



Shropshire Council  
Legal and Democratic Services  
Shirehall  
Abbey Foregate  
Shrewsbury  
SY2 6ND

Date:

**Committee:  
Schools Forum**

**Date: Thursday, 15 June 2023**  
**Time: 8.30 am**  
**Venue: MS Teams**

You are requested to attend the above meeting.  
The Agenda is attached

Tim Collard  
Assistant Director - Legal and Governance

**Members of Schools Forum**

Bill Dowell (Chair)  
John Hitchings (Vice-Chair)  
Phil Adams  
Michael Barrett  
Mark Cooper  
Alan Doust  
Sabrina Hobbs  
Sandra Holloway  
Colin Hopkins  
Marilyn Hunt  
Shelley Hurdley  
Samantha John  
Sian Lines

Kerry Lynch  
Stephen Matthews  
David O'Toole  
Alan Parkhurst  
John Parr  
Greg Portman  
Revell  
Darren Reynolds  
Mark Rogers  
Andrew Smith  
Charles Thomas  
Guy Verling

Your Committee Officer is:


**Philip Wilson** Service Manager Business Support People  
Tel: 01743 254344  
Email: [phil.wilson@shropshire.gov.uk](mailto:phil.wilson@shropshire.gov.uk)

# AGENDA

- 1      **Apologies**
- 2      **Minutes and Matters Arising - 26 January 2023** (Pages 1 - 8)  
  
Paper A attached.
- 3      **Updated Dedicated School Grant 2023-24 (Jo Jones)** (Pages 9 - 10)  
  
Paper B.
- 4      **Early Years funding update - Spring Budget announcement (Neville Ward)**  
(Pages 11 - 14)  
  
Paper C, attached.
- 5      **School Balances as at March 2023 (Jo Jones)** (Pages 15 - 18)  
  
Paper D, attached.
- 6      **Growth Fund Criteria & Allocations 2022-23 and 2023-24 (Phil Wilson)**  
(Pages 19 - 22)  
  
Paper E, attached.
- 7      **Implementing the Direct National Funding Formula - Government  
Consultation response (Jo Jones)** (Pages 23 - 34)  
  
Paper F, attached.
- 8      **Dedicated School Grant Monitoring 2022-23 (Stephen Waters/Karen Levell)**  
  
Paper G, to follow.
- 9      **Communications**
- 10     **Future meeting dates**

Thursday 14 September 2023	8.30 – 10.30	Microsoft (MS) Teams
Thursday 26 October 2023	8.30 – 10.30	Microsoft (MS) Teams
Thursday 30 November 2023	8.30 – 10.30	Microsoft (MS) Teams
Thursday 11 January 2023 (Provisional)	8.30 – 10.30	Microsoft (MS) Teams
Thursday 25 January 2024	8.30 – 10.30	Microsoft (MS) Teams
Thursday 14 March 2024	8.30 – 10.30	Microsoft (MS) Teams
Thursday 13 June 2024	8.30 – 10.30	Microsoft (MS) Teams

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 <b>Shropshire</b> Council	<b>Schools Forum</b>  <b>Date:</b> 15 June 2023  <b>Time:</b> 8.30 am  <b>Venue:</b> Via MS Teams	<u>Item/Paper</u>  <div style="font-size: 48pt; text-align: center;">A</div> Public
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## MINUTES OF SCHOOLS FORUM HELD ON 26 JANUARY 2023 – HELD VIA MS TEAMS

### Present

#### School forum members

Bill Dowell (Chair)  
 Caroline Clode – Association secretaries  
 Mark Cooper – Academy headteacher  
 John Hitchings – Academy governor  
 Marilyn Hunt – Primary headteacher  
 Sandra Holloway – Primary governor  
 Sian Lines – Diocese of Hereford  
 Sue Lovecy – Academy headteacher  
 Stephen Matthews – Primary headteacher  
 James Pearson – TMBSS  
 Michael Revell – Academy governor  
 Mark Rogers – Primary headteacher  
 Andrew Smith – Independent Post 16  
 James Staniforth – Post 16  
 Brian Thomas – Special academy headteacher  
 Reuben Thorley – Secondary headteacher

#### Members

Kirstie Hurst-Knight

#### Officers

David Shaw  
 Jo Jones  
 Karen Levell  
 Neville Ward  
 Stephen Waters  
 Phil Wilson  
 Helen Woodbridge

#### Observers

Roger Evans  
 Nick Bardsley  
 John Boken

		ACTION
1.	<b>Apologies</b> Apologies had been received from Shelly Hurdley, Alan Parkhurst and Carla Whelan  David Shaw had advised that he would need to leave the meeting at 10.00 am.	
2.	<b>Minutes and Matters Arising (not covered by agenda)</b> The minutes were accepted as a true record. <ul style="list-style-type: none"> <li>Caroline Clode provided a verbal update regarding Trades Unions. She explained that when an academy does not contribute financially to facilities time, her office would write to the CEO of the academy/MAT. If they still don't contribute, the office would write again and request a meeting. If still not resolved the matter would be handed over to a national official. The good news is that Shropshire is beginning to buck the trend with many academies paying in for 2022/23. Other academies have made contact and there are two academies that buy in to Telford &amp; Wrekin.</li> </ul>	

Some schools are in area academies (involving different counties) and therefore this is more complicated as there are shared district responsibilities.

