

# 7. GROWTH FUND POLICY

February 2019



## BACKGROUND

Local authorities may top slice the DSG in order to create a Growth Fund to support schools which are required to provide additional places in order to meet basic need within the authority, including pre-opening and reorganisation costs. The growth fund may not be used to support schools in financial difficulty.

The growth fund is ring-fenced so that it is only used for the purposes of 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 necessary new schools. These will include the lead-in costs, post start-up costs and any diseconomy of scale costs.

The fund will be for the benefit of both maintained schools and academies. It can only be used where an increase in school places in new or existing schools is required to meet localised demand (i.e. demographics or housing developments) known as basic need.

For the purposes of this document, the word “school” will mean any maintained school, VA school, VC school or academy.

## CRITERIA

### Exceptional in year growth related to basic need – existing schools

Additional funding will be made available to schools and academies in circumstances where:-

- The Council approves an increase in the capacity of a school
- A school carries out a formal consultation at either the request of the Council or supported by the Council
- The Council asks a school to increase their PAN to meet localised demand

The growth funding will be allocated to schools either through the Authority Proforma Tool (APT) – an adjustment to pupil census numbers, or via the growth fund budget.

Schools funded via the APT will see funding for their estimated pupil growth included on their annual budget statement. These pupil numbers will be reviewed termly throughout the year and adjusted to reflect actual pupil numbers in the growing year group. This means that there may be additional funding allocated, or a claw back. Claw backs will not reduce funding below the school’s original pupil number from the previous October census for the expanding year group.

Schools funded via the growth fund budget will receive their additional funding termly throughout the year, based on the difference between the number of pupils originally funded and the actual number of pupils in the growth year, verified at the beginning of each new term. [For academies, where the ESFA make a Pupil Number Adjustment \(PNA\), the LA will align their funding allocation taking this PNA into account.](#)

Funding will be provided at AWPU [plus other funding factors based on an allocation for that school](#) x 7/12 per pupil to reflect the period September to March for maintained schools (as additional funding

will then flow through the October pupil count), and September to August for academy schools (as additional funding does not flow through for academies until the start of the following academic year).

If a school who is currently receiving growth funding due to an increase in PAN later decides to reduce their PAN, growth funding will cease.

Where building works are required and agreed by the LA and the school's PAN will increase by 50% or more, in exceptional cases (on a case by case basis), revenue funding up to a maximum of £10,000 one-off payment could be made to cover additional costs such as utilities and cleaning costs which cannot be charged to capital.

## NEW SCHOOLS

Payments from the growth fund to a new school will only be made if the local authority has established a local need for the school. There are essentially 3 elements to consider: a) pre-opening set up costs, including leadership and administration, recruitment and initial equipment set up; b) initial budget allocation and c) expansion.

Pre-opening set-up costs; these will vary depending on the size and nature of the school. Leadership, management and administration: a one off lump sum will be paid two terms before opening as follows: Primary £75,000 Secondary £125,000 All-through £125,000. Initial equipment - £75 per primary pupil place and £150 per secondary pupil place will be paid two terms before opening.

This assumes a school is opening under the "Academy / Free School presumption" and is in receipt of the £25,000 start-up grant paid directly to the Trust by the EFA. Where a school is opening as a maintained school and is not in receipt of start-up grant, the start-up funding will be uplifted to mirror the start-up grant that the school would have received from the EFA as if it were opening as an Academy or Free School. To be clear, this will not be paid to an Academy or Free School that is in receipt of start-up grant from the EFA.

Initial budget allocation: if a school opens in September, estimated pupil numbers will be included in the Authority Proforma Tool (APT) returned to generate a 7/12th budgets share for the September to March period. The Growth Fund will be used to subsidise the budget share if needed. The pupils actually on roll will be included in the October census and this will be used to calculate the School Budget Share from April the following year.

The initial budget will be calculated (pro-rata from date of opening) as per the local formula based on one full year group: Primary – 2 form entry – 60 places Secondary – 5 form entry – 150 places

The budget will include per pupil funding (AWPU) , and other local formula factors based on an average allocation for similar schools.

Expansion; from the beginning of the financial year following opening, growth would be funded as per the methodology outlined above, for a maximum period of three years or until the school reaches capped capacity or is full, whichever is sooner.

The business plan will need to clearly identify pupil growth assumptions, which should be realistic and evidence based. Growth funding will be time limited to a long stop maximum of 5 years on the presumption that the sponsor will have a clear plan to operate at PAN, and so by this time the school should be completely viable through the usual school budget share. This will encourage efficient

deployment and allocation of resources as the school grows and will protect the growth fund against long term, non-sustainable commitments where demographic change falls short of expectations

Leaving aside the start- up grant, at no point will the temporary funding supplied to a new school lift its funding level beyond what it would receive when operating at full capacity.

The decision to provide start-up funding and the level of funding allocated will take into account the local context and potential impact on other schools' sustainability.