

## Schools Forum – 10 December 2024

<b>Title of paper:</b>	Proposed pupil growth allocation for 2025/26
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### Summary

As part of the budget setting process for the financial year (FY) 2025/26, this report outlines the proposed requirements of the Pupil Growth Contingency Fund (PGCF) for next year and seeks Schools Forum's approval to allocate £0.540m for this purpose. The funding will be used to fund pupil growth in both maintained schools and academies.

As part of the budget setting process for 2025/26, the School Funding team must inform the Education and Skills Funding Agency (ESFA) on 22 January 2025 on the level of funding allocated for pupil growth for academies for the period April to August 2025, from the pupil growth contingency fund.

Growth Funds are an established mechanism nationally, to support expanding schools. The Department for Education (DfE) Schools Forums: Operational and good practice guidance document from March 2021 identifies the creation of a fund and the agreement of criteria for pupil growth as one of the functions Schools Forum's are responsible for deciding on.

### Recommendations:

<b>1</b>	To approve the allocation of £0.540m to support pupil growth in 2025/26 (as detailed in appendix 1 - current commitments and projected requirements for pupil growth in 2025/26 based on the current PGCF criteria, and appendix 2 for secondary growth).
<b>2</b>	To note the: <ul style="list-style-type: none"> <li>(a) ESFA requirement to allocate funding to academies for the period April to August 2025, but which will be reimbursed to the LA's Dedicated Schools Grant (DSG).</li> <li>(b) amount to be allocated (and reimbursed) is £0.230m.</li> <li>(c) total amount of academies' individual school budget shares will be netted off against the pupil growth given out for this period, and the Authority's Dedicated Schools Grant for 2025/26 will be adjusted accordingly.</li> </ul>

## 1 Reasons for recommendations

- 1.1 The Pupil Growth Contingency Fund is not currently required for primary growth payments, as all previous funding commitments for primary growth have been met.

But it continues to provide funding to schools to meet the need for secondary school places.

- 1.2 The City's significant pupil growth started to impact on the secondary sector from 2017; therefore, an appropriate funding model was implemented to support this. In April 2018, Schools Forum approved the criteria and methodology under which funding can be allocated to secondary schools (as detailed in appendix 2). Both primary and secondary criteria are updated annually to reflect the pay increases.
- 1.3 The LA retains a statutory duty to ensure school place sufficiency. A centrally held pupil growth fund allows the LA to manage the process of supporting schools to meet Basic Need and address the funding lag when pupil numbers increase. Collaborative and strategic coordination and cooperation between all Nottingham City learning settings continues to be required, to meet the secondary sufficiency needs.
- 1.4 Financial support for schools that are providing significant additional capacity to meet this need is essential to avoid schools being at a financial disadvantage until the increased pupil numbers are reflected in their budgets. This will encourage the efficient deployment and allocation of resources as a school grows, while protecting the growth fund against long-term, non-sustainable funding commitments.
- 1.5 For maintained schools, there is usually a funding lag period of 7 months, between September and March, if schools have to provide additional staff for an extra class of pupils, but the increased number on roll are not reflected in their budget until the following April. The PGCF is used to support schools to address this funding lag.
- 1.6 Academies' Financial Year runs from September to August therefore, academies receive a full 12 months of PGCF. This is paid in two separate payments: 7/12ths of the annual amount is paid in September (to cover the period September – March). The other 5/12ths is paid in April (to cover the period April to August). This additional 5/12ths element for academies is then reimbursed to the LA's Dedicated School's Grant by the ESFA.
- 1.7 Funding will be allocated to schools, where they have agreed with the LA to admit an extra class (or more) to meet Basic Need in the area, either on a temporary basis or as an ongoing commitment or formal expansion. If a school is admitting more than one additional class to meet Basic Need, the funding allocation per class will be tapered on a sliding scale, as set out in the full funding criteria included at appendix 2.
- 1.8 A new requirement of the 2024/25 Pupil Growth Funding criteria was that an extra class (i.e. between 25-30 pupils) will be funded regardless of whether it is within or above PAN. Whereas the previous criteria were only to fund increases which are over PAN. This new requirement is set out in the DfE Growth and falling rolls fund guidance: 2024 to 2025 (August 2024).
- 1.9 Schools will receive funding for every year that they admit the additional class, which in the case of a permanent increase is normally 5 years for a secondary school. If a school increases their capacity by a temporary bulge year, they will receive funding for that year / or temporary period only.
- 1.10 The forecast expenditure for 2025/26 has been costed on the basis of the current and anticipated level of growth at the secondary phase. This includes both existing commitments for secondary growth, as well as an estimated contingency based on potential additional capacity needs for the September 2025 academic year.