- A further consultation with maintained schools had been successfully held regarding the options around de-delegation with Option B being taken forward.
- Communications from f40 had been shared with Schools Forum members.
- A briefing around funding levels is being arranged for the lead member.
- A letter to the DfE and ESFA is being drafted by the chair and Phil Wilson.

PW  
Chair/PW

### **3. School Revenue Funding Settlement and School Arrangements 2023-24**

Jo Jones presented her report.

- Increase to the Schools Block of £10.272m from 2022-23 to 2023-24
- Increase of 243 funded pupils
- Increase is £4.471m once taking into account the schools supplementary grant received in 2022-23 which has now been rolled into the NFF for 2023-24
- Increase to the Early Years Block of £1.919m (provisional) from 2022-23 to 2023-24
- Increase in hourly rate to £4.87 for 3 & 4 year olds and £5.63 for 2 year olds.
- Will be updated in July 2023 and July 2024 based on latest census data
- Increase to the High Needs Block of £4.856m from 2022-23 to 2023-24
- Increase of at least 5% per head for the 2 to 18 population compared to 2022-23
- Provisional import/export adjustment is a loss of £0.966m
- Autumn 2022 statement confirms an extra £1.644m on top of the increases announced in July 2022 (already included in DSG figures)
- Decrease to the Central School Services Block of £0.01m in 2023-24
- Shropshire protected from the 20% cut on Prudential Borrowing and Pension Compensation payments meaning historic commitments funding was only reduced by 4.14% instead of the 20%

School Funding Arrangements 2023-24:

- All Shropshire schools have been fully funded in line with the NFF
- No funding available to transfer to the High Needs Block and an unexpected impact on the Growth Fund with only £30k available after fully funding schools. Phil Wilson explained that this was because this year, more funding was being allocated through the formula to FSM6, English as an additional language and lower prior attainment.
- Awaiting clarification from the ESFA on queries raised
- Important to wait for APT approval before school budget shares are sent out. Schools have been advised that budgets will be slightly delayed.

Mainstream Schools Additional Grant:

- 2022 Autumn Statement announced that core schools budget will increase by £2 billion in 2023-24 over and above totals announced in the Spending Review 2021.
- For 2023-24 mainstream schools will be allocated funding through the 'mainstream schools additional grant' (MSAG) 2023-24.
- The indicative allocation for Shropshire is £8 million.

- MSAG will fund the 5-16 year old age range in maintained primary and secondary schools, primary and secondary academies/free schools and all through academies.
- Funding rates consist of 3 elements, based on factors already used in the NFF; a basic per pupil rate, a lump sum and a per pupil rate based on FSM6
- School level allocations will be published in May 2023.
- Funding for maintained schools will be paid to LA - ESFA will pay academies directly.
- LAs will be required to pass on proportionate funding to special schools and AP settings from high needs allocations.
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Mark Rogers was concerned that the timing of confirmation of this funding does not allow much time for governor planning and approval.

Jo Jones was fairly confident that the indicative figure would be fairly accurate and the schools finance team are aware of these figures.

Neville Ward advised that the hourly rate increase for Early Years is around 8.3% meaning it is not in line with actual cost increases.

#### 4. **Shropshire Schools Forum Constitution**

Phil Wilson presented his paper which included the membership of Schools Forum.

- Annual formal assessment of Schools Forum membership, to apply from April 2023
- Only one mainstream academy conversion between October 2021 and October 2022 means that there is no requirement to re-apportion membership
- Membership: 3 primary headteachers, 3 primary governors, 1 secondary headteacher, 12 academy places, 1 special school place and 1 PRU place
- Issues:
  - secondary maintained school place remains on Schools Forum despite pupil numbers being low
  - a number of terms of office need reviewing and extending
  - currently large number of vacancies for academy representatives – views were sought from Schools Forum in general, and academy colleagues in particular, on how to address this.

The chair will be writing to all academies, particularly those who are not represented, to encourage representatives to join. David Shaw offered to pick this up at the academy forum led by Sarah Finch. John Hitchings/Steven Matthews advised that governors no longer had as much financial involvement as they previously had.

John Boken volunteered to spread the message for academy representatives to join.

James Staniforth suggested that it would be good to get CEOs/Deputy CEOs to join.

The chair advised that feedback from the ESFA observer at the last meeting was positive.

Schools Forum approved the proposed membership, to apply from April 2023.

Neville Ward added that he would be seeking a replacement Early Years representative.

Chair, DS

JB

NW

5. (The clerk subsequently confirmed that Alan Doust had ceased to be a Schools Forum member when the merger of his trust took place)

#### **Dedicated School Grant Monitoring 2022-23**

Stephen Waters presented his paper which was for information only.

- The 2022-23 forecast outturn position for the DSG is a £0.426m in-year surplus.
- This surplus needs to be added to the £0.717m DSG surplus carried forward from 2021-22 resulting in a forecast cumulative DSG surplus of £1.143m
- The total number of post 16 college placements is forecast to decrease to 247 from 254 and that decrease is on both the lower cost, mainstream college providers and the Post 16 independent specialist settings.

#### **Early Years Block**

Overspend of £0.001m forecast on a provisional budget of £17.368m. The final Early Years DSG allocation for 2022-23 is published in July 2023.

#### **High Needs Block**

The forecast outturn position for the High Needs Block is an in-year surplus of £0.386m against a centrally controlled High Needs Budget of £27.455m. This budget excludes the place funding element of the High Needs Block totalling £9.218m but does include the transfer of £0.949m funding from the Schools Block.

