

ROYAL BOROUGH OF WINDSOR & MAIDENHEAD SCHOOLS FORUM

Date:	08 March 2016	AGENDA ITEM: 6	
Title:	Proposed changes to Growth fund 2016-17		
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1 REPORT SUMMARY

1.1 This paper provides details on proposed changes to the growth fund for 2016-17 set out in section 4 of this paper, as requested by Schools Forum at the January 2016 meeting. The main features are:

- Under the new scheme there would be no maximum three year limit on funding and schools could expect to receive growth funding for every year there is a need for a new class, up to seven years in a primary school.
- The proposals seek to make the scheme more affordable by bringing the amount allocated to schools more into line with the actual costs of providing a new class, based on relevant staffing costs and relevant AWPU rates.
- The new scheme would mean that 8 more schools would receive funding in 2016-17 than would have been the case under the old formula, but individual amounts allocated under the new formula would be less.
- The cost of the scheme over the next five years would be £343k less than what it would be under the existing formula.
- There would be no claw-backs under the new scheme.

1.2 Schools Forum is also asked to comment on transition arrangements, set out in section 5, that seeks to address 'overfunding' in 2015-16 under the existing formula, by making an appropriate deduction to growth fund allocations in future years.

2 RECOMMENDATIONS

2.1 To agree the proposed growth fund criteria and funding allocation methodology set out in section 4.

2.2 To comment on the transition arrangements outlined in section 5.

3 BACKGROUND

3.1 Under school finance regulations, local authorities (LAs) can topslice the Dedicated Schools Grant (DSG) in order to create a growth fund to support maintained and academy schools which are required to provide extra places in order to meet basic need within the authority. In principle, the growth fund is designed to support a school temporarily or permanently increasing their PAN on a planned basis to meet basic need demands in the area before the census process catches up with pupils in the school. This is typically seven months (September to March) for maintained schools and a year for Academy schools.

3.2 Regulations make clear that growth fund can only be used to:

- Support growth in pre-16 pupil numbers
- Fund additional classes needed to meet the infant class size regulation

- To meet the start-up costs of new schools. Funding is intended to support growing schools to meet the cost of additional pupils admitted in the new academic year who would not be funded through the funding formula.¹

3.3 It cannot be used to support schools in financial difficulty which for maintained schools would normally come from a de-delegated contingency budget.

3.4 Historically RBWM's formula has been over-generous, allocating more funding than is strictly needed to cover the additional costs of an extra class for seven months of the year. This has led to some schools appearing to gain unduly, which in turn has led to a new complex formula, which was updated in April 2015 with the following changes:

- Funding for permanent increases would only be allocated for the first three years.
- Funding would only be allocated for planned increases of ten or more school places.
- A lump sum of £4,000 per school would be allocated for increases of ten or more pupils, and £6,000 for twenty or more, pro rata-ed for part year, in addition to the per pupil funding.
- A clawback mechanism would take account of the difference between planned pupil numbers and actual pupils admitted in September.

3.5 2015-16 was the first year that growth fund allocations would have been subject to clawbacks. Initial modelling of the adjustments needed showed that clawbacks could be up to £30k or more, equivalent in some cases to 3% of budget. At a meeting on 19 January 2016 Schools Forum discussed the impact of such a clawback on a school's ability to plan ahead with certainty. Forum decided that no claw-backs would be made at least until 2016-17, and that the existing Growth Fund criteria would be reviewed for 2016-17. The review would consider:

- Removing the reclaim element entirely.
- Reducing the initial growth fund allocation to better reflect unavoidable costs.
- The impact of the three year limit.
- Overall affordability.