## 2 Background

- 2.1 For 2025/26, the level of funding for pupil growth requested from Schools Forum is £0.540m. Table 1 below demonstrates how the fund is projected to be allocated. A full breakdown of known and projected expenditure by school is shown in appendix 1.

Agreed expansions / PAN increases / bulge classes	£0.149m
Additional funding for academies to fund full FY	£0.230m
Contingency for an additional 3 FE	£0.161m
<b>TOTAL</b>	<b>£0.540m</b>

Table 2 below shows the level of funding approved in recent years, which has been gradually reducing and for 2025/26 it reduces significantly:

2024/25	£0.909m
2023/24	£0.935m
2022/23	£1.116m
2021/22	£1.282m
2020/21	£1.394m
2019/20	£1.324m

- 2.2 For 2025/26, the known requirements that are already committed or projected for the pupil growth fund total £0.379m.
- 2.3 A further sum of £0.161m has been set aside to allow for contingency, to support other schools accommodating additional pupils (if it meets the funding criteria attached). Which has been calculated on the basis of an estimated 3 additional classes potentially required in September 2025, which includes extra capacity for Year 7 entry as well as allowing for some additional capacity for in-year admissions across other year groups.
- 2.4 Ensuring that the supply of school places meets demand is, and remains, a statutory duty of Local Authorities, even though LAs are no longer able to open new schools. As commissioners of education working with a range of providers, Nottingham City is striving to meet school place needs in a way that promotes parental choice, diversity and enabling access to good or outstanding local schools.
- 2.5 To recap on the significant additional capacity we've implemented in collaboration with secondary academies since 2017, this has been through a variety of measures - permanent expansions across Trinity School, NUA and Fernwood Academy creating an extra 8 forms of entry (FE). Additionally, the new 1200 place Bluecoat Trent Academy secondary school opened on a temporary site in September 2021, providing a further 8 FE. The expansion of Bluecoat Wollaton Academy (subject to planning approval) will create another 2 FE increase. Additional places have also been agreed at other academies through a combination of increased PANs and temporary bulge classes.
- 2.6 Despite this significant investment, secondary capacity remains tight for the 2026-28 Year 7 admission years. The LA continues to work with academies to utilise existing

physical capacity and explore PAN increase options for this period to manage the pressure.

- 2.7 The LA's ambition is for all pupils in Nottingham to attend a good local school. We aim to promote parental choice and to maximise the number of pupils securing their preferred school. For September 2024 secondary school admissions, 89% of pupils were offered their first or second choice secondary school. This was a 1% percent increase on the previous year and was supported by the LA and some academies agreeing collaborative solutions to increase capacity where it is needed most.
- 2.8 The full breakdown and annual updates to Pupil Growth Contingency Fund spend will continue to be reported to Schools Forum.

### **3 Other options considered in making recommendations**

- 3.1 None.

### **4 Outcomes / Deliverables**

- 4.1 To address the need for additional capacity in the secondary sector, in line with the LAs statutory requirement to provide school places. The provision of this revenue funding in a timely manner supports schools to effectively meet the needs of pupils and to maintain standards and performance, without sustaining a significant funding shortfall.

### **5 Finance colleague comments (including implications / value for money / VAT)**

- 5.1 In 2019-20, the DfE introduced a formulaic approach to allocating growth funding to local authorities. In 2025/26 funding will continue to be allocated using the same methodology. This means it will be based on the growth in pupil numbers between the October 2023 and October 2024 censuses in each middle super output area (MDSOA) within the authority.
- 5.2 In 2025/26 local authorities will continue to be responsible for managing their pupil growth funding locally and setting their pupil growth criteria's.
- 5.3 The growth fund can only be used 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 revenue cost of new schools.

From 2024 to 2025 local authorities will need to provide growth funding where a school or academy has agreed with the local authority to provide an extra class to meet basic need in the area (either as a bulge class or as an ongoing commitment).

The growth fund must 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; this is managed through lagged funding. This includes cases where academies have admitted above pupil admission numbers (PAN) by their own choice.