#### **Top up funding**

The underspend on mainstream and special schools was explained.

#### **Post 16 Further Education Colleges**

Forecast increase in expenditure of £0.110m compared to 2021-22 outturn position yet there is still a significant forecast underspend of £0.817m being reported because the budgeted level of £2.770m still reflects the significant growth built into the budget in 2021-22 which did not materialise. The total number of post 16 college placements is forecast to decrease to 247 from 254 and that decrease is on both the lower cost, mainstream college providers and the Post 16 independent specialist settings.

#### **Independent Providers**

Forecast expenditure of £8.114m reflects a large forecast increase of 22% relative to last year's outturn figure, resulting in a forecast overspend of £0.672m. This is much higher growth than anticipated. More frequent use of independent alternative providers, particularly in relation to post 16 as well as an increase in numbers attending out of county, independent special schools.

#### **Additional High Needs Targeted Funding for Maintained Schools and Academies**

Additional high needs funding targeted at schools with a disproportionate number of high needs pupils. Similar forecast position for 2022-23 as 2021-22 with an underspend of £0.172m anticipated.

#### **SEN Support Services**



There is a forecast overspend of £0.219m against this budget totalling £1.693m in 2022-23. The majority of the overspends in 2022-23 relate to one-off staffing overspends.

### **Central Schools Services Block**

An in-year overspend of £0.011m is forecast in relation to one-off budget monitoring pressures reported under Ongoing Duties as per line 1.5. in the Appendix. This covers 'Asset Management' and contributions to 'Central Support Services'.

### **De-Delegated Items**

£0.032m forecast overspend on de-delegated items overall with £0.028m relating to maternity pay for schools where forecast expenditure is £0.242m but the de-delegated value from schools based on is £270,000.

### **Schools Growth Fund**

Expenditure of £0.346m in 2022-23 against the Growth fund of £0.366m resulting in a £0.020m underspend. This value is to be earmarked for the Schools Growth Fund in 2023-24 alongside £0.202m carried forward from 2021-22. This is to meet the Council's Schools Growth fund expenditure requirements in 2023-24.

### **Summary**

- The Council's DSG financial position is relatively healthy in forecasting a cumulative surplus of £1.143m as at the end of the 2022-23 financial year
- The High Needs Block DSG 3-year forecasting exercise demonstrates that future expenditure growth is likely to outstrip future growth in High Needs Block DSG allocations, specifically from 2024-25 and beyond.
- It is also important to note that a small proportion of high-cost, low incident cases can disproportionately impact the High Needs Block DSG financial position. We know that many young people have been adversely impacted over the past 2 years. The long-term impact of the pandemic on the High Needs Block DSG is not yet known.

Mark Rogers clarified the position and asked if there any suggestion that the NFF values will have to be revisited. Phil Wilson advised that there is no intention to adjust the NFF values. However, he advised that the growth fund had been impacted this time.

Stephen Waters clarified that of the £1.143m surplus, £220k was from the 2022/23 growth fund so this will be ear-marked to top up the growth fund in 2023/24.

John Hitchings commented that every authority is experiencing an increase in out of county costs – we need to look at whether we are all getting value for money as this is a recurring theme.

David Shaw clarified that in Shropshire many of the placements are not out of county but specialist independent schools in Shropshire.

Reuben Thorley spoke of the need to increase the funding going into the schools block if at all possible as the budget situation is extremely tight.

## **6. High Needs Block 3 Year Forecasting**

David Shaw set the context and Stephen Waters presented the paper.

- The report provides an update to Schools Forum members in relation to the forecasted High Needs Block DSG financial position over the 3-year period - 2023-24 to 2025-26
- The current High Needs Block DSG financial position in 2022-23 as a baseline for future year's expenditure – a set of assumptions have been applied to each budget area
- Assumptions have also been used to determine future High Needs Block DSG allocations in 2024-25 and 2025-26.
- As set out in 'Paper D – Dedicated Schools Grant monitoring', the forecasted cumulative DSG surplus at the end of 2022-23 is £1.143m, an increase from £0.717m as at the end of 2021-22.
- Within this figure, the forecasted position on the High Needs Block DSG is a surplus or underspend of £0.386m against a centrally controlled High Needs Budget of £27.455m
- This budget includes the transfer of £0.949m funding from the Schools Block to the High Needs Block as approved by Schools Forum. This is important to note, as without this transfer from the Schools Block, the High Needs Block would be reporting an in-year deficit position of £0.563m.

### **Forecasting Assumptions**

- **Top-Up Funding**
- Mainstream Schools –5% growth in pupils in 2023-24 and beyond. No assumed growth in top-up funding banding values
- Special Schools - This assumes a full year effect of Keystones' top-up funding in 2023-24 whilst applying the 5% increase in EHC Plans for growth purposes
- Pupil Referral Unit - No growth has been applied to 2023-24 to 2025-26 in line with the assumption that the number of commissioned places will remain at 156
- **Post 16 FE Colleges**
- Assumed 10% Growth in pupils in 2023-24 applied to Q3 forecast + 5% increase in placement fees (inflation growth) = 15% Growth. Assumed 12% growth in 2024-25 and 10% in 2025-26
- **Independent Providers**
- Assumed 5% Growth in pupils 2023-24 and beyond applied to Q3 forecast + 5% increase in placement fees (inflation growth). Assumed 7.5% growth from 2024-25 and 5% in 2025-26
- **Other**
- Assumed a level of £0.300m contingency for "Additional High Needs/Threshold" funding for mainstream schools
- 5% growth applied for SEN Support Services, Hospital Education, other AP and Support for Inclusion where appropriate

### **Summary of 3 year position**

- Given the anticipated growth for 2023-24, there is forecasted to be a £0.111m in year surplus on the High Needs Block DSG allocation for 2023-24.
- In 2024-25, 3% growth in High Needs Block DSG allocation. This means an increase in income of £1.178m to £40.446m. The corresponding increase in required expenditure is 7.7% or £3.013m. A forecasted in year deficit of £1.724m in the 2024-25 financial year. This would result in a

cumulative High Needs Block deficit of £0.692m as at the end of the 2024-25 financial year.

