

# ROYAL BOROUGH OF WINDSOR & MAIDENHEAD SCHOOLS FORUM

Date: **08 March 2016**

**AGENDA ITEM: 7**

Title: **Falling rolls fund 2016-17**

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## 1 REPORT SUMMARY

- 1.1 This discussion paper provides further details on the possible introduction of a 'falling rolls fund' for 2016-17 to support schools with a temporary shortfall or dip in pupil numbers, as requested by Schools Forum at the January 2016 meeting. It seeks Forum's views on some draft principles for a scheme and on the impacts of different factors that will be presented to the Forum at the meeting by way of an interactive model.

## 2 RECOMMENDATIONS

- 2.1 To agree the criteria and funding methodology for a falling rolls fund for 2016-17.
- 2.2 To discuss and agree how such a scheme could be funded in 2016-17 and in future years.

## 3 BACKGROUND

- 3.1 On 19 January 2016 Schools Forum discussed a paper on the possible introduction of a 'falling rolls' fund, and requested more detailed proposals to be brought to the March 2016 meeting. In February, the head teacher of Churchmead School, the Head of Schools and Education Services and finance officers met to discuss how a falling rolls scheme might work in RBWM and to develop a funding model.
- 3.2 Under school finance regulations, local authorities (LAs) can topslice the Dedicated Schools Grant (DSG) to create a central fund to "*support good schools with falling rolls, where local planning data show that the surplus places will be needed within the next three financial years. The schools forum should agree both the value of the top-slice and the criteria for allocation, and the local authority should regularly update the schools forum on the use of the funding.*"<sup>1</sup>
- 3.3 The purpose of the fund, is to offset temporary reductions in school budgets caused by short-term reductions in pupil numbers. In this way, the fund can help avoid the need to make staff redundant, only to have to employ new staff within two or three years. The fund is not intended to address budgetary issues arising from longer term declining demand.
- 3.4 The Department for Education requires that a school be judged as Good or Outstanding to access the funding in order that it is not seen as a support to those schools whose numbers are declining due to parental choice.
- 3.5 Falling rolls have not, in the main, been an issue within RBWM in recent years and, indeed, the borough is now expecting a period of significant growth in demand for secondary, middle and upper schools. There are, however, some possible circumstances in which such a fund might be desirable:

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<sup>1</sup> Paragraph 78 of [Schools revenue funding 2016 to 2017 Operational guide version 2 \(December 2015\)](#).

**(a) Falling demand for primary school places.**

The birth rate in RBWM has fallen in 2012/13 and 2013/14<sup>2</sup>, with the result that the demand for Reception places in primary schools in the borough are set to fall in 2017 and 2018, see table 1. At this stage, it is not known whether underlying demand will pick-up again beyond 2018, or what the impact will be of new housing targets yet to be agreed through the Borough Local Plan process. It is potentially possible; therefore, that some good or outstanding primary or first schools will have surplus places in 2017 and/or 2018, that would then be needed in subsequent years. Of course, if the fall in demand is shown to be longer term, then it will be necessary to consider whether a reduction in the number of available places would be a more appropriate response than budget support.

**Table 1: Primary demand**

2013	2014	2015	2016	2017	2018
1,649	1,690	1,677	1,726	1,586	1,536

**(b) Falling demand through the opening of new schools beyond the local “Basic Need” provision.**

Slough is experiencing significant population growth. Over the past five years, four secondary free schools have opened in Slough, providing 17 new forms of entry (FE) at Year 7. Some of these have opened ahead of need, leading to a surplus of around 7 FE (210 places) in September 2015. This has an impact on RBWM schools, with much lower demand for places at Churchmead than previously expected. Slough will need all of these places, and more, within the next few years, which will reverse the falling rolls at Churchmead. Similar issues could arise elsewhere if further new schools are opened in areas where there is no immediate need.

- 3.6 In considering a falling rolls fund, it is important to remember that RBWM’s Cabinet seeks a surplus of 10% school capacity in the years of entry while there is no allocation for this within the Dedicated Schools Grant. Any such scheme would, therefore, need to be calibrated with this in mind. The 10% surplus is to:
- Allow for the operation of parental preference.
  - Maintain places for families moving into the borough.
  - Provide headroom in case demand is higher than expected.

#### **4 OPTIONS FOR A FALLING ROLLS FUND IN 2016-17**

- 4.1 The Education Funding Agency (EFA) guidance suggests some criteria for allocating a falling rolls fund, noting that the trigger points should be clear and objective. These include:
- Surplus capacity exceeds x pupils or x% of the published admission number.
  - Local planning data shows a requirement for at least x% 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.
- 4.2 There is one mandatory criteria. Support is available only for schools judged Good or Outstanding at their last Ofsted.
- 4.3 Proposals for an RBWM scheme discussed in the working group focussed on the following principles:
- Funding would need to be linked to a demonstrable temporary shortfall in total pupil numbers compared to the number of pupils the school would expect to need in up to

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<sup>2</sup> Information for 2014/15 is not yet available.

three years time, with the school committing to maintain the PAN for the next three years of planned admissions.

