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Guidance

# Growth and falling rolls fund guidance: 2020 to 2021

Updated 19 December 2019

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## 1. Introduction

This document is split into two sections:

- section one: growth funding
- section two: falling rolls funding

In each section, the operational guidance around setting compliant growth and falling rolls funding criteria is outlined.

Each section then provides examples of a range of local authorities' clear and objective criteria for growth and falling rolls funding, set in the 2019 to 2020 financial year. This has been provided in order to support local authorities and their schools forums to set their own compliant criteria.

## 2. Section one: growth funding

## 2.1 Growth funding through the national funding formula (NFF)

Growth funding is allocated through the national funding formula (NFF) within each local authority's school block. Unlike the other factors in the NFF, a provisional growth allocation is not published. This is because growth funding is based on the latest pupil data, recorded in the October 2019 census, which is not yet available. Instead, each local authority's growth allocation is included in the dedicated schools grant (DSG) published in December. However, local authorities can use the growth funding calculator to input estimated pupil numbers in the October 2019 census and forecast growth funding in advance.

The methodology to calculate growth funding was introduced for the 2019 to 2020 financial year, and has remained the same for the 2020 to 2021 financial year. This means it will be based on the observed differences between the primary and secondary number on roll in each local authority between the October 2018 and October 2019 school censuses. Growth is measured at the middle layer super output area (MSOA) within each local authority – these are [areas used by the Office for National Statistics](#), based on population data, which allow us to capture growth in small geographical areas within local authorities. The growth allocation for each local authority will be £1,425 per new primary pupil and £2,130 per new secondary pupil, plus a lump sum of £67,000 for each brand new school. These values have increased in line with the other NFF core factors at 4% compared to last year.

Local authorities which received transitional protection to their 2019 to 2020 growth funding will be eligible for protection in 2020 to 2021. The maximum reduction in growth funding for these local authorities will be set at -0.5% of a local authority's total DSG schools block allocation in 2019 to 2020. The only difference to the growth funding methodology in 2020 to 2021 is the removal of the gains cap on growth funding allocations. This means local authorities will no longer see gains above 50% from the previous year scaled back.

The methodology is explained further in recent [national funding formula policy documents](#). The 'National funding formula for schools and high needs: 2019 to 2020' policy document includes an explanation of the methodology itself, and the 2020 to 2021 policy document includes an explanation of changes to the transitional protection on growth allocations for next year. A worked example of growth funding is illustrated in the ['Schools block national funding formula', Annex C](#).

As growth funding is within the schools block, a movement of funding from the schools formula into the growth fund would not be treated as a transfer between blocks. However, the schools forum must be consulted on, and agree, the total size of the growth fund. In addition, they should be consulted before any expenditure from the growth fund, is incurred.

## 2.2 Operational guidance on growth funding

This information outlines operational guidance regarding local authorities' growth funds, also published in the [schools operational guide: 2020 to 2021](#).

The growth fund can only be used to:

- support growth in pre-16 pupil numbers to meet basic need
- support additional classes needed to meet the infant class size regulation
- meet the revenue cost of new schools

Local authorities are responsible for funding these growth needs for all schools in their area, for new and existing maintained schools and academies. Local authorities should fund all schools on the same criteria. Where growth occurs in academies that are funded by Education and Schools Funding Agency (ESFA) on estimates, ESFA will use the pupil number adjustment process to ensure the academy is only funded for the growth once.

The costs of new schools will include the lead-in costs, for example to fund the appointment of staff and the purchase of any goods or services necessary in order to admit pupils. They will also include post start-up and diseconomy of scale costs. These pre and post start-up costs should be provided for academies where they are created to meet basic need.

ESFA will continue to fund start-up and diseconomy costs for new free schools where they are not being opened to meet the need for a new school as referred to in section 6A of the Education and Inspections Act 2006.

The growth fund must not be used to support:

- schools in financial difficulty; any such support for maintained schools should be provided from a de-delegated contingency
- general growth due to popularity; this is managed through lagged funding

The growth fund may not be the most appropriate source of funding for growing schools and we expect local authorities to use varying pupil numbers where there is a more permanent and significant change to numbers, and where it's appropriate for the change to be reflected in the funding formula. The following provides an example of the distinction of where we'd expect the growth fund to be used, and where we'd expect pupil numbers to be changed on the Authority Proforma Tool (APT):

Example 1: based on the pupil census data a local authority has projected that there will be a need for an extra 30 places in secondary provision in the next school year. They have approached a school which has agreed to increase provision from September 2020. This should be recorded on the APT in January 2020 and would be managed through a variation to pupil numbers

Example 2: based on previous years and anticipated growth the local authority has

forecast a possible need for 100 new primary places. This has yet to be confirmed and as such the local authority has not yet agreed any additional placements but know that they will need to do so within the next year. This is an appropriate reason to hold money in the growth fund and to use as and when the basic need occurs

Local authorities will not need to submit a disapplication request for an increase to numbers where this is due to a change to the admission limit or a local reorganisation. Local authorities are required to produce criteria on which any growth funding is to be allocated, which must be agreed by the schools forum.

