

## Allocation of Funding for Pupil Growth 2024-25

### Purpose of the Report

1. To seek agreement on the methodology for allocating funding for pupil growth from the school's block growth fund in 2024-25.

### Background

2. Wiltshire currently operates a growth fund and Schools Forum agreed to a number of criteria for the allocation of funding for pupil growth in previous years. The current growth fund criteria have previously been confirmed as being fully compliant by the Department for Education (DfE).
3. The methodology to calculate growth funding under the National Funding Formula (NFF) was introduced for the 2019 to 2020 financial year and has remained the same for the 2024 to 2025 financial year. This means that funding will be based on the observed differences between the primary and secondary number on roll in Wiltshire between the October 2022 and October 2023 school censuses.
4. Following the DfE's consultation in 2022, the School Funding Operational Guidance for 2024-25 has been updated to confirm that 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
5. It was further confirmed that the Growth Fund cannot be used to support
  - schools in financial difficulty
  - general growth due to popularity

### Funding Methodology

6. Growth allocations for 2024-25 will continue to be based on pupil data from the October 2022 census and the October 2023 censuses.
7. Funding is allocated to local authorities based on the actual growth in pupil numbers they experienced over the previous year which ensures that over time local authorities are funded on the basis of the actual growth they experience (on a lagged basis), rather than being based upon historic spending decisions.
8. The DfE measure growth within local authorities at **middle layer super output area** (MSOA)<sup>1</sup> level. MSOAs are used as these are small enough geographical areas to detect 'pockets' of growth within local authority areas. Growth is measured by counting the increase in pupil numbers in each MSOA in the local authority between

the October 2022 and October 2023 censuses. Only positive increases in pupil numbers will be included, so positive growth in one area, and negative growth in another, will not be denied growth funding.

9. In Wiltshire, growth is measured by separating the county into 62 MSOA's with an average of 4 schools in each MSOA area.
10. For each local authority, the growth factor allocates:
  - **£1,550** for each primary 'growth' pupil (was £1,520, £1,485, £1,455, £1,425, and £1,370 previously)
  - **£2,320** for each secondary 'growth' pupil, (was £2,275, £2,220, £2,175, £2,130, and £2,050 previously) and
  - **£76,195** for each brand-new school that opened in the previous year. (was £74,700, £70,800, £68,700, £67,000, and £65,000 previously)
11. The DfE do not expect local authorities to use these rates in their local arrangements for funding growth. The growth factor in the NFF is a proxy for overall growth costs at local authority level, and not at the level of individual schools.
12. All local authorities (LA's) generally allocate growth funding using a local arrangement as there is no national method adopted for allocating growth funding. Therefore, Schools Forum should continue to make decisions about growth funding locally as they do now.
13. The DfE consultation during the Summer of 2022, proposed options around the future for Growth funding and whilst no radical reforms have been implemented, it was recognised that awarding growth funding at a local level would continue to be appropriate, with LA's being able to apply local knowledge and intelligence.

(The Wiltshire allocation for 2024-25 will be announced in December as part of the schools funding announcement.)

## **Main Considerations**

14. The growth funding forms part of the local authority's Schools Block of funding. For 2024-25, growth funding will be allocated to Wiltshire using the formulaic approach, based upon lagged growth data. With regard to allocating funding from the growth fund, the requirements are that:
  - a) can be used only for the purposes of supporting growth in pre-16 pupil numbers to meet basic need
  - b) to support additional classes needed to meet the infant class size regulations
  - c) to meet the costs of new schools
  - d) the fund must be used consistently for the benefit of both maintained schools and academies

- e) any funds remaining at the end of the financial year will form part of the overall DSG surplus or deficit balance.
  - f) local authorities will be required to produce criteria on which any growth funding is to be allocated. These should provide a transparent and consistent basis (with differences permitted between phases) for the allocation of all growth funding. The criteria should both set out the circumstances in which a payment could be made and provide a basis for calculating the sum to be paid
  - g) local authorities will need to propose the criteria and size for the growth fund to Schools Forum and gain its agreement on both the criteria and size of the fund before growth funding is allocated.
15. In addition to the above requirements, for the 2024-25 year local authorities are required to provide growth funding where a school or academy has agreed with the local authority to provide an extra class to meet basic need in the area, using a minimum funding level equating to

**primary growth factor value (£1,550) × number of pupils × ACA**

16. The primary growth factor value will be used for all school types – recognising there is one teacher pay scale and that this funding is a minimum value.