- RBWM's Education team would have a key role in providing information on future need for places in individual schools and areas, in order to assess whether a school is eligible for funding.
- Eligibility would need to take account of spare capacity in the school, whilst bearing in mind that a school does not need to be at full capacity to be 'viable'.
- Funding should be formula driven as far as possible, to ensure that funding allocations are fair and transparent and not be dictated by the specific approach to teaching or structure used by a given school.
- Eligibility for funding would need to be reviewed each year on a school by school basis. As circumstances change, there would be no automatic assumption of ongoing funding.

4.4 The working group were explicit that:

- Spare capacity in the school seeking funding *must* be of a temporary nature. A school would be expected to address long-term under capacity through restructuring and other cost reduction measures.
- Whilst avoiding staff redundancies would be one objective of the falling rolls fund, schools would not have to evidence the need for redundancies in order to access funding, provided they met with other relevant criteria.

4.5 A number of LAs already have a falling rolls fund in place, including Devon, Dorset, Havering, Hertfordshire and Portsmouth. These are summarised in Annex A and were shared with the Schools Forum in January 2016. The working group felt a version of the Hertfordshire model would best suit RBWM schools.

#### **Next steps**

4.6 An interactive model will be presented at the meeting on 8 March to enable members of the Schools Forum to view the possible impacts of a falling rolls fund with the following factors:

- A viability level – a percentage of the potential school capacity below which a school would become eligible for funding.
- A funding allocation methodology, based on AWPU, that takes account of the difference between actual numbers on roll compared with the 'viable' school population.
- A capping factor that limits the maximum funding available each year to a given school

4.7 The initial starting point for discussion is that Good or Outstanding schools will trigger consideration of the fund if the total school population falls below 70% (Viability Level). An estimate of the school population in three years based on the forecast intake will be extrapolated and additional funding calculated at 50% of AWPU with a maximum value capped at 20% of the original budget.

#### **How would a falling rolls fund be funded?**

4.7 There are no new DSG monies to fund a falling rolls scheme and no budget has been set aside in the proposed 2016-17 budget. If a scheme were introduced in 2016-17, it is likely that this would have to be funded by drawing on the unallocated DSG reserve.

4.8 In future years funding for the scheme would need to be built into the base budget, and funded by savings from existing expenditure budgets, perhaps by reducing formula funding rates for all schools.

## LAs' Falling rolls criteria

Extract from DfE paper "Schools Revenue Funding 2016-17: Criteria for allocating Falling Rolls Funding"

[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/445726/Schools\\_revenue\\_funding\\_2016\\_to\\_2017\\_Criteria\\_for\\_allocating\\_growth\\_fund\\_falling\\_rolls\\_fund\\_and\\_targeted\\_high\\_needs\\_funding1.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/445726/Schools_revenue_funding_2016_to_2017_Criteria_for_allocating_growth_fund_falling_rolls_fund_and_targeted_high_needs_funding1.pdf)

### Devon

55. The falling rolls criteria in Devon are listed below:

- Schools judged good or outstanding at last Ofsted inspection
- there is a reduction in numbers when comparing the October School census with the previous October census that results in substantial disruption to the provision of education in the school
- admissions demographic data evidences that the reduction is temporary
- the school's roll includes at least 80% of the pupils that live within its area
- the reduction in numbers due to pupil migration to other local schools is not eligible. Schools will be expected to cover the temporary funding shortfall from existing carry forward balances prior to application to the Falling Rolls Fund
- funding will be allocated up to the AWPU rate for the difference between the current year October number on roll and the lower of number on roll at the previous October census and the forecast number on roll using admissions data

### Dorset

56. School requesting support to mitigate the short-term financial impact of falling rolls must be graded Outstanding or Good by OFSTED on the date of approval.

57. Falling rolls will only be calculated on the normal year(s) of transfer (YR, Y3, Y5, Y7 and Y9 depending on whether Infant, First, Junior, Primary, Middle, Secondary or Upper School). Schools which normally have more than one age of transfer, due to differences in neighbouring schools transfer age, may have more than one calculation/payment.

58. Surplus capacity in affected year group(s) exceeds 24 pupils or 20% of the number of pupils expected (whichever is the lower), based on the average\* of the January census figures for the normal year of transfer for the previous 5 years. (\*The average will remove any anomalies such as bulge classes or managed changes in area provision).

59. Local planning data for the pyramid shows a requirement for at least 70% of the surplus places within the following 3 academic years. This is calculated as the 5yr average for the year group less the number on roll for the year group \* 70% added to NOR for the year group, must be the predicted NOR for the year group in the school within the next 3 years.

60. It must be demonstrated that formula funding available to the school will not support provision of an appropriate curriculum for the remaining cohort (e.g. evidence will need to be provided to show the impact on meeting basic curriculum requirements or on the pupils being unable to continue part completed examination courses).

