the implementation of each of the proposed expansion schemes in the 2015 Primary School Expansion Programme these issues are likely to increase.
- 5.4 Wolverhampton will run out of school places if the 2015 Primary School Expansion Programme is not implemented. If this eventuality occurs, the Local Authority will have no option but to urgently place additional pupils into existing establishments in accordance with the Admissions Code and national guidelines. Schools would be required to cater for cohorts who significantly exceed existing admission limits and it is highly likely that pupils would be accommodated in temporary accommodation. This may impact detrimentally on pupil performance and the overall quality of education available in the City.
- 5.5 Any reduction in the performance of the primary school estate will in due course impact upon secondary provision in the City.

6.0 IMPLICATIONS OF NOT ESTABLISHING A GROWTH FUND

- 6.1 In the event of a decision not to establish a Growth Fund:

- a) Expanding schools will need to draw on their revenue reserves until the next planned DSG allocation
- b) In accordance with the Education Funding Agency's 'Schools Forum Operational and Good Practice Guide' (October 2013), the Council will consider seeking an adjudication on this matter from the Secretary of State.

7.0 IMPACT

7.1 The allocation of resources from the DSG impacts on the funds directed to schools and impacts directly on all areas of the Learning and Achievement Service.

financial ✓ **governance** ✓ **educational** ✓ **other directorates** ✓

Schools Revenue Funding 2015 to 2016: Operational Guide: Relevant Extracts**“Centrally Retained Services**

59. The requirements of the falling rolls fund and the growth fund are that:

- the growth fund can be used only for the purposes of supporting growth in pre-16 pupil numbers to meet basic need, to support additional classes needed to meet the infant class size regulation and to meet the costs of new schools. These will include the lead-in costs e.g. to fund the appointment of staff and the purchase of any goods or services necessary in order to admit pupils. It will also include post start-up costs and any diseconomy of scale costs. These pre and post start-up costs should be provided for academies where they are created to meet basic need. (EFA will continue to fund start-up and diseconomy costs for new free schools).
- both funds must be used on the same basis for the benefit of both maintained schools and academies. Where EFA funds academies based on estimates, it is unlikely that the academy will need to access the growth fund.
- any funds remaining at the end of the financial year must be added to the following year’s DSG but may be earmarked for the same purpose.
- local authorities will be required to produce criteria on which any falling rolls fund or growth funding is to be allocated. These should provide a transparent and consistent basis for the allocation of funding. Differences in allocation methodology are permitted between phases. The criteria should both set out the circumstances in which a payment could be made and provide a basis for calculating the sum to be paid. EFA will check the criteria for compliance with the regulations.
- local authorities should propose the criteria for both funds to the schools forum and gain its agreement before funding is allocated. The local authority will also need to consult the schools forum on the total sum to be top-sliced from each phase and should regularly update the schools forum on the use of the funding.”

“Annex 4: Growth Criteria

Local authorities may topslice the DSG in order to create a Growth Fund to support schools which are required to provide extra places in order to meet basic need within the authority, including pre-opening and reorganisation costs. The growth fund may not be used to support schools in financial difficulty (any such support for maintained schools would be provided from a de-delegated contingency) or general growth due to popularity. Criteria for allocating growth funds should contain clear objective trigger points for qualification and a clear formula for calculating allocations. 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 PAN by X or more pupils in agreement with the authority.
- Support for KS1 classes where overall pupil numbers exceed a multiple of 30 by X or fewer pupils.
- Pre-opening costs / initial equipping allowance for new maintained schools and recoupment academies, including new academies where the school is opening in response to basic need.

Local authorities should request a variation to pupil numbers where there is a more permanent and significant change to numbers and where it is appropriate for the change to be reflected in all relevant formula factors and not just a marginal cost or AWPU only allocation.

Methodologies for distributing funding could include:

- A lump sum payment with clear parameters for calculation (usually based upon the estimated cost of making additional provision for a new class or the estimated start-up costs.
- £x per pupil (usually based on AWPU) and reflecting the proportion of the year which is not funded within the school's budget share.
- £x per pupil, with a maximum ceiling

Where growth funding is payable to academies, the local authority is required to fund the increase for the period from the additional September intake through until the following August. Local authorities should enter the cost of growth funding for the April – August period on the recoupment tab of the APT so that the recoupment calculation can be adjusted accordingly.