The schools forum must also be consulted on the total size of the growth fund from each phase, and should be consulted prior to any expenditure from the growth fund been incurred.

In 2020 to 2021, local authorities will continue to set criteria to determine how to allocate growth funding to schools in their local area.

## **2.3 Setting growth funding criteria**

Local authorities' growth funding criteria should contain clear objective trigger points for qualification, and a clear formula for calculating allocations with these criteria applying to all schools on the same basis. This will be checked by ESFA for compliance with the [2018 \(No. 2\) Regulations](#), to check that it provides a transparent and consistent basis for the allocation of funding, which may be different for each phase.

Compliant criteria would generally contain some of the features set out below:

- support where a school or academy has agreed with the authority to provide an extra class in order to meet basic need in the area (either as a bulge class or as an ongoing commitment)
- additional support where a school has extended its age range (the majority of funding would be paid through the funding formula where the local authority should seek a variation in pupil numbers)
- support where a school has temporarily increased its pupil admission numbers (PAN), by a minimum number of pupils, in agreement with the authority
- support for KS1 classes where overall pupil numbers exceed a multiple of 30, by a minimum number of pupils
- pre-opening costs, initial equipping allowance, or diseconomy of scale allowance, for new maintained schools and academies; including new academies where the school is opening in response to basic need

The local authority growth criteria need to be discussed and approved by schools forum. The criteria will need to be set out on the APT, alongside the local schools funding formula.

Methodologies for distributing growth funding could include:

- a lump sum payment with clear parameters for calculation (usually based on the estimated cost of making additional provision for a new class or the estimated start-up costs)
- a per-pupil rate (usually based on age weighted pupil unit (AWPU), and reflecting the proportion of the year which is not funded within the school's budget share)
- a per-pupil rate, with a maximum ceiling

Where growth funding is payable to academies, the local authority should fund the increase for the period from the additional September intake through until the following August. Local authorities should enter the cost of growth funding for the April to August period, along with appropriate justification, on the recoupment tab of the APT so that the recoupment calculation can be adjusted accordingly.

ESFA will not make growth fund recoupment adjustments for diseconomy of scale, or start-up funding; local authorities should not enter these on the recoupment tab of the APT. This funding will continue to be met from the local authority's growth fund.

Where schools have agreed an expansion in pupil numbers with the local authority, the school should ensure that they understand the methodology for funding the increase and are content that the expansion is deliverable within the funding available.

Local authorities should report any unspent growth funding remaining at the year end to the schools forum. Funding may be carried forward to the following funding period, as with any other centrally retained budget, and local authorities can choose to use it specifically for growth. Any overspent growth funding will form part of the overall DSG surplus or deficit balance.

## **2.4 Examples of compliant criteria for growth allocations**

Some examples of local authorities' compliant criteria are shown below.

### **Example 1**

The purpose of the growth fund is to support:

- basic need expansions (permanent and bulge) approved by the local authority as these are not captured in the October census until the following year; additional classes must be part of the growth plan agreed and co-ordinated by the admissions and schools investment team
- additional classes needed to meet the infant class size regulation

These will be funded from the centrally retained growth fund.

Where a school increases its PAN in agreement with the admissions and schools investment team, funding will be provided based on AWPU multiplied by the number of additional places until these are reflected in the school funding formula; funding will be adjusted to reflect the proportion of the year which is not funded within the school's budget share.

Growth funding will be allocated as follows:

- (primary AWPU or KS3)  $\times$  30 to each school, adjusted to reflect the proportion of the year which is not funded within the school's budget share until the school receives funding through their funding formula
- for example, new classes opening at any point in September will be funded at  $30 \times \text{AWPU} \times 7/12$ , and one opening at any point in January will be funded at  $\text{AWPU} \times 30 \times 3/12$
- where primary schools have expanded from 1.5 to 2 full time equivalent in September, funding will be calculated on primary AWPU  $\times 15 \times 7/12$
- academies, as these operate on a different funding cycle, would be funded from the month of opening to the following August but the additional payment relating to the April to August period is adjusted against the DfE recoupment amount so that the call on the growth fund is the same as funding maintained schools

In exceptional cases, additional funding may be provided towards start-up costs outside of the agreed growth fund formula.

