



Committee and Date

Cabinet

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## **SHROPSHIRE SCHOOLS FUNDING FORMULA 2018-19**

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### **1. Summary**

On 14 September 2017, the Secretary of State for Education announced arrangements for schools funding in 2018-19 and 2019-20. This confirmed an additional £1.3 billion funding nationally for schools over the next two years and the amended plans for the implementation of a National Funding Formula (NFF).

The most important change to the NFF is that it will no longer be fully implemented until at least 2020-21. Local authorities, through consultation with their Schools Forums and wider school community, were given the choice to distribute the notional funding allocations from April 2018 via the NFF or to apply the existing local funding formula to these allocations.

Shropshire Schools Forum, at their meeting on 15 November 2017, considered the responses to the local consultation with mainstream maintained schools and academies, and agreed to recommend to Cabinet that funding for individual Shropshire schools and academies, in 2018-19, be distributed using the NFF factors and weightings announced on 14 September 2017.

The Education, Skills and Funding Agency (ESFA) require the proposed formula to be politically approved by mid-January 2018. This paper therefore sets out the proposals agreed by the Shropshire Schools Forum for Cabinet approval.

### **2. Recommendations**

That Cabinet accept the recommendation of Shropshire Schools Forum on the funding formula for Shropshire schools for the financial year 2018-19 for maintained schools, and the academic year 2018-19 for academies.

## **REPORT**

### **3. Risk Assessment and Opportunities Appraisal**

The 14 September 2017 announcement by the Secretary of State for Education on the planned changes to the school funding arrangements for 2018-19, means that there was a requirement to formally consult with maintained schools and academies on the funding formula.

A formal consultation was launched at a meeting at the Lord Hill Hotel in Shrewsbury on Wednesday 11 October 2017, to which all Shropshire headteachers and chairs of governors/chairs of finance were invited, to receive an update on the Government's proposals for schools funding. The Lord Hill Hotel meeting was attended by 138 people, representing 100 Shropshire maintained schools and academies (67% of all schools and academies).

The presentation from the Lord Hill Hotel, which was sent out to all schools and academies immediately following the event, is attached at Appendix A, together with the details on the notional and illustrative budgets for individual maintained schools and academies for 2018-19 and 2019-20, which was shared at the meeting (Appendix B).

By the consultation closing date of Friday 10 November 2017, 62 responses were received, representing some 41% of all Shropshire maintained schools and academies.

### **4. Financial Implications**

The school funding formula is used to determine how part of the Council's Dedicated Schools Grant (DSG) allocation, in particular the Schools Block, is distributed to Shropshire maintained schools and academies. The individual school 'budget shares' determined by the formula represent a significant proportion of the annual revenue funding for maintained schools for the financial year, and funding for academies for the academic year.

The funding for maintained schools is distributed through the local authority, while the ESFA uses the formula to allocate funding direct to Shropshire's academies and the county's one free school.

Shropshire's DSG has remained largely unchanged since 2012-13. In 2015-16 Shropshire, along with 68 other local authorities in England, received a share of £390 million in additional DSG funding, addressing an acknowledged historic unfairness in the school funding system. Shropshire schools benefitted from this additional funding, which provided an additional £10.4 million funding for Shropshire schools and academies.

The Government, however, continues to seek to redress the recognised unfairness and inequality in the funding of comparable schools - who are funded through locally determined formula - through the implementation of a National Funding Formula (NFF).

## 5. Background

Shropshire Schools Forum has a statutory consultative and advisory role in respect of school funding, while the responsibility for determining and approving the funding formula rests with the local authority. The ESFA require formal political approval of the schools funding formula, hence why this paper has been brought to Cabinet.

The Government has acknowledged for some time that the current system for funding schools across the country is unfair, lacks transparency and is out of date. In 2016 and early 2017 the Government consulted on proposals for the implementation of a NFF.

In July 2017, following the general election, the Secretary of State for Education set out the future arrangements for school funding and confirmed the introduction from April 2018 of a NFF for schools and for pupils with high needs. The July announcement included a commitment to additional funding of £1.3 billion nationally for schools in 2018-19 and 2019-20.

