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|  | Coventry Schools Forum 20th January 2022Agenda Item 6 |
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| Education and Skills  |

**Title: Approval of Growth Fund 2022/23**

**Recommendation**

This item is for the School Forum to approve:

* **The Schools Forum should approve the proposed value and operation of the 2022/23 growth fund as set out in this report and attached appendix.**

**Voting:** All Members

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## Executive Summary

### The Schools Forum are required on an annual basis to approve the proposed level of budget for the Growth Fund and the operation of that fund.

### There is a £611k surplus in funding for the 2022/23 Growth Fund.

### As a result, the thresholds used to determine eligibility for the In Year Admissions & Class Size Funding elements of the growth fund, have returned to their standard levels after they were reduced in 2021/22 when planned expenditure was greater than our DSG allocation for growth.

## Background

### The Growth Fund is a portion of the Dedicated Schools Grant (DSG) Schools Block which enables local authorities (LAs) to support schools with significant in-year pupil growth which is not otherwise immediately recognised by the lagged funding system.

### In Coventry the Schools Forum have chosen to use the Growth Fund to support schools to:

##### Provide additional classes needed to meet the infant class size regulation. (i.e. Class Size funding)

##### Provide additional classes in agreement with the LA to meet pre-16 basic need growth. (i.e. Increasing Forms of Entry & Secondary Growth)

* Take significant numbers of new pupils outside the usual admissions window process (i.e. In-year Admissions).

##### Statutorily the Growth Fund also funds schools that meet the criteria of a ‘growing’ school and subsequently their funding allocations are calculated based on estimated pupil numbers (i.e., Implicit Growth).

### Since 2019/20 the Growth Fund has been allocated to local authorities on a formulaic basis. This means that the level of growth funding Coventry receives is directly linked to the increased number of pupils in the city vs the previous year. It also means that Coventry’s allocation of DSG for growth fluctuates annually.

### This allocation methodology does not recognise two of the growth strands that we choose to use in Coventry, so the Schools Forum sub-group reviewed the Growth Fund in 2019/20 to evaluate its operation to ensure continued affordability.

### Recommendations from that review were approved by the Schools Forum. The key recommendation in relation to affordability is set out below.

### In the event that the Growth Fund is not affordable, the steps for reducing growth allocations to point of affordability are:

#### Step 1 – Look to utilise any previous Growth Fund underspends to meet the gap.

#### Step 2 – Look to reduce the cost of individual Growth Fund elements as far as is necessary to meet the remaining gap. These elements have been prioritised into three groups. If necessary, the lowest ranked group would be reduced to zero before moving on to reduce the next ranked group. The rank is set out below:

*(higher funding priority)*

Rank 1 – Implicit Growth for growing schools – *have a legal duty to fund in full.*

Rank 2 – Secondary Growth & Primary Increasing Form of Entry – *these funds support real growth in pupil no’s and are the drivers of the LA’s growth allocation*.

Rank 3 – Class Size & In-year admissions – *the remaining growth elements*

*(lower funding priority)*

## Approval of the 2022/23 Growth Fund

### The Schools Forum is required to approve the operation of the Growth Fund and be consulted on its total size.

### As outlined in section 2 the Growth Fund we receive from the DFE changes each year in line with increases in pupil numbers. For 2022/23 this has meant an increase of £684k to £1,879k.

### There has not however been a similar increase in demand on the individual Growth Fund elements for 2022/23 with costs for Class Size, In-year Admissions and Secondary Growth increasing by £200k total. Furthermore 2022/23 is the first year since 2015/16 that Coventry has not had any ‘new and Growing schools’ that need to be funded based on estimates. This has resulted in a £175k saving to Implicit Growth element of the Growth Fund.

### This surplus position has allowed the eligibility thresholds for In Year Admissions & Class Size funding to be returned back to their standard levels after they were reduced in 2021/22 due to planned expenditure exceeding the 2021/22 DSG allocation for growth. Overall this leaves a surplus of £611k on the Growth Fund for 2022/23.

### It is important to remember that the full Growth Fund has been an unaffordable position in two of the three previous years as spend has exceeded our DSG growth allocation, and the fluctuating nature of the allocation can cause swings to the overall position that need to managed over the medium term.

