

**HERTFORDSHIRE COUNTY COUNCIL  
SCHOOLS FORUM**

**16 January 2017**

**AGENDA ITEM**

**6**

**GROWTH FUND CRITERIA FROM APRIL 2017**

**Report of the Director of Children's Services**

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**1. Purpose**

- 1.1. To seek the agreement of the Forum on an amendment to the Growth Fund Criteria which is intended to clarify 7/12<sup>th</sup> funding arrangements for secondary schools.
- 1.2 To circulate the full Growth Fund Criteria updated to include this amendment, changes already approved by Forum and proposed changes regarding funding for new schools that will take effect from April 2017.

**2. Summary**

- 2.1. This paper sets out the proposed full text of the Hertfordshire Growth Fund Criteria which come into effect from April 2017, including a change to the Growth Fund wording for secondary schools.

**3. Recommendations**

- 3.1. The Forum is asked:
  - To support the proposed amendment intended to clarify growth funding for secondary schools and to note the content of the Growth Fund Criteria;
  - To confirm its approval of the 2017-18 Criteria for the Growth Fund detailed in Annex A.

#### **4. Background**

- 4.1. The criteria for determining 7/12<sup>th</sup> AWPU funding allocations from the Growth Fund has been working well for primary allocations as it reflects how primary schools operate. The growth in pupil numbers is now reaching secondary age. It is therefore proposed that appropriate separate wording for secondary expansions should be included in the Growth Fund based on experience of recent secondary school expansions.

##### **Secondary Schools**

When the Local Authority has asked a school to expand and increase the size of its annual cohort, funding will be provided for the agreed number of extra pupils as follows:

Planned increase in the size of the annual cohort at the school  
X AWPU (plus AEN uplifts calculated as per the budget shares,  
plus London fringe where applicable)  
X 7/12

#### **5. Conclusion**

- 5.1. The Forum is asked to agree the recommendation in section 3.

**HERTFORDSHIRE GROWTH FUND 2017-18****(All changes are highlighted)****A. Growth in Pupil Numbers**

This element provides additional funding to schools in the following circumstances:

- Where there is an increased Published Admission Number (PAN) determined at the request of the local authority through the annual admissions process, in order to meet basic need;
- Where there is a local agreement between a school and the authority for the school to take an increased number of pupils (which is outside the annual admissions process), in order to meet basic need.

**(i) 7/12th AWPU Funding**

Additional funding is provided in these situations because the additional cohort of pupils starting in September is not recorded on the schools census in time to generate additional funding in the normal way. The funding provides a resource for the period September to March and assists schools to fund the consequential staff and resource implications of the additional pupils. It is allocated as a one off payment to schools agreeing to a temporary expansion, and allocated to schools expanding permanently for the number of years required for the expansion to work its way through all the year groups in the school (e.g. 7 years for a primary school). The additional funding is calculated as follows:

**Primary Schools**

- a) When a school is required to appoint an additional full-time teacher as a result of the allocation of additional pupils and the planned increase in the size of the annual cohort at the school is 24 or less:

24 X AWPU (**plus AEN uplifts calculated as per the budget shares**)

plus London fringe where applicable)

X 7/12

- b) When the planned increase in the size of the annual cohort at the school is greater than 24 or when a school is allocated additional pupils but can accommodate those within existing class organisation (i.e. it is not necessary to appoint an additional full time teacher as a result of the increase):

Planned increase in the size of the annual cohort at the school

(e.g. increase in the Published Admission Number)

X AWPU (**plus AEN uplifts calculated as per the budget shares**)

plus London fringe where applicable)

X 7/12

## **Secondary Schools**

When the Local Authority has asked a school to expand and increase the size of its annual cohort, funding will be provided for the agreed number of extra pupils as follows:

Planned increase in the size of the annual cohort at the school

X AWPU (plus AEN uplifts calculated as per the budget shares,  
plus London fringe where applicable)

X 7/12

## **When a bulge class leaves (primary or secondary)**

Following the departure of the bulge class from the school it will continue to receive funding in its budget share 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

## **Academies**

Academies are funded on an academic year basis, with allocations based on the previous October's pupil count. Therefore the time lag between an academy taking extra pupils and receiving the funding for them through its budget share is not 7 months as with a maintained school but 12 months. Therefore academies qualifying for expansion funding from the Growth Fund receive an additional allocation to cover the period April to August. This is calculated as 5/7 of the allocation for the previous September to March. (As the extra cost of this is a product of academy funding arrangements, it will be reimbursed to the authority by the DfE and will not be a charge to the Hertfordshire Schools Budget.)

