



# **SCHOOL FUNDING POLICIES**

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# **Growth Fund**

## **Growing Schools**

In August 2017, the Department for Education (DfE) updated the '[Schools revenue funding 2018 to 2019: operational guide](#)', in which they stated local authorities can centrally retain Dedicated Schools Grant (DSG) to support schools which are 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, including pre-opening, diseconomy and reorganisation costs.

The growth fund may not be used to support schools in financial difficulty or general growth due to popularity.

This is subject to the following DfE requirements:

1. Local authorities must produce criteria for allocating growth funding. The criteria should set out both the circumstances in which a payment is made and the basis for calculating the sum to be paid.
2. Local authorities will need to propose the criteria to Schools Forum and gain its agreement before growth 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 must regularly update the Schools Forum on the use of the funding.
3. The growth fund must be ring-fenced so that it is only used for the purposes of supporting growth in pre-16 pupil numbers to meet *basic need*.
4. The growth fund is for the benefit of both maintained schools and academies.
5. Any unspent growth funding remaining at the year-end should be reported to Schools Forum. Funding may be carried forward to the following funding period as with any other centrally retained budget, and can be used specifically for growth or falling rolls if the authority wishes.
6. The use of the growth fund is solely for the purposes of supporting growth in pupil numbers, to support additional classes needed to meet the infant class size regulation and to meet the costs of new schools.

Any costs met or additional funding provided to schools in relation to the growth fund is subject to agreement in advance with the local authority.

## **Growing Schools criteria and funding mechanism**

The current Isle of Wight criteria and mechanism for funding growing schools is set out below.

- If a school is asked by the Authority to admit in excess of its Planned Admission Number (PAN) in the normal admissions round, there may be a need to run an additional class or employ an extra teacher in keeping with

infant class size regulations (maximum of 30 pupils in a class). This will require the appointment of an additional teacher in advance of the class coming into being.

- A funding mechanism, based on a per pupil top-up would be applied. The funding would be based on 7/12 (covering September to March) of the Age Weighted Pupil Unit (AWPU) funding for the additional pupils.

Where the number of pupils triggering the need for an additional class is less than 5, growth funding will be allocated in advance on a termly basis in recognition of the possibility of pupil numbers falling to the extent that an additional class is no longer required.

A number on roll increase must be agreed with the admissions team to constitute a *planned* growth. The School Funding team will then be informed about schools that have a planned growth having agreed forecast pupil numbers with the school.

For the avoidance of doubt, growth funding can only be allocated where there is a growth in basic need in the area requiring a school to admit above PAN or to increase their PAN, in agreement with the admissions team. Where schools see an increase in pupil numbers due to popularity, whether within or by increasing their PAN, growth funding cannot be allocated. Where schools are operating below PAN and see an increase in pupil numbers within their existing capacity, they must manage this within their lagged funding.

### Funding mechanism

#### **Examples of different funding scenarios**

Some different funding scenarios are listed below to demonstrate the application of the current funding mechanism:

##### **Example 1 – required to open an extra class**

If a school ran an additional class, as agreed with the authority, then the school will require a minimum of 20 children to fund a class (e.g. 20 x AWPU of £2,760 = £55,200 in a full year) to cover the cost of a teacher, including on-costs, and other associated costs.

As such the school would be funded in the first year on the basis of increasing the year group by 20 pupils in the September regardless of the actual number of pupils in the class and would receive  $20 \times 7/12 \times \text{AWPU} = \text{£}34,358$ . If the additional class has 20 or more children all will be counted in the October census and the school will receive the full year's pupil led funding for all 20 children through the school's budget share. There will be no further adjustments to the school's budget.

If less than 20 additional children are admitted to the school, there may be a need to “top up” the school’s funding to this level. This funding is not guaranteed, and each situation will be assessed on an individual case basis and reviewed annually.

### **Example 2 – increased intake but no extra class required**

In instances where schools admit pupils at the Authority’s request but no extra class is required the school would receive  $7/12 \times \text{AWPU}$  for the equivalent number of children. The school would then receive the full year pupil led funding for these additional children based on the following October census. No further adjustment to the school’s budget will be required.

### **Infant Class Size regulations**

In rare circumstances where the admission of “excepted pupils” to an infant class results in an average class size of 33 or above (through agreement with the local authority and the school), it is proposed that growth funding be allocated to meet the average cost of a Learning Support Assistant.

