

21 September 2016

Agenda Item

7

RECOMMENDATIONS FOLLOWING GROWTH FUND REVIEW

Report of the Director of Children's Services

Authors: - Brenda Dennett & Jonathan Burberry
Tel: - 01992 555813 and 01992 555943

1. Purpose

- 1.1 To seek the agreement of the Forum on proposed changes to the Growth Fund for 2017-18.

2. Summary

- 2.1 The paper outlines proposals for changes to the Growth Fund in the light of input from the Schools Forum Growth Fund Review Group and responses to the 2015 summer consultation.

3. Recommendations

- 3.1 The Forum is asked to approve the proposed changes to the Growth Fund for 2017-18 which are outlined in section 5 of this paper, in respect of the following aspects of funding:
- Additional Education Needs (AEN);
 - Leadership & management funding for primary school expansions;
 - Withdrawal of funding when a bulge class leaves

4. Background

- 4.1 In 2015 the Growth Fund Review Group was tasked with reviewing the Growth Fund including the funding arrangements for new schools. The summer 2015 consultation with schools included a number of questions related to the areas under review, although funding for new schools was not covered. Following

analysis of the responses and review of the evolving funding proposals for new schools, the Group requested further work to test the soundness of the rationale behind them.

- 4.2 Before this work was completed the outcome of Stage 1 of the National Funding Formula (NFF) consultation indicated that the local authority would no longer be able to set its own criteria for the Growth Fund from 2019. Furthermore, the timing of what was anticipated as the first new basic need school provision for the county was put back due to the delay to the Bishop's Stortford North housing development that it's set to serve. As a consequence, there was no urgency to reach a conclusion and the decision was taken to pause further work pending release of information on Stage 2 of the NFF or the need to run a new school competition.
- 4.3 However, as there is still no news on the next steps for the NFF and because in all cases the Authority retains responsibility for the Growth Fund at least until 2019-20 it has been decided to move forward with the review. Advice and financial modelling has been sought from HfL regarding funding for new schools. This work is nearing conclusion and we anticipate presenting proposals to December 2016 Forum. Work on the other changes considered by the Review Group has been concluded and the proposed changes are set out in this paper.

5. Proposed Changes to the Growth Fund

This section sets out the proposed changes in detail. In the sections below, the script in italics constitutes the additions or revisions to the Growth Fund criteria.

- 5.1 Further to the report to Forum in September 2015 regarding the outcome of the 2015 Summer consultation on changes to the Growth Fund, the following amendments to the Growth Fund are proposed:

5.2 i) Additional Education Needs (AEN) Funding

- 5.2.1 Currently Growth Fund allocations to expanding schools for additional pupils are based only on AWPU's plus London fringe. The summer consultation responses were in favour of introducing an uplift to these allocations for AEN funding. An estimate of the annual extra cost of introducing this is approximately £500k, based on 2016-17 data.

The percentage uplifts for AEN factors used in the Growth Fund would be the same as used in the budget shares.

- 5.2.2 It is therefore proposed to add the words *plus AEN uplifts calculated as per the budget shares* to the criteria of the element of the Growth Fund which funds expanding schools for additional pupils (i.e. under Ai) 7/12 AWPU funding).

5.3 ii) Leadership and management funding for primary school expansions

- 5.3.1 Primary schools permanently enlarged as part of Primary Expansion Programme (PEP) 1 to PEP3 received a one-off revenue allocation of £20k for leadership and management expenses. This allocation was discontinued following the school funding changes in 2013 in light of changes to the school contingency budget.
- 5.3.2 Responses to the summer consultation were generally in favour of continuing with a £20k allocation for primary schools, which are permanently expanding by 0.5f.e.or more, reflecting a view that it was unfair that more recently expanded primary schools did not receive the payment. The one-off cost of providing funding to primary schools who have not yet received an allocation (PEPs 4 and 5) would be £220k. The ongoing annual cost of providing leadership and management funding to primary schools is estimated to be comparatively small as the number of primary expansions has peaked, PEP6 has just one expansion and the number of primary expansions in the coming years is expected to be comparatively low compared with previous years. It is therefore proposed to make the following addition to the Growth Fund:

Primary schools permanently expanding by 0.5 f.e or more will receive a one off £20k allocation from the Growth Fund to assist with the additional leadership and management costs involved in planning and delivering an expansion. In addition, as this is a new allocation, in 2017-18 a one off £20k allocation would be made to primary schools that have been permanently expanded by 0.5f.e. or more as part of Primary Expansion Programme (PEP) 4 or PEP 5, to bring them in-line with previous and later primary school expansions.

- 5.3.3 Consideration was also given as to whether such an allocation should be given to expanding secondary schools. The impact of a 1f.e. expansion on the leadership and management of a primary school is inevitably greater than a 1f.e. expansion of a secondary school – both as a proportion of the increase in roll and the number of staff. Secondary schools are also considered to be better equipped to deal with expansions as generally they have greater experience of significant school-led projects. In view of this, it is not proposed to make allocations to expanding secondary schools for leadership and management.

5.4 **iii) Withdrawal of funding when a bulge class leaves**

- 5.4.1 Due to the lagged pupil data used to calculate budget shares, when a bulge class leaves, the school will continue to receive funding for the class until the end of the funding period. This is despite the fact that the Growth Fund would have provided an allocation to ensure that the school received funding for the class from the point at which it started at the school (with no lag).
- 5.4.2 Responses to the 2015 summer consultation were supportive of withdrawal of funding as soon as a bulge class leaves. However, the issue of protecting schools against the cost of redundancy once the budge class leaves and the teacher is no longer required was raised. HR advice indicates that the duration of the bulge

class passing through the school provides sufficient time for the school to anticipate staffing requirements and plan accordingly.

5.4.3 In each of the following three years, based on spring 2016 pupil numbers, this could equate to an estimated clawback of £170k, £275k and £540k respectively.

5.4.4 In view of this the following addition to the Growth Fund is proposed:

Following the departure of the bulge class from the school it will continue to receive funding for the additional pupils for the remainder of the financial year. To correct this overpayment, funding for the bulge class pupils (for the period September to March) will be withdrawn from the school by a clawback of resource to the Growth Fund. The clawback will be calculated as follows:

The difference between the number of pupils in the bulge-class cohort and the school's PAN for the bulge-class year

*X AWPU (plus London fringe uplift where applicable)
X 7/12*

N.B. This will be inserted in the Growth Fund at the end of item A i) 7/12th AWPU Funding.

5.4.5 The Authority will explore with the DfE how this arrangement would work for academies where there is a 12 month lag (rather than 7 months) between the pupil count and the funding period.

5.5 Key Stage 2 Funding

5.5.1 In its funding for expanding primary schools the Growth Fund makes no distinction between KS1 and KS2. As part of the Growth Fund Review, consideration was given to whether less favourable funding should apply in KS2, given that infant class size regulations do not apply. Although responses to the 2015 Summer Consultation indicated support for establishing a differential, it has not been possible to identify a satisfactory method for doing so.

5.5.2 In view of the complexity of determining a satisfactory method for calculating a different allocation, no change is proposed and funding for KS2 will remain the same as that provided for KS1.

6. Conclusion

6.1 This paper sets out the proposals for changes to the Growth Fund following the Growth Fund Review. The Forum is asked to agree to the recommendations in section 3.

6.2 Changes to the Growth Fund agreed by the Forum will then be submitted to the DfE for approval.