### **Proposed Criteria**

17. The proposed criteria for funding pupil growth within the local Wiltshire funding formula in 2024-25 are as follows:

#### **New School Allowance (unchanged from 2013-14):**

18. Schools receive funding in advance of pupils arriving in the school, based on the result of the pupil teacher ratio rounded up to the nearest next whole number. The PTRs used are 26.5:1 for KS1 & 27.5:1 for KS2.
19. The topped-up element to the next whole number is arrived at by multiplying the result by the salary of a teacher on the top point of the teacher's main scale 6 + on-costs. This element will apply until the first-year group has left the school or until the school is full (whichever occurs first).
20. In addition, the costs of a head teacher and 10 hours admin support will be available one "old" term before opening. 55% of the Lump Sum will be available two "old" terms before opening. In the first year of opening the school will also receive funding towards supplies and services comprising, 34% of the Lump Sum, 17% in the second year & 8.5% in the third year after opening. (The Lump Sum is proposed at £134,400, the NFF rate for 2024-25).
21. New schools may also receive an estimate of the new pupil intake for the forthcoming academic year. This approach will be in place for the number of years equal to the number of year groups at the school.

#### **Class Expansion for Basic Need (unchanged from 13-14):**

22. Where a school is expanded to provide additional classes to meet 'basic need' for places identified by the LA, from the month of opening the additional class for the remainder of the financial year only, the school will receive the relevant 12ths x 30 x

relevant AWPU for each additional class. Where a full class may not be needed then the school would receive the relevant 12ths x estimate of increased September intake x relevant AWPU. The definition of “expanded” is that a building project or addition of a mobile classroom has taken place.

23. Having looked at the new requirement set by the DfE as detailed at paragraph 15, the Wiltshire criteria would be fully compliant, as the AWPU value is used which is greater than the ‘primary growth factor value’.

#### **Infant Class Size Increases:**

24. This is payable to a Primary School with infant classes which is required to set up an additional class in the Autumn term as required by the infant class size regulations, and the school cannot accommodate all its additional Reception and Key Stage 1 pupils in classes of 30 or less, i.e., the total number of pupils in the 3-year groups exceeds a multiple of 30. Where the total increase in NOR between the two October census dates is greater than 13 and necessitates that an extra class would be required, then additional funding is allocated per additional class.
25. Schools Forum is required to consider and approve the above criteria for application in 2024-25.

#### **Falling Rolls Fund**

26. Historically, LA’s were able to set aside Schools Block funding to create a small ‘Falling Rolls’ fund to support good schools with falling rolls, where local planning data shows that surplus places will be needed within the next three financial years.
27. For the first time, in 2024 to 2025 the DfE will allocate funding to LA’s based on both growth and falling rolls.
28. Falling rolls funding will be distributed on the basis of the reduction in pupil numbers that local authorities experience each year. Funding will be based on the observed differences between the primary and secondary number on roll between the October 2022 and October 2023 school censuses.
29. Falling rolls are measured at the MSOA within each local authority. This enables the DfE to capture falling rolls in small geographical areas within local authorities.
30. The falling rolls allocation for each local authority will be £140,000 per MSOA which sees a 10% or greater reduction in the number of pupils on roll between the two census years.
31. Local authorities will continue to have discretion over whether to operate a falling rolls fund. Where local authorities operate a fund, they will only be able to provide funding where school capacity data 2022 (SCAP) shows that school places will be required in the subsequent three to five years.
32. This SCAP requirement replaces previous guidance that funding may only be used where local planning data shows that the surplus places will be needed within the next 3 financial years.
33. The requirement that schools must be Ofsted rated ‘good’ or ‘outstanding’ to be eligible for falling rolls funding will no longer apply from the 2024 to 2025 financial year.

34. Schools Forum should agree both the value of the fund and the criteria for allocation. As with the growth fund, funding for a falling rolls fund would have to come from within the existing NFF schools block.
35. Any fund established for the purposes of a Falling Rolls fund would represent a top slice of the Schools Block. Criteria would need to be established to support the fund, including clear trigger points for qualification. Compliant criteria could include.
- SCAP shows that school places will be required in the subsequent three to five years (this is a mandatory requirement)
  - surplus capacity exceeds a minimum number of pupils, or a percentage of the published admission number
  - 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 to contain spending within its formula budget and it is expected (using SCAP data – detailed above) that these posts will need to be re-filled in the subsequent 3 to 5 years
36. Any formula for funding schools could include.
- A rate per vacant place and maximum number of places
  - A lump sum payment to schools
37. Wiltshire Schools Forum has always resisted the establishing of a Falling Rolls Fund and is being asked to consider establishing such a fund, considering its previous decisions on this topic and the additional pressures being placed upon the Schools Block.
38. There has been no pressure from schools or other groups for the establishing of a Falling Rolls Fund, due to the previous limitations around the criteria, impact upon affordability from the Schools Block and the size of any potential funding awarded to schools, which would need to be meaningful.

### **Proposal**

39. It is proposed that:
- a) Schools Forum approve the criteria for allocating pupil Growth Fund in 2024-25.
  - b) Schools Forum agree that the budget for the Growth Fund to be set at its meeting in January 2024, when the full DSG has been confirmed for the 2024-25 year.
  - c) Schools Forum give consideration to the establishing of a Falling Rolls Fund and any criteria befitting such a fund.