

Growth Fund Appendix G: DfE Rationale for changes regarding schools with falling rolls

- The changes we have made in 2013-14 are intentionally centred on the number and characteristics of pupils rather than the circumstances of schools. This is in keeping with our aim to give pupils greater choice about where they go to school and to allow successful, popular schools to expand as the demand from pupils and parents increases.
- In fulfilling their place planning function, local authorities may find that some schools in their area are no longer required. But in some cases, they will identify that the number of places required will increase in the near future and therefore they want to ensure that required schools remain open and viable in the short term. We recognise however that a pupil-led system can cause difficulties in such circumstances and that head teachers will want to avoid the need to make expensive redundancies, only to need to recruit again in the near future.
- During the review, we wanted to know more about what is preventing good and necessary schools staying open in cases where a population increase is imminent and to understand if there are any circumstances in which falling rolls are unavoidable in the short term.
- The main themes from the responses received suggested some form of financial support should be provided to such schools, whether that was from the local authority or in some cases from an academy trust. A number of respondents felt that setting a longer term financial plan for schools would mean that such population changes could be better managed.
- One solution cited a number of times was to allow the local authority's contingency fund to be used to support schools with falling rolls.
- We want to ensure that good schools with short term falling rolls receive sufficient funding to deliver an appropriate curriculum and to avoid the need to take costly steps to reduce their capacity, when the demographic data shows that their capacity will need to expand again in the near future. It would be inefficient for example to make redundancies because of short term falling rolls, only to need to employ staff again when rolls increase. We therefore intend to allow some additional support for schools in this situation from 2014-15. We have developed a solution which can be simply managed and which offers a safeguard for all school types. We will enable local authorities, using top-sliced DSG funding, to create a small fund to support schools with falling rolls in exceptional circumstances.
- We will expect the use of the fund to be considered at planning area level and Schools Forums will assess applications. As with the basic need growth fund, the criteria and amount must be agreed by the Schools Forum and applied fairly to academies and maintained schools. We are clear that we do not intend that this

funding is provided to support schools which have falling rolls because they are unpopular or of low quality. Therefore we will ask local authorities to apply criteria which restricts use of the fund to schools that are considered by Ofsted to be good or outstanding. The operational guidance sets out the criteria which will be applied to the falling rolls fund.

The Operation Guidance states that:

- Local Authorities may top slice the DSG in order to create a small fund to support good schools with falling rolls where local planning data show that the surplus places will be needed in the near future. An acceptable methodology would generally contain some of the features set out below:
 - Support is available only for schools judged Good or Outstanding at their last Ofsted inspection (note that this is a mandatory requirement).
 - 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 x 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
 - Methodologies for distributing funding could include:
 - £x per vacant place, up to a specified maximum places (place value likely to be based on AWPU)
 - A lump sum payment with clear parameters for calculation (e.g. the estimated cost of providing an appropriate curriculum, or estimated salary costs equivalent to the number of staff who would otherwise be made redundant).