AGENDA ITEM 5

**Title of report: Falling Rolls Policy**

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**Details on who has been consulted with on this paper to date: DfE**

**Executive Summary:**

This report sets out the current DfE policy for Falling Rolls 2024-25.

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

Schools Forum are asked to:

Note and discuss the contents of this report

1. Background
   1. The School Forum requested a discussion regarding the Falling Rolls policy as a significant number of schools were experiencing a reduction in funding due to a reduction in in pupil numbers.
   2. The report sets out the guidance published by the DfE regarding falling rolls and when such a factor may be used in the schools’ formula funding.
2. **Operational guidance on falling rolls funding**
   1. This information outlines operational guidance regarding local authorities’ falling rolls funds, also published in the [schools operational guide: 2024 to 2025](https://www.gov.uk/government/publications/pre-16-schools-funding-local-authority-guidance-for-2024-to-2025/schools-operational-guide-2024-to-2025)
   2. 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 2022 and October 2023 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 ACA.
   3. 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 2022 (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 3 financial years.
   4. The requirement that schools must be Ofsted rated ‘good’ or ‘outstanding’ to be eligible for falling rolls funding will no longer apply from the 2024 to 2025 financial year.
   5. The schools forum should agree both the value of the fund and the criteria for allocation, and the local authority should consult schools forum before expenditure is incurred. As with the growth fund, the falling rolls fund is within the NFF schools block.
3. **Setting falling rolls funding criteria**
   1. Criteria for allocating falling rolls funding should contain clear objective trigger points for qualification and a clear formula for calculating allocations. Compliant criteria would generally contain some of the features set out below:
      * SCAP shows that school places will be required in the subsequent three to five years (this is a mandatory requirement).
      * surplus capacity exceeds a minimum number of pupils, or a percentage of the published admission number
      * 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 to contain spending within its formula budget and it is expected (using SCAP data – detailed above) that these posts will need to be re-filled in the subsequent 3 to 5 years.
   2. Local authorities, working closely with other responsible bodies, will want to manage the local school estate efficiently and reduce or find alternative uses for high levels of spare capacity, to avoid detriment to the educational offer or financial position of schools in the area. Falling rolls funding should only be used to support schools where the places are forecast to be needed over the short-medium term.
   3. Growth and falling rolls funding can be used to help meet the revenue costs, for mainstream schools, of removing or repurposing surplus places. For example, the growth and falling rolls fund could be used to meet the revenue costs faced by schools for repurposing space to create SEN provision or early years places. Such use of funding must be for revenue, rather than capital costs.
   4. Methodologies for distributing funding could include:
      * a rate per vacant place, up to a specified maximum place number (place value likely to be based on basic entitlement)
      * a lump sum payment with clear parameters for calculation (for example, the estimated cost of providing an appropriate curriculum, or estimated salary costs equivalent to the number of staff who would otherwise be made redundant)
   5. Local authorities should 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.
4. **Examples of compliant criteria for falling rolls funding**
   1. Some examples of local authorities’ compliant criteria are shown below.
   2. **Example 1**
      * Identification of schools with falling rolls:
      * the total number on roll (NOR) has dropped by at least 5% between last October census and the previous year’s October census
      * spare capacity of the school is a minimum of 15% of PAN
      * school capacity data shows that school places will be required in the subsequent 3 to 5 years
   3. Where a school meets all the above criteria, funding will be provided using the following calculation:
   4. the 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 basic entitlement rate, appropriate to phase, pro rata April to August (5 months)
5. **Example 2**
   1. Additional funding is allocated based on a proportion of the basic entitlement for vacant places below 85% of the PAN for the normal year of entry (reception or year 7) and also for the next year group after entry (year 1 and year 8). Funding is available for a maximum of 3 years (provided SCAP data shows places are needed in the next 3 to 5 years) after which a school’s PAN may be adjusted or other action taken.