In a statement to parliament on 14 September 2017, the Secretary of State confirmed the funding arrangements for schools for the next two years. The headlines were:

- the NFF will not be fully implemented until 2020-21
- over the next two years the school level formula will be used to calculate how much funding each local authority will receive
- local authorities will be able to implement the new NFF or to apply their existing local formula to the notional funding allocations in 2018-19 and 2019-20, subject to consultation with their Schools Forum and schools community
- new absolute minimum levels of funding per pupil in primary and secondary schools have been set:
  - primary - £3,300 in 2018-19 and £3,500 in 2019-20
  - secondary - £4,600 in 2018-19 and £4,800 in 2019-20
- every school will receive a minimum increase in funding of 0.5% per pupil in each of the next two years (noting that this will not protect schools with falling pupil numbers).

Schools Forum have considered reports from officers on the new funding arrangements during the Autumn – specifically at meetings on 14 September, 28 September, 15 November and 7 December. The papers from these meetings are available on the Shropshire Council website at <https://shropshire.gov.uk/committee-services/ieListMeetings.aspx?Committeeld=632> .

## **6. School Funding Arrangements for 2018-19**

The NFF will be used to allocate DSG funding to local authorities through the Schools Block from April 2018, but for 2018-19 and 2019-20 local authorities are able to determine the basis for distributing the funding to schools and academies in their area, following consultation with wider schools community.

There has been no announcement over the levels of funding provided through the NFF beyond 2019-20 as 2020-21 is within the next Comprehensive Spending Review period. There is therefore uncertainty on school funding levels beyond the next two years.

Schools Forum considered the proposed arrangements for school funding at a meeting on 28 September 2017, and discussed the options available to the local authority for distributing funding to Shropshire schools from April 2018. The options considered included:

- distributing funding in line with the NFF transitional allocations in 2018-19 and 2019-20 through the local funding formula, or
- continuing with the current local funding formula weightings but allocating the additional funding (notionally £2.6m in 2018-19 and a further £1.0m in 2019-20 based on October 2016 census data) to schools by increasing the current factor weightings such as age weighted pupil unit (AWPU), lump sum etc.

After considering the impact on individual schools, Schools Forum agreed at their meeting on 28 September 2017 to recommend to Shropshire schools, through a consultation process, the distribution of funding to schools from April 2018 in line with the transitional NFF allocations. It was concluded that other options would result in winners and losers, could not deliver the guaranteed uplift in per pupil funding for all schools and would not provide a smooth transition to the NFF when fully implemented.

A meeting for Shropshire headteachers and chairs of governors/chairs of finance was held at the Lord Hill Hotel in Shrewsbury on 11 October 2017. Senior leaders from schools and academies were advised of the Government's planned arrangements for school funding and, in particular, the launch of a formal consultation on the recommendation from Schools Forum on the funding formula from April 2018.

The consultation ran until 10 November 2017 and a report was presented on the outcomes to Schools Forum on 14 November 2017 (papers available on the Council website). The majority of responses received, in terms of both number of schools and number of pupils in the schools, supported Forum's recommendation to allocate funding to schools from April 2018 in line with the transitional NFF allocations.

**Cabinet are therefore recommended to approve a Shropshire schools funding formula that delivers funding to schools and academies through the application of the NFF formula factors and weightings.**

## **7. Additional Requirements**

At their meeting on 7 December 2017 Schools Forum considered and agreed a number of additional specific funding arrangements from April 2018 in relation to premises funding, additional targeted contingency for high needs pupils and reception uplift pupil (papers available on the Council website).

In summary, Schools Forum approved a number of technical arrangements for 2018-19, in particular:

- the capping of the split site funding allocated to a Shropshire secondary school to 2017-18 level of £33,300
- the application of the 85% lump sum protection to a Shropshire primary school following the amalgamation of three schools, but based on the 2017-18 lump sum value of £59,500
- to adjust the pupil unit factors in the funding formula for any adjustments in the total premises factor total allocations for 2018-19, relative to the levels received in 2017-18
- the retention of a targeted high needs contingency as in 2017-18 for schools who don't receive appropriate levels of notional SEN through the funding formula.

<b>List of Background Papers (This MUST be completed for all reports, but does not include items containing exempt or confidential information)</b>
Schools Forum website - <a href="https://shropshire.gov.uk/committee-services/ieListMeetings.aspx?Committeeld=632">https://shropshire.gov.uk/committee-services/ieListMeetings.aspx?Committeeld=632</a>
<b>Cabinet Member (Portfolio Holder)</b>
Councillor Nick Bardsley – Portfolio Holder for Children and Young People
<b>Local Member</b>
All Council members
<b>Appendices</b>
Appendix A – Lord Hill Hotel Presentation – 11 October 2017
Appendix B - Notional and Illustrative School Budgets - Lord Hill Hotel - 11 October 2017