## **(ii) Revenue Protection Factor**

In addition there is a protection factor which guarantees pupil funding for expanding primary schools up to 24 or multiples thereof. This means, for example, that a school expanding from 1-2 f.e. would be guaranteed funding for a minimum of 48 pupils if the actual number of pupils fell below this level. At a time of rapidly rising rolls this protection factor is only likely to be activated in exceptional situations but schools consider it an important element when agreeing to expand or not.

In the case of temporary expansions, the classes with the "bulge" cohort will be protected at the target number throughout the cohort's time in the school. For permanent expansions the target number formula will also be applied to subsequent

cohorts until the new PAN has worked its way through the school (i.e. for 7 years in the case of a primary school).

For schools that expand to one and a half forms of entry the protection funding will be calculated across two year groups (excluding reception) as schools will be expected to mix year groups.

It is not intended that this factor should provide a greater degree of protection to expanding schools than they would have received if they had not expanded. Therefore, if the actual pupil numbers of the school fall to (or below) the pre expansion Published Admission Number (PAN) and it is agreed that thereafter the pre expansion PAN would apply; this protection funding would not be payable.

### **(iii) Learning Resources Allocation for Schools with One Year Bulge Classes**

In addition to allocations from the Growth Fund, expanding schools receive a capital allocation to purchase furniture and equipment for new classes. The allocation is £13k per reception class and £11k per class for older children.

Schools with one year temporary expansions (ie a one year bulge class) receive a one off capital allocation of £13k. This does not take into account the need to acquire key stage 2 learning resources when the bulge class reaches KS2. Also because it is a capital allocation, it cannot be used for revenue expenditure.

Schools taking a temporary bulge class for the first time and which need to open an additional classroom to accommodate the increase will therefore receive a one off £7k allocation from the Growth Fund. (Therefore the total allocation for the first extra class will be £20k, comprising a Growth Fund allocation of £7k and a capital allocation of £13k.). This total can be used for furniture, equipment and learning resources as the class of pupils moves through the school.

### **(iv) Leadership and Management Allocation for Primary Schools Permanently Expanding**

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 will be made to primary schools that have been permanently expanded by 0.5 f.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.

## **B. Additional Growth Fund Allocation - Secondary Schools/Academies becoming All Through**

### **Eligibility Criteria**

This element of the Growth Fund provides additional funding for transitional costs to secondary schools/academies which convert to become all through schools/academies at the request of the County Council, in order to meet local basic need. This Growth Fund allocation will not be payable if a school/academy is in receipt of start- up funding or post opening funding from another source, such as the Education Funding Agency.

## Allocations

This element of the Growth Fund comprises the following allocations:

- a) Allocation in the financial year prior to the opening of the new primary unit: £12,000;
- b) Allocation in the Summer term prior to the opening of the new primary unit: £48,000;
- c) Allocation in the period from the date of opening of the primary unit to the end of the financial year: £39,000;
- d) Allocation in the following financial year: £65,000.

### **C. Brand new schools/academies**

Brand new schools have a range of revenue start-up costs of which the main elements are:

**Start-up costs prior to opening** (e.g. the appointment of a headteacher and other key staff for a period prior to opening, such that they can prepare the school to open to pupils).

#### **Post opening costs:**

- Resources - a brand new school will need to purchase classroom materials and resources.
- Diseconomies of scale and financial viability in the period after opening. The number of funded pupils will inevitably be low in the first years after opening and the fixed cost of leadership, management, premises and provision of places across many age groups will therefore be a disproportionately high proportion of a schools budget.

#### **a) Growth Fund allocation for start-up costs of brand new schools and academies**

An allocation will be made to fund the start-up costs of brand new primary and secondary schools/ academies, which are established in response to basic need for pupil places.

#### **b) Eligibility criteria**

Funding will be payable to brand new schools and academies with no predecessor school, which have been established at the request of the Authority to meet basic need for pupil places. This includes free schools which are being opened to meet the need for a new school as referred to in Section 6A of the Education Act 2011 but it does not include other free schools.

#### **c) Allocation Formula**

**i) Start-up funding pre-opening** - A one off allocation of £100,000 for a primary school and £195,000 for a secondary school, generally paid one to two terms before the opening of the new school.

#### **ii) Post-opening funding - resources**

This would be calculated as £7,000 per 30 places created (excluding nursery and

sixth form) – i.e. a 2f.e. primary school would create 420 places and attract £98,000 and a 6f.e. secondary school would create 900 places and would attract £210,000. This funding would be paid over the first three years that the school/academy is open, proportionate to the build-up of pupil numbers.