- 5.4 As per paragraph 2.1, this report seeks approval to allocate £0.540m for pupil growth for both maintained schools and academies in the city in 2025-26. The estimated funding requirement for 2025/26 has been calculated based on the principles included in the Pupil Growth Contingency Fund Criteria set by Schools Forum on 24 April 2018.

The data set used in the calculation of the rates for pupil growth in 2025-26 are reflective of the October 2023 census. The final growth fund for 2025-26 will be updated to reflect the October census for 2024 so that the data is the most up to date information available and aligns with the data used to calculate school's budgets for 2025-26.

- 5.5 As stated in Table 1 (at 2.1 above), £0.149m has been allocated for maintained schools and academies pupil growth for the period September 2025 to March 2026, £0.230m for academies for the period April 2025 to August 2025, plus an additional contingency of £0.161m for any further expansions or increases that may be required in 2025-26. If approved the funding will be included in the 2025/26 budget.
- 5.6 The 2025/26 pupil growth for academies relating to April 2025 to August 2025 (£0.230m) will be included in the submission of the 2025/26 school budgets to the ESFA. This funding will then be reimbursed to the Local Authority in 2025/26.
- 5.8 An update on the financial position on the Schools Block will be provided to Forum in the 'Schools Budget 2025/26' report, to be submitted to 14 January 2025 meeting.
- 5.9 As in 2024 to 2025, the ESFA will be allocating funding based on both growth and falling rolls in 2025-26.

Falling rolls funding will be distributed on the basis of the reduction in pupil numbers that local authorities experience for each year. It is based on the observed differences between the primary and secondary number on roll in each local authority between the October 2023 and October 2024 school censuses. Falling rolls are measured at the MSOA within each local authority – these are areas used by the ONS based on population data, which allow us to capture falling rolls in small geographical areas within local authorities. The falling rolls allocation for each local authority will be £140,000 per MSOA which sees a 10% or greater reduction in the number of pupils on roll between the two census years. This allocation will be subject to an Area Cost Adjustment (ACA figures have not been published for 2025-26).

The Local Authority does not anticipate that it will receive any falling rolls funding in 2025-26 as it is anticipated that the falling rolls will not meet the 10% threshold.

In 2025-26 local authorities will continue to have discretion over whether to operate a falling rolls fund. Where local authorities operate a fund, they will only be able to provide funding where school capacity data 2023 (SCAP) shows that school places will be required in the subsequent three to five years. This SCAP requirement replaces previous guidance that funding may only be used where local planning data shows that the surplus places will be needed within the next three financial years.

The requirement that schools must be Ofsted rated 'good' or 'outstanding' to be eligible for falling rolls funding was withdrawn in 2024-2025 financial year.

At present the pupil forecasts are not showing that the schools places will be required in the next three to five years where schools are experiencing falls in pupil numbers so a falling rolls fund cannot be set up.

Susan Woodland, Senior Commercial Business Partner - 28 November 2024

## **6 Legal colleague comments (including risk management issues, and legal, Crime and Disorder Act and procurement implications)**

### **6.1 Legal Implications**

6.1.1 The budgetary framework for the financing of maintained schools is contained in Chapter IV of Part II of the School Standards and Framework Act 1998 (“SSFA”). This chapter of the SSFA includes sections 45A (determination of specified budgets of a local authority) and 47A (the duty on a local authority to establish a schools’ forum for its area).

6.1.2 Section 45A(2) of the SSFA states that for the purposes of Part II of the SSFA, a local authority’s “schools budget” for a funding period is the amount appropriated by the authority for meeting all education expenditure by the authority in that period of a class or description prescribed for the purposes of this subsection (which may include expenditure incurred otherwise than in respect of schools). Section 45A(2A) of the SSFA states the amount referred to in subsection (2) includes the amount of any grant which is appropriated, for meeting the expenditure mentioned in that subsection, in accordance with a condition which:

*(a) is imposed under section 16 of the Education Act 2002 (terms on which assistance under section 14 of that Act is given) or any other enactment; and*

*(b) requires that the grant be applied as part of the authority's schools budget for the funding period.*

6.1.3 This means that the designated schools grant (“DSG”), which is paid to local authorities under section 14 of the Education Act 2002 (“EA 2002”) essentially on condition imposed by the Secretary of State under section 16 of the EA 2002 that it is applied as part of an authority’s schools budget for the funding period, is part of the schools budget. Indeed, the DSG is the main source of income for the schools budget (Education and Skills Funding Agency (“ESFA”) guidance *Dedicated schools grant Conditions of grant 2024-2025* (Updated 20 November 2024) states that local authorities can add to the schools budget from local sources of income (*ibid*, paragraph 3.1), subject to certain provisions. Local Authorities retain responsibility for setting the overall individual schools budget in accordance with the local schools’ funding formula, subject to The School and Early Years Finance and Childcare (Provision of Information About Young Children) (Amendment) (England) Regulations 2024, SI 2024/66 (“SEYFR”).

