

**Manchester City Council
Report for Resolution**

Report to: [Schools Forum](#)

Subject: **Amendment to Growth Fund Criteria**

Report of: **Directorate Finance Lead – Children Services and Education**

Summary

Recommendations

All Schools Forum members are asked to approve the amendment to the growth fund criteria, including:

- changes to the post opening grant element at a new school.

Contact Officers:

Name: Reena Kohli
Position: Directorate Lead Children and Families Finance
Telephone: 0161 234 4235
E-mail: r.kohli@manchester.gov.uk

Name: Nehal Ayub
Position: Senior Finance Manger
Telephone: 0161 234 1467
E-mail: n.ayub@manchester.gov.uk

Background documents (available for public inspection):

The following documents disclose important facts on which the report is based and have been relied upon in preparing the report. Copies of the background documents are available up to 4 years after the date of the meeting. If you would like a copy please contact one of the contact officers above.

1. INTRODUCTION

- 1.1 In the June 2015 Forum meeting, the Forum approved changes to the Growth Fund criteria to fund post opening costs in new schools set up through the local authority presumption route to help schools meet the cost of diseconomies of scale in the initial years of operation.
- 1.2 Currently the Department for Education (DfE) operate their own Post Opening Grant (POG) scheme whereby they provide a grant to new free schools to reflect the additional costs in establishing a new publicly funded school which cannot be met through the GAG.
- 1.3 The Local Authority proposes to align the LA post opening grant mechanism with that of the DfE, so that new schools opening via support of the Local Authority are offered the same funding as new free schools.

2. CURRENT LOCAL AUTHORITY POST OPENING GRANT FUNDING

- 2.1 Post opening funding enables new schools to cover essential costs after opening to support leadership and premises costs that cannot be fully funded from funding formula when school numbers are low in the early years of a new school.
- 2.2 In June 2015, the Local Authority's Growth Fund criteria was amended to include a provision for post opening funding for new schools. It was agreed to fund diseconomies of scale in new schools at a rate of average per pupil amount per sector per percentage point below 90% of planned capacity for the first three years after opening. The current average per pupil amount is £4,669 for primary and £6,209 per secondary pupil.
- 2.3 For example, in a new one form entry secondary school opening with expected places of 20 in year one against a planned capacity of 30 places, the growth fund post opening costs funding would total £193k over three years, as illustrated in Table 1 below.

Table 1: School A POG under current LA Mechanism

School A	One form entry school places		
	Year one	Year two	Year three
Class one	20	30	30
Class two		20	30
Class three			20
Planned Capacity	30	60	90
% points school is full	67%	83%	89%
90% ceiling	90%	90%	90%
Diseconomies	23%	7%	1.11%
Proposed post opening costs	£143k	£43k	£7k

3. DFE POST OPENING GRANT FUNDING

3.1 The DfE's POG provides funding in two elements as the new free school grows: non-staffing resources, paid on a per-pupil basis; and a leadership grant.

3.2 The first (resource) element is paid each year that the school builds up to capacity for each new pupil expected to be on roll and is not revisited to reflect actual pupil numbers and is taken from the final finance plan submitted before opening. It is paid at:

- £250 for each new mainstream pupil in the primary phase (R to Yr 6)
- £500 for each new mainstream pupil in the secondary phase (Yrs 7 to 13)

3.3 The secondary (leadership) element is paid annually based on the number of year groups that the school will ultimately have that do not yet have pupils, i.e. the number of empty year groups (cohorts) in any given year, up to a maximum as detailed in Table 2 below.

Table 2: DfE POG Rates: Leadership Element

Empty cohorts	6+	5	4	3	2	1	Maximum
Primary	£80,500	£67,500	£54,000	£40,500	£27,000	£13,500	£283,000
Secondary			£125,000	£93,500	£62,500	£31,000	£312,000
All-through	£125,000	£93,500	£625,000	£54,000	£40,500	£27,000	£402,500

3.4 Applying this formulaic approach to the hypothetical scenario outlined above, School A would attract £382k of funding over five years under DfE's POG.

Table 3: School A POG under DfE Mechanism

School A	Year one	Year two	Year three	Year four	Year five	Total
Planned capacity:	30	60	90	120	150	
Expected pupils:	20	50	80	110	140	
Expected <i>new</i> pupils:	20	30	30	30	30	
Resource Allocation	£10,000	£15,000	£15,000	£15,000	£15,000	£70,000
Empty year groups:	4	3	2	1	0	
Leadership Allocation:	£125,000	£93,500	£62,500	£31,000	£0	£312,000
Total POG	£135,000	£108,500	£77,500	£46,000	£15,000	£382,000

4. MIRRORING THE DFE APPROACH

- 4.1 To facilitate a consistent and equitable approach to funding post opening costs in new LA presumption schools and new free schools, the Local Authority proposes to mirror the DfE approach outlined above.
- 4.2 Whilst this is expected to cost more across the full growth period of the new school, it is an affordable increase as the Local Authority's Growth Fund budget will be able to absorb these costs.

5. RECOMMENDATION

- 5.1 All Schools Forum members are asked to approve the amendment to the post opening grant element of the growth fund criteria at a new school.