

Headteachers of Shropshire maintained schools,  
academies and free school

Shropshire Council  
Shirehall  
Abbey Foregate  
Shrewsbury  
Shropshire SY2 6ND

Date: 11 November 2014

My Ref:

Your Ref

Dear Colleague

## School Funding Reforms 2015-16

Following significant reforms to school funding arrangements from April 2013 and further reforms from April 2014, the Government confirmed in July 2014 the next stage of reforms as it continues to move towards a national fair funding formula.

From April 2015 the least funded local authorities in England will receive additional Dedicated Schools Grant (DSG) funding up to a nationally prescribed minimum funding level. As one of the lowest funded local authorities, Shropshire will benefit from this additional funding.

Following consultation, the Government confirmed the allocation of an additional £390m from April 2015. **Shropshire will receive an additional £297 per pupil in schools block funding within the DSG. Based on October 2013 census data this equates to an additional £10.37m, a 7.2% increase.** Shropshire is the 4<sup>th</sup> highest gainer out of 69 gaining local authorities in England.

At their meeting on 18 September 2014, Shropshire Schools Forum considered options for distributing the additional funding as fairly as possible to Shropshire maintained schools, academies and free school through the local funding formula. Their recommendation was included in a consultation document sent to all Shropshire maintained schools, academies and free school on 22 September 2014, inviting responses. As part of the consultation process a meeting was held at the Lord Hill Hotel on 2 October 2014 where headteachers and chairs of governors/chairs of finance were invited to discuss the recommendations in more detail before the consultation response deadline of 16 October 2014.

A total of 25 responses (17%) were received from Shropshire maintained schools, academies and free school. Schools Forum met again on 23 October 2014 to consider each of the individual responses received and the points raised at the consultation meeting.

Overall the majority of responses received from schools to the consultation were in favour of the recommendation proposed by Schools Forum.

This letter provides details of the final recommendation, following consultation, made by Shropshire Schools Forum at their meeting on 23 October 2014. This formed the basis of the local authority's provisional funding reform proforma submitted to the Education



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Funding Agency (EFA) at the end of October 2014 for the financial year 2015-16. For maintained schools a copy of the proforma is attached to this letter for information. Academies will receive their copy directly from the EFA. Please note that it includes **provisional** information in relation to Shropshire schools' delegated budget shares from April 2015. The data set uses October 2013 school census data. Actual allocations for 2015-16 will be based on October 2014 school census data and therefore the unit values recorded in this provisional proforma will change.

The local authority's actual funding reform proforma based on October 2014 data will be submitted to the EFA by the end of January 2015. Individual school budget shares for the financial year 2015-16 will be provided to maintained schools by the local authority as soon as possible after the submission to the EFA is made. Academies and the free school will receive their budget share allocations directly from the EFA.

The outcome of the consultation and Schools Forum's final recommendation is detailed below. A final decision will be made by Cabinet in December.

## **Sparsity**

Sparsity has been an allowable factor within the local funding formula since April 2014.

Sparsity funding can be targeted at schools based on numbers on roll (NOR) and the average 'crow flies' distance that pupils live from their second nearest school. The Government's maximum threshold criteria is as follows:

- For primary, less than 150 on roll (on average fewer than 21.4 pupils per year group) and an average distance greater than or equal to 2 miles
- For secondary, less than 600 on roll (on average fewer than 120 pupils per year group) and an average distance greater than or equal to 3 miles
- For all-through, on average fewer than 62.5 pupils per year group and an average distance greater than or equal to 2 miles.

Local authorities can narrow the Government's maximum sparsity criteria but cannot widen them. Funding can be allocated on a tapered approach from a maximum of £100,000 or on a flat rate basis capped at £100,000 per eligible school.

Following consultation the sparsity threshold criteria was narrowed in Shropshire in 2014-15, and Schools Forum recommended the narrowed criteria remain in 2015-16 as follows:

- For primary, less than 150 on roll (on average fewer than 21.4 pupils per year group) and an average distance greater than or equal to 3 miles
- For secondary, less than 450 on roll (on average fewer than 90 pupils per year group) and an average distance greater than or equal to 9 miles
- For all-through, a combination of the Primary and Secondary thresholds.

However, to achieve a fair and appropriate sparsity funding allocation level, based on the consideration of core expenditure costs, Shropshire Schools Forum recommended increasing the funding to £50,000 on a tapered approach in 2015-16 (from £30,000 in 2014-15) for relevant sparse primary schools and increasing sparsity funding to £100,000 on a flat rate approach in 2015-16 (from £40,000 in 2014-15) for relevant sparse secondary schools.

Based on October 2013 data, 14 Shropshire primary schools and one Shropshire secondary school attract sparsity funding.

The recommended increase to sparsity funding costs an additional £198,800.

The majority of responses to this area of the consultation were in support of the recommendation.

Overall 60% of responses agreed that the primary criteria should remain at fewer than 150 pupils and greater than or equal to 3 miles. Of the secondary school responses 50% agreed the criteria for secondary schools should remain at fewer than 450 on roll and greater than or equal to 9 miles, 25% responded that the Government's maximum secondary school threshold criteria should be used and 25% responded that sparsity funding should not be allocated to any secondary school.

After consideration of the consultation responses, **Schools Forum recommended retaining the criteria for sparsity funding in line with their recommendation within the consultation as follows:**

- **Primary – less than 150 on roll (21.4 average year group) and greater than or equal to 3 miles**
- **Secondary – less than 450 on roll (90 average year group) and greater than or equal to 9 miles**
- **All-through – combination of the above.**

Overall 76% of the responses agreed with basing the amount of sparsity funding on the consideration of core expenditure costs and increasing the amount of funding allocated to sparse schools. After consideration of the consultation responses, **Schools Forum recommended increasing the funding allocated through the sparsity factor in line with their recommendation within the consultation as follows:**

- **Primary – to £50,000 on a tapered basis (from £30,000 in 2014-15)**
- **Secondary – to £100,000 on a flat rate basis (from £40,000 in 2014-15)**
- **All-through – a combination of the above.**

### **Age Weighted Pupil Unit (AWPU)**

Schools Forum recommended allocating the remaining additional Schools Block DSG funding from April 2015 on a per pupil basis across all Shropshire maintained schools, academies and free school.

88% of responses agreed that the majority of the additional funding should be allocated in this way.

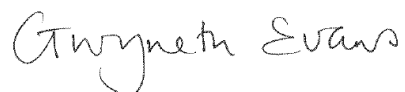
60% of responses agreed with Schools Forum's recommendation not to allocate any of the additional funding on other allowable factors. Of the responses not in agreement various other factors were proposed.

Schools Forum considered the responses and reflected on the use of other factors, which had been considered as part of the modelling process. Based on the responses received **Schools Forum recommended allocating the whole of the remaining additional funding on a per pupil basis across all schools in line with their recommendation within the consultation.**

If you have any queries in relation to this information please do not hesitate to contact me or Rob Carlyle (Schools' Formula Funding Officer) in the School Funding Team on 01743 253876.

Please ensure a copy of this letter is made available to your Chair of Governors.

Yours sincerely

A handwritten signature in black ink that reads "Gwyneth Evans". The signature is written in a cursive style with a large initial 'G'.

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