### However, due to the significant level of underspend and the end of Coventry’s Implicit Growth demands we propose to complete a review of the Growth Fund with the Schools Forum sub-group during 2022/23. The aim of this review will be to look at the medium-term position of the Growth Fund and determine whether any changes are required to its operation or funding values.

### The final values of each element of the growth fund for 2022/23 is set out in the table below. The detailed operation of each of the growth fund elements is also set out in appendix 1.



### Some changes of note:

* In Year Admissions increased by £122k. This is due to a significant rise in admissions from 2020 to 2021. 2021 admissions are broadly similar with 2019 levels indicating that this year’s increase is to do with COVID related closures in 2020. Also, the increasing amount of space in Primary schools has allowed for an increased number of transfers.
* Implicit Growth funding is no longer required. This funding element helps new & growing schools to compensate for the exaggerated impact the lagged funding system has on their funding levels. There are currently no new & growing schools in the city, so this is no longer required.

## Who does the report affect?

### The issues in this report affect all mainstream schools and academies in the city as all are potentially eligible for growth funding depending on the circumstances of their school.

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| Contributor/approver name | Title | Directorate or organisation | Date doc sent out/ | Date response received or approved |
| Christopher Whiteley | Finance Manager | Financial Management | 13/01/2022 | 13/01/2022 |

This report is published on the Schools Forum Section of the council's website:

<http://www.coventry.gov.uk/meetings/committee/26/schools_forum>

**Appendix 1: Growth Fund eligibility criteria and funding methodology**

Increasing Form of Entry Funding:

Designed to support a school or academy that has agreed with the LA to provide an extra class from the next September to support basic need (either as a bulge class or as an on-going commitment). This funding is used in the primary sector to fund Reception & Key Stage 1 only, ensuring compliance with the Admissions (Infant Class Sizes) Regulations[[1]](#footnote-1).

Funding is allocated based on the costs of a Teacher and a Teaching Assistant from the point that the new class is required, until the school’s next budget share comes into effect.

 **Eligibility Criteria:** (all criteria must be met)

- The institution has agreed with the LA to provide an additional class.

- After removing 'exempt pupils', an additional class is required by the infant class size regulations when comparing the most recent October census with a rolled forward position that assumes the next September intake is at full capacity.

**Funding Formula:**

- A lump sum of £43,264.69 will be paid to eligible maintained schools for the period covering 1st September until 31st March (7/12ths of the year).

- A lump sum of £74,168.05 will be paid to eligible academies for the period covering 1st September until 31st August (12/12ths of the year). Academies are funded until 31st August because their funding is lagged. The additional cost of this funding will reduce amount of academy recoupment making it cost neutral to the Dedicated Schools Grant.

Class Size Funding:

Designed to support a school or academy where overall pupil numbers in Reception and Key Stage 1 (as at the previous October Census) attract less funding through the budget share than is needed to notionally fund the number of classes required.

This is to ensure that schools can adhere to the Admissions (Infant Class Sizes) Regulations.

 **Eligibility Criteria:**

- After removing 'exempt pupils', overall pupil numbers in Reception and in Key Stage 1 (as at the previous October Census) exceed a multiple of 30 by 28 or fewer pupils.

**Funding Formula**:

- The amount of Class Size funding provided to a school will be equal to £53,021 pro-rated by the proportion of under-funded classes. This allocation covers the whole financial year.

- The pro-rata will be calculated using the equation below, with negative results being treated as zero.

 Pro-rata = ((YRc-(YRn/28))+(KS1c-(KS1n/28)))

 where...

 YRc = No of Reception classes required by Infant Class Size Regulations

 YRn = Reception Pupil Number

 KS1c = No of Key Stage 1classes required by Infant Class Size Regulations

 KS1n = Key Stage 1 Pupil Number

In-year Admissions Funding:

Designed to support a school or academy that receives a significant level of new admissions into the school at non-standard points of entry.

**Eligibility Criteria:**

 - The school has received in year admissions due to basic need pressure in the previous calendar year in excess of 16.7% of its number of YR-Y11 pupils (as recorded on the most recent October census). Pupils admitted to schools through the intake of new year group classes in September shall not be classified as in-year admissions for the purposes of this fund.