3.6 This paper proposes a new scheme for 2016-17 following that review.

4 PROPOSED NEW SCHEME FOR 2016-17

Eligibility criteria

4.1 The eligibility criteria of the new scheme apply to maintained schools, academies and free schools alike. They are:

	Eligibility criteria	Comments
1	The decision to provide an extra class or expansion in places must be agreed with RBWM and must be related to <u>basic need</u> , i.e. as part of RBWM's plans to ensure there are sufficient schools places in the Borough. The increase may be a temporary increase in pupil numbers, a bulge class or a permanent increase to the school's Planned Admission Number (PAN).	No allocations will be made for pupil increases which are not part of formally agreed basic need expansion plans. No change.
2	Any increase in pupil numbers or extra class must be either at the request of the Lead Member for Education or Cabinet or supported by them, in conjunction with the DCS or Head of Schools.	No change
3	The school has to be prepared to maintain the	Previously there was no explicit

¹ Regulations require LAs to provide estimated numbers in the funding formula for new schools which have opened in the last seven years and do not yet have pupils in every year group. In RBWM this applies to Braywick Court and Holyport College and means that the additional pupils they expect in September 2016 will be funded through the formula and not through the growth fund.

	spaces for in year admissions as well as the normal admissions round.	requirement for this. This requires prior planning and financial commitment prior to any confirmed pupil numbers
4	There is no minimum increase in the number of places, but schools will be only be eligible for funding if the planned increase results in the requirement for a new class and a new teacher.	Previously the increase in pupil numbers had to be at least ten.
5	A school will be eligible for funding every year for which an extra class or part class is needed (i.e. up to 7 years in a primary, 3 years in an infant, 4 years in a junior, 6 years in a secondary etc.). There is no automatic assumption of funding every year. Funding for a one-off bulge class would usually be for one year only.	If a school is expanding compared with last year, the question will be asked each year: does it require a teacher to support the increased pupil numbers? Previously allocations were limited to 3 years.
6	Funding may be allocated from the growth fund where the request to expand results in the requirement for a new teacher under infant class size legislation.	Funding for infant class size was delegated to all primary schools in 2013-14. Growth funding will only be allocated for Infant Class Size therefore where schools have been requested to expand and they meet the above criteria.
6	Schools in receipt of growth funding which have previously operated mixed age classes or have a PAN in a multiple of 15 would be normally expected to operate some mixed-age classes.	No change. Schools cannot use growth funding simply to reduce class sizes. Depending on how classes are arranged This means that a school could be eligible for funding every other year, or for 50% of the funding each year,.
7	Support to cover pre-opening costs / initial equipping allowance for new maintained schools and recouperment academies where the school is opening in response to basic need.	To recognise start-up costs of new schools. Not yet applicable in RBWM. ²

Allocation methodology and funding rates

4.2 The new scheme proposes four main changes to the allocation methodology.

- a) Allocations from the growth fund will be a lump sum linked to the typical staffing costs needed to support an additional class (£51,553 per annum for primary and £39,500 per annum for secondary), and in turn linked to the relevant AWPU - equivalent to 17.9 primary AWPU's and 10.0 KS3 AWPU's. Middle schools will attract primary funding rates based on Y5 entry to school.

		Primary	Secondary
SCP2 teacher at	£31,840 pa	1 fte £31,840	1 fte £31,840
Teaching assistant sc12 at	£19,715 pa	1 fte £19,713	0.4 fte £7,660
Total for 12 months		£51,553	£39,500
Equivalent no of primary AWPU at £2,880		17.9	
Equivalent no of KS3 AWPU at £3,950			10.0
Pro rated total for 7 months (Sep to Mar)		£30,073	£22,951

- b) As before, allocations will be pro-rated to the number of months missing – 7/12ths for maintained schools (September to March), 12/12ths (September to August) for academy schools³. The pro-rated funding, shown above, is £30,073 for primary, £22,951 for secondary.

² Holyport College and Braywick Park are new schools, but they have not specifically been set up to meet basic need. In this case, the EFA funds start-up costs directly.

³ This is because academy schools operate on an academic year basis and are funded by pupils on roll the previous October. This means they need the additional growth funding for 12 months. The EFA reimburses LAs for the additional 5 months.