The allocation of such funding would be reviewed on a termly basis in respect of the agreed numbers for the following term. In order to ensure funding is fair and consistent, the class size will be calculated by using the average number of pupils in the year group impacted (number of pupils divided by the number of classes).

For example, a school with 90 pupils plus three excepted pupils would not normally be eligible for this funding, as the average class size is 31 ( $93 / 3$ ). In this example the school would need to have nine excepted pupils in the year group impacted to be eligible for the funding ( $99/3 = 33$ ). Exceptional circumstances may only be agreed by the local authority.

### **Secondary Growing Schools**

The same funding mechanism used for primary schools would be applied to secondary schools. As such, secondary schools would receive  $7/12 \times \text{AWPU}$ . The schools would then receive the full year pupil led funding for the additional pupils based on the following academic year’s October census.

## **Falling Rolls**

The DfE's '[Schools revenue funding 2018 to 2019: operational guide](#)' sets out the criteria for a falling rolls policy.

This is subject to the following DfE requirements:

- A small fund can be retained centrally before the formula is calculated to support good schools with falling rolls where local planning data show that the surplus places will be needed within the next three years. The schools forum should agree both the value of the top slice and the criteria for allocation, and the local authority should regularly update the schools forum on the use of the funding.
- Criteria for allocating funding should contain clear trigger points for qualification and a clear formula for calculating allocations.
- Any falling rolls funds remaining at the end of the financial year should be reported to Schools Forum. Falling rolls funding carried forward to the following funding period can continue to be used specifically for falling rolls if the authority wishes.

### **Isle of Wight Criteria**

Schools must meet all of the following criteria to be eligible for falling rolls funding:

- Must have had a falling number on roll for a minimum of 2 years based on the autumn term census
- Number on roll must have fallen by more than 5% in both years.
- Must have an Ofsted rating of good or outstanding. The Ofsted ratings will be taken as at census day in October
- The forecast pupil data must show the school is expected to have an increase in pupil numbers by the end of the 3 years (e.g. years 2 to 3)
- Pupil numbers must also show the school is increasing numbers in future years 4 and 5 to ensure sustained growth
- Schools are not eligible if they are deemed to have an excess balance
- Schools cannot receive more than 5% of budget share or £100,000

The data showing schools forecast pupil data is taken from the SCAP return which is a School level capacity return. Local authorities are required to provide data and information on all state-funded primary and secondary schools in their areas. This data is returned to the Education Funding Agency (EFA) in August each year.

The SCAP return does not include special schools and education centres. Any growth in special schools and education centres anticipated over the next 2 -3 years and ongoing would need to be agreed by the admissions team in conjunction with the SEN department.

An excess balance is deemed as those schools that have had a balance of over 10% of budget share for the last 3 years.

### **Methodology**

Any schools that have fallen in roll by more than 5% from the previous year will be funded for the percentage above this. For example, a school that has dropped 50 pupils, which is a 10% reduction, will receive funding for 25 pupils, which is the amount over and above the 5%.

Primary and Secondary Schools will be funded on the pupil led funding for each school rather than simply the Age Weighted Pupil Unit. Using this method will take into account the other pupil led factors for which schools receive funding for example deprivation, looked after children, low attainment, mobility and English as an additional language. This approach takes into account the profile of each school and assumes any new pupils will have similar attributes. Using the example above the school will receive their school level AWPU of £3,500 x 25 pupils = £87,500

Special schools and Education centres will be funded on the basis of per place funding.

## **Contingency**

The DfE lists a limited range of services where central provision for maintained schools may be argued on the grounds of economies of scale or pooled risk, which includes contingencies. This is a de-delegated budget and relates to maintained primary and secondary schools.

The DfE states that contingencies can only be retained centrally for maintained schools for a limited range of circumstances:

- **Exceptional unforeseen costs**
- **Schools in financial difficulties**
- **Deficits of closing schools**

Maintained schools have elected not to de-delegate a contingency budget, and so there is not a current policy for how such funding is distributed.