- In 2025-26, using a 3% growth in High Needs Block DSG allocation. This means an increase in income by £1.213m to £41.659m. The corresponding increase in required expenditure is 5.2% or £2.170m. There is a forecasted deficit of £2.681m in this year. This would result in a cumulative High Needs Block deficit of £3.373m as at the end of the 2025-26.
- Although the High Needs Block DSG financial position looks healthy in 2022-23 with a forecast in-year surplus of £0.386m, the financial position will start to worsen from 2024-25 onwards if current growth assumptions are correct.
- To plan for this, Schools Forum members and officers will need to consider a range of strategies to manage the future increase in demand so that it is sustainable within future years' High Needs Block DSG allocations.

Brian Thomas asked about assumed 5% growth in EHCPs and asked for clarification around where this figure had come from.

David Shaw explained that this had been based on forecasting methods he had used previously. He added that in Shropshire there has been turbulence and although nationally the growth is 9.2%, Shropshire is nearer 5%. He will continue to monitor the requests and through place planning, monitor the movement between types of schools. He added that Shropshire had only moved out of a deficit position due to increased funding, not because of any changes made. There are historic challenges in the system which are starting to be improved. He asked Schools Forum members if anything has been missed and added that Schools Forum will continue to contribute towards the decision making – the chair encouraged colleagues to contact David Shaw directly. David Shaw reiterated the concerns regarding the use of independent provision.

**Schools  
Forum  
members**

Andrew Smith welcomed the data which had been needed for some time and spoke of the need for collaboration.

Neville Ward advised that in early years there had been an increase in children with speech, language and behavioural issues. The early years block has been used to invest significantly in support for those children eg TalkBoost and there have been beneficial preventative impacts.

Stephen Matthews observed that there will be a systemic lag as children move from GSPs to EHCPs.

The chair recognised that this had been a vital piece of work which will feature heavily over the next twelve months.

**DS**

David Shaw undertook to share further information on a range of materials which will provide a wider context.

Mark Rogers felt that this may overlap with the issue re academy representation and it may be worth encouraging representation from those with an inclusion background. The chair agreed to pick this up with David Shaw and Phil Wilson.

**Chair, DS,  
PW**

## **7. Schools Forum Work Programme 2023-24**

Phil Wilson reminded Schools Forum colleagues of the programme.

The timetable for the standard reporting that Forum members will be familiar with Scope for adding topical issues and/or reports commissioned by Schools Forum Areas where reports are expected in 2023-24 include:

- the formal response to the second phase of the National Funding Formula consultation is due, and the continued progress towards the introduction of a direct NFF
- continued focus on High Needs Block
- any further in-year funding announcements from the Department

Schools Forum members are invited to suggest any other areas of work they would like to commission from officers over the programme period.

## **8. Communications**

LA/ESFA work continues on funding issues

All members were encouraged to spread the word about the need for more academy representatives to join School Forum.

## **9. Future meeting dates:**

Thursday 16 March 2023 (subsequently cancelled)

Thursday 15 June 2023

**Schools  
Forum  
members**

The meeting closed at 10.00



## Schools Forum

Date: 15 June 2023

Time: 8:30 a.m.

Venue: Microsoft TEAMS Meeting

Paper

# B

Public

## Updated Dedicated Schools Grant (DSG) 2023-24

**Responsible Officer** Jo Jones

e-mail: [jo.jones@shropshire.gov.uk](mailto:jo.jones@shropshire.gov.uk)

Tel: 01743 254343

### Summary

The Department for Education (DfE) announced provisional 2023-24 local authority Dedicated Schools Grant (DSG) allocations in December 2022, as reported to Schools Forum in January 2023. In March 2023 the DfE announced an update to the DSG allocation for the 2023-24 financial year.

This report provides a summary of Shropshire's updated 2023-24 DSG allocation comparing with Shropshire's initial provisional DSG allocation as reported to Schools Forum in January 2023.

### Recommendation

This report is for information only.

### REPORT

1. In January 2023 Schools Forum members received a report summarising the 2023-24 funding blocks making up Shropshire's provisional DSG allocation and listing the key financial headlines for each of the blocks.
2. Shropshire's 2023-24 DSG allocation was updated in March 2023 to include recoupment for academies and deductions for high needs places funded by the Education and Skills Funding Agency (ESFA).
3. A summary of the provisional 2023-24 DSG (as provided to Schools Forum members in January 2023) and the latest updated 2023-24 DSG allocation including recoupment for academies and deductions for high needs places funded by the ESFA, is shown in the table below.