- c) There is no reclaim or claw-back, but schools on a multi-year programme will have to plan for the leadership changes that are required based on a pupil-led budget and the predictability of this model.
- d) The salary bands and AWPU units will be reviewed each year.

Comparison with existing formula

- 4.3 The existing growth fund formula allocates up to £53k for a primary and £73k for a secondary⁴ based on a formula that multiplies the increase in places with the relevant AWPU rate, and adds a lump sum of £4,000 or £6,000 depending on the size of the increase. Table 2 shows that, for all types of school, the new scheme is more affordable than the old scheme except in the case of a 7 year group primary, and that allocations under the new formula are more in line with actual costs of providing an additional class. Note that the old formula below assumes no clawbacks.

Table 2 Comparison of proposed growth funding (7/12ths) for different types of schools

	Increase in Form of Entry	No of years for funding NEW Formula	No of years for funding OLD Formula	Cost for year 1			Cost for all years		
				New formula £	Old formula £	Change £	New formula £	Old formula £	Change £
First school	1	5	3	30,073	53,900	(23,827)	150,363	161,700	(11,337)
Infant	1	3	3	30,073	53,900	(23,827)	90,218	161,700	(71,482)
Junior school	1	4	3	30,073	53,900	(23,827)	120,291	161,700	(41,409)
Primary school	1	7	3	30,073	53,900	(23,827)	210,509	161,700	48,809
Primary school	0.5	7	3	15,036	27,533	(12,497)	52,627	82,600	(29,973)
Middle	1	4	3	30,073	53,900	(23,827)	120,291	161,700	(41,409)
Upper	1	3	3	22,951	72,625	(49,674)	68,852	217,875	(149,023)
Secondary school	1	5	3	22,951	72,625	(49,674)	114,753	217,875	(103,122)
Primary bulge class (YR)	1	1	1	30,073	53,900	(23,827)	30,073	53,900	(23,827)

Financial impact

- 4.4 A number of primary schools are already part way through an expansion programme and currently receive funding under the existing scheme. Other schools, including some secondaries, are about to start in the next year or two years. An analysis of the financial impact on these schools of the proposed new formula compared with the old formula is shown in table 3. Detailed school by school allocations are shown in annex A. These are indicative allocations, and should not be seen as confirmed allocations. Note that the figures are for the pro-rated amounts only. Academy schools can also expect an additional 5 months worth of funding. The EFA reimburses RBWM the cost of this additional funding requirement through an adjustment to the recoupment process.

- 4.5 The analysis confirms that:

- 14 schools would continue or start to receive growth funding in 2016-17 under the new formula compared with just six under the old. This is mainly because of the 3 year limit rule that excludes schools from receiving further funding after the first three years.
- Some schools that would have received funding under the old formula in 2016-17, will receive less funding in 2016-17 under the new formula. For example, Riverside's allocation under the new formula would be £30k, compared with £53k under the old.
- The cost of funding all eligible schools under the new scheme in 2016-17, even with the additional eight schools receiving funding, would be around the same as under the old scheme – £359k.
- The cumulative expected cost of the growth fund over the next 5 years to 2021, (based on known school expansions), would be around £1.4m under the new proposed

⁴ No secondary schools have yet been allocated growth funding.

scheme, compared with £1.7m under the old scheme, a reduction of £343k. After 2021 the budget requirement reduces as the need for additional classes decreases.

Table 3 Financial impact on schools	Old formula	New formula	Difference
Growth fund allocations in 2016-17 £	£357k	£359k	+£2k
No of schools receiving growth funding 2016-17	6	14	+8 schools
Total growth fund allocations 2016-2021 £	£1,744k	£1,401k	-£343k

4.6 £350k is currently set aside for the growth fund budget for 2016-17, which is in line with the budget requirement for 2016-17.

