

Growth funding

Growth funding is within local authorities' schools block NFF allocations.

The growth fund can only be used only 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 costs 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, discussed below. Where growth occurs in academies that are funded by 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.

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.

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.

ESFA will check the criteria for compliance with the 2018 (No. 2) Regulations. The criteria should provide a transparent and consistent basis for the allocation of funding, which may be different for each phase.

Criteria for allocating growth funds 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.

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

Are there any other criteria Schools' Forum may consider needs to be added to determine eligible schools for Growth Funding?

Methodologies for distributing 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 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

Do Schools' Forum have a preferred methodology or any other methodologies for consideration?

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.

Falling rolls fund

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 regularly update the schools forum on the use of the funding. As with the growth fund, the falling rolls fund is also within the NFF schools block.

Criteria for allocating falling rolls funding should contain clear objective trigger points for qualification, and a clear formula for calculating allocations. Differences in allocation methodology are permitted between phases.

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

Are there any other criteria Schools' Forum may consider needs to be added to determine eligible schools for Falling Rolls Funding?

Methodologies for distributing funding could include:

- a rate per vacant place, up to a specified maximum number of 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)

Do Schools' Forum have a preferred methodology or any other methodologies for consideration?

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 falling rolls.