Where schools have agreed an expansion in pupil numbers with the local authority, they should ensure that they understand the methodology for funding the increase and are content that the expansion is deliverable within the funding available.

Some examples of local authorities' compliant criteria are shown below (these do not mean we are endorsing the amounts used):

Ealing primary schools

£60,000 per additional FE (pro-rata for 0.5 FE) for Reception increases agreed by the LA for the September intake (for infant and primary schools) and Year 3 (Junior Schools);

Where building works are required and agreed by the LA costing in excess of £2m, £15,000 a year for two financial years, the timing of the release of funding will be following the approval of statutory proposals or the increase in the school's planned admission number where statutory proposals are not required. Funding may be released earlier at the discretion of the LA.

Ealing high schools

£75,000 per FE for planned expansion in places agreed by the LA.

Where building works are required and agreed by the LA costing in excess of £2m, £15,000 a year for two financial years, the timing of the release of funding is following the approval of statutory proposals or the increase in the school's planned admission number where statutory proposals are not required. Funding may be released earlier at the discretion of the LA.

In both sectors, in exceptional cases, for example where additional furniture, learning resources or support staff costs are required which cannot be charged to capital, a case may be made to the LA for additional revenue funding up to a maximum of £15,000 one-off payment.

Solihull

Qualification for funding through the pupil growth scheme is based upon a set of principles as follows:-

Additional funding will be made available to schools and academies in circumstances where:

- The Council carries out a formal consultation and approves to increase the capacity of a school.
- A school/academy carries out a formal consultation at either the request of the Council or supported by the Council.
- The Council requests a school/academy to increase their PAN to meet localised demand.
- A school/academy admits a significant increase in pupils to meet demand from new housing developments at the request of the Council.

Additional funding will be made in relation to the number of additional pupils taken or the number of agreed places purchased. Reference may be made to the number of classes required and may include consideration of the number of pupils leaving the school in that year.

Any allocation will be based on the teacher element of the AWPU, and will reflect the period September to March only (as additional funding will then flow through the October pupil count) for maintained schools and September to August for academy schools (as additional funding does not flow through until the start of the next academic year). Additional funding may be made available for pupil resources where the provision is a significant expansion of provision, particularly where a new key stage is being provided.

No allocation will be made to a school/academy where the school/academy:

- Has surplus places and then takes additional children up to the PAN
- Admits over PAN at their own choice.
- Admits extra pupils where those pupils have a reasonable alternative school place.
- Is directed and/or requested to admit additional pupils as a result of errors, appeals, fair access protocol, SEN, LAC etc. as these numbers will be extremely low on an individual school basis.

- Provides an additional infant class to meet class size legislation

Staffordshire

Growth funding would be provided to a primary school where:

- the County Council agree that exceeding PAN (temporarily) or increasing the PAN (permanently) is necessary to meet population growth (not simply popularity growth or one school's desire to increase capacity);
- the County Council agree that the creation of an additional class is necessary and is directly related to exceeding PAN;
- the class is additional if it requires a change in the school's current or historical class organisation or number of classes;
- Schools that have historically operated mixed age classes or have a PAN in a multiple of 15 would be normally expected to operate some mixed-age classes. (The growth funding cannot be used only to reduce class sizes).
- A school's compulsory school-age range is increased the additional classes created would be funded. (e.g. when an infant school is converted into a primary school, it would be funded for each additional junior class created).

Funding would be provided only for the first academic year that an additional class is created.

Where one additional class was needed in an area but agreement cannot be reached to fund one school, the funding allocation may be split between two or more schools.

Assuming that the additional class is created in September, the primary school would receive funding equivalent to:

- 7/12ths salary cost of a 1 FTE teacher (Main Scale 6)
- 7/12ths salary cost of a 0.5 FTE teaching assistant (Grade 4)
- £3,000 towards the cost of resources and materials
- If the class is created between September and April, the amount would be reduced by a 1/7th for each whole month that the class is not needed.

Schools must comply with the infant class size legislation (and any school funded would not also receive separate infant class size funding).

Start-up funding for new schools:

Where a new school or academy is established in response to basic need for pupil places, funding will be made available in recognition of costs incurred before the school opens. A one-off payment of £50,000 will be made for a two form entry (or larger) primary school, or £25,000 for smaller than two-form entry schools.

Funding is also available to support diseconomies of scale when a school or academy opens without a full complement of year groups. Payments will be made over two years

in accordance with the table shown below, with 50% paid in the year of opening and the remaining 50% the following year.

