

## 2.3 Growth Funding 2021/22

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### 1 Purpose

- 1.1 To provide schools forum with an update of the growth funding, pupil number adjustments and the revised growth fund criteria.

### 2 Recommendations

- 2.1 That the schools forum agrees the pupil number adjustments required to support growing schools for 2021/22 (section 4).
- 2.2 That the schools forum approves the 2021/22 growth fund criteria which has been updated (section 5).
- 2.3 That the schools forum notes the draft growth forecast for 2021/22 (section 6).
- 2.4 That the schools forum votes on whether to consider any further changes to the growth fund criteria for 2021/22 and outlines what further areas are to be included for discussion;
  - Lump Sum (section 7.4)
  - Protection Funding (section 7.5)
  - Historical Review (section 7.6)

### 3 Background

- 3.1 The growth fund is funded from the schools block. This covers any payments made for schemes meeting the criteria of the LA growth fund (e.g. lump sum, pre-opening and protection funding and weighted pupil adjustments for new and growing schools). There is a specific allocation for growth funding and any shortfall against this allocation becomes a top slice from the rest of the schools block.
- 3.2 The growth fund can only be used as follows:

- 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

3.3 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

3.4 The LAs are responsible for funding these growth needs for all schools in their area, for new and existing maintained schools and academies.

## **4 Growth Pupil Numbers 2021/22**

4.1 The schools with adjustments to pupil numbers in 2021/22 are contained in annex A. In line with previous years, a contingency of places is planned. In 2020/21 there were no primary places held and there were 90 secondary places held at £5,304 per place. For 2021/22 there will not be any primary places and there will be 90 places held for secondary at £5,678 per place.

## **5 Growth Fund Criteria 2021/22**

5.1 The current growth fund criteria for new schemes was approved at the meeting of the Schools Forum on 17 October 2019. Considering the increasing pressures on the school's block (in relation to a recalculation of the growth fund) it is essential that the growth fund criteria is reviewed again in full. The 2020/21 growth fund criteria has been updated for 2021/22. All updates have been made clear and the revised criteria can be found at annex B.

## **6 Growth Forecast 2021/22**

6.1 The financial cost of these places is estimated based on an average pupil funding amount and the draft census information for October (as the final amounts will be dependent on individual school per pupil funding allocations and final school census data). The draft financial costs are contained in annex C and D.

## **7 Further Considerations**

7.1 Funding for 2021/22 growth will be calculated on actual growth between two census years as it was in 2020/21. LAs including MK that received growth funding protection in 2020/21 will continue to receive protection in 2021/22 meaning the maximum reduction in growth funding for these local authorities will be set at -0.5% of their total DSG schools block allocation in 2020/21.

7.2 MK is expecting to have a shortfall between the funding allocated and the cost of the growth; however the exact amount cannot be confirmed until the final allocations are announced as this will affect both income received but also the cost of the growth places due to changes in the NFF (further details on this are be included on the Budget 2021/22 paper for this meeting). To support LAs to plan ahead of their growth allocation in the DSG settlement, LAs were sent information in August to allow them to forecast pupil numbers in the October 2020 census and estimate the growth funding that they can expect to receive in 2021/22 (see table below). The reduction is expected to be 0.44% of the 2020/21 schools block funding allocation which means that MK is not eligible to receive transitional protection. This calculation is still subject to change following the confirmed October 2020 census numbers.

<b>2020/21 Final Allocation £m</b>	<b>2021/22 Provisional Allocation £m</b>	<b>Reduction in funding £m</b>
3.185	2.299	(0.887)

7.3 The latest DfE Operational guidance recognises that a number of LAs are facing funding pressures due to the recalculation of growth funding and historical commitments so there may be a need for many LAs to support these cost through the rest of the school block funding – i.e. via a top slice of the schools block. However the guidance also makes clear that the forum should be considering alternative options to manage or reduce this, hence the need for an ongoing review of the growth fund criteria.

7.4 Other areas of the growth funding criteria that schools forum may wish to consider are as follows:

**Lump Sum**

Lump sum payments made to schools are in line with the allocation that MKC receives, the rates are:

New Schools     £0.069m

Lump sum payments made in 2020/21 totalled £0.100m.

Lump sum payments forecast for 2021/22 total £0.000m.

The forum may wish to consider a further reduction in the rate paid or removal of the funding altogether.

**Protection Funding**

To allow a school to grow to size over a period of time, funding protection is currently provided for two full years (should the school not reach the number of funded places

at the next October census). The rate payable is currently the AWPU rate and is not paid for the first five places unfilled in each class.

