



## Schools Forum

10 October 2018

### Report from the Strategic Director of Children and Young People

## Options for Financially Supporting Schools with Falling Rolls

<b>Wards Affected:</b>	All
<b>Key or Non-Key Decision:</b>	N/A
<b>Open or Part/Fully Exempt:</b> (If exempt, please highlight relevant paragraph of Part 1, Schedule 12A of 1972 Local Government Act)	Open
<b>No. of Appendices:</b>	N/A
<b>Background Papers:</b>	N/A
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### 1.0 Purpose of the Report

- 1.1 At the June 2018 Schools Forum, members requested that options for financially supporting schools with falling rolls be presented for discussion and consideration.

### 2.0 Recommendations

- 2.1 Schools Forum is requested to:

2.2.1. Decide whether a falling rolls fund is required for 2019/20.

2.2.2. If required, indicate a preferred set of principles upon which officers can produce a financial model for final decision at a subsequent Forum.

### 3.0 Background

- 3.1 After a number of years of substantial pupil growth, the number of children on roll in the reception and year 1 year groups has now fallen slightly. This is not uniform across the borough with some areas affected more acutely than others.

3.2 Pupil numbers in the Secondary phase are not forecast to fall as larger cohorts of pupils progress through the year groups into Secondary schools.

3.3 A falling rolls fund is permitted as per the 2019/20 DSG operational guidance, with the following conditions:

- Local authorities may set aside schools block funding to create a small fund to support good schools with falling rolls, where local planning data shows that the surplus places will be needed within the next three financial years.
- The schools forum should agree both the value of the fund, and the criteria for allocation, and the local authority should regularly update the schools forum on the use of the funding.
- As with the growth fund, the falling rolls fund is also within the NFF schools block.
- Criteria for allocating falling rolls funding should contain clear objective trigger points for qualification, and a clear formula for calculating allocations. Differences in allocation methodology are permitted between phases.

3.3.1 Compliant criteria would generally contain some of the features set out below:

- support is available only for schools judged good or outstanding at their last Ofsted inspection (this is a mandatory requirement)
- surplus capacity exceeds a minimum number of pupils, or a percentage of the published admission number
- local planning data shows a requirement for a minimum percentage of the surplus places within the next three years
- formula funding available to the school will not support provision of an appropriate curriculum for the existing cohort
- the school will need to make redundancies in order to contain spending within its formula budget

3.3.2 Methodologies for distributing funding could include:

- a rate per vacant place, up to a specified maximum number of places (place value likely to be based on AWPU)
- a lump sum payment with clear parameters for calculation

#### **4.0 Department for Education Recommended Criteria For Allocating Falling Rolls Funding**

4.1 Section 3.3.1 outlines criteria suggested in the Department of Education (DfE) guidance on growth funding. The below criteria builds upon these principles, and includes suggested figures and additional criteria which may be applied if a falling rolls fund is established.

- Local planning data shows a requirement for at least 70% of the surplus places within the next 3 financial years.
- Formula funding available to the school will not support provision of an appropriate curriculum for the existing cohort. Evidence would need to be submitted to show the impact of falling rolls on meeting basic curriculum requirements.
- The school would be required to evidence the need to make redundancies in order to contain spending within its formula budget.
- The school does not hold excess surplus balance at the start of the financial year (i.e. in excess of 5% (secondary) or 8% (primary) of its school budget share allocation for that year).
- The school does not also qualify for rising rolls funding during the year

#### **5.0 Allocation of Falling Rolls Funding- Rate Per Vacant Place**

5.1 The following principles have been applied to illustrate a methodology for allocating falling rolls funding based on a rate per vacant place, linked to the AWPU rate:

- Schools which have seen a 15% reduction in pupil numbers would trigger falling rolls funding. This would be assessed by comparing the October census data for the current financial year with the previous October.
- Funding is at 75% of the AWPU rate for the relevant sector, based on the premise that the school would not require the same amount of funding as they would if the surplus places were occupied.
- This will be funded per pupil, for the difference between 85% of pupil numbers in the previous year and the latest October count.
- Funding will be provided as a one off payment and not a continuing payment as the cohort moves through the school.
- Funding will only apply to the normal years of transfer (i.e. reception, year 3 and year 5 in primary schools).

#### **6.0 Allocation of Falling Rolls Funding- Lump Sum Payment**

6.1 If this methodology is used, clear parameters would need to be defined to calculate the lump sum allocation. This could include:

- The estimated cost of providing an appropriate curriculum
- Estimated salary costs equivalent to the number of staff who would otherwise be made redundant

6.2 Officers were unable to locate a local authority who used the lump sum methodology for allocating falling rolls. DFE guidance includes examples of falling rolls calculations in other local authorities, all of which are based on a rate per vacant place.

## **7.0 Advantages and Disadvantages of a Falling Rolls Fund**

7.1 There are a number of advantages and disadvantages which should be considered by forum in deciding whether a falling rolls fund should be established

7.2 Advantages:

- The funding would support schools who have seen a short term reduction in pupil numbers to stay financially viable
- Schools are able to retain staff for when pupil numbers increase in the near future

7.3. Disadvantages:

- The financial impact of funding schools with falling rolls, where this funding could be utilised for other pressures within the DSG
- Making payments for unoccupied places contradicts the principle that funding should follow the pupil
- Less incentive for schools to react quickly to changes in pupil numbers. The fund is not intended to address budgetary issues arising from longer term declining demand.
- Assessing schools against the criteria for allocating funding would require a degree of analysis and judgement to ensure schools are treated fairly.
- Methodologies for allocating funding are complex and prone to misunderstanding

## **8.0 Financial Implications**

8.1 The financial implications have been detailed in the body of this paper.

## **9.0 Legal Implications**

9.1 There are no legal implications for this report.

## **10.0 Equality Implications**

10.1 Not applicable.



## **11.0 Consultation with Ward Members and Stakeholders**

11.1 Not applicable.

**Report sign off:**

**GAIL TOLLEY**

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