

GROWTH FUND REVIEW

Report of the Director of Children's Services

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1. Purpose

- 1.1 To update the Forum on the Growth Fund review.

2. Summary

- 2.1 This paper provides a summary of the responses to the summer consultation questions relating to the Growth Fund.
- 2.2 It also provides an update of the Growth Fund review process, and the proposed next steps.

3. Recommendation

- 3.1 It is recommended that Forum:
- (i) Confirms that 24 AWPUs are an appropriate and sufficient level of basic resource to fund an additional class
 - (ii) That specific proposals in relation to the other changes supported in the consultation are costed and brought back to Forum for decision in November.

4. Summer consultation

- 4.1 Section 3 (Question 5-9) of the summer consultation relates to the Hertfordshire Growth Fund, which provides additional funding to expanding primary and secondary schools/academies and for delivering the infant class size requirement. The operation of the Growth Fund is being reviewed and respondents to the consultation were asked to give their view on several principles, to inform the review. The responses to the consultation relating to the Growth Fund are as follows:

4.1.1

Minimum class size that is financially viable		
The Growth Fund currently makes an assumption that the basic per pupil funding for 24 pupils (i.e.24 AWPUs) provides enough resource to fund an additional class.		
In primary, 24 AWPUs is currently equivalent to £65,543 for a full year outside the London fringe area and £66,567 for a full year in the London fringe area. The equivalent figures for key stage 3 are £91,571 and £93,002 and for key stage 4 £120,888 and £122,778.		
5. Do 24 AWPUs provide enough resource to fund an additional class? (If you disagree please indicate whether you think that the figure should be higher or lower, and if so why?)		
Not Answered	4	6.5%
Don't know	18	29.0%
No	11	17.7%
Yes	29	46.8%
Total	62	

The results indicate and majority belief that 24 AWPUs do provide an appropriate resource to fund an additional class.

There appears to be a high proportion of indecision from the respondents. In discussion of this matter at the Growth Fund Review Group it was felt that the indecision related to the fact that it was difficult to determine what should be provided over and above 24 AWPUs.

Where respondents have disagreed with the no. of AWPUs, explanations as to why include: *'Should be relevant to the additional class capacity – i.e. 30 if 30 children are expected, 27 AWPUs would provide a sufficient level of funding, funding should relate to the actual numbers of students anticipated as far as would be possible, 24 AWPUs would not cover the additional expense of other resources, the number provided should be different for primary and secondary.'*

Based on the responses, it is not possible to draw any conclusions as to what else could be offered as an alternative. It is therefore recommended that the current assumptions provide enough resource to fund an additional class.

4.1.2.

Additional Education Needs (AEN) Funding		
The Growth Fund currently provides additional resource for expanding schools based on AWPU funding only. There is no uplift to reflect funding for additional educational needs (AEN), such as funding based on free school meal entitlements and prior attainment.		
6. Should AEN funding be taken into account when calculating Growth Fund allocations?		
Not Answered	5	8.1%
Don't know	16	25.8%
No	4	6.5%
Yes	37	59.7%
Total	62	

The results indicate a response in favour of AEN funding when calculating Growth Fund allocations. It is proposed that the financial implication of this will be reviewed by the Growth Fund review group and reported back to Schools Forum.

4.1.3.

Leadership and Management		
Some schools have identified that there are considerable leadership and management costs involved in planning and delivering an expansion.		
7. Should the Growth Fund recognise leadership and management costs associated with expansions by including an additional one off allocation to expanding schools, for leadership and management		
Not Answered	3	4.8%
Don't know	2	3.2%
No	8	12.9%
Yes	49	79.0%
Total	62	

The results indicate a response in favour of recognising leadership and management costs associated with expansions by including an additional one off allocation to expanding schools. It will be necessary to determine what this cost should be and demonstrate what the financial implication would be for the Growth Fund. It is therefore recommended that the financial implication of this will be reviewed by the Growth Fund review group and reported back to Schools Forum

4.1.4

Key stage 2		
In its funding for expanding primary schools, the Growth Fund makes no distinction between KS1 and KS2. However, the infant class size requirement does not apply to key stage 2 and it would therefore be possible to make different assumptions in respect of KS2 (for example that class sizes could be more than 30 or that mixed age classes should be expected where the pattern of pupil numbers suggested this).		
8. Is it reasonable to have different expectations for Key Stage 2, as compared to Reception/Key Stage 1?		
Not Answered	4	6.5%
Don't know	9	14.5%
No	19	30.6%
Yes	30	48.4%
Total	62	

The results indicate that it is reasonable to have different expectations for Key Stage 2, as compared to reception/Key Stage 1.

Respondents have indicated that although there is more flexibility in KS2, this can only be taken so far. It is first necessary to consider what the financial assumptions should be made in respect to KS2. It is therefore recommended that these assumptions should be presented and discussed with the Growth Fund review group and reported back to Schools Forum.

4.1.5

Funding when a bulge class leaves		
Like other expanding schools, schools taking a one off bulge class receive a Growth Fund allocation to cover the period between the new class opening and the additional pupils being funded through the budget share. However, when the children in the bulge class leave the school some years later, no reduction is made to funding to reflect the lag between the pupil number reducing and this being reflected in the school's budget share		
9. Should a funding reduction be made as soon as a bulge class leaves?		
Not Answered	4	6.5%
Don't know	4	6.5%
No	23	37.1%
Yes	31	50.0%
Total	62	

The results indicate that a funding reduction should be made as soon as a bulge class leaves.

Respondents have commented that the schools should be protected against the cost of redundancy once the bulge class leaves and where the teacher is no longer required. It is first necessary to consider what the financial assumptions should be made in respect to these costs. It is therefore recommended that these assumptions should be presented and discussed with the Growth Fund review group and reported back to Schools Forum.

5. Growth Fund review group

5.1 Unfortunately as previously indicated it has not been possible to meet with the review group prior to the school holidays. As a result the review group were provided with a discussion paper relating to funding for new academies. They met to discuss this, and consider the summer consultation responses (received to date) on Friday 18th September. At this meeting the following outcomes were agreed:

i) New Academy Funding

Further work would be required in order to determine a reasonable allowance for start-up costs and post opening costs, such as leadership diseconomies of scale and viability protection. It was agreed that this should be based on modelled budgets for different sized schools. The Budget Pressures Steering Group are currently leading on this work and will be shared with the review group in due course.

ii) Summer Consultation Responses

Further work would be required in order to demonstrate the financial impact of taking forward the recommendations from the consultation responses.

6. Conclusion and Timescale

In light of the need to do further work to determine the appropriate allowances for new academies, to understand the impact of this and the outcome of the summer consultation recommendations, it is intended that the following next steps are taken:

Review group to consider assumptions for leadership and management allowances, KS2 assumptions, costs of staff redundancy when a bulge class leaves, and allowances for new academy start-up funding. The review groups will also consider the financial implications of these on the Growth Fund.	23 rd October 2015
Draft report and recommendation to Schools Forum to be considered by review group	30 th October 2015
Report and recommendations to Schools Forum	11 th November 2015