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GROWTH FUND AND FALLING ROLLS FUND CRITERIA 2020-21

Report of the Director of Children's Services

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1. Purpose

- 1.1. To seek the agreement of the Forum to two proposed additions to the Growth Fund criteria for 2020-21 to ensure clarity and consistency of wording.
- 1.2. To circulate the full Growth Fund Criteria for 2020-21, updated to include these additions.
- 1.3. To seek the agreement of the Forum to the Falling Rolls Fund criteria for 2020-21.

2. Summary

- 2.1. The paper requests Forum's agreement to:
 - two changes to the previously agreed Growth Fund criteria for 2020-21,
 - the criteria for the Falling Rolls Fund.

3. Recommendations

- 3.1. The Forum is asked:
 - a) To agree the proposed additions to the Growth Fund criteria for 2020-21.
 - b) To agree the criteria for the Falling Rolls Fund for 2020-21 as set out in Annex B.

4. Growth Fund

- 4.1. Following on from a significant review of the Hertfordshire Growth Fund criteria in November 2019, Forum is asked to agree two further proposed clarifications in relation to:

- The period of per pupil funding to emphasise compulsory schools age funding in secondary schools in Section A (i).
- An exemption to protection funding in Section A (ii) – Revenue Protection Factor, elaborating on whether additional teachers are required at KS2 as a result of expansion.

Annex A sets out the Growth Fund criteria including these amendments which are highlighted in yellow.

5. Falling Rolls Fund

- 5.1 Forum is required each year to agree the criteria for allocation of funding from the Falling Rolls Fund. At its last meeting Forum agreed the budget for the fund. The paper to the last meeting also set out issues relating to the future circumstances of schools that have been supported from the fund in 2019-20 and outlined that it is anticipated that only one school would continue to be eligible in 2020-21.
- 5.2 However, changes to the fund criteria need to be agreed, in order to update the dates referred to in the eligibility criteria – i.e. that each of these needs to roll forward 1 year from the current 2019-20 fund criteria. We have also amended the second sentence of the criteria for the secondary falling rolls fund. This is to clarify the reference to the minimum long- term viable size for a school.
- 5.3 The proposed new criteria are attached as Annex B, with the changes proposed highlighted in yellow. Forum is recommended to agree the new criteria.

6. Conclusion

- 6.1. The Forum is asked to agree the recommendations in section 3 of the paper.

HERTFORDSHIRE GROWTH FUND 2020-21

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) **Per Pupil Funding for September to March**

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 and 5 years for a secondary 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:

$$\begin{aligned} &24 \times \text{AWPU (plus AEN uplifts calculated as per the budget shares} \\ &\quad \text{plus London fringe where applicable)} \\ &\times 7/12 \end{aligned}$$

- 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):

$$\begin{aligned} &\text{Planned increase in the size of the annual cohort at the school} \\ &\text{(e.g. increase in the Published Admission Number)} \\ &\times \text{AWPU (plus AEN uplifts calculated as per the budget shares} \\ &\quad \text{plus London fringe where applicable)} \\ &\times 7/12 \end{aligned}$$

- c) When the planned increase is a permanent half form entry the following criteria will apply:
- i) In the years that additional teacher is required funding will be provided in accordance with part a) above.
 - ii) In years where an additional class can be accommodated in the existing class organization funding will be provided in accordance with part b) above.

Secondary Schools

As the staffing structure of secondary schools is considerably different to that of primary schools, when the Local Authority has asked a secondary 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)

Where a bulge class is leaving a school, we normally fund the additional pupils in the bulge class for the summer term only to reflect the time the pupils will be in attendance and because funding would have been provided from the September in the year in which they were admitted. Having complied with the necessary processes, the authority would expect to apply to the DfE to make a pupil number variation to the budget shares of the schools affected. The variation 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 AEN uplifts calculated as per the budget shares,
plus London fringe where applicable)
X 7/12 for maintained schools or
X 12/12 for academies

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.)

(i) Permanent enlargements of primary schools to serve new housing developments

The growth characteristics for a school enlarging permanently to meet demand from a major new housing development is different to a typical expansion that builds year on year from reception. The rate and scale of in-year growth is significant and may affect all year groups. Schools are expected to be flexible as numbers grow and may be required to run mixed year group classes. At KS1 class sizes will be limited in line with legislation but at KS2 schools will be expected to run larger classes (above 30) to meet demand. The Local Authority will monitor demand and pupil numbers and having considered relevant local circumstances will ask the school to open new classes, in any year group, at an appropriate rate to meet demand.