- Academy is more than 90% full £0
- Gradual build-up of pupils after Academy starts off 80-90% full £10k
- Gradual build-up of pupils after Academy starts off 70-80% full £35k
- Gradual build-up of pupils after Academy starts off 60-70% full £60k
- Gradual build-up of pupils after Academy starts off 50-60% full £85k
- Gradual build-up of pupils after Academy starts off 40-50% full £105k
- Gradual build-up of pupils after Academy starts off 30-40% full £135k

Worcestershire

Additional funding will be made available in circumstances where:

- The LA carries out a formal consultation and approves to increase the capacity of a school.
- The LA requests schools to increase their PAN and the school has the capacity.
- The LA requests schools to admit significant additional pupils as a consequence of a school closure.

Additional funding will be made in relation to the number of additional pupils taken.

Funding will be given on a 7/12 basis to cover September to March each year. (The period April to August will be covered by the schools budget based on numbers from the October census).

Any allocation will be based upon the AWPU and will be relevant to the key stage.

No allocation will be made to a school that has not been the subject of a consultation where a school:

- Has surplus places and then takes additional children up to the PAN.
- Admits over PAN at their own choice.
- Is directed and/or requested to admit additional pupils as result of errors, appeals, fair access panel, SEN, LAC, etc. as these numbers will be extremely low on an individual school basis.

Funding will be allocated on the increase in actual numbers on the difference in pupils leaving and joining. For example in a primary school between the numbers leaving Year 6 and numbers entering Reception for 7 years from date of increased capacity.”

2015 Primary School Expansion Programme

School	Ward	Proposed Scheme
Bilston CE Primary	Ettingshall	Permanent Expansion
Bushbury Hill Primary	Fallings Park	2 Year Bulge
Eastfield Primary	East Park	Permanent Expansion
Loxdale Primary	Bilston East	2 Year Bulge
Manor Primary	Spring Vale	Permanent Expansion
St Martin's CE Primary	Bilston East	2 Year Bulge
Stowlawn Primary	Bilston North	1 Year Bulge
Westacre Infant	Tettenhall Wightwick	Permanent Expansion
West Park Primary	Park	2 Year Bulge

Potential Recipients (2015/16)

School	Ward	Scheme	Expansion Programme	Estimated Allocations (all places filled)
Bilston CE Primary	Ettingshall	Permanent Expansion to 1.5fe	2012	£34,190.85
Eastfield Primary	East Park	Permanent Expansion to 1.5fe	2012	£34,190.85
St Andrew's CE Primary	Park	Permanent Expansion	2012	£34,190.85
Wilkinson Primary	Bilston East	Permanent Expansion	2012	£34,190.85
Northwood Park Primary*	Bushbury North	Permanent Expansion	2013	£117,225.90
Dunstall Hill Primary	St Peter's	Permanent Expansion	2014	£68,381.70
Fallings Park Primary	Fallings Park	Permanent Expansion	2014	£68,381.70
Trinity CE Primary	Heath Town	Permanent Expansion	2014	£68,381.70
Bilston CE Primary	Ettingshall	Permanent Expansion to 2fe	2015	£34,190.85
Bushbury Hill Primary	Fallings Park	2 Year Bulge	2015	£68,381.70
Eastfield Primary	East Park	Permanent Expansion to 2fe	2015	£34,190.85
Loxdale Primary	Bilston East	2 Year Bulge	2015	£68,381.70
Manor Primary*	Spring Vale	Permanent Expansion	2015	£117,225.90
St Martin's CE Primary*	Bilston East	2 Year Bulge	2015	£117,225.90
Stowlawn Primary	Bilston North	1 Year Bulge	2015	£68,381.70
West Park Primary	Park	2 Year Bulge	2015	£68,381.70
Westacre Infants	Tettenhall Wightwick	Permanent Expansion	2015	£34,190.85
Scheme yet to be determined	TBC	TBC	2015	£68,381.70

Please note that:

- Schools highlighted with a star have applied to convert to academy status and applications have been approved. Due to the variations in financial years it is proposed that allocations to maintained schools would reflect the period September to March, whilst allocations to academies would reflect the period September to August.
- Greyed schools have been expanded as part of previous expansion programmes and have received previous support in line with Schools' Forums existing approach to support school expansions.
- Estimated allocations have simply been produced by multiplying the latest average allocation per pupil by the number of additional school places being provided.