

Extract from ESFA Operational Guide 2018-19

## **Growth fund**

Growth funding is within local authorities' schools block national funding formula allocation, and has been calculated based on historic spend.

- 1.1. As it's within the schools block, a movement of funding from the schools formula into the growth fund would not be treated as a transfer between blocks. The schools forum would still need to agree the total growth fund.
- 1.2. The size of the schools block would not be affected.

The growth fund can only be used only 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 costs of new schools

Local authorities are responsible for funding these growth needs for all schools in their area, for new and existing maintained schools and academies.

- 1.3. Local authorities should fund all schools on the same criteria, discussed below.
- 1.4. Where growth occurs in academies that are funded by ESFA on estimates, ESFA will use the pupil number adjustment process to ensure the academy is only funded for the growth once.

The costs of new schools will include the lead-in costs, for example to fund the appointment of staff and the purchase of any goods or services necessary in order to admit pupils.

- 1.5. They will also include post start-up and diseconomy of scale costs. These pre and post start-up costs should be provided for academies where they are created to meet basic need.
- 1.6. ESFA will continue to fund start-up and diseconomy costs for new free schools where they are not being opened to meet the need for a new school as referred to in [section 6A of the Education and Inspections Act 2006](#).

The growth fund may 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; which is managed through lagged funding

The growth fund may not be the most appropriate source of funding for growing schools, and local authorities should consider varying pupil numbers where there is a more permanent and significant change to numbers, and where it's appropriate for the change to be reflected in the funding formula.

- 1.7. Local authorities will not need to submit a disapplication request for an increase to numbers, where this is due to a change to the admission limit, or a local reorganisation.

Local authorities are required to produce criteria on which any growth funding is to be allocated, which must be agreed by the schools forum.

- 1.8. The schools forum must also be consulted on the total size of the growth fund from each phase, and should receive regular updates on the use of the funding.

- 1.9. ESFA will check the criteria for compliance with the regulations.

The criteria should provide a transparent and consistent basis for the allocation of funding, which may be different for each phase.

- 1.10. Criteria for allocating growth funds should contain clear objective trigger points for qualification, and a clear formula for calculating allocations with these criteria applying to all schools on the same basis.

- 1.11. Compliant criteria would generally contain some of the features set out below:

- support where a school or academy has agreed with the authority to provide an extra class in order to meet basic need in the area (either as a bulge class or as an ongoing commitment)
- additional support where a school has extended its age range (the majority of funding would be paid through the funding formula where the local authority should seek a variation in pupil numbers)
- support where a school has temporarily increased its PAN, by a minimum number of pupils, in agreement with the authority
- support for KS1 classes where overall pupil numbers exceed a multiple of 30, by a minimum number of pupils

- pre-opening costs, initial equipping allowance, or diseconomy of scale allowance, for new maintained schools and academies; including new academies where the school is opening in response to basic need

Methodologies for distributing funding could include:

- a lump sum payment with clear parameters for calculation (usually based on the estimated cost of making additional provision for a new class, or the estimated start-up costs)
- a per-pupil rate (usually based on AWPU, and reflecting the proportion of the year which is not funded within the school's budget share)
- a per-pupil rate, with a maximum ceiling

We've provided examples of some local authorities' criteria for allocating growth funds to school and academies. These can be found in the published [Schools funding 2016 to 2017: targeted funding for high needs, growth and falling rolls](#) guidance.

Where growth funding is payable to academies, the local authority should fund the increase for the period from the additional September intake through until the following August.

- 1.12. Local authorities should enter the cost of growth funding for the April to August period, along with appropriate justification, on the recoupment tab of the APT so that the recoupment calculation can be adjusted accordingly.

ESFA will not make growth fund recoupment adjustments for diseconomy of scale, or start-up funding; local authorities should not enter these on the recoupment tab of the APT.

- 1.13. This funding will continue to be met from the local authority's growth fund.

Where schools have agreed an expansion in pupil numbers with the local authority, the school should ensure that they understand the methodology for funding the increase, and are content that the expansion is deliverable within the funding available.

Local authorities should report any unspent growth funding remaining at the year-end to the schools forum.

- 1.14. Funding may be carried forward to the following funding period, as with any other centrally retained budget, and local authorities can choose to use it specifically for growth.

Any overspent growth funding will form part of the overall DSG surplus or deficit balance.