

Growth and Falling Rolls Criteria 2025/26

1. Purpose of this Report

- 1.1. This report consults schools forum on the proposals for a new criterion for Growth and Falling Rolls funding to be implemented from financial year 2025-26.

2. Recommendations

- 2.1. Schools forum is asked to
 - Note and comment the Growth Fund criteria to be implemented from financial year 2025-26
 - Note and comment the Falling Rolls criteria to be implemented from financial year 2025-26

3. Introduction

- 3.1. In January 2024, Birmingham City Council (BCC) agreed the Growth Fund and Fallings Rolls funding allocation within the schools block, of £1.389m and £0.681m respectively, through the National Funding Formula (NFF).
- 3.2. Schools forum are presented with the Growth Fund and Falling Rolls funding criteria annually, however the existing criteria is too wide and if applied to all schools that qualify, there will not be sufficient budget and therefore, will lead to an overspend in the schools block. This overspend will become irrecoverable unless a top slice to school budgets will need to be applied to all schools to make good this pressure.

4. Growth Fund

- 4.1. Local authorities (LA's) are responsible for funding growth needs for all schools in their area, for new and existing maintained schools and academies, and all schools must be funded on the same criteria. Growth Funding is allocated through the NFF within the school block and is based on the October census.
- 4.2. For 2025-26, the methodology to calculate the Growth Fund will be based on the observed differences between the primary and secondary number on roll in the LA between the October 2023 and October 2024 school censuses.
- 4.3. 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 regulation
 - meet the revenue cost of new schools
 - meet revenue costs, for schools, of removing or repurposing surplus places

- 4.4. Where a school has agreed with the LA to provide an extra class to meet basic need in the area (either as a bulge class or as an ongoing commitment), this will need to be supported from the Growth Fund
- 4.5. 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. This includes cases where schools have admitted above pupil admission numbers (PAN) by their own choice
- 4.6. The costs of new schools will include the lead-in costs, for example to fund the appointment of staff and the purchase of any goods or services necessary to admit pupils. They will also include post start-up and diseconomy of scale costs. These pre and post start-up costs should be provided for schools where they are created to meet basic need.
- 4.7. Growing schools are funded from the schools block by varying pupil numbers where there is a more permanent and significant change to numbers, and where it's appropriate for the change to be reflected in the funding formula.
- 4.8. The schools forum must also be consulted on the total size of the Growth Fund and criteria for use and should receive regular updates on the use of the funding. Any in-year reduction to the growth fund needs to be agreed with the schools forum. This size of the Growth Fund will be presented to schools forum in January 2025.
- 4.9. Criteria for allocating growth funds should contain clear objective trigger points for qualification, and a clear formula for calculating allocations with these criteria applying to all schools on the same basis.
- 4.10. Compliant criteria would generally contain some the features set out below:
- support where a school or academy has agreed with the local authority to provide an extra class to meet basic need in the area (either as a bulge class or as an ongoing commitment). This is a mandatory requirement. There is also a mandatory minimum funding calculation
 - additional support where a school has extended its age range (the majority of funding would be paid through the funding formula, where the local authority should seek a variation in pupil numbers)
 - support where a school has temporarily increased its PAN, by a minimum number of pupils, in agreement with the LA
 - support for KS1 classes where overall pupil numbers exceed a multiple of 30, by a minimum number of pupils
 - pre-opening costs, initial equipping allowance, or diseconomy of scale allowance, for new maintained schools and academies; including new academies where the school is opening in response to basic need

- 4.11. While LA's have flexibility on how they allocate funding, in cases of funding an additional class (as outlined above) funding must be compliant with the minimum funding requirement.
- 4.12. Methodologies for distributing funding include:
- a lump sum payment with clear parameters for calculation (usually based on the estimated cost of making additional provision for a new class, or the estimated start-up costs)
 - a per-pupil rate (usually based on the basic entitlement rate and reflecting the proportion of the year which is not funded within the school's budget share)
- 4.13. Where schools have agreed an expansion in pupil numbers with the local authority, the school should ensure that they understand the methodology for funding the increase and are content that the expansion is deliverable within the funding available.