**Funding Formula:**

- Funding will be paid for each in-year admission above the 16.7% threshold as defined above. The funding values are £185,411.00 for primary phase and £10,670.50 for secondary phase. This allocation covers the whole financial year.

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*Note: Where detailed above, if the number of pupils on roll for a particular year group (NOR) is greater than the number of places for that year group (PAN) any pupils exempt from the minimum class size calculations are removed from that year group's NOR before calculating the school's eligibility for Increasing Form of Entry funding or Class Size funding. For the purposes of explaining this calculation methodology these will be called 'exempt pupils' are those groups of pupils as defined by the School Admissions (Infant Class Sizes) (England) Regulations.*

Secondary Growth

Year 7 funding

1. *Over one-year*

Designed to support a secondary school or academy that has agreed with the LA to take an additional year 7 class to support basic need.

Funding is allocated based on the costs of a Teacher (plus 10% management costs) from the point that the new class is required, until the school’s next budget share comes into effect.

 **Eligibility Criteria**: (all criteria must be met)

* The institution has agreed with the LA to provide an additional class.
* A minimum of one additional full class is forecast to be required for the coming September year 7 intake (based on 30 pupils per class) when comparing to the number of classes needed based on the previous September intake pupil number less any of those pupils that were placed on appeal.

 **Funding Formula**

* A lump sum of £34,021.76 will be paid pro-rata (based on the number of additional classes required) to eligible maintained schools for the period covering 1st September until 31st March (7/12ths of the year).
* A lump sum of £58,323.01 will be paid pro-rata (based on the number of additional classes required) to eligible academies for the period covering 1st September until 31st August (12/12ths of the year) as their funding is lagged by a further 5 months until 1st Sept (rather than 1st April). The additional cost of this funding will reduce the amount of academy recoupment making it cost neutral to the Dedicated Schools Grant.
* The pro-rata will be calculated using the equation below, with results less than 1 being treated as zero.

Pro-rata = ((Y7f/30)-(Y7n/30))

where...

    Y7f = Forecast year 7 Pupil Number for coming Sept intake (based on planning data)

    Y7n= Previous September’s Year 7 Intake Pupil Number in less any placed on appeal

Secondary Growth continued…

1. *Over two-years*

Designed to support a secondary school or academy that has agreed with the LA to take an additional year 7 class to support basic need, but has implemented this across over a two year period (for example 0.5FE one year followed by a further 0.5FE the following year)

Funding is allocated based on the costs of a Teacher (plus 10% management costs) from the point that the full new class is required, until the school’s next budget share comes into effect.

Year 7 and Year 8 Funding

The eligibility criteria and funding formula for the ‘over two-years’ element of the secondary growth fund are identical, other than that references to the ‘prior year’ instead refer to the period two years prior

Year 8 funding

Designed to support a secondary school that received Year 7 funding (see above) in the previous financial year, as that expanded year 7 group progresses into year 8. Funding will be allocated using the same pro-rata as determined for it’s previous Year 7 funding, but will be reduced on a pro-rata basis where forecast Y7 numbers were not reached.

 **Funding Formula**

* A lump sum of £34,021.76 will be paid pro-rata (based on the number of additional classes required) to eligible maintained schools for the period covering 1st September until 31st March (7/12ths of the year).
* A lump sum of £58,323.01 will be paid pro-rata (based on the number of additional classes required) to eligible academies for the period covering 1st September until 31st August (12/12ths of the year) as their funding is lagged by a further 5 months until 1st Sept (rather than 1st April). The additional cost of this funding will reduce the amount of academy recoupment making it cost neutral to the Dedicated Schools Grant.
* The pro-rata will be calculated using the equation below

Y8 Pro-rata = Y7 Pro-rata - ((Y7a-Y7fp)/30)

where...

     Y7a= Previous September’s Year 7 actual Intake Pupil Number in less any placed on appeal

   Y7fp = Forecast year 7 Pupil Number for previous Sept intake (based on planning data)

1. <http://www.legislation.gov.uk/uksi/2012/10/pdfs/uksi_20120010_en.pdf> [↑](#footnote-ref-1)