



Growth Fund Policy

**Made under the Education & Skills Funding Agency (ESFA)
Growth and falling rolls guidance 2024 to 2025.**

Effective from 1st April 2024

Growth Fund Policy

1.0 INTRODUCTION

1.1 This document sets out Rotherham Metropolitan Borough Council's (RMBC) policy for funding significant pupil growth in schools to support them financially.

1.2 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.

1.3 The 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.

1.4 School funding is distributed on a "lagged census" basis. The October census figures are used for allocating funding for the following financial year (April to March) for maintained schools or academic year (Sept to Aug) for academies. The Age Weighted Pupil Unit is the main pupil led funding factor used for allocating funding to schools and is applied to the total number of pupils on roll (as per the census count) at the school.

1.5 Under the lagged census, when a child reaches "end of phase" it doesn't usually present a problem for schools as for each year group leaving, a new one generally replaces it. Any variation in numbers between those leaving and those commencing are simply managed as part of the annual school budgeting cycle.

1.6 However, when there are changes in structure because of an educational re-organisation, or when a new year is being added to a school, an allocation in respect of required places from the growth fund may be made, depending on the circumstances involved.

1.7 It should be noted that the Growth Fund is intended to address shortage of school places in the short term. Ongoing / increasing capacity issue in a localised area may need to be addressed permanently through a new build or school. It should be noted that S37 of the Education Act 2011 has made changes to the previous legislation in relation to the statutory process for establishing new schools. There is a presumption that any new school will be an academy / free school, and as such local authorities will need to seek powers to establish these schools.

1.8 In the 2024/25 fiscal year, more stringent guidelines were introduced by the DfE for the administration and distribution of growth funding by local authorities.

1.9 The Education and Skills Funding Agency (ESFA) now specifies that the growth fund can only be used to:

- Support growth in pre-16 pupil numbers to address **basic need**.
- Support additional classes needed to meet the infant class size regulation.
- Meet the revenue cost of new schools.
- Meet the revenue costs, for schools related to removing or repurposing surplus places.
- Local authorities must provide growth funding when a school or academy provides extra places because of a request from the council to establish an extra class (either as a bulge class or as an ongoing commitment).

1.10 The guidelines explicitly highlight that 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. This includes cases where academies have admitted above pupil admission numbers (PAN) by their own choice.
 - Schools that are admitting pupils within their existing PAN and simply 'filling up' back to capacity
 - Nursery and/or post-16/sixth form education

2.0 ROTHERHAM METROPOLITAN BOROUGH COUNCIL GROWTH POLICY

2.1 Local authorities are still expected to have local growth funding policies. It is not a requirement that spending on growth will necessarily match precisely the funding allocated to Rotherham for growth, and we continue to have the ability to locally 'topslice' our overall Schools Block funding to fund pupil growth numbers.

2.2 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.

2.3 The pupil growth fund is established by top slicing the Dedicated Schools Grant (DSG). The overall amount to be top-sliced from the schools block is agreed annually by the Schools Forum. Any under/overspend on the growth fund forms part of the overall DSG surplus or deficit balance. The following principles underpin the operation of the Growth fund in Rotherham:

- Growth funding will only be provided to meet demand for school places as identified by the council and agreed with the relevant school.
- The growth fund may only be used to support growth in pre-16 pupil numbers (i.e. primary and secondary phases) to meet the basic need and to support additional classes needed to meet the infant class size regulations.
- The same basis for allocation will be applied to both maintained schools and recouptment academies.
- The growth fund may also be used to meet the cost of new schools. These will include the lead-in costs for goods or services necessary in order to admit pupils. It can also include post start-up costs and any diseconomy of scale costs.
- Any unspent funds remaining at the end of the financial year should be reported to the Schools Forum. Funding may be carried forward to the following funding period as with any other centrally retained budget and can be added to the growth fund if the Council wishes.
- School Forum approval of the criteria will be required before the allocation of the growth fund to schools. Consultation with the School Forum is necessary on the total sum to be top-sliced from each phase and it must be regularly updated on the use of the funding.

2.4 It is proposed that the following criteria are applied to the Growth Fund in Rotherham:

- Growth Fund will apply to primary and secondary school phases (including academies);
- The Growth Fund is only applicable to meet additional revenue costs of increased pupil

intake and therefore cannot be used to meet capital related expenditure as any such costs will be funded separately from the capital budget.

2.5 It will only be awarded to schools or academies **that have 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 on-going commitment). This may or may not include the internal re-modelling to maximise existing accommodation or building new accommodation.
- to accept a change and has increased their published admission numbers (PAN) either temporarily (in the case of a bulge class) or permanently.
- to take additional intake of pupils where overall pupil numbers would require the school to employ an additional teacher subject to agreement of the authority).

2.6 If the above criteria is satisfied, the allocated funding to the school or academy will be determined as follows:

- the equivalent AWPU value multiplied by the actual number of pupil intake, pro-rated from September (i.e. 7 months);
- in the case of a permanent increase in admission or continuing bulge class throughout the year groups, pro-rata AWPU funding would be provided annually for 7 years from date of increased capacity. The annual allocated funding will be based on actual intake and will include consideration of the number of Y6 pupils leaving the school in that year.
- additional one-off funding of £5000 for materials, resources and equipment for bulge classes (for the first year only)
- In the event where actual pupil intake is less than anticipated a minimum funding based on 10 pupils would be provided plus an additional one-off £2500 for materials, resources or equipment (for the first year only)

2.7 For the avoidance of doubt no growth funding would be allocated in the following circumstances:

- Where there is no prior agreement or consultation with the authority in respect of the additional school places.
- the school has surplus places and then takes additional children up to the pupil admission number.
- Admits over their pupil admission number at their own choice without agreement from the authority.
- Is directed and/or requested to admit additional pupils as a result of errors, appeals, fair access panel, SEN, LAC etc and aren't required to set up an additional class or employ additional resource.

2.8 Where a new school or academy is established in response to basic need for pupil places, one-off funding will be made available in recognition of costs incurred before the school opens.

2.9 In addition to the above, consideration may be given to support diseconomies of scale when a new school or academy opens without a full complement of year groups. The support arrangements to be negotiated and agreed with the new school.

2.10 Other Considerations:

- If schools or trusts have reserves exceeding 8% of their published budget shares, then they will be expected to use those first prior to any additional funding being awarded.
- Forecast or anticipated pupil numbers will be compared to actual census data to ensure that funding awarded reconciles to pupil intake and the costs incurred by schools.
- Funding for maintained schools is only guaranteed for the financial year to which it relates. Future years funding will be assessed annually during the budget setting process.

3.0 AMENDMENTS TO THE FUNDING CRITERIA

3.1 It is possible to amend the above Growth Fund criteria during the year where this becomes necessary; however, the revised criteria must be submitted to the ESFA for compliance checking and must also be approved by Schools Forum before the revised criteria can be implemented.