

**Manchester City Council  
Report for Resolution**

**Report to:** Schools Forum

**Subject:** Manchester Growth Fund Concerns

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

---

**Summary**

Manchester's population has continuously grown over the last decade, and whilst demand for new schools and in-year expansions has risen and been met by the Local Authority, the LA's growth fund allocations from the Department for Education (DfE) have continued to decrease year-on-year.

The LA presented a report of its growth fund concerns to DfE colleagues and requested comments.

**Recommendations**

All Schools Forum members are asked to comment on growth fund concerns raised in this report.

**Contact Officers:**

Name: Reena Kohli  
Position: Directorate Lead Children and Families Finance  
Telephone: 0161 234 4235  
E-mail: [reena.kohli@manchester.gov.uk](mailto:reena.kohli@manchester.gov.uk)

Name: Anne Summerfield  
Position: Principal Finance Lead  
Telephone: 0161 234 1463  
E-mail: [anne.summerfield@manchester.gov.uk](mailto:anne.summerfield@manchester.gov.uk)

Name: Nehal Ayub  
Position: Senior Finance Manger  
Telephone: 0161 234 1467  
E-mail: [nehal.ayub@manchester.gov.uk](mailto:nehal.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.

**Previous Reports:**

## 1. INTRODUCTION

- 1.1. Manchester's population has continued to grow since the 2011 census figure of 503,000, and our forecasts for population growth are estimating that by the mid-2020s the city of Manchester will have a population of circa 644,000, a 28% increase. In order to accommodate the growth, Manchester has expanded most of its primary schools and supported the opening of new schools. The growth is currently feeding through to the secondary sector. The Local Authority has also supported opening secondary academies through the free school route and LA presumption route. There will be 8 new secondary schools in the City potentially by 2025. The revenue costs of primary and secondary mainstream expansions is met through the growth fund. Special schools are also expanding, in September 2021 there will be 210 additional special school places, the revenue costs of special school expansions are met from the high need block.

## 2. PRESSURES

- 2.1. The Council's 2021/22 growth fund budget allocation is £3.634m, a reduction of £1.711m to the 2020/21 growth allocation. In line with DfE requirements, the Council intends to budget for 1,080 places in new and growing schools through the schools funding formula, which is estimated to cost £3.793m and already represents an 'overspend' of £159k on Manchester's 2021/22 growth fund budget of £3.634m.
- 2.2. In addition to this, a further sum of money is required to be retained centrally to fund explicit growth for in-year expansions. This is expected to fund at least 90 primary and 230 secondary places and has been budgeted at £1.1m. Table one below summarises growth pressures for 2021/22.

Table one: Growth Fund Pressures 2021/22

Growth Fund	£m
2021/22 Allocation	3.634
Implicit Growth (new and growing)	-3.793
Explicit Growth (in-year expansions)	-1.100
<b>Funding required in excess of allocation</b>	<b>-1.259</b>

- 2.3. Whilst it recognised that the reduction in the growth allocation is a result of slowed down pupil growth between October 2019 and October 2020 censuses, Manchester's spend is significantly higher than funding. This is due to the cost of new and growing schools being higher than expanding existing schools. Most existing schools are at capacity and cannot be expanded any further. The pressure is also due to the requirement to fund pre and post opening costs of new and expanding schools.

## 3. IMPLICIT GROWTH

- 3.1. The DfE growth funding methodology does not fully recognise that the amount LAs are required to fund new and growing schools is at a higher rate than what

is received. The LA is funded on a per pupil basis £1,455 primary and £2,175 secondary plus £68,700 lump sum for new schools. Local Authorities are required to fund new and growing schools via our APT at a higher rate. Please see table two below:

Table two: Growth funding rates DfE vs LA

Growth Fund	DfE funding to Growth Fund Per child (£)	Academy Funded at New and Growing Schools via APT Per child (£)
Primary	1,455	3,218
Secondary	2,175	3,835

3.2. This will add significant pressure to the LA's Growth Fund budget in 2021/22.

#### 4. POST AND PRE OPENING GRANTS

4.1. Manchester has aligned its post and pre-opening grant methodology to the one the EFSA applies to free schools. The Local Authority have received a one-off grant of £250k but need to pay out £0.992m over the course of the next 5 years to the Academy Trust. The shortfall adds to the growth fund pressure.

#### 5. NEW ACADEMY SEPTEMBER 2021 – Risk of Double Funding

5.1. In addition to this, the LA is now being advised that the EFSA want the Authority to potentially double fund year 7 of a new school. The academy is opening in September 2021 with 120 places. We have included this on our APT and expect EFSA recoupment to be in line with this. The LA has been asked to underwrite the 120 places, which we understood we had done as the 120 were included in the LA's APT. We have now been advised that if actual NOR (number on roll) is below 120 at Oct 21 census the EFSA:

- will recoup the 120 place budget
- pass on a budget based on NOR at census
- expects the LA to fund the academy for the difference between NOR and 120 places in order to give the Academy trust a budget they start the school on.

5.2 If this is correct, there is a risk of double funding.

#### 6. CONCLUSION AND RECOMMENDATION

6.1. To summarise, the pressure is due to the DfE funding methodology operating on a lagged basis and not fully recognising that LAs need to budget for new and growth funding schools in-year and before the actual growth has been picked up via the census and been translated into a higher growth fund budget allocation. This creates an unrelenting pressure year on year as local authorities are never able to catch up our actual growth with the lagged funding being

provided.

- 6.2. This is unsustainable and adds to existing DSG pressures. The LA has reached out to the DfE for a review of these concerns, and it is anticipated that a response from the DfE will be received in time for the March 2021 Forum meeting to add to discussions.
- 6.3 All Schools Forum members are asked to comment on growth fund concerns raised in this report.