	<b>Provisional DSG £m</b>	<b>Recoupment/ Deductions for HN places £m</b>	<b>Latest DSG £m</b>
Schools Block	200.087	136.500	63.587
Early Years Block (Provisional)	18.280	0	18.280
High Needs Block	39.268	7.038	32.230
Central Schools Services Block (CSSB)	2.378	0	2.378
<b>Total DSG</b>	<b>260.013</b>	<b>143.538</b>	<b>116.475</b>

4. The Schools Block recoupment shown in the table above relates to the budget shares, calculated through Shropshire's local funding formula, of 63 Shropshire academies. The funding is recouped from Shropshire's DSG and passed on to providers by the ESFA. The DSG recoupment will be updated throughout the financial year to reflect new academy conversions.
5. The High Needs Block deduction relates to pre and post 16 high needs place funding for Severndale Specialist Academy and pre 16 high needs places at Woodlands School and Keystone Academy. It also includes pre 16 and post 16 high needs place funding for mainstream academies and maintained schools in Shropshire and post 16 high needs funding for Further Education and Independent Learning Providers.
6. The funding is deducted from Shropshire's DSG and passed on to providers by the ESFA.
7. It has also been confirmed that Shropshire's allocation for the Schools Mainstream Schools Additional Grant 2023-24 is £6.77m, however this is currently separate to the DSG allocation. The Additional High Needs Grant 2023-24 of £1.644m is reflected in the High Needs Block of the DSG allocation.



## Schools Forum

Date: 15<sup>th</sup> June 2023

Time: 8.30am

Venue: Microsoft TEAMS Meeting

Paper

**C**

Public

## EARLY YEARS FREE ENTITLEMENTS

## BUDGET ANNOUNCEMENT MARCH 2023 INCREASING THE FREE CHILDCARE OFFER

**Responsible Officer** Neville Ward

email: [neville.ward@shropshire.gov.uk](mailto:neville.ward@shropshire.gov.uk)

Tel: 01743 254552

### Decision Required

None – Information only

### Summary

1.1 This paper is to inform forum of the proposed extension of free childcare places for working parents announced in the spring budget 2023

### Background

2.1 The current free early education and childcare offers are as follows:

- the 15 hours entitlement for disadvantaged two-year olds
- the universal 15 hours entitlement for all three- and four-year olds
- the additional 15 hours entitlement for eligible working parents of three- and four-year olds

In this context 15/30 hours refers to 15/30 hours free provision each week over 38 weeks of the year. Parents can stretch these entitlements using fewer hours for more weeks of the year if they so choose.

2.2 In the spring budget 2023 the government announced its plans to extend the free offer to further support working families with meeting the costs of childcare provision. Primarily this was delivered as policy to support more people to return to work.

In addition, the Early Years Block includes funding for the Early Years Pupil Premium (EYPP) and the Disability Access Fund.

## Report

3.1 The plans set out in the budget are as follows:

- From **April 2024**, working parents of two-year-olds will be able to access 15 hours of free childcare.
- From **September 2024**, 15 hours of free childcare will be extended to working parents of all children from the age of nine months.
- From **September 2025**, working parents of children under the age of five will be entitled to 30 hours free childcare per week.

This staggered approach will give childcare providers time to prepare for the changes, ensuring there are enough providers ready to meet demand.

3.2 Who is eligible for 30 hours free childcare?

Currently, parents who work more than 16 hours a week and earn less than £100,000 are entitled to 30 hours free childcare a week for children aged three to four.

This scheme is now expanding so that working parents of all children over the age of nine months are also entitled to free 30 hours of childcare. This is seen as a transformational change that will make a difference to families across the country.

3.3 What support is there for childcare before and after school?

Local authorities and schools will be given more funding for what's known as "wraparound care", so that parents of school-age children can access childcare in their local area from 8am – 6pm.

This could include provision of activities that fall outside of school hours, via things like breakfast clubs and after-school clubs. Government expect that by September 2026, most primary schools will be able to provide their own before and after school care.

3.4 What childcare support is available for people on Universal Credit?

Parents on Universal Credit are set to get further support too. Currently, up to 85% of childcare costs can be claimed back. However, by Summer 2023 parents will be able to access the funds upfront to make it easier for them to get a job or increase their hours. This removes any gap in funds and eases parents into the childcare costs payment cycle.

3.5 How are the government supporting nurseries, childminders and childcare providers?

There will be an increase in the hourly rate paid to childcare providers by the government, to help them to deliver their existing 30 hours entitlement.



Details of this are not clear at the moment but increased funding is planned to be in place as soon as September 2023.

There are also increases to the number of 2 year old children a member of staff can look after at the same time. This is known as the staff-to-child ratio. It means that from September 2023, one member of staff will be allowed to look after five children, up from four children which is the current rule. This is already the case in Scotland and follows a thorough consultation on the safety of this change.

## **Conclusion**

4.1 The increases in childcare entitlements will help reduce the costs of childcare for working families

4.2 The local authority has begun talking to providers in terms of the opportunities and challenges which this new policy presents. We need to do further work to understand the likely additional demand for childcare places and whether we can ensure sufficiency of childcare places to meet the needs of all parents in all parts of the local authority

4.3 Staff recruitment and retention remains an issue which is affecting provision of places and we await the promised national campaign to encourage more people to consider childcare as a career

4.4 The new funding rates will be key in helping ensure the successful roll out of the new offers and to ensure quality provision is maintained across the county

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## **Schools Forum**

Date: 15 June 2023

Time: 8:30 a.m.