6.1.4 The detail is prescribed by regulations.

6.1.5 Amongst other things, regulation 1 of SEYFR states the following:

*(4) In these Regulations:*

- “1996 Act” means the Education Act 1996;
- “2003 Act” means the Local Government Act 2003;
- “2023 Regulations” means the School and Early Years Finance (England) Regulations 2023;
- “capital expenditure” means expenditure of a local authority which falls to be capitalised in accordance with proper accounting practices, or expenditure treated as capital expenditure by virtue of any regulations or directions made under section 16 of the 2003 Act;
- “CERA” means capital expenditure which a local authority expects to charge to a revenue account of the authority within the meaning of section 22 of the 2003 Act.

6.1.6 Amongst other things, regulation 8 of SEYFR states the following:

- (5) *Except as provided for in paragraphs 4 [growth fund] to 6 of Schedule 2 ... unless the criteria for determining the expenditure have been authorised by its schools forum under regulation 12(1), or from the Secretary of State under regulation 12(3).*
- (6) *Where a local authority agrees with a maintained school (other than a special school, pupil referral unit or nursery school) or an Academy school (other than a special Academy) in its area to provide an extra class to meet a need due to significant growth in pupil numbers in its area, the criteria referred to in paragraph (5) must include provision such that the amount allocated to that school is at least £1,550 in respect of each pupil to be accommodated in the extra class, multiplied by the ACA applying in relation to the area in which the school is situated.*
- (7) *Except as provided for in paragraphs (8), (15) and (16) [not relevant here], a local authority must obtain authorisation from its schools forum under regulation 12(1), or from the Secretary of State under regulation 12(3), before deducting the expenditure referred to in Schedule 2.*

6.1.7 Amongst other things, regulation 12 of SEYFR states the following:

- (1) *On the application of a local authority, its school’s forum may authorise;*
  - (c) *the making of deductions from the authority's schools budget of expenditure under regulation 8(7).*

6.1.8 Schedule 2 to SEYFR sets out the following expenditure relevant to this report:

- 1** - *CERA incurred for purposes not falling within any other paragraph of this Schedule or Schedule 1.*
- 3** - *Any deductions under any of paragraphs 1 and 2(a) to (e) must not exceed the amount deducted under each of the corresponding paragraphs of Part 1 of Schedule 2 to the 2023 Regulations for the previous funding period.*
- 4** - *Expenditure due to a significant growth in pupil numbers as a result of the local authority's duty under section 13(1) of the 1996 Act to secure that efficient primary education and secondary education are available to*

*meet the needs of the population of its area, including expenditure resulting from the additional costs associated with establishing a new school.*

6.1.9 Therefore, the expenditure proposed here is potentially expenditure to be made from the schools budget for Nottingham City Council (“NCC”) and NCC’s DSG at that. This is provided if the money is to be spent in the way proposed in this report, that it is either spent as CERA as defined by SEYFR and in accordance with SEYFR, or it is spent due to a significant growth in pupil numbers as a result of NCC’s duty under section 13(1) of the 1996 Act to secure that efficient primary education and secondary education are available to meet the needs of the population of its area. That last point is particularly important where it is envisaged that any such expenditure would be made to assist the expansion of an Academy since any expenditure of NCC’s schools’ budget on an Academy without a clear legal duty or power enabling NCC to do so would be unlawful. The reasons for recommendations and the background sections to this report set out that a significant growth in pupil numbers means that section 13(1) of the 1996 Act is potentially engaged here, and the proposed expenditure would be lawful on that basis alone.

6.1.10 Lastly as expenditure caught by Schedule 2 to SEYFR, regulation 8(7) of SEYFR requires NCC to seek the approval of Nottingham City Schools Forum under regulation 12(1)(c) of SEYFR for the expenditure referred to in this report, hence this report.