Any underspend on growth funding may be carried forward to the following funding period, and any overspent growth funding will form part of the overall DSG surplus or deficit balance.

## **Example 2**

Growth fund allocations will be made for approved bulge classes in the first year, or for agreed expansion classes as the expansion moves up the school.

The amount of funding will be paid at 90% of AWPU for the year group, for a minimum of 26 pupils up to a maximum of 28 pupils multiplied by 7/12 pro-rata for the period from September to the following March; thereafter the class will be funded annually through the usual schools funding mechanism.

If the bulge class is in an academy, then an additional period from April through to August may be funded in the appropriate funding year, with the cost being met though a reduction in recoupment deducted by ESFA from the local authority in the same funding year.

The growth fund will only be utilised for primary schools with local authority approved or planned year-on-year expansions, and not for growth resulting from popularity.

The growth fund will be applied equally to academies and free schools where growth is not already addressed by amended pupil number projections.

### **Example 3**

The following criteria apply unless the school (maintained school, free school, or academy) is funded via the APT through estimated pupil numbers:

- funding will be available to those schools that take on additional classes on a planned basis to meet the identified basic need for additional places for pupils in Kingston schools; that is, places commissioned by the Director of Children's Services
- initial year's pupil funding: the pupil numbers used to calculate the basic sum are those of the autumn census prior to the start of the financial year. The calculation used to calculate is  $AWPU \times 30$  (estimated class size)
- where a school takes on an additional class in the autumn term during a financial year, and the numbers are not included in the previous year's census, they will be eligible to receive additional funding equivalent to 7/12 of the basic sum for the estimated numbers of pupils in the growth class. Due to academies' financial year starting in September, they will be funded based on a full year and 5/12 entered into the recoupment tab of the APT
- eligible schools will receive growth fund as a lump sum in September
- protection funding for subsequent years: the intention is that no school should be financially disadvantaged from agreeing to host additional classes to help meet a need for places in the local community. In some cases, demand may not quite reach the level initially reflected in applications and consequently some of the additional places may be vacant. As the affected cohort passes through the school it is unlikely there will be a significant variation in the number on roll. It is therefore appropriate to provide some financial protection should the number of surplus places be significant. The funding will be paid where the total number on roll in any affected year group falls below 95% of the agreed admissions numbers. Funding equivalent to 1/30 of the cost of a teacher, based on Main Scale 6 plus on-costs, will be allocated for each surplus place in the year group below 95% of the agreed admission number.
- this funding is paid in September as a lump sum payment
- new and growing schools: new schools are funded via estimated pupil numbers through the APT
- in exceptional circumstances, where a school needs to admit a pupil into a key stage 1 class for a reason other than as an 'excepted pupil' under the school admissions code, additional funding will be made available, if necessary, to enable the school to take relevant measures to comply with the infant class size regulations. The maximum allocation will be equivalent to the cost of an additional teacher (based on Main Scale 6 plus on-costs) for a period of three academic years
- pupils above published admission numbers: if a school or academy agrees to take one or more additional pupils at key stage 1 which would take them above their published admission numbers for the relevant year group, additional



funding will be provided on the following basis:

- the number of eligible pupils to be funded is those pupils over the published admission numbers who remain in the school at the end of each half term
- funding will be paid in respect of each eligible pupil based upon 1/6 of the AWPU amount for the relevant financial year
- funding will be paid each half term in arrears
- funding will be limited to the time period prior to the additional pupil or pupils attracting funding through the usual funding formula allocations, for a maximum of ten half terms

#### **Example 4**

##### **Permanent expansions**

When a school admits an additional form of entry as part of a permanent expansion planned by the local authority, it will be eligible for support from the growth fund.

##### **First year funding guarantee**

Each new form of entry will receive a first year funding guarantee; a minimum of  $7/12 \times 25 \times$  average pupil-led funding rate for the school. That is, for a minimum of 25 places for seven months (September to March).

If more than 25 pupils appear on the following October census for reception or year 7, additional average pupil-led funding will be allocated.

There will be no claw-back if less than 25 pupils appear.

