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|  | Coventry Schools Forum 23rd January 2025Agenda Item 6 |
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| Children’s and Education Services  |

**Title: Approval of Growth Fund Methodology 2025/26**

**Recommendation**

This item is for the School Forum to approve:

* **The Schools Forum should approve the proposed value and operation of the 2025/26 growth fund as set out in this report and appendix 1.**

**Voting:** All Members

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## Executive Summary

### The Schools Forum are required on an annual basis to approve the proposed level of budget for the Growth Fund and the operation of that fund.

## Background

### The Growth Fund is a portion of the Dedicated Schools Grant (DSG) Schools Block which enables local authorities (LAs) to support schools with significant in-year pupil growth which is not otherwise immediately recognised by the lagged funding system.

### In Coventry the Schools Forum have chosen to use the Growth Fund to support schools to:

##### Provide additional classes needed to meet the infant class size regulation. (i.e. Class Size funding)

##### Provide additional classes in agreement with the LA to meet pre-16 basic need growth. (i.e. Increasing Forms of Entry, Secondary Growth & Bulge Classes)

* Ensure sufficient surplus places are maintained in Years 7 and 8 (Secondary Capacity)
* Take significant numbers of new pupils outside the usual admissions window process (i.e. In-year Admissions).

##### Statutorily the Growth Fund also funds schools that meet the criteria of a ‘growing’ school and subsequently their funding allocations are calculated based on estimated pupil numbers (i.e., Implicit Growth).

### Since 2019/20 the Growth Fund has been allocated to local authorities on a formulaic basis. This means that the level of growth funding Coventry receives is directly linked to the increased number of pupils in the city vs the previous year. It also means that Coventry’s allocation of DSG for growth fluctuates annually.

### The overall picture with regards to pupil number growth in the city has changed in recent years. Previously, birth rate data indicated that there would be a year-on-year reduction in pupil numbers entering into Reception each year.

### This birth rate trend has continued, however as discussed at previous Schools Forum meetings, there has been a significant increase in the number of in-year admissions due to an increase in migration rates into the city.

### As a result of this changing position, Schools Forum requested that the Schools Forum Sub-Group carried out a review of the Growth Fund to ensure the Growth Fund allocation was being utilised in the most effective way.

## School Forum Sub-Group Meeting

### The Schools Forum Sub-Group met on 4th December 2024 and considered all existing aspects of the Growth Fund whilst also considering proposals for new ways to utilise the funding and the following proposals were recommended by the Sub-Group:

## Class size funding, bulge class funding & increasing forms of entry funding would operate in the same way as before. Full details of these can be found in appendix 1.

## A change to the eligibility criteria for Secondary Capacity funding was proposed. Previously any school with more than 5 vacant places were eligible for funding and the Growth Fund would fund up to 30 vacant places with the school funding 5. The sub-group felt that it was appropriate to increase the eligibility criteria so that only schools with 25 or more vacant places would be eligible for funding. Where schools meet the criteria, they would still receive funding for up to 30 places with the school funding 5. Full details can be found in appendix 1.

##### The removal of In-Year Admissions funding was proposed. This option has been briefed as a possibility to Schools Forum throughout the year. This funding is often not linked to true growth, more often than not it is existing pupils moving around the city. This means funding is provided for pupils who do not attract funding through the DfE Growth Fund formula. This funding is also retrospective which risks the Local Authority double funding some pupils where they are part of a funded bulge class.

## A new element of Growth Funding was proposed in relation to open bulge classes. The sub-group felt that schools should receive funding where a bulge class was opened in the previous financial year but some places in the bulge class were not filled as at October census. Funding would be provided for every vacant place on the same basis as when the bulge class first opened. Full details can be found in appendix 1.

## Affordability

### At the last sub-group review in 2019, the sub-group recommended that the Growth Fund does not carry forward deficit balances into the following financial year, instead ensuring that the Growth Fund is affordable in each year. This year’s sub-group agreed with that methodology.

### In a sub-group review meeting in 2019 a process was introduced where if the Growth Fund is not affordable in any given year, spend must be reduced in order to make it affordable again.

### The Sub-Group proposes that in the event that the Growth Fund is not affordable, the steps to achieve affordability should be followed:

#### Step 1 – utilise remaining 2024/25 Growth Fund underspend

#### Step 2 – reduce class size funding for full form of entry schools.

#### Step 3 – reduce class size funding for half form of entry schools.

#### Step 4 – reduce secondary capacity funding.

#### Step 5 – reduce secondary growth and bulge class funding. This cannot drop below the minimum funding that must be provided as per the 2025/26 Growth Fund guidance.

## Approval of the 2025/26 Growth Fund

### The Schools Forum is required to approve the operation of the Growth Funding and be consulted on its total size.

### As outlined in section 2 the Growth Fund the Local Authority receives from the DfE changes each year in line with increases in pupil numbers. For 2025/26 this has meant a reduction of £1.2m to £1.6m.