### **iii) Post-opening funding – diseconomies and viability**

#### **Primary Schools**

Where a new primary school is required to provide places in multiple/all year groups from the date of opening, a protected minimum level of funding will apply for the first three years from the date of opening.

1) If the number of AWPUs funded in the school's budget share/general annual grant would otherwise be less than 96 AWPUs, then the funding will be adjusted so that the school receives AWPUs funding for a minimum of 96 AWPUs. This will be pro rata if the school/academy is only open for a proportion of the funding period (i.e. academic year for academies, financial year for maintained schools) or if the third anniversary of opening falls before the end of the funding period.

2) A modified arrangement will operate, when the following criteria apply:

i) the school is obliged to admit over 30 pupils in reception and/or in key stage 1, in order to provide places for children moving into the new housing development;

ii) the additional pupils above 30 are not covered by any of the exceptions to the infant class size regulations;

iii) the number of AWPUs funded in the school's budget share/general annual grant is less than 120.

In this situation the Growth Fund will allocate the difference between 120 AWPUs and the number of AWPUs funded in the school's budget share/general annual grant.

If conditions i) and ii) relate both to reception and to key stage 1, then the Growth Fund will allocate the difference between 144 AWPUs and the number of AWPUs funded through the school's budget share/general annual grant.

In these calculations, the number of AWPUs funded through the school's budget share/GAG will be the figure after taking into account the impact of any retrospective funding adjustment to reflect the difference between estimated and actual pupil numbers.

This funding will be allocated from the start of the term in which the above conditions are met until the end of the funding period (ie academic year for academies, financial year for maintained schools) or until the third anniversary of the school/academy's opening if this is sooner. The funding will be pro rata to the proportion of the funding

period for which it is allocated (if the conditions applied to an academy in its first year of opening from the Spring Term then 8/12 of the amount would be allocated, relating to the period from January to August).

Under both scenarios (1 and 2) above, the guaranteed minimum number of AWPUs may be delivered by basing the new primary's budget share on this number of pupils, rather than by making an allocation through the Growth Fund.

#### **Funded pupil numbers**

Even when the school's pupil numbers are greater than the protected minimum pupil numbers described above, during the first three years after opening the Authority will estimate pupil numbers for the school and endeavour to arrange with the EFA that the school is funded according to these estimated numbers. However, this arrangement is not under the control of the Authority and cannot be guaranteed.

#### **Secondary schools**

1) For new Secondary schools required to open in at least all KS3 year groups (7 to 9), from their date of opening, protection funding will apply as follows, for the first three years from the date of opening:

If the number of AWPUs funded in the school's budget share/General Annual Grant would be less than 150 KS3 AWPUs, then the funding will be adjusted so that the school receives AWPUs for a minimum of 150 KS3 AWPUs. In addition, if the AWPUs and lump sum funding for the school total less than £900k, an allocation will be made from the Growth Fund for the difference between the AWPUs and lump sum funding and £900k. These protections will be pro rata if the school/academy is only open for a proportion of the funding period (i.e. academic year for academies, financial year for maintained schools) or if the third anniversary of opening falls before the end of the funding period.

The guaranteed minimum number of AWPUs may be delivered by basing the new secondary school's budget share on this number of pupils, rather than by making an allocation through the Growth Fund.

2) For new Secondary schools required to open in year 7 only from their date of opening, protection funding will apply as follows, for the first three years from the date of opening:

If the number of AWPUs funded in the school's budget share/General Annual Grant would be less than 150 KS3 AWPUs, then the funding will be adjusted so that the school receives AWPUs for a minimum of 150 KS3 AWPUs. In addition, if the AWPUs and lump sum funding for the school total less than £850k, an allocation will be made from the Growth Fund for the difference between the AWPUs and lump sum funding and £850k. These protections will be pro rata if the school/academy is only open for a proportion of the funding period (i.e. academic year for academies, financial year for maintained schools) or if the third anniversary of opening falls before the end of the funding period.



The guaranteed minimum number of AWPUs may be delivered by basing the new secondary school's budget share on this number of pupils, rather than by making an allocation through the Growth Fund.

#### Funded pupil numbers

Even when the school's pupil numbers are greater than the protected minimum described above, during the first three years after opening the Authority will estimate pupil numbers for the school and will endeavour to arrange with the EFA that the school is funded according to these estimated numbers. However, this arrangement is not under the control of the Authority and cannot be guaranteed.