##### **Second and subsequent entry years of expansion**

Ordinarily, the first year funding guarantee will apply in the second and subsequent years to each new form entry until the fully expanded PAN has been reached.

Where more than one form of entry has been implemented, and more than 30 additional pupils appear on the following October census, the first year funding guarantee will apply for the first form of entry up to 30, then for any subsequent forms up to the number on roll (NOR).

##### **Temporary (bulge class) expansions**

When a school admits an additional form of entry as a temporary expansion (bulge class) planned by the local authority, it will be eligible for support from the growth fund.

##### **First year funding guarantee**

Each new bulge class will receive a first year funding guarantee; a minimum of  $7/12 \times 25 \times$  average pupil-led funding rate for the school; that is, for a minimum of 25 places for seven months (September to March).



Where more than one bulge class has been implemented for the same year group in an academic year, and more than 30 additional pupils appear on the following October census, the first year funding guarantee will apply for the first bulge class up to 30, then for any subsequent classes up to the NOR.

If more than 25 pupils appear on the following October census for reception or year 7, additional average pupil-led funding will be allocated. There will be no claw-back if less than 25 pupils appear.

### **Years after admission: minimum class size guarantee**

The local authority will give a minimum class size guarantee of AWPU funding for 25 pupils per bulge class until the final year the bulge class is in the school unless the numbers in the bulge class fall to zero, when the class size guarantee will cease.

In the final year the class size protection will be reduced to 5/12 of AWPU to reflect that the bulge class matures after five months.

### **Final year protection**

The final year of a bulge class gives protection to the school. When a bulge class matures, the seven months (September to March) funding generated by the bulge class pupils is retained by the school to assist with the contraction in resources.

### **Resources**

An additional amount will be paid for each new full time equivalent pupil towards the cost of additional resources when the first year funding guarantee is applicable.

All schools and academies within our growth fund are eligible for funding under the above criteria.

### **Example 5**

Growth fund approved by schools forum 12 December 2018. This includes the basic budget which was increased by to accommodate 2017 to 2018 overspend carried forward into 2018 to 2019.

### **Summary of method for allocating funding**

Methodology 1: where a specific additional class is agreed

7/12 of teacher value.

Methodology 2: where 1/2 class of 15 pupils commissioned

In year 1 we will pay the cost of 0.5 or 1.0 FTE teacher for 7/12 at standard rate, prorated from September to March.

In year 2 we assess the actual pupils on roll, if there is a justification for an additional class, we will fund the difference between actual roll in that year group and whole numbers of 30 at per pupil rate. For example, if extra class has 16 pupils, we will top up 14 pupils at the per pupil rate, and we continue this method until the bulge works its way through the infant phase. Funding will not continue into the junior phase.

Methodology 3: we will consider contributing additional funds for furniture and equipment where a new class is established. Normally at a rate per class of 30. This is not paid where pupil number variation has been applied.

Methodology 4: where permanent pupil growth is more than a single class, and a pupil number variation is not applied to the funding formula, in-year pupil growth funding will be the expected growth in pupils multiplied by the full AWPU factor multiplied by 7/12 for September intake. This sum is also expected to pay any class set-up costs.

Methodology 5: a tailored approach specific to the needs of the school; for example, a school facing growth across a number of year groups arising from housing developments, and the approaches above would not be appropriate.

### **Qualification for funding through the scheme**

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

- the council carries out a formal consultation and approves to increase the capacity of a school
- a school or academy carries out a formal consultation at either the request of the council or supported by the council
- the council requests a school or academy to increase their PAN to meet localised demand
- a school or academy admits a significant increase in pupils to meet demand from new housing developments at the request of the council

## **3. Section 2: falling rolls funding**

### **3.1 Operational guidance on falling rolls funding**

This information outlines operational guidance regarding local authorities' falling rolls funds, also published in the schools operational guide: 2020 to 2021.

Local authorities may set aside schools block funding to create a small fund to support good schools with falling rolls, where local planning data shows that the

surplus places will be needed within the next three financial years.

The schools forum should agree both the value of the fund and the criteria for allocation, and the local authority should consult schools forum before expenditure is incurred. As with the growth fund, the falling rolls fund is within the NFF schools block.