### The Schools Forum Sub-Group recommendations (as outlined in section 3) have still resulted in the Growth Fund operating with an in-year deficit, however, some of the surplus balance projected to be brought forward from 2024/25 has been used to balance this position.

### The 2025/26 expenditure position is not finalised as currently only estimates of how many bulge classes will be required are included. Once more detail is known about this and what the Growth Fund position will be in 2026/27, options will be developed on how to treat any surplus balance in 2025/26.

### The proposed values of each element of the Growth Fund for 2025/26 is set out in the table below. The detailed operation of each of the Growth Fund elements is also set out in appendix 1.



## Who does the report affect?

### The issues in this report affect all mainstream schools and academies in the city as all are potentially eligible for growth funding depending on the circumstances of their school.

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| Contributor/approver name | Title | Directorate or organisation | Date doc sent out/ | Date response received or approved |
| Sarah Kinsell | Finance Manager | Financial Management | 15/01/2025 | 16/01/2025 |
| Rachael Sugars | Strategic Lead - Education | Children’s and Education Services | 15/01/2025 | 16/01/2025 |

This report is published on the Schools Forum Section of the council's website:

<http://www.coventry.gov.uk/meetings/committee/26/schools_forum>

**Appendix 1: Growth Fund eligibility criteria and funding methodology**

Increasing Form of Entry Funding:

Designed to support a school or academy that has agreed with the LA to provide an extra class from the next September to support basic need (as an on-going commitment). This funding is used in the primary sector to fund Reception & Key Stage 1 only, ensuring compliance with the Admissions (Infant Class Sizes) Regulations[[1]](#footnote-2).

Funding is allocated based on the costs of a Teacher and a Teaching Assistant from the point that the new class is required, until the school’s next budget share comes into effect.

 **Eligibility Criteria:** (all criteria must be met)

- The institution has agreed with the LA to provide an additional class.

- After removing 'exempt pupils', an additional class is required by the infant class size regulations when comparing the most recent October census with a rolled forward position that assumes the next September intake is at full capacity.

**Funding Formula:**

- A lump sum of £53,281.67 will be paid to eligible maintained schools for the period covering 1st September until 31st March (7/12ths of the year).

- A lump sum of £91,340.00 will be paid to eligible academies for the period covering 1st September until 31st August (12/12ths of the year). Academies are funded until 31st August because their funding is lagged. The additional cost of this funding will reduce amount of academy recoupment making it cost neutral to the Dedicated Schools Grant.

Class Size Funding:

Designed to support a school or academy where overall pupil numbers in Reception and Key Stage 1 (as at the previous October Census) attract less funding through the budget share than is needed to notionally fund the number of classes required.

This is to ensure that schools can adhere to the Admissions (Infant Class Sizes) Regulations.

 **Eligibility Criteria:**

- After removing 'exempt pupils', overall pupil numbers in Reception and in Key Stage 1 (as at the previous October Census) exceed a multiple of 30 by 28 or fewer pupils for half form of entry schools or by 25.71 or fewer pupils for full form of entry schools.

**Funding Formula**:

- The amount of Class Size funding provided to a school will be equal to £64,749.53 pro-rated by the proportion of under-funded classes - which is based on the cost of a Teacher. This allocation covers the whole financial year.

- The pro-rata will be calculated using the equation below for half form of entry schools, with negative results being treated as zero.

 Pro-rata = ((YRc-(YRn/28))+(KS1c-(KS1n/28)))

- The pro-rata will be calculated using the equation below for full form of entry schools, with negative results being treated as zero.

 Pro-rata = ((YRc-(YRn/25.71))+(KS1c-(KS1n/25.71)))

 where...

 YRc = No of Reception classes required by Infant Class Size Regulations

 YRn = Reception Pupil Number

 KS1c = No of Key Stage 1classes required by Infant Class Size Regulations

 KS1n = Key Stage 1 Pupil Number

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*Note: Where detailed above, if the number of pupils on roll for a particular year group (NOR) is greater than the number of places for that year group (PAN) any pupils exempt from the minimum class size calculations are removed from that year group's NOR before calculating the school's eligibility for Increasing Form of Entry funding or Class Size funding. For the purposes of explaining this calculation methodology these will be called 'exempt pupils' are those groups of pupils as defined by the School Admissions (Infant Class Sizes) (England) Regulations.*

Secondary Growth

Year 7 funding

1. *Over one-year*

Designed to support a secondary school or academy that has agreed with the LA to take an additional year 7 class to support basic need.

Funding is allocated based on minimum amount mandated in the 2025/26 Growth Fund guidance from the point that the new class is required, until the school’s next budget share comes into effect.

