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| **AGENDA ITEM 6** |

**Title of report: Proposed Growth Policy 2021-22**

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Details on who has been consulted with on this paper to date:

**Executive Summary:**

To propose revisions to in the current growth policy for schools to increase the levels of funding and enable better planning and clearer criteria for all schools.

**Details of recommendations and timescales for decisions:**

That members agree the revised growth policy to be used for 2021-22 budget planning and from April 2021 for all changes to admission arrangements that have led to significant growth that could not have been foreseen as part of the budget setting process.

1. **Growth in Schools.**

Schools Forum are required to agree a growth policy for each financial year and the LA is required to report on its use to forum.

The current policy has been in place for several years and requires significant in year reconciliation when calculating schools allocations. This in turn means schools are often unclear on their eligibility for growth and payments take time to be processed and reach the school which could lead to short term cash flow problems.

The proposal is for a simplified and enhanced allocation to support growing schools.

* 1. **Budgeted Growth**

Where possible, growth should be built into the original budget allocation for the school, this ensures that schools have a clear indication of their budget for the year and can include all funding they are expecting to receive when planning for the costs of that growth.

The suggested revisions indicate what a school will receive for any planned growth and how they would expect that funding to be calculated, this will enable schools to plan for the long-term effects of growth.

The revision recommends that in the first year of any growth a full class cohort is funded giving a guaranteed level of funding.

* 1. **In Year Growth Fund**

The recommendation is that the specific growth fund contingency is only used for growth that was unforeseen or for school reorganisations that involve significant numbers of pupils moving from closed schools.

The recommendation is that the rates that this is funded is linked to the minimum per pupil allocations used for the national funding formula and therefore these rates would naturally change as the NFF is updated.

Schools Forum are required to agree a growth policy for each financial year and the LA is required to report on its use to forum.

The Current growth policy I in **Appendix 1** and the recommended revision in **Appendix 2**

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**Appendix 1: Current Criteria for Schools Accessing Pupil Growth Contingency**

The criteria that will be used and applied to allocate funding to schools under Tower Hamlets Council, Education, Social Care & Wellbeing Growth Policy.

In particular funding will be allocated on four criteria.

a) Where there are planned permanent expansions (i.e. the school’s admission and the building capacity has been permanently increased specifically to meet additional pupil number growth) the contingency fund will meet the cost of any additional pupils on the October or January census date, compared to the previous admission number for that year group. For instance, a school that already started to move from 2 forms of entry (60 places) to 3 forms of entry (90 places), may have actual pupil numbers in Year 2 of 85, in the first year that the expansion affects Year 2. If there were 85 pupils on the October census, the school would get ((85-60) x AWPU x 7/12) or 3/12 for a January start. A minimum 20 pupils per class (or 10 for ½ a form entry) is calculated to ensure both staffing and teaching resources are covered for this provision i.e. a class of 30 pupils that has only 19 pupils at the October or January census date would be entitled to 20 x 7/12ths x AWPU rate. These arrangements apply for only the first year that any new admission places for a year-group are offered.

b) Where there is only a temporary one-off expansion in a single year group (bulge class), the maintained school or Academy will receive an extra £200 per pupil towards the cost of additional resources over and above the AWPU. These arrangements apply for only the year of opening of the class.

c) Where planned expansion of the maintained school or Academy is by at least 2 forms of entry, the Local Authority will provide additional Leadership and Management funding worth £40,000 per year over the first three financial years in recognition of the increase in management costs associated with significant expansion. (Year 1 of this funding is the school year before opening if that is agreed by the school and LA – i.e. to reflect the planning ahead requirement for the change).

d) Permanent expansions are generally implemented over time by admitting the additional pupils at Reception or Year 7 only until the additional capacity fills. Where a school has specific facilities management or ICT contract arrangements which provide services as though an expanding school were full, the contingency fund will provide proportionate support for individual schools on the basis of the year groups which are operating below full capacity. For instance, a four form of entry school offering 5 year groups is expanding to a five form of entry school. Before the expansion, there were 600 places available in total and, after the expansion there will be 750 places in total. In the first year after the expansion, however, there will be (150 x 4 + 30) = 630 places with 120 unfilled places. The contingency fund would pay for 120/750ths of the annual cost of those contracts.

**Appendix 2: PROPOSED REVISED GROWTH POLICY**

**This Policy is in place for all types of mainstream provision, maintained, Academies or Free schools**

1.Where Schools have growth that is formally planned and agreed before the point of setting individual School budgets, as part of the submission process to DfE this growth will be built into their budget for that financial year. This ensures the school attracts all the funding factors attributable to those pupils for the relevant period. This funding would not lead to a call on the growth policy as would be considered as part of the initial budget allocation. For new Schools individual arrangements would be presented and agreed by Schools forum.

For example, if a school has been asked to open a new 30 pupil reception form of entry in the following September, they will receive an equivalent of 7 months of those pupils (7/12 x30 = 15.7 pupils funding) at their current gross per pupil level. A school that has an average per pupil funding of £6,200 would therefore receive an additional £108,500 in that academic year.

This will mean that for the first year of opening a new class the school will be funded as if full in that year group

2. Where a school is asked to open an additional form of entry in year, after the main budget has been set the extra form will be funded for the full number of pupils based on the DfE minimum average amount for pupil set for that year (2021-22, primary £4,180, KS3 £5,215 and KS4 £5,715)

For example, a school asked to open a bulge year 2 class at Easter would be funded for 30 pupils at £4,180 for the full year = £125,400, if that class opened in September in would be prorated to 7/12th = £73,150.

This funding would be paid for the agreed increase in numbers on the basis of an if full class from growth fund contingency for the remainder of the financial year

3.Where one school has closed in the budget period and pupils from that closed school have been moved to an alternative Tower Hamlets school, the receiving schools will be funded for the remainder of the year at the current average per pupil rate off the closed school for all pupils above a minimum of 5 for the remainder of the financial year.

For example, School X closes in August and 40 pupils move to school Y in September and 38 pupils move to school Z. the average funding per pupil for school X is £6.500.

School Y would receive an allocation from the growth fund of (40-5) x £6,500 x 7/12 months = £132,708

School Z would receive an allocation from the growth fund of (38-5) x £6,500 x 7/12 months = £125,125