61. Any MFG the school receives will be deducted from the grant amount (as with our policy on pupil growth).

62. In the first instance any shortfall in funding due to falling rolls should be made up from any school surplus above 1.7% for a secondary school, 2.7% for a primary of special school or £20,000 whichever is the higher, (as it is anticipated that the school will have been planning for this eventuality) and this will be taken into account when considering an application.

63. Schools will be funded at 100% of AWPU for the agreed number of pupils (through determining the difference between the average from the historic model and the actual level) beyond 24 pupils/20% in the relevant cohort.

64. Funding provided will be a one off payment and not a continuing payment as the cohort moves through the school.

### Payment

65. In the academic year when falling rolls occur, the school will receive 7/12ths of funding at the previous census level. The falling rolls payment will therefore be made in the later part of the academic year – the next financial year. (A falling roll intake in 2013 will be a claim in the financial year 2014-2015 and the surplus will be the carry forward into that financial year). Academies will be required to provide the LA with details of their financial position to demonstrate whether or not there is a surplus to take into account.

### Havering

66. Support is available only for schools judged Good or Outstanding at their last Ofsted inspection (this is a mandatory requirement).

67. Surplus capacity as the October count date exceeds 15% of the published admission number in the following year groups:

**Table 2: Surplus capacity support in Havering**

Financial Year	2014/15	2015/16	2016/17	2017/18	2018/19
Year Group	7	7 & 8	7, 8 & 9	7, 8, 9 & 10	7, 8, 9,10 & 11

68. Local planning data shows a requirement for at least 90% of the surplus places within the next 5 years.

69. Formula funding available to the school will not support provision of an appropriate curriculum for the existing cohort.

70. The school will need to make redundancies in order to contain spending within its formula budget.

71. Formula for distributing funding:

- 85% of the appropriate AWPU x per vacant place below 85% of the PAN. e.g.
- First Year of Funding - PAN: 192; 85%: 163
- Year 7 NOR October 2013: 70
- Difference between 85% of PAN and Yr7 NOR: 93
- $93 \times \text{KS3 AWPU} \times 85\%$  ( $\text{£}4,551.86 \times 85\% = \text{£}3,869$ ) =  $\text{£}359,824$
- Second Year of Funding - PAN: 192; 85%: 163
- Year 7 NOR October 2014: 120
- Year 8 NOR October 2014: 70
- Difference between 85% of PAN and Yr7 NOR: 72
- Difference between 85% of PAN and Yr8 NOR: 93
- Total difference = 165
- $165 \times \text{KS3 AWPU} \times 85\%$  ( $\text{£}4,551.86 \times 85\% = \text{£}3,869$ ) =  $\text{£}638,398$

### Hertfordshire

72. The Fund has the following eligibility criteria:

- The school/academy has fewer than 550 pupils (excluding sixth form) in the October census prior to the start of the financial year
- The number of places offered by the school across year groups 7 to 11, if full, is greater than 550

- The authority has forecast that at least 110 places will be required from the school in year 7 (year 9 for upper schools) by Autumn Term 2017, otherwise there will be an absolute shortfall of capacity in the relevant planning area
- The school is Good or Outstanding. The date at which Ofsted category data will be taken will be 31 August prior to the start of the financial year to which funding relates, except that a school which becomes Good or Outstanding during the subsequent Autumn term prior to the start of the financial year shall also be eligible

73. The allocation formula takes account of the size of the school but also incorporates a ceiling on allocations. It also takes into account any MFG protection funding the school receives in its budget share to avoid duplicating it.

74. The formula for determining an allocation to an eligible school is:

- KS3 calculation:  $330 - \text{actual number of KS3 pupils on roll} \times \text{KS3 AWPU} \times 50\%$
- KS4 calculation:  $220 - \text{actual number of KS4 pupils on roll} \times \text{KS4 AWPU} \times 50\%$
- sum of the result of above capped at £250,000
- deduct any MFG protection funded received by the school
- equals the allocation from the Fund

### **Portsmouth**

75. The fund is only available to Primary and Secondary maintained schools or Academies in Portsmouth.

76. Financial support will only be available for schools:

- Judged Good or Outstanding at their last Ofsted inspection
- The school or academy has seen a reduction in pupils between the October 2012 census and the October 2013 census of 30 or more pupils or has surplus capacity 20% of the published admission number
- Local planning data shows a requirement for at least 50% of the surplus places within the next 3 financial years
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- 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
- Where the school does not have a surplus revenue balance as at the 31st March 2014 in excess of 5%(secondary) or 8% (primary) of its school budget share for the previous funding period (or the relevant academic years in the case of academies)

77. Schools and academies who believe they meet the above criteria in 2014-15 must submit a request for financial support to the Finance Manager for Education and Children's Services by 15 April 2014.

78. Funding will be issued using the following formula:

- The decrease in the number on roll between October 2013 and October 2014 census
- Multiplied by the value of the 2014 to 2015 basic per pupil entitlement factor
- For secondary schools the basic per pupil entitlement factor for key stage 3 will be used.

79. The maximum allocation to a school or academy from the fund will be limited to £300,000.