5 TRANSITION ARRANGEMENTS

5.1 Six schools that received funding in 2015-16 would have been subject to a clawback as a result of the difference in leavers and joiners in September 2015 or based on the difference between PAN and their admission number. Whilst no clawback will be actioned in 2015-16, Schools Forum members are asked to comment on a transition scheme in 2016-17 which would see those schools returning the amount 'overpaid' over the course of future years as a deduction from future growth fund payments. This has the benefit of providing some financial certainty for budget planning purposes, whilst addressing the potential unfairness of schools benefitting from overfunding. Schools converting to academy would be subject to the same rules.

5.2 The transition scheme would have the following features:

- It would only apply to schools expecting a growth fund allocation under the new formula.
- Overpayment would be deducted from future growth fund payments equally over future new intake years.
- If a school is due to pay back more than it receives in new allocations, there would be no allocation but no clawback.
- No clawback will be made where a school is already at the end of the scheme.

5.3 Based on these criteria, the deductions from the allocations shown in annex A would be as shown in table 4:

Table 4 – Transition deductions	Overpayment in 2015-16	No of future years funding	Deduction per annum
All Saints Junior	£5,040	2	£2,520
Clewer Green First	£1,680	2	£840
Riverside Primary	£31,920	5	£6,384
Holyport Primary	£16,800	2	£8,400
Wraysbury Primary	£3,360	2	£1,680
St Edwards Middle	£1,680	1	£1,680

Growth Funding – comparison of proposed (new) and existing (old) formula

Where schools need a new class teacher every other year, 50% of relevant funding is allocated each year.

	Increase	Start of expansion	FE Increase	Existing formula		New formula		Change	
				2016-17 £	Total 2016-2021 £	2016-17 £	Total 2016-2021 £	2016-17 £	Total 2016-2021 £
Knowl Hill (academy)	17	Sep-16	0.5	30,893	92,680	15,036	75,182	(15,857)	(17,498)
All Saints Junior	23	Sep-14	1	42,140	42,140	30,073	60,145	(12,067)	18,005
Riverside	30	Sep-14	1	53,900	53,900	30,073	150,363	(23,827)	96,463
Clewer Green	15	Sep-13	0.5	0	0	15,036	30,073	15,036	30,073
St Edwards First	15	Sep-13	0.5	0	0	15,036	30,073	15,036	30,073
St Edwards Middle	27	Sep-13	1	0	0	30,073	30,073	30,073	30,073
Furze Platt Junior	15	Sep-13	0.5	0	0	15,036	15,036	15,036	15,036
Oldfield	30	Sep-12	1	0	0	30,073	90,218	30,073	90,218
Holyport	15	Sep-11	0.5	0	0	15,036	30,073	15,036	30,073
St Edmund Campion	15	Sep-11	0.5	0	0	15,036	30,073	15,036	30,073
Wraysbury	15	Sep-11	0.5	0	0	15,036	30,073	15,036	30,073
Homer bulge class 2	30	Sep-16	1	53,900	53,900	30,073	30,073	(23,827)	(23,827)
St Mary's bulge class 3	30	Sep-16	1	53,900	53,900	30,073	30,073	(23,827)	(23,827)
Dedworth Mid bulge class 1	30	Sep-17	1	0	53,900	0	30,073	0	(23,827)
Dedworth Middle bulge class 2	30	Sep-18	1	0	53,900	0	30,073	0	(23,827)
Furze Platt Senior	30	Sep-16	1	72,625	217,875	22,951	91,802	(49,674)	(126,073)
Charters	30	Sep-17	1	0	217,875	0	91,802	0	(126,073)
Cox Green	30	Sep-17	1	0	217,875	0	91,802	0	(126,073)
Windsor Boys	30	Sep-17	1	0	217,875	0	91,802	0	(126,073)
Windsor Girls	30	Sep-17	1	0	217,875	0	91,802	0	(126,073)
Contingency				50,000	250,000	50,000	250,000	0	0
					0		0	0	0
Total				357,358	1,743,695	358,641	1,400,683	1,282	(343,012)

Number of schools supported

6

14