Venue: Microsoft TEAMS meeting

Paper

# D

Public

## **School Balances as at March 2023**

**Responsible Officer** Jo Jones

e-mail: jo.jones@shropshire.gov.uk

Tel: 01743 254343

### **Summary**

This report analyses the local authority maintained schools' balances as at 31 March 2023 and compares these with the previous year's position.

### **Recommendation**

This report is for information only.

## **REPORT**

### **Background**

1. Shropshire maintained schools' surplus balances at the end of each financial year are carried forward and earmarked specifically for each individual school's use. Multi academy trusts will have their own arrangements for the treatment of individual academy balances.
2. Deficit balances of Shropshire maintained schools are also carried forward and set against the individual school's budget for the following year. Any maintained school planning a deficit budget is required to agree a licensed deficit arrangement with the local authority stipulating how and when the school will move out of a deficit position. Academies in a similar position will make arrangements with the Education and Skills Funding Agency (ESFA).

3. All such requirements for Shropshire maintained schools are contained within Shropshire's approved Scheme for the Financing of Schools (available on the Shropshire Council website at <https://shropshire.gov.uk/media/7107/scheme-for-the-financing-of-schools.pdf> ). Whilst Shropshire's Scheme no longer includes a schools' balance control mechanism, maintained schools holding an excessive surplus balance will be required to provide a clear plan of how it will be used to benefit pupils.

#### **Actual levels of maintained schools' balances as at 31 March 2023**

4. The overall level of school balances held by maintained schools in Shropshire has increased over the last financial year by £745,592 (12%) to a total balance of £6,958,570.
5. A summary is given in the table below:

	March 2022 Number of Schools	Balance  March 2022	March 2023 Number of Schools	Balance  March 2023	Variance	
		£		£	£	%
Primary Schools						
In Deficit	3	-19,520	4	-155,791	-136,272	698%
In Surplus	80	6,309,930	79	7,106,60	796,680	13%
Net Total	83	6,290,410	83	6,950,818	660,408	10%
Secondary (inc All-Through) Schools						
In Deficit	1	-435,694	1	-409,935	25,759	-6%
In Surplus	0	0	0	0	0	0%
Net Total	1	-435,694	1	-409,935	25,579	-6%
Special Schools						
In Deficit	0	0	0	0	0	0%
In Surplus	1	358,263	1	417,687	59,424	17%
Net Total	1	358,263	1	417,687	59,424	17%
All Schools						
In Deficit	4	-455,214	5	-565,726	-110,512	24%
In Surplus	81	6,668,192	80	7,524,296	856,104	13%
<b>Net Total</b>	<b>85</b>	<b>6,212,979</b>	<b>85</b>	<b>6,958,570</b>	<b>745,592</b>	<b>12%</b>

6. During the financial year 2022-23 there were no academy conversions keeping the total number of Shropshire maintained schools at 85 at March 2023. Much Wenlock Primary School converted on April 1<sup>st</sup> 2023.

## **Maintained Schools Surplus Balances**

7. Overall surplus balances have increased by £856,104 (13%) during the year, which is similar to the increase in the previous year. The increase in overall surplus balances in 2022-23 relates to the primary and special school sectors.
8. Primary school surplus balances increased by £796,680 (13%), there are no secondary school surplus balances and special school surplus balances increased by £59,424 (17%) over the year.

## **Maintained School Deficit Balances**

9. Overall deficit balances have increased by £110,512 (24%). Deficit balances have increased in the primary sector and decreased in the secondary sector.
10. Primary school deficit balances increased by £136,272 (698%) over the 2022-23 financial year. The number of primary schools in deficit increased to four. Of the three schools in deficit at March 2022, two schools fully repaid their deficits in 2022-23 and one continues to be in deficit.
11. Of the four primary schools in deficit at March 2023, all but one moved into a deficit position during the year. Appropriate support and challenge are being taken with these schools to ensure the unlicensed deficit positions are fully addressed in 2023-24 and deficit recovery plans are put in place.
12. Secondary school deficit balances decreased overall by £25,759 (-6%) over the year. This relates to one secondary school with a historic deficit.
13. Financial monitoring meetings will be held between the local authority and the schools with year end deficit balances where appropriate. As and when necessary, headteachers, school business managers and chairs of governors/chairs of finance will be called in to meetings with the Principal Education Improvement Adviser to discuss the budget position at the school.
14. Maintained schools are now submitting three-year budget plans which are being discussed with the local authority and appropriate action taken if necessary.

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## Schools Forum

Date: 15 June 2023

Time: 8:30 to 10.30 am

Venue: Virtual via  
Microsoft (MS) Teams

Paper

# E

Public

## Growth Fund Criteria and Allocations 2022-23 and 2023-24

**Responsible Officer** Phil Wilson

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### Summary

Growth funding for schools is provided through local authorities' Schools Block national funding formula allocations. Introduced in 2019-20, growth funding is allocated to local authorities using a formulaic method based on lagged growth data.

Growth funding enables local authorities to support schools, including academies, with significant in-year pupil growth which is not otherwise immediately recognised by the lagged funding system.

The growth fund can 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 costs of new schools.

### Recommendation

Schools Forum is asked to:

- note the individual allocations made to schools from Shropshire's Growth Fund in 2022-23
- note the current allocations for growth funding for 2023-24 and the proposals for funding this
- note the planned changes the Government is proposing for growth funding through their proposals for implementing the direct national funding formula following consultation.

## REPORT

1. Growth funding enables local authorities to support schools with significant in-year pupil growth, which is not otherwise immediately recognised by the lagged funding system.

