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| **AGENDA ITEM 4** |

**Title of report: Falling Roll Fund**

**Author of the paper: Steve Worth**

**Officer to present the paper to Schools Forum: Steve Worth**

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

Sailesh Patel, Christine McInnes, Damon Lawrenson

**Executive Summary:**

**The report sets out:**

1. The average contribution per pupil needed to create the fund.

2. The proposed revised methodology that includes taking account of school surplus balances.

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

Schools Forum is asked to:

Agree the methodology set out in Section 2.

1. **Background - Falling Rolls Fund.**
   1. The Falling Rolls Fund (**FRF**) is to protect schools rated outstanding or good that face a temporary fall in pupil numbers.
   2. Tower Hamlets did not have a Falling Rolls Fund in 2018-19 but Forum, at its meeting on 16th January 2019, agreed to create a Fund of £600k for 2019-20. This reduces funding for school budget shares by £15.8 per pupil.
   3. The methodology proposed at the last meeting has been revised to take account of school surplus balances.
2. **Proposed Methodology.**
   1. In the proposed methodology, funding will be triggered if numbers in the year of entry for that school falls below 90% of the school’s Planned Admission Number (PAN). Using the PAN removes the need for historical data and builds in planned changes in the school’s size. Only the year of entry will be used. The fund is designed to provide temporary additional funding for schools facing falling admission numbers and the admission year is taken as an indicator of this. The methodology is designed to allocate the funds the Forum makes available.
   2. The revenue surplus position for schools that meet the trigger will be taken into account. Where the brought forward surplus exceeds 8% of primary and 5% of secondary budget shares the surplus in excess of these limits will be offset against FRF allocations. A similar method will be applied to academies, but this will require supporting information on surplus balances to be made available to the Council.
   3. For eligible schools the allocation will be 90% of the intake year Age Weighted Pupil Unit (AWPU) multiplied by 90% of the PAN minus actual numbers. Three worked examples (using 2017-18 year-end balances) are shown below. Funding would be time-limited to **three years**.

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| **Method** | **School 1** | **School 2** | **School 3** |
| 1. Is the school rated outstanding or good? | Yes | Yes | Yes |
| 1. Autumn 2018 Reception Numbers | 67 | 36 | 61 |
| 1. Planned Admission Number | 90 | 60 | 75 |
| 1. b/c% | 74% | 60% | 81% |
| 1. Eligible? | Yes | Yes | Yes |
| 1. 90% of PAN (c\*90%) | 81 | 54 | 67.5 |
| 1. Eligible Number (f-b) | 14 | 18 | 6.5 |
| 1. Funding per Place (£3,246.17\*90%) | £2,922 | £2,922 | £2,922 |
| 1. Funding for School (h\*g) | £40,916 | £52,606 | £18,997 |
| 1. Less Surplus in excess of 8% | £11,439 | £0 | £36,314 |
| 1. Balance to School (i-j) | £29,477 | £52,606 | £0 |

Figures are rounded.

* 1. Based on year-end balances at March 2018, the methodology has been costed at £500k. Actual funding will use the year-end balance for the 2018-19 financial year. Any under or over-spend on the fund will roll forward to the 2020-21 Schools Budget.