For 2021/22 teachers pay, teachers pension and teachers pension supplementary grant funding have all been added to the AWPU which has therefore increased the cost of growth protection payments to schools by £180 for primary places and £265 for secondary places.

Protection funding paid in 2020/21 was a total of £0.860m and paid to 10 schools.

Protection funding forecast for 2021/22 totals £0.939m and will be paid to 8 schools.

Consideration could be given to; reducing the amount of time that protection funding is paid for (i.e. reducing from two years), the rate that it is paid at (i.e. an amount less than the AWPU rate) or consider a completely different funding approach – i.e. holding a central fund for schools to demonstrate the funding gap in a class when that class isn't full at census date.

### **Freeze on AWPU Rate**

Consideration is to be given on whether to freeze the AWPU rate for 2021/22 so that it remains in line with 2020/21. This would create a saving within the growth funding allocations.

### **Historical Review**

Schools forum to give consideration as to whether the criteria changes be applied to existing schemes either in full, tiered scale or implemented over time.

## **8 Funding the 2021/22 Pressure**

8.1 If no further changes are made to the growth fund, the shortfall between the cost of growth funding and the growth forecast is expected to be £2.449m. This will need to be funded from within the schools block by considering the following options:

- Use of the 2020/21 schools block surplus which is forecast to be £0.425m.
- MFG – rates have been restricted by the DfE and can be set between +0.5% - +2.0% per pupil (2020/21 MKC rated applied +0.5%)
- Disapplication of minimum per pupil – option to apply however this would need to be very exceptional and would be moving away from the NFF
- Split site allowances – currently being paid to seven schools, total cost £0.501m
- Individual factor reductions (e.g. AWPU – but will impact minimum pupil and MFG) and would be moving away from the NFF
- Cap on schools who are gaining under the NFF

8.2 Further information on the impact on the formula is outlined in the Budget 2021/22 schools forum paper.

## **9.0 Funding Beyond 2021/22**

- 9.1 It is still the intention of the ESFA that a hard NFF will be implemented but it still remains unclear at this stage what this will mean especially in areas where there are areas of local decision making and control, most significant of which is the growth fund and growth fund criteria. It is for this reason that a full review of the growth fund criteria and an understanding of the impact of that on the rest of the schools block is essential.

The latest guidance from the DfE simply states that they will continue to work closely with local authorities, schools and others to make the transition as simple as possible.

It is unlikely that given the technical requirements of the treatment of growth (i.e. the requirement to vary pupil numbers via the APT) it would not be possible to simply only allocate the money you get for growth for growth – pupil numbers that are varied pick up all elements of the formula and this cannot be adjusted. In order to do this, there would need to be a change in the Schools Finance Regulations and formula calculation. It would also likely be too significant a change and therefore not fit with the DfE’s messaging about a “simple transition”.

In other recent funding changes, there has often been an element of historical protection so as not to destabilise funding for individual schools – this may well be reflected in a hard NFF.

## Annex A

### Planned Growth September 2021

School Name	Description	Start Year	End Year	Growth Sept 21
<b>Primary Schools</b>				
Fairfields Primary	2017 New 3 FE School opening	Sep-17	Sep-25	90
Hanslope	2021 Expansion + 1FE	Sep-21	Sep-27	30
Haversham	2018 Infant to all-through primary	Sep-18	Sep-21	25
New Bradwell	2015 Expansion 2FE to 3 FE	Sep-15	Sep-21	30
Newton Leys Primary	2016 New 3 FE school	Sep-16	Sep-22	60
St Marys Wavendon (Eagle Farm South)	2018 Moving to new site at Eagle Farm South	Sep-18	Sep-24	105
Whitehouse Primary	2016 New 3 FE School	Sep-16	Sep-22	45
<b>Secondary Schools</b>				
Walton High	2016 Expansion by 8fE on second site	Sep-16	Sep-23	150
Watling Academy	2020 New school opening	Sep-20	Sep-24	300
Secondary Contingency	Expansion yet to be identified	Sep-21	-	90
<b>All Through (Primary/Secondary) Schools</b>				
Kents Hill Park Primary	2018 New school opening	Sep-18	Sep-24	30
Kents Hill Park Secondary	2018 New school opening	Sep-18	Sep-22	150
Oakgrove (Primary)	2016 New Primary Provision	Sep-16	Sep-28	75
<b>Total</b>				<b>1,180</b>