### **3.2 Setting falling rolls funding criteria**

Criteria for allocating falling rolls funding should contain clear objective trigger points for qualification and a clear formula for calculating allocations. Compliant criteria would generally contain some of the features set out below:

- support is available only for schools judged good or outstanding at their last Ofsted inspection (this is a mandatory requirement)
- surplus capacity exceeds a minimum number of pupils, or a percentage of the published admission number
- local planning data shows a requirement for a minimum percentage of the surplus places within the next three years
- formula funding available to the school will not support provision of an appropriate curriculum for the existing cohort
- the school will need to make redundancies in order to contain spending within its formula budget

Local authorities, working closely with other responsible bodies, will want to manage the local school estate efficiently and reduce or find alternative uses for high levels of spare capacity, in order to avoid detriment to the educational offer or financial position of schools in the area. Falling rolls funding should only be used to support schools where the places are forecast to be needed over the short-medium term.

Methodologies for distributing funding could include:

- a rate per vacant place, up to a specified maximum places (place value likely to be based on AWPU)
- a lump sum payment with clear parameters for calculation (for example, the estimated cost of providing an appropriate curriculum, or estimated salary costs equivalent to the number of staff who would otherwise be made redundant)

Local authorities should report any falling rolls funds remaining at the end of the financial year to the schools forum. Funding may be carried forward to the following funding period, as with any other centrally retained budget.

### **3.3 Examples of compliant criteria for falling rolls**

# funding

Some examples of local authorities' compliant criteria are shown below.

## Example 1

### Identification of schools with falling rolls:

- the school must have been judged good or outstanding at their last Ofsted inspection
- the total NOR has dropped by at least 5% between last October census and the previous year's October census
- capacity of school is a minimum of 15% of published admission number (PAN)
- local planning data shows the places will be required within the next 3 - 5 years

Where a school meets all the above criteria, funding will be provided using the following calculation:

- the NOR as at last October census will be deducted from the NOR of the previous October's census. The result will be multiplied by the current base rate, appropriate to phase, pro rata April - August (5 months)

## Example 2

Schools and academies must have a good or outstanding Ofsted rating to be eligible for this funding. Additional funding is allocated based on a proportion of the basic entitlement for vacant places below 85% of the PAN for the normal year of entry (YR or Y7) and also for the next year group after entry (Y1 and Y8). Funding is available for a maximum of 3 years after which a school's PAN may be adjusted or other action taken.

## Example 3

The falling rolls fund is based on the following criteria:

- access to the fund is only available to schools judged good or outstanding at their last Ofsted inspection
- local pupil place planning projections show a requirement for at least 80% of the total admission number for reception in primary and infant schools, Y3 in junior schools and Y7 in secondary schools within 2 years of the support being applied
- the school or academy's admission number is set at the PAN established for the relevant academic year
- any school increasing their PAN will only be provided support from the falling rolls fund against their relevant PAN
- however, should a school reduce their PAN, funding will be allocated against the lower PAN

- falling rolls funding will apply only in areas where housing developments have been granted full planning consent with the cumulative developments exceeding 500 homes planned for release within a 5-year period

Funding would be allocated to those schools deemed eligible on the following basis:

- schools will be funded for school places equivalent to the difference between the number on roll in the October census and 80% of the admission number for the relevant year of entry. Each place will be valued at the basic per pupil entitlement relevant to the year groups set out in the criteria
- identified year groups will be funded for a maximum of 2 years. Falling rolls funding allocated to the year group will not increase if the population of the year group decreases following the relevant October census period but the Council will reduce funding to the relevant level should pupil numbers increase in the October census of the 2nd year of funding

#### **Example 4**

To qualify, the eligible criteria would be as follows:

- support for schools judged as good or outstanding at their last Ofsted inspection (mandatory)
- surplus capacity exceeds 15% of the total PAN for the school
- local authority planning data shows a requirement for at least 15% of the total surplus places within the next year

Schools must meet all the criteria above, then funding would be provided based on the AWPU rate per vacant place required, up to a maximum of the number of further places vacant from the prior year's census.

#### **Example 5**

Schools that meet the following criteria will receive support from the falling rolls fund:

- good or outstanding
- numbers on roll are less than 80% of total planned admission number (PAN)
- numbers on roll are more than 5% lower in the October 2018 census than the October 2017 census
- school is in a planning area where the vacant places are required

These criteria have been set to ensure that funding supports good and outstanding schools with falling rolls in planning areas where places are needed and the local authority cannot support reductions in PAN and does not support schools that have vacant places as they have increased their PAN for reasons other than addressing basic need.

Schools will receive protection for the fall in numbers above the 5% threshold.

This will be paid at the current AWPU rate. For example, a school that experienced a drop of 6.5% will receive AWPU for 1.5% of its previous intake.

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