

Report Title	Schools Falling Rolls Fund 2024/25
Meeting	Schools Forum
Date	05 December 2023
Chair	Jenny Sims
Report Author(s)	Jack Cutler, Acting Head of Pupil Based Commissioning
Open/Exempt	Open

1. Summary

- 1.1. In July 2023 the Department for Education announced that for 2024 to 2025 funding would be allocated through the schools block national funding formula based on both growth and falling rolls. This is due to the national situation of falling primary rolls.
- 1.2. Sutton has experienced falling primary rolls in recent years, and now has considerably higher surplus places in year groups reception and 1 compared with previous years. There is a combined vacant places level of almost 15% in the current reception cohort across Sutton area schools. The purpose of this report is to consider Sutton's falling rolls allocation for 24/25, and options for setting a falling rolls funding policy to support schools financially with high levels of vacant places.

2. Recommendation

- 2.1. To consider the report and to agree which of the options set out in section 4 should be progressed - noting that the report recommends Option 3.
- 2.2. To note the Schools Block Falling rolls allocation for Sutton for 24/25 is projected to be nil. This allocation will be reported to the Forum at the February 2024 meeting, following its confirmation by the Department for Education.

Background

- 2.3. Local Authority areas can operate an optional falling rolls funding policy should the schools forum choose. DfE Guidance on such a policy can be found at this address: <https://www.gov.uk/government/publications/pre-16-schools-funding-local-authority-guidance-for-2024-to-2025/growth-and-falling-rolls-fund-guidance-2024-to-2025>
- 2.4. For the first time in 2024 to 2025 the DfE will allocate funding based on both growth and falling rolls (in recent years formulaic allocation based on growth has been applied to the Schools Block; prior to that, the growth allocation within the National Funding Formula was based on historic spend).

- 2.5. Falling rolls funding will be distributed on the basis of the reduction in pupil numbers that local authority areas experience for each year.
- 2.6. Based on the methodology being applied, the London Borough of Sutton is expected to receive a nil allocation for 24/25,
- 2.7. The schools forum should agree on both the value of the fund and the criteria for allocation, and the local authority should consult the Schools Forum before expenditure is incurred.
- 2.8. As with the growth fund, the falling rolls fund is within the NFF schools block.

3. Latest Position

- 3.1. 24/25 LA level allocations for falling rolls have not yet been announced; however, the Sutton allocation is accepted to be nil, however it makes sense for Schools Forum to agree a policy on falling rolls should we receive an allocation in future.
- 3.2. Appendix A, indicates the Reception pupil numbers within schools for 23/24 (Autumn census data), along with vacancy levels against the the school PAN

4. Options

- 4.1. The following eligibility criteria should be adhered to:
 - 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 refilled in the subsequent 3 to 5 years.
- 4.2. The following methodologies for distribution funding could be considered by Schools Forum:
 1. A rate per vacant place, up to a specified maximum place number (place value likely to be based on basic entitlement). This could consider just Reception vacancies, or vacancy levels across the whole school.
 2. 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).

This methodologies have been refined into some suggested options for the Schools Forum to consider:

Option 1 - Do not set a Falling Rolls fund policy for 24/25

Option 2 - 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, and school capacity data shows that school places will be required in the subsequent 3 to 5 years.

Where a school meets all the above criteria, funding will be provided using the following calculation: 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).

Option 3 - 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.

Option 4 - To consider any other funding policies as discussed in Schools Forum and to present these back to Forum in February 2024.

4.3. Option 3 is the recommended option for the following reasons:

1. This option recognises the pressure of falling rolls on the normal entry year group and subsequent year group only, after which it is expected the school would be able to manage better financially through vertical year grouping if necessary, or other arrangement that would increase financial efficiency.
2. This option recognises that the funding will be time limited to no more than 5 years, after which mitigation should be take by the school, such as a permanent PAN reduction or other school reorganisation arrangements, to manage the financial pressures resulting from falling rolls

Option Costs

4.4. On the basis that SCAP forecasts show no indication of Reception rolls rising within 3-5 years, under all options proposed above, the cost for 24/25 would be nil.

5. Influence on the Council's Corporate Core Values and Objectives

5.1. One of the core values is partnership working. Setting the budget for the Dedicated Schools Grant, and considering related issues, is an important part of the budget process that fully involves schools as partners and particularly recognises the important role of the Schools' Forum.

6. Appendix

Appendix Letter	Appendix Title
A	Autumn 2023 Reception pupil numbers