## **Split Sites**

The Department for Education permits a split sites factor to be used within the mainstream school funding formula, under the following criteria:

- Criteria for providing extra funding should be clear and transparent, incorporating clear and objective trigger points, and a clear formula for allocating additional funding.
- All schools and academies that meet the criteria will be eligible for split site funding.
- Schools sharing facilities, federated schools and schools with remote sixth forms or remote early years provision are not eligible for split site funding.

The funding is allocated to cover the additional costs of operating a split site. Likely additional costs identified are:

- Additional infrastructure and transport costs
- Additional administration costs
- The extra cost of running two reception areas
- Additional caretaking
- Additional IT costs

The funding will consist of a lump sum of £30,000 for eligible schools. This additional funding is intended to meet the costs directly associated with school premises being separated. Any additional costs relating to an extended site such as when two neighbouring schools merge or solely due to being a large school or having a large site would not be applicable.

The school must meet the following criteria to be eligible for split site funding:

- At least 20% of the school's total pupils must receive a range of core education on each site
- Travel between the two sites must require access via a public highway
- Must be a single school with one DfE number
- Funding will continue to be allocated where a historic split site exists
- New split sites will only receive funding with the prior written agreement of the local authority, where the split site is unavoidable in delivering core education

Where schools are considering entering into a new split site arrangement, they are advised to enter into early discussion with the local authority to establish whether it would be eligible for split site funding.



## **Cap on EHCP Spend**

To ensure that no school is disproportionately impacted by the cost of [statemented pupils with an education, health and care plan \(EHCP\)](#), Schools Forum has agreed to cap spend on these pupils at 5% of a school's budget share.

### **Operation of the policy**

The cap for spend by schools on pupils with EHCPs is set at 5% of budget share. This is the figure before de-delegation and excluding any resourced provision funding.

A school's spend on pupils with EHCPs will be based on the top-up funding a school receives in the year.

The methodology for calculating whether a school is eligible for any additional funding under the policy is as follows:

1. Calculate 5% of the schools budget share (A)
2. Calculate the total spend on pupils with EHCPs based on data held by the SEN service, split between school spend and centrally funded top up funding (B) – this is calculated using the top-up funding rate.
3. If B is greater than A, additional top up funding will be provided.

The funding will be calculated on a termly basis and reconciled and paid at the end of the financial year once the final spend on pupils with EHCPs has been confirmed. Any resulting adjustments to funding will be made in the correct financial year.

### **Worked example**

School A has a budget share before de-delegation of £500,000. Its spend on pupils with EHCPs is capped at 5% of this figure, or £25,000.

School A has the following pupils with EHCPs with costs over £6,000:

Total number of EHCPs		
Summer		5
Autumn		4
Spring		4
Average number of statements across the year		4.42
	x £6,000	£26,500
	5% budget share	£25,000
	Cap - top up	£1,500

The school's total spend on pupils with EHCPs is greater than 5% of the budget share so the difference (£1,500) will be provided as an additional allocation at the end of the financial year.

## Over-Occupancy Funding

This funding is payable to academy and maintained special schools, schools with resourced provisions and pupil referral units (PRUs).

This funding ensures that a school is not financially disadvantaged in the event of their actual average occupancy across the financial year (April to March) exceeding their agreed place number (APN). The APN for each specialist provision is agreed between the SEN department and the school prior to the start of the year.

The funding is calculated by taking the average actual pupil numbers for the year and comparing it to the APN. If this number is greater than the APN, the additional places are funded at the place funding rate (currently £10,000). The pupil numbers are the actual termly FTE pupils used for the purposes of calculating top-up funding. A worked example can be found below:

School APN – 45

Pupil numbers each month:

Summer – 45

Autumn – 48

Spring – 48

141

Average pupil numbers = **47** ( 141 / 3 )

Over occupancy funding = **£20,000** ( 47 – 45 = 2 x £10,000 )

Funding is calculated and transferred to the school at the end of the financial year, once all of the top-up funding and pupil numbers have been finalised.

For resourced provisions, the same calculation is applied. However the place funding value will be either £10,000 or £6,000, depending on the occupancy of the unit in the previous October census. Places up to the number of pupils occupying the unit at the previous October census and on the roll of the host school will be funded at £6,000 and places above this number will be funded at £10,000.

Funding is only payable when a school exceeds the APN. Place funding will not be adjusted in the event of when the average pupil numbers for the year is lower than the APN.