Growth funding will be provided for additional classes offered by the school at the request of the local authority that have not been taken into account in the pupil numbers used to calculate the school's budget share and will not be taken into account in any retrospective adjustment to that budget share. **Where schools have chosen of their own accord to admit above the agreed number growth funding will not apply.**

When the local authority requires an additional class to open during an academic year growth funding will be provided in line with brand new schools, section C, para b iii) enlargement, of the growth fund criteria.

In addition, the revenue protection factor which guarantees pupil funding for these additional classes of up to 24 or multiples thereof will apply until the class leaves the school or until a further class is opened in the cohort when protection funding will apply to the most recently opened class.

(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.

Furthermore, for enlargements or over-allocations of a small number of pupils only, rather than run an additional class when the cohort moves into KS2, schools would generally be expected to run larger classes above 30, as agreed with the local authority.

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.

Temporary Expansions, Schools with Primary Age Pupils

Schools with primary age pupils who, at the authority's request, take one year temporary expansions (ie a one year bulge class) receive a one off capital allocation of £11k (plus £2k if this includes reception pupils). This does not take into account the need to acquire additional learning resources when the bulge class will remain at the school for 5 years or more. Also because it is a capital allocation, it cannot be used for revenue expenditure.

Schools taking a temporary bulge class for the first time, that need to open an additional classroom to accommodate the increase and will have the pupils in the school for 5 or more years (primary and first schools only) will therefore receive a one off £7k allocation from the Growth Fund. This will bring the total allocation for the first extra class in primary or first schools to £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 move through the school.

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

Primary, infant, junior, first and middle 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.

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 either the Education and Skills Funding Agency or the County Council, as part of funding arrangements for new

schools.
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:

- a) 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)
- b) Post opening start-up 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 may 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 school's budget.
 - Enlargement – there is likely to be a requirement to fund additional classes established at the request of the local authority which are not included in the school budget share allocation.

Growth Fund allocation for start-up costs of brand-new schools and academies

Allocations 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.

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.

Allocation Formula

a) 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.

b) Post-opening funding

i) 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.

ii) 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.

If the number of pupils funded in the school's budget share/general annual grant would otherwise be less than 24 x 4 classes, organised to meet the demand as agreed with the Local authority (classes may be straight year group or mixed age group that reflect the local need, then the funding will be adjusted so that the school receives pupil funding (AWPU plus AEN uplifts plus London fringe where applicable) for a minimum of 4 classes of 24 pupils. 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.

Secondary schools

In line with advice from the DfE, it is assumed that new secondary schools will open in year 7 only. Ideally, opening should be planned to coincide with demand of approximately 5 fe, 150 pupils. Protection funding will apply as follows, for the first three years from the date of opening:

If the number of AWPU's funded in the school's budget share/General Annual Grant would be less than 150 x KS3 AWPU's (plus AEN uplifts calculated as per the budget shares, plus London fringe where applicable), then the funding will be adjusted so that the school receives AWPU funding for a minimum of 150 KS3 AWPU's. In addition, if the AWPU 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 AWPU (plus AEN uplifts calculated as per the budget shares, plus London fringe where applicable) 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.

iii) Enlargement

The growth characteristics for a school (new or existing) serving a major new housing development are different in that the rate and scale of in-year growth is significant and may affect all year groups. The Local Authority will monitor demand and pupil numbers and having considered relevant local circumstances will ask the school to open new classes, in any year group, at an appropriate rate to meet demand. Additional classes offered by the school at the request of the local authority, will be provided with growth funding. **Where a school has chosen to offer additional places of its own accord, growth funding will not apply.**

Enlargement, Primary Schools

Primary schools are expected to be flexible when growing to meet demand from new housing and may be required to run mixed year group classes. At KS1 class sizes will be limited to 30, in line with legislation. At KS2 schools will be expected to run larger classes (above 30) to meet demand. The Local Authority will monitor demand, pupil numbers and having considered relevant local circumstances will ask the school to open new classes, in any year group, at an appropriate rate to meet demand.

When the local authority requires an additional class to open during an academic year that has not been taken into account in the pupil numbers used to calculate the school's budget share and will not be taken into account in any retrospective adjustment to that budget share growth funding will be provided as follows:

- i) When a school is required to appoint an additional full-time teacher as a result of the allocation of additional pupils and the number of pupils in the additional class is 24 or less:

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

X pro rata for the period from the point of intake until the pupils are included in the school's budget share allocation.

- ii) When a school is required to appoint an additional full-time teacher as a result of the allocation of additional pupils and the number of pupils in the class is greater than 24:

Planned number of pupils in the additional class

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

X pro rata for the period from the point of intake until the pupils are included in the school's budget share allocation

In addition, there is a revenue protection factor which guarantees pupil funding for these additional classes of up to 24 or multiples thereof that will apply until the class leaves the school or until a further class is opened in the cohort when protection funding will apply to the most recently opened class.