5. Falling Rolls Funding

- 5.1. For the first time in 2024-25 the DfE allocated funding based on falling rolls.
- 5.2. Falling rolls funding is distributed based on the reduction in pupil numbers that LA's experience for each year. For 2025-26, it will be based on the observed differences between the primary and secondary number on roll the LA between the October 2023 and October 2024 school censuses.
- 5.3. The LA has discretion over whether to operate a falling rolls fund. Where the LA operates a fund, it will only be able to provide funding where school capacity data 2023 (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.
- 5.4. The schools forum will agree both the value of the fund and the criteria for allocation, and the local authority will consult schools forum before expenditure is incurred. As with the Growth Fund, the Falling Rolls fund is within the NFF schools block.

6. Existing Criteria

- 6.1. The existing criteria for both Growth Funding and Falling Rolls Funding was agreed by schools forum in December 2023.
- 6.2. Growth Funding 2024-25 supports
- Growth to meet Basic Need; increased births and in-year cohort growth from migration
 - Growth in pupil numbers at receiving schools following a local school closure
 - New schools or new school phases to meet Basic Need

- Overall recommendation of Growth Fund criteria to meet Basic Need (including new schools) and school or school phase closures

6.3. Falling Rolls Funding 2024/25 supports mainstream schools which meet the criteria below;

- Surplus capacity exceeds 15% and numbers on roll are at least 5% lower than October 2023 census. Surplus capacity is defined as the difference between number on roll versus operational capacity (this could be Published Admission Number (PAN) or Current Pupil Number (CPN), whereby a lower operational number is in practice).
- Local planning data shows the places will be required within the next 2 academic years. Page 2 of 2
- The school will need to make redundancies in order to contain spending within its formula budget. Schools will be funded for April-August allocation if required to meet staffing costs until end of academic year.
- The Secondary School does not have a surplus balance in excess of 3% of its school budget share as at 31st March 2023 and 31st March 2024 (or the relevant academic years in the case of academies).
- The Primary School does not have a surplus balance in excess of 3% of its school budget share as at 31st March 2023 and 31st March 2024 (or the relevant academic years in the case of academies).

Proposed Growth Fund Criteria 2025-26

Where Schools have growth that is formally planned and agreed before the point of setting individual School budgets, as part of the budget 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 Fund 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 ($7/12 \times 30 = 15.7$ pupils funding). 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.

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. They will receive $7/12 \times$ number of additional pupils assuming the class opened in September.

Where one school has closed in the budget period and pupils from that closed school have been moved to an alternative Birmingham City Council 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 $(40-5) \times £6,500 \times 7/12$ months = £132,708

School Z would receive an allocation from the Growth Fund of $(38-5) \times £6,500 \times 7/12$ months = £125,125

Pre-opening Costs

Pre-opening costs, initial equipping allowance, or diseconomy of scale allowance, for new maintained schools and academies will be set at a one-off allocation of £35,000 per class.

New Schools or New School Phase

To enable the LA to fulfil its duty to secure sufficient primary and secondary school places in line with basic need, new schools or school phases may be proposed, for example a new school under the Free School presumption route, or a primary school becoming an all-through school.

Set-Up Allocations for New Schools or New School Phases It is proposed that the allocations agreed for new schools or new school phases for 2024/25, is as follows:

- For the new schools or school phases, they will be funded at PAN to reflect their agreed new intake. No free schools or school phases are planned for opening during 2024/25.

- Other capacity building costs and set up costs will be received directly through the DfE's central free school programme.

Proposed Falling Rolls Criteria 2025-26

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 whilst 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:

- School Capacity Data (SCAP) shows that school places will be required in the subsequent three to five years (this is a mandatory requirement)
- Surplus capacity exceeds 20% 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.
- The Secondary School does not have a surplus balance in excess of 3% of its school budget share as at 31st March 2023 and 31st March 2024 (or the relevant academic years in the case of academies)
- The Primary School does not have a surplus balance in excess of 3% of its school budget share as at 31st March 2023 and 31st March 2024 (or the relevant academic years in the case of academies)

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).

Funding will extend for a maximum of 2 years, reviewed at the beginning of each financial year.

The LA 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.

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.