



Schools Forum

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Training and Development
Centre

Paper

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Public

School Funding – Local Funding Formula

Responsible Officer Gwyneth Evans

e-mail: gwyneth.evans@shropshire.gov.uk Tel: 01743 253875 Fax: 01743 254538

Summary

As reported to Schools Forum in September, the Department for Education announced the Schools Block units of funding for the 2016-17 financial year in July. No changes were announced to the local funding formula factors that local authorities can use to allocate individual school budgets to maintained schools and academies for 2016-17.

Any local formula changes, including redistributions, are local authority decisions following consultation with Schools Forum. Given that there were no further reforms to the funding formula announced by the Government for 2016-17, Shropshire Schools Forum agreed to recommend to the local authority that the basis for the local funding formula for Shropshire schools for 2016-17 remain the same as for the 2015-16 financial year.

The local authority is now seeking the views of Schools Forum on the application of two of the formula factors for two Shropshire schools with specific issues relating to split site and the minimum funding guarantee (MFG).

Whilst Schools Forum must be consulted on any proposed local formula changes, including redistributions, the decision is made by the local authority.

Recommendation

That Schools Forum approve the proposals within this report as follows:

- The use of a split site factor to fund additional costs of operating on two sites, up to a maximum value of the loss in lump sum funding of two schools amalgamating
- The application to disapply the MFG for 2016-17 where the normal operation of the MFG would produce perverse results for a small school with a rising roll.

Voting is restricted to school and PVI representatives on Schools Forum.

REPORT

1. The Department for Education (DfE) announced in July the Schools Block units of funding for the 2016-17 financial year. The announcement reflected the Government's manifesto commitment to protecting the schools budget and to base-lining the Minimum Funding Levels increase from 2015-16 (£10.4m in Shropshire).
2. Whilst there has been significant Government reforms to local funding formulae since 2013-14 there were no changes announced for the 2016-17 financial year and Shropshire Schools Forum agreed in September to recommend to the local authority that the factors and criteria agreed for Shropshire's local funding formula for 2015-16 remain for 2016-17 with no changes.
3. Whilst Schools Forum must be consulted on any proposed local formula changes, including redistributions, the decision is made by the local authority.
4. In applying the funding formula there are two situations where the local authority is seeking Schools Forum's views. One in relation to the use of the split site formula factor and the other in relation to the application of the MFG.

Split Site

5. A split site factor has been used in Shropshire's local funding formula previously where two schools have amalgamated but have remained temporarily on two sites. At the point of amalgamation the school received just one lump sum allocation. The allocation through the split site factor was based on the additional costs incurred from operating on two sites. Funding was allocated through this factor until the two schools moved fully onto one site at which point it ceased.
6. More recently the DfE have included a lump sum protection which states that where schools amalgamate they will retain 85% of the combined lump sums in the year after the amalgamation instead of receiving just a single lump sum immediately.
7. Sundorne Secondary School and the Grange Secondary School are preparing to amalgamate from September 2016. Whilst they will become a single school they will continue to operate on the two current sites for at least a two year period to August 2018.
8. In the 2016-17 financial year the newly amalgamated school, in line with the Government's school funding reforms, will continue to receive the same funding through the funding formula as the two previous schools, including a combined lump sum of £222,000.
9. In the 2017-18 financial year the school will receive a lump sum allocation based on 85% of the combined lump sums of the previous two schools totalling £188,700 - a reduction of £33,300 from that received by the two separate schools but £77,700 more than other individual Shropshire secondary schools.

10. The local authority is proposing the allocation of additional funding to the newly amalgamated school through the split site factor for the period the school operates on two sites following amalgamation to cover the additional costs incurred by being one school on two sites. As the school will receive the same total funding as the two previous schools in the first year of amalgamation the local authority is not proposing allocating any additional funding through the split site factor in 2016-17.
11. In the financial year following the amalgamation, 2017-18, the local authority is proposing using the split site formula factor to allocate additional funding to cover the additional costs of operating on two sites up to a maximum of the loss in lump sum of £33,300.
12. It is expected at this stage that the school will be operating on a single site in 2018-19 receiving a single lump sum allocation on £111,000 and no requirement for split site funding.
13. Shropshire Schools Forum is **recommended to approve the use of a split site factor to fund additional costs of operating on two sites, up to a maximum value of the loss in lump sum funding of two schools amalgamating.**

Minimum Funding Guarantee Disapplication

14. The Government confirmed in July that the minimum funding guarantee (MFG) protection will continue to be set at minus 1.5% in 2016-17.
15. Local authorities are able to request from the Secretary of State approval to disapply the MFG where there has been a significant change in a school's circumstances or pupil numbers and this leads to inappropriate levels of protection. The Government has previously approved requests from local authorities where the normal operation of the MFG would produce perverse results for very small schools with rising rolls.
16. Buntingsdale Primary School changed from being an infant school to a primary school which has led, as expected, to a significant increase in number on roll. In 2012-13 the school was funded for 45 infant only pupils. Since 2012-13 the school's number on roll has increased as additional year groups are included. At October 2015 the school's number on roll was 72, a 60% increase from 2012-13.
17. Buntingsdale Primary received £69,658 in MFG funding in the current financial year 2015-16. The MFG if allowed to operate normally would be expected to increase to £76,888 in 2016-17. The local authority considers this to be an unintended consequence of the MFG leading to significant inappropriate levels of protection for the school.
18. The local authority therefore proposes submitting an application to the DfE to disapply the MFG for the financial year 2016-17 in relation to Buntingsdale Primary School. To avoid undue turbulence to the school's budget the proposal is to cap the level of MFG protection funding received by the school in 2016-17 at the level received in the 2015-16 financial year.

19. Requests to disapply the MFG relate to one year only and therefore this proposal would relate to the 2016-17 financial year only. Should numbers on roll at the school continue to increase as expected, the local authority will consider the need to apply for a disapplication for future years on an annual basis.
20. The local authority is required to consult with the school and the Shropshire Schools Forum on its proposal before submitting an application to the DfE. A consultation letter was sent to Buntingsdale Primary School governing body on 19 October 2015 explaining the proposal and seeking their views. The consultation letter and response from the governing body are attached to this report at Appendix A.
21. Shropshire Schools Forum is **recommended to approve the application to disapply the MFG for 2016-17 where the normal operation of the MFG would produce perverse results for a small school with a rising roll.**