Enlargement, Secondary Schools

When the Local Authority requires a secondary school to expand and increase the size of its annual cohort during an academic year that has not been taken into account in the pupil numbers used to calculate the school's budget share and will not be taken into account in any retrospective adjustment to that budget share, growth 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 pro rata for the period from the point of intake until the pupils are included in the school's budget share allocation

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 £45,000; which is the approximate cost of a teacher on the pay grade MPS6.

Example:

	R/KS1 pupil number	Classes required	Classes funded (Pupil Numbers divided by	Additional class required	Additional funding at £45,000 per Additional Class
School A	91	4	3.79	0.21	£9,375
School B	151	6	6.29	0	£0

a) 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.

b) 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 £648 per ghost pupil, based on the number of ghosts implied by the pupil numbers from the October 2019 census.

Example:

	Reception Pupil Number	30 less reception pupil number (ghost pupils)	Funding at £648 per ghost pupil
School C	15	15	£9,720

c) 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 £648 per ghost pupil, based on the number of ghosts implied by the pupil numbers from the October 2019 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 2019 pupil numbers will be used to calculate the ICS funding in 2020-21.

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.

FUND FOR SMALL SECONDARY SCHOOLS IN AREAS OF DEMOGRAPHIC GROWTH

Hertfordshire operates a Fund to support small secondary schools and academies with surplus places which will be needed in the near future.

The eligibility criteria and formula for determining allocations from the Fund are based on the assessment that 550 pupils (years 7-11) (excluding sixth form) is the minimum long-term viable size for a school which serves predominantly secondary-aged pupils.

The Fund has the following eligibility criteria:

- (i) The school/academy has fewer than 550 pupils (excluding sixth form) in the October census prior to the start of the financial year.
- (ii) The number of places offered by the school across year groups 7 to 11, if full, is greater than 550.
- (iii) The authority has forecast that at least 110 places will be required from the school in year 7 (year 9 for upper schools) by Autumn Term 2023; otherwise there will be an absolute shortfall of capacity in the relevant planning area.
- (iv) The school is Good or Outstanding. The date at which Ofsted category data will be taken will be 31st January prior to the start of the financial year to which funding relates.

Formula for Allocation:

The allocation formula takes account of the size of the school and any MFG protection funding the school receives in its budget share to avoid duplicating it.

The formula for determining an allocation to eligible schools is:

- (i) KS3 calculation: $330 - \text{actual number of KS3 pupils on roll} \times \text{KS3 AWPU} \times 66\%$;
- (ii) KS4 calculation: $220 - \text{actual number of KS4 pupils on roll} \times \text{KS4 AWPU} \times 66\%$;
- (iii) Sum of the result of lines i and ii;
- (iv) Deduct any MFG protection funded received by the school - the MFG protection figure taken into account in calculating allocations from the Fund is the MFG protection calculated by the Authority and notified to the DfE via the Authority Proforma Tool (APT);
- (v) Equals the allocation from the Fund.

Allocations will be capped at £500k per school in 2020-21

This Fund does not cover schools or academies which have newly opened in the last ten years.

FUND FOR PRIMARY SCHOOLS WITH FALLING PUPIL ROLLS IN AREAS OF DEMOGRAPHIC GROWTH

Hertfordshire will operate a fund for primary schools which have experienced a substantial short term fall in pupil numbers but where the surplus places will be needed in the near future.

a) Eligibility Criteria

The Fund has the following eligibility criteria:

- i) The school has had a reduction in its pupil numbers (excluding nursery pupils) of both more than 20% AND more than 30 pupils, between the October 2017 census and the October 2019 census.
- ii) The Authority has forecast that:
 - by Autumn Term 2023 the school's pupil numbers (excluding nursery) will have increased by at least 20% above the October 2019 census AND
 - by Autumn Term 2024, the school's pupil numbers (excluding nursery) will have returned to, or exceeded, the October 2017 census number.
- iii) The school is Good or Outstanding. (This is a DfE requirement for eligibility for the Fund.) The date at which Ofsted category data will be taken will be 31st January prior to the start of the financial year to which funding relates.

b) Allocation Formula

The allocation formula is as follows:

The decrease in the number of pupils on roll between October 2017 and October 2019 – 30, x primary AWPU x 50%

Example:

A primary school had 400 pupils on roll in October 2017 and 300 in October 2019, a decrease of 100 pupils in the number on roll. It is forecast to have 380 pupils on roll by the Autumn Term 2023 and 420 pupils on roll by the Autumn Term 2024. The school would be eligible for an allocation from the Fund and this would be calculated as follows (using the 2019-20 primary AWPU for illustrative purposes):

$(100-30) \text{ pupils} \times \text{£}2811.24 \times 50\% = \text{£}98,393$ allocation from the Fund.