2. The Growth Fund for schools is provided within local authorities' Schools Block allocations as part of the DSG, calculated through a national formula based on lagged pupil growth data.
3. In November 2018, Schools Forum agreed the Growth Fund element of the Schools Block be held centrally and allocated for growth funding directly to Shropshire schools meeting the Department for Education's (DfE's) eligibility criteria.
4. The DfE allows the Growth Fund to 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 costs of new schools.
5. The DfE states that the Growth Fund may not be used to support:
  - schools in financial difficulty
  - general growth due to popularity, which is managed through lagged funding.
6. In line with the DfE's expectations for allocating the Growth Fund, Shropshire's Schools Forum agreed the following in November 2018:
  - where the predicted numbers for a school (excluding nursery classes and post-16) for the following September show an increase, due to basic need, requiring the running of additional classes they may be able to access additional funding
  - where schools have chosen to admit above their Published Admission Number (PAN) to meet parental preference from outside their agreed planning area, and not basic need, they will not be eligible to receive funding from the Growth Fund in recognition that the local authority could have secured places for the children concerned at other schools
  - the requirement for additional classes or forms of entry will be reviewed on a case by case basis
  - allocations will be based on appropriate costs of resourcing additional classes
  - initial growth funding requests will be evaluated using admission data and demographic forecasts to aid schools with budget setting - where there is uncertainty or disagreement around the predicted pupil numbers, funding will not be allocated until receipt of the actual October census data
  - in instances where actual growth was at lower levels than original estimates, schools will not be subject to claw-back on any funding already allocated
  - for maintained schools any growth funding is available to the end of the financial year, while for academies any growth funding is available to the end of the academic year



- to avoid double funding, any maintained primary school attracting funding from the Growth Fund will not receive funding from the de-delegated pupil growth contingency in that financial year.
7. The Government response to the consultation on implementing the direct national funding formula includes reference to their proposals to introduce further requirements on how local authorities can operate their growth and falling rolls funding, while allowing some local flexibility. They are fundamentally seeking greater consistency and transparency.
  8. They are looking to implement minimum requirements for 2024-25 given that some local authorities will have already committed growth funding for future years.
  9. The Government response notes:
    - the new requirements will apply in all circumstances where a school has agreed with the local authority to host an additional class to meet basic need
    - local authorities will not be required to provide funding where growth results from parental choice or an academy has admitted above their PAN by their own choice
    - minimum requirements will be placed on funding levels
    - final guidance will be published in the Schools Operational Guide in July 2023
    - changes will be made to how growth funding is recorded in the annual proforma tool (APT).

### **Growth Fund allocations to Shropshire schools in 2022-23**

10. For the qualifying secondary schools, the funding of each additional form of entry was set at £48,000 for the seven month period September 2022 to March 2023.
11. For the qualifying primary schools, the funding for each additional classroom was set at £40,000 for the seven month period September 2022 to March 2023.
12. Eligible academies are also entitled to growth funding for the period April 2023 to August 2024. This is funded from Shropshire's 2023-24 Growth Fund allocation based on £30,000 per additional classroom for primary academies and £35,000 per additional form of entry for secondary academies.
13. Reviews of secondary and primary school pupil allocations for September 2022 identified two primary schools (one maintained and one academy) and two secondary academies were eligible for growth funding in 2022-23, with another two secondary academies receiving funding for the summer term having been allocated growth funding in 2021-22 (total cost of £246,000).
14. A new mainstream primary school – Bowbrook Primary - will be opening in September 2023 in west Shrewsbury, to be operated by The 3-18 Education Trust. The Trust is eligible of draw down pre-opening costs from the Growth Fund, which will be split across the 2022-23 and 2023-24 financial years. The Trust has claimed £37,053 in pre-opening costs in 2022-23. The current estimate for 2023-24 is £81,000.

15. The total available from the Growth Fund in 2022-23 was £366,068 leaving £82,866 remaining as unspent at the financial year end. The underspend is being carried forward into 2023-24 for forecast Growth Fund requirements.

#### **Growth Fund allocations to Shropshire schools in 2023-24**

16. The submission of the annual proforma tool (APT) for 2023-24 – which details the local authority's Schools Block funding formulae in accordance with statutory requirements – highlighted a number of issues for Shropshire. In previous years Shropshire's Schools Block allocation had enabled officers to fully deliver the national funding formula (NFF), transfer up to 0.5% to the High Needs Block to meet funding pressures in this area and provide for up to £300,000 in growth funding to Shropshire schools requiring it.
17. Significant changes in the formula characteristics for Shropshire for 2023-24 means that, while ensuring that the NFF is fully delivered for the county's schools, the 'headroom' available for transferring funding out of the Schools Block and/or meeting the requirements for growth funding in the next academic year, has been significantly reduced. While the former is not an issue for 2023-24 given the balanced position for the High Needs Block, there is a gap in the funding available for growth funding. The estimated figure available is a very modest £17,844.
18. This position is further compounded by the fact that there is a greater call for growth funding for the 2023-24 academic year, due in the main to the exceptionally large secondary transfer group for September 2023, which has required a number of secondary schools to increase class sizes in Year 7 and, in a number of cases, admit another form of entry.
19. Initial reviews of secondary and primary school pupil allocations for September 2023 has identified one primary academy and five secondary academies as being eligible for growth funding, while one primary academy and two secondary academies will receive funding from the 2023-24 growth allocation for the summer term 2023 relating to pupil growth from September 2022. As referenced above there is also the call on growth funding for the pre-opening costs for Bowbrook Primary to the end of August 2023. The current estimated growth funding requirement is £423,088.
20. The funding available for growth funding within the Schools Block of the DSG in 2023-24 is only £17,844. A balance of growth funding brought forward from previous years of £285,202 means there is a total of £303,046 available to allocate in 2023-24. This leaves a shortfall of £120,042 to be met from other DSG balances in 2023-24.