Alexa McFadyen, Senior Solicitor (Employment) - 26/11/2024

## **7 HR colleague comments**

7.1 Not required.

## **8 Equality Impact Assessment**

8.1 An EIA is not required because this annual funding approval request does not require a change to policy or practice.

## **9 List of background papers other than published works or those disclosing confidential or exempt information**

9.1 None.

## **10 Published documents referred to in compiling this report**

- 10.1 Pupil Growth Contingency Fund criteria setting – 24 April 2018 & 15 January 2019.
- 10.2 ESFA - Schools operational guide 2024 to 2025 – Updated 11 October 2023.
- 10.3 DfE - The School and Early Years Finance (England) Regulations 2023.
- 10.4 ESFA - Schools Forum – Operational and good practice guide – 2021.
- 10.5 Growth and falling rolls fund guidance: 2024 to 2025 – Updated 11 October 2023.

## **Appendix 1 – breakdown of schools due to receive funding from 2025/26 pupil growth contingency fund**



(Exact funding values to be confirmed on receipt of awaited data from the ESFA)

School	Amount £	Funding criteria	Funding start date	Funding end date (up to and including)
<b>Secondary expansions / PAN increases – Sept 2025 intake</b>				
Bluecoat Wollaton Academy	97,715	Staffing/IDACI/classroom resources	Sept 2024	Sept 2028
Nottingham Girls Academy (TBC)	51,690	Staffing/IDACI	Sept 2025	Sept 2028
Secondary contingency Sept '25-March '26 (based on estimated 3 FE increase)	161,011	Staffing / deprivation funding	Sept 2025	Sept 2025
<b>DSG required Sept 25-March 26</b>	<b>£310,416</b>			
<b>Additional funding for secondary academies - Sept 2024 intake, to fund April 25 – August '25 (reimbursed by ESFA)</b>				
NUSA	41,065	Staffing/IDACI	April 2023	April 2025
Bluecoat Wollaton Academy	69,797	Staffing/IDACI/classroom resources	April 2025	April 2029
Nottingham Girls Academy	36,922	Staffing/IDACI	April 2025	April 2029
The Fernwood School – 3 FE expansion	82,178	Staffing / deprivation funding / classroom set up	April 2021	April 2025
<b>Subtotal to be reimbursed by ESFA</b>	<b>£229,962</b>			
<b>Estimated total forecast expenditure for 2025/26</b>	<b>£540,378</b>			

**Appendix 2 – criteria for secondary phase pupil growth**

## **Conditions / principles of funding**

- Funding will be allocated to schools, where they have agreed with the LA to admit an extra class (or more) to meet Basic Need in the area, either on a temporary basis or as an ongoing commitment or formal expansion.
- An additional class (i.e. between 25-30 pupils) will be funded regardless of whether it is within or beyond PAN.
- If a school is admitting more than one additional class to meet Basic Need, the funding allocation per class will be tapered on a sliding scale as detailed below.
- Period of funding – 5 years for a permanent increase, based on the school growing year on year from Years 7-11, or when the school is full, whichever is the earliest. 'Bulge' years – funding for the relevant year only.
- Consideration will also be given to the increase of overall Number on Roll (NOR) across the school, and whether the extra class can be covered within the existing staffing structure, i.e. accounting for the difference in NOR leaving Year 11 and joining Year 7.
- Funding will only be allocated if additional costs are incurred, i.e. for staffing a full class and classroom resources.
- All decisions on the rationale for funding will be assessed by the Council's Place Planning Manager, on a case by case basis in accordance with the criteria agreed by Schools Forum and in consultation with the school.
- Growth fund is not used for: schools admitting an additional class by their own choice and without agreement with the LA to meet Basic Need in the area.

## **Criteria and funding values**

- Staffing funding based on an M6 teacher (including on-costs).
- Deprivation funding based on each school's proportion of pupils eligible for the FSM, FSM6 and IDACI band factors.
- Classroom set up costs, up to a maximum of £8,933 per additional class / 25-30 pupils. This element is only payable in justifiable circumstances, e.g. if the school has physically expanded to create brand new additional classrooms that require furniture and equipment. It will not apply where there is already existing space / surplus capacity within the school.
- All three of the above criteria payable for each additional class (per class of 25-30 pupils) but tapered on a sliding scale as follows:
  - 1 class = 100% funding
  - 2 classes = 80% funding
  - 3 classes = 60% funding
  - 4 classes = 40% funding
  - 5 classes = 20% funding

**Funding values for 2025/26 are not yet available due to the delay in information from the ESFA – to be confirmed in January 2026.**