 **Eligibility Criteria**: (all criteria must be met)

* The institution has agreed with the LA to provide an additional class.
* A minimum of one additional full class is forecast to be required for the coming September year 7 intake (based on 30 pupils per class) when comparing to the number of classes needed based on the previous September intake pupil number less any of those pupils that were placed on appeal.

 **Funding Formula**

* A lump sum of £47,259.39 will be paid pro-rata (based on the number of additional classes required) to eligible maintained schools for the period covering 1st September until 31st March (7/12ths of the year).
* A lump sum of £81,016.09 will be paid pro-rata (based on the number of additional classes required) to eligible academies for the period covering 1st September until 31st August (12/12ths of the year) as their funding is lagged by a further 5 months until 1st Sept (rather than 1st April). The additional cost of this funding will reduce the amount of academy recoupment making it cost neutral to the Dedicated Schools Grant.
* The pro-rata will be calculated using the equation below, with results less than 1 being treated as zero.

Pro-rata = ((Y7f/30)-(Y7n/30))

where...

    Y7f = Forecast year 7 Pupil Number for coming Sept intake (based on planning data)

    Y7n= Previous September’s Year 7 Intake Pupil Number in less any placed on appeal

Secondary Growth continued…

1. *Over two-years*

Designed to support a secondary school or academy that has agreed with the LA to take an additional year 7 class to support basic need, but has implemented this across over a two year period (for example 0.5FE one year followed by a further 0.5FE the following year)

Funding is allocated based on minimum amount mandated in the 2025/26 Growth Fund guidance from the point that the full new class is required, until the school’s next budget share comes into effect.

Year 7 and Year 8 Funding

The eligibility criteria and funding formula for the ‘over two-years’ element of the secondary growth fund are identical, other than that references to the ‘prior year’ instead refer to the period two years prior

Year 8 & 9 funding

Designed to support a secondary school that received Year 7 funding (see above) within the last two financial years, as that expanded year 7 group progresses into year 8 or year 9. Funding will be allocated using the same pro-rata as determined for it’s previous Year 7 funding, but will be reduced on a pro-rata basis where forecast Y7 numbers were not reached.

 **Funding Formula**

* A lump sum of £47,259.39 will be paid pro-rata (based on the number of additional classes required) to eligible maintained schools for the period covering 1st September until 31st March (7/12ths of the year).
* A lump sum of £81,016.09 will be paid pro-rata (based on the number of additional classes required) to eligible academies for the period covering 1st September until 31st August (12/12ths of the year) as their funding is lagged by a further 5 months until 1st Sept (rather than 1st April). The additional cost of this funding will reduce the amount of academy recoupment making it cost neutral to the Dedicated Schools Grant.
* The pro-rata will be calculated using the equation below

Y8 Pro-rata = Y7 Pro-rata - ((Y7a-Y7fp)/30)

where...

     Y7a= Previous September’s Year 7 actual Intake Pupil Number in less any placed on appeal

   Y7fp = Forecast year 7 Pupil Number for previous Sept intake (based on planning data)

Secondary Capacity

Designed to support a secondary school that has surplus places in Years 7 or 8 to ensure sufficient places can be maintained in those year groups.

**Funding Formula**

* Funding is provided for every vacant place above the 5th vacant place to schools who have more than 24 vacant places in either Year 7 or Year 8.
* Funding is calculated on the basis of the cost of a UPS1 teacher including oncosts, a grade 3 teaching assistant including oncosts plus 25% for overheads. This means that schools will receive £3,870.86 for every eligible vacant place above the 5th vacant place.
* For example, if a school has 30 vacant places in year 7, they would receive 25 x £3,870.86

Bulge Classes

Designed to support schools who have agreed to take a bulge class as funding will not be available through the National Funding Formula budget shares immediately.

**Funding Formula**

* Funding is calculated on the basis of the cost of a UPS1 teacher including oncosts, a grade 3 teaching assistant including oncosts plus 25% for overheads being paid for every available place in a bulge class.
* This means that schools will receive £3,870.86 per place in a bulge class.
* These values will be paid pro-rata where a bulge class starts after April.
* A lump sum of £43,941.06 will be paid to Academies who took a bulge class between April 2024 and March 2025 to compensate for the fact their 2025/26 funding doesn’t begin until September 2025

Bulge Classes 2nd Year

Designed to provide funding to schools who have agreed to take a bulge class in the previous financial year which wasn’t full on October census day.

**Funding Formula**

* Funding is provided for every vacant place in a bulge class on the October census.
* Funding is calculated on the same basis as the initial bulge class funding which is based on the cost of a UPS1 teacher including oncosts, a grade 3 teaching assistant including oncosts plus 25% for overheads.
* This means that schools will receive £3,870.86 per place in a bulge class.
1. <http://www.legislation.gov.uk/uksi/2012/10/pdfs/uksi_20120010_en.pdf> [↑](#footnote-ref-2)