Growth falling rolls policies report

**Agreement of Growth Policy & Falling Rolls Fund 2024-25**

29/11/2023

**Executive Summary**

This report outlines the Growth Fund policy for 2024-2025. Schools Forum are asked to agree the proposed budgets in principle.

**Details of recommendations and timescales for decisions:**

That members agree the growth policy and the falling rolls policy to be used for 2024-25 budget

1. **Background**
   1. Schools Forum are required to agree a growth policy for each financial year and the Local Authority is required to report on its use to forum.
   2. 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 regulations.
* meet the costs of new schools.
  1. Local authorities are responsible for funding these growth needs for all schools in their area, for new and existing maintained schools and academies. Local authorities should fund all schools on the same criteria.
  2. 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.
  1. The previous restriction that Falling rolls support could only be provided to schools judged ‘good’ or ‘outstanding’ at their last Ofsted inspection has also been removed.

1. **Budget setting and changes for 2024-25**

National Funding Formula (NFF) changes for 2024-2025:

* 1. No changes are made for the Growth fund for 2024-25, other than adjusting for announced 2024-25 minimum funding rates. The council will continue with the policy of maximising the allocation to schools using the NNF and maximum MFG allowable. Following this, any headroom (“surplus”) will be treated as Growth and will be used to meet any calls on the budget in-year that fall into the growth fund category.
  2. For the first time the DfE have introduced a formula to allocate Falling rolls funding to local authorities (LA’s), if a LA operates a fund, they will only be able to provide funding where the 2022 school capacity (SCAP) shows that school places will be required in the subsequent 3 to 5 years. This SCAP requirement replaces previous guidance.
  3. No budget has previously been set aside for Falling rolls, but will be applied if included in the DSG allocations for 2024-25. Funding to schools will be modelled and distributed based on the allocations received.

1. **Recommendations**
   1. The Growth policy remains unchanged and is presented for agreement by Schools Forum as set out in Appendix 1
   2. The Falling Rolls policy is presented for acknowledgement of the change in regulations, and for agreement of proposals as set out in Appendix 2

**Appendix 1: PROPOSED GROWTH POLICY 2024-25**

**This Policy is in place for all types of mainstream provision, maintained, Academies or Free Schools**

* 1. Where Schools have growth that is formally planned and agreed before the point of setting individual School budgets, as part of the submission process to DfE this growth will be built into their budget for that financial year. This ensures the school attracts all the funding factors attributable to those pupils for the relevant period. This funding would not lead to a call on the growth policy as would be considered as part of the initial budget allocation. For new Schools individual arrangements would be presented and agreed by Schools forum.

For example, if a school has been asked to open a new 30 pupil reception form of entry in the following September, they will receive an equivalent of 7 months of those pupils (7/12 x30 = 15.7 pupils funding) at their current gross per pupil level. A school that has an average per pupil funding of £6,200 would therefore receive an additional £108,500 in that academic year. This will mean that for the first year of opening a new class the school will be funded as if full in that year group.

* 1. Where a school is asked to open an additional form of entry in year, after the main budget has been set the extra form will be funded for the full number of pupils based on the DfE minimum average amount for pupil set for that year (2024-25 issued minimum: primary £4,610 secondary £5,995)

For example, a primary school asked to open a bulge year 2 class at Easter would be funded for 30 pupils at £4,610 for the full year = £138,300, if that class opened in September in would be prorated to 7/12th = £80,675.

This funding would be paid for the agreed increase in numbers on the basis of an if full class from growth fund contingency for the remainder of the financial year.

* 1. Where one school has closed in the budget period and pupils from that closed school have been moved to an alternative Tower Hamlets school, the receiving schools will be funded for the remainder of the year at the current average per pupil rate off the closed school for all pupils above a minimum of 5 for the remainder of the financial year.

For example,

School X closes in August and 40 pupils move to school Y in September and 38 pupils move to school Z. the average funding per pupil for school X is £6.500.

School Y would receive an allocation from the growth fund of (40-5) x £6,500 x 7/12 months = £132,708

School Z would receive an allocation from the growth fund of (38-5) x £6,500 x 7/12 months = £125,125

**Appendix 2: PROPOSED FALLING ROLLS FUND POLICY 2024-25**

**This Policy is in place for all types of mainstream provision, maintained, Academies or Free Schools**

* 1. **Proposed eligibility criteria for Falling Rolls Fund**

Falling rolls funding should only be used to support schools where the places are forecast to be needed over the short term. The fund should enable a school to avoid detriment in the educational offer to pupils whist undergoing a significant drop in roll due to external circumstances, beyond the schools control.

To qualify for falling rolls fund support schools must meet the following criteria:

* 1. Be included in the DSG Falling Rolls fund calculation issued by the Department for Education for the year in question.
  2. The total number on roll (excluding early years/post 16) is less than 80% of total planned admission number (PAN) and the total NOR (excluding early years/post 16) has dropped by at least 5% between last October census and the previous year’s October census.
  3. The school is not undergoing a planned reduction in PAN, that would have allowed a measured reduction in expenditure.
  4. The school is in a planning area where the 2022 school capacity (SCAP) shows that school places will be required in the subsequent 3 to 5 years.

1. **Funding support allocated**
   1. The Number on roll (NOR) as at last October census will be deducted from the NOR of the previous October’s census. The result will be multiplied by the current base rate appropriate to phase, pro rata April - August (5 months).
   2. Funding will extend for a maximum of 3 years, reviewed at the beginning of each financial year.
   3. The local authority must report any falling rolls funds remaining at the end of the financial year to the Schools Forum. Funding may be carried forward to the following funding period, as with any other centrally retained budget as the local authority deems appropriate, which could include using it specifically for falling rolls.
2. **Conclusions**

The proposed criteria have been set to ensure that funding supports with falling rolls in planning areas where places are needed. The local authority cannot support reductions in PAN and does not support schools that have vacant places if they have increased their PAN for reasons other than addressing basic need.