### **D. Infant Class Size (ICS) Protection**

The School Admissions Regulations require that (with certain exceptions) reception/key stage 1 classes should not be larger than 30 pupils. The Growth Fund provides allocations to support schools in delivering the infant class size requirement, covering the following groups of schools:

- Primary Schools except 1.5 and 0.5 Form Entry Schools and Small Schools
- 0.5 Form Entry Schools
- 1.5 Form Entry Schools

#### **a) Primary schools except 0.5 and 1.5 form entry schools and small schools.**

This element of the infant class size factor focuses on schools with non-standard PANs or large numbers of vacancies, which may face particular challenges in complying with the infant class size requirement.

Eligible schools are:

- Schools with high levels of vacancies - defined as where the total reception and KS1 number (i.e. three year groups) on roll at the October census prior to the start of the financial year is less than 80% of the PAN multiplied by 3;
- Schools with non-standard PANs - defined as those with a PAN of 21 to 22 or 51 to 52.

Schools eligible for the separate 1.5 fe or 0.5 fe elements of ICS funding are not also eligible for this element. Schools with fewer than 90 pupils on roll do not qualify for ICS funding as it would be assumed their class size issues are the product of being small schools.

The allocation formula is as follows:

Calculate the difference between the number of classes required (Reception & KS1 pupil numbers/30 and rounded up) and the number of classes notionally funded (Reception & KS1 pupil numbers/24).

Where the number of classes required exceeds the number of classes notionally funded, take the difference between the two and multiply by £40,000; which is the

approximate cost of a teacher on the pay grade MPS6.

Example:

	<b>R/KS1 pupil number</b>	<b>Classes required</b>	<b>Classes funded (Pupil Numbers divided by 24)</b>	<b>Additional class required</b>	<b>Additional funding at £40,000 per Additional Class</b>
<b>School A</b>	91	4	3.79	0.21	£8,333
<b>School B</b>	151	6	6.29	0	£0

## b) Small Schools

Schools with 90 or fewer pupils are not eligible for ICS funding. Small schools will not have more than 30 pupils in a year group and there is a general expectation (for example, by parents) that they will vertically group classes, depending on numbers, which gives small schools more flexibility in this area.

## c) 0.5 Form Entry Schools

The definition of a 0.5 form entry school is a school with Reception pupil numbers between 10 and 17 (inclusive) and Key Stage 1 numbers of between 20 and 34 (inclusive). The position of a 0.5 form entry (FE) school is similar to that of a 1.5 form entry (FE) school; in that each is 15 pupils short of full reception class.

The funding formula for 1.5 FE schools is also applied to 0.5 FE schools. Funding is allocated using a ghost pupil approach based on Reception pupil numbers only. Under this formula the school attracts funding based on the number of ghost pupils, which is the difference between the number of reception pupils and 30. Funding is allocated at £576 per ghost pupil, based on the number of ghosts implied by the pupil numbers from the October 2016 census.

Example:

	<b>Reception Pupil Number</b>	<b>30 less reception pupil number (ghost pupils)</b>	<b>Funding at £576 per ghost pupil</b>
<b>School C</b>	15	15	£8,638

## d) 1.5 Form Entry Schools

These schools face the practical difficulty that while it is possible to identify 3 mixed age classes in Key Stage 1, it is difficult to provide a sustainable class structure for the Reception year group.

Funding is allocated using a ghost pupil approach based on Reception pupil numbers only. The number of ghosts is the difference between the number of

Reception pupils and the next multiple of 30 (i.e. 45 Reception pupils = 15 ghosts). Funding is allocated at £576 per ghost pupil, based on the number of ghosts implied by the pupil numbers from the October 2016 census.

The definition of a 1.5 FE entry school for Infant Class Size funding purposes is a school with between 30 and 50 (exclusive) reception pupils and between 72 and 92 (inclusive) KS1 pupils.

October 2016 pupil numbers will be used to calculate the ICS funding in 2017-18.

#### Interaction of Infant Class Size Protection and Expansion Funding

It is not intended that a school should separately attract both Growth in Pupil Numbers funding and ICS protection funding. Therefore, with the exception of schools that expand to one and a half forms of entry, schools eligible for funding through the Growth in Pupil Numbers element of the Growth Fund will not also receive ICS funding.

Schools that expand to one and a half forms of entry will receive both Growth in Pupil Numbers funding and ICS protection funding from the year after the expansion started.