## Schools Forum

Date: 15 June 2023  
Time: 8.30 am to 10.30 am

Venue: Virtual via Microsoft (MS) Teams

Paper

**F**

Public

## Implementing the Direct National Funding Formula – Government Consultation Response

**Responsible Officer** Jo Jones  
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### Summary

The Department for Education (DfE) held a consultation on 'Implementing the Direct National Funding Formula (NFF)' between 7 June 2022 and 9 September 2022, with the consultation response published 26 April 2023. This consultation sought views on the details of how a direct NFF would work in practice.

Once the direct national funding formula is fully implemented, the DfE will determine funding allocations for schools directly, without adjustment through local authorities' funding formulae.

This report informs Schools Forum of the outcome of the Implementing the Direct National Funding Formula Consultation.

The full consultation response document can be found at: [Implementing the Direct National Funding Formula Government consultation response \(publishing.service.gov.uk\)](https://www.publishing.service.gov.uk/government/consultations/implementing-the-direct-national-funding-formula)

### Recommendation

This report is for information only

## REPORT

### Background

1. The consultation was around several elements of the move to a direct NFF;
  - Continuing to have some flexibility within the funding system to move funding to the high needs block (HNB)
  - The determination of indicative notional SEND budgets for mainstream schools

- How the DfE should fund schools experiencing significant growth or falling rolls under the NFF
- Allocation of split site and exceptional circumstances funding, to move away from historic data and allocate funding on school led elements through the NFF
- How minimum funding guarantee (MFG) will operate in the direct NFF
- The timescales for the collection of data to calculate allocations and confirm these allocations with schools and trusts to support their budget planning.

## Government response

2. Interaction between the direct NFF and funding for high needs.

**Q1. Do you agree that local authorities' applications for transfers from mainstream schools to local education budgets should identify their preferred form of adjustment to NFF allocations, from a standard short menu of options?**

Continued flexibility to transfer funding to high needs budgets, with a corresponding adjustment to mainstream schools' funding allocations, through an application process to the Secretary of State.

Our proposal is that the funding transfer process would follow very similar timescales to the current "block movement" process. That is, local authorities would consult on a proposed transfer over the autumn, following the publication of the NFF factor values in July. Applications would then be submitted to the Secretary of State in the autumn term with decisions made early in the new year.

**Q2. Do you agree that the direct NFF should include an indicative SEND budget, set nationally rather than locally?**

Having considered the consultation responses, we continue to think it would be helpful to identify for each school an indicative budget as a guide to the resources that might be needed by a school in supporting its pupils with SEND, and to reinforce the message that schools' core budgets are expected to provide for support to these pupils.

It could only ever act as an indication of what might be needed, because head teachers, Special Educational Needs Coordinators and other professionals working in and with the school are best placed to decide what support each child needs, and a budget calculation at national level based on proxy measures of need could never accurately predict the precise level of resources required.

An indicative SEND budget would, however, provide some assurance that the level of SEND in the school's pupil population was reflected in their funding allocation.

As set out in the recent SEND and Alternative Provision Improvement Plan, the Department will be developing new National Standards for SEND and alternative provision. We will engage further with the sector to consider the design of the indicative SEND budget in the context of the National Standards as they are developed.

In the meantime, it is important that mainstream schools are resourced appropriately to allow them to make suitable provision for those of their pupils with SEND, taking into account the current cost threshold of £6,000 per pupil. In August 2022 we published guidance that sought to clarify what the current notional SEN budget is for, and how local authorities should review the calculation of that budget through local funding formula factors. We will look at whether to strengthen the guidance we issue for 2024-25 so that there is more consistency in the calculations adopted by local authorities.

### 3. Growth and Falling Rolls Funding

#### **Q3. Do you have any comments on the proposals to place further requirements on how local authorities can operate their growth and falling rolls funding?**

We understand that some local authorities will have committed growth funding over a number of future years and so will implement only minimum requirements for 2024-25 rather than fully determined national standards.

These requirements will apply in all circumstances where a school has agreed with the local authority to host an additional class to meet basic need. Local authorities will not be required to provide funding where the growth is as a result of parental choice or academies have admitted above PAN by their own choice.

In addition, we will place minimum requirements on how much funding should be provided. We will continue to engage with local authorities and other stakeholders on the particular design of these 20 new requirements – including the minimum funding rates – in advance of publishing final guidance in the Schools Operational Guide in July 2023.

We will allow local authorities to retain any underspent growth funding within their DSG.

A number of respondents noted that their local growth criteria are more generous than the proposed requirements. The new requirements will form a minimum expectation for local authorities, and we anticipate that some local authorities will choose to allocate funding in circumstances beyond the national requirements or at a higher rate.

We will change how growth funding is recorded in the Authority Proforma Tool (APT) that local authorities return to the Department to increase transparency around the use of growth funding. We will include a requirement for local authorities to use a consistent formulation of their growth and falling rolls criteria. This will allow the Department to collect and publish summary statistics on growth funding.

#### **Q4. Do you believe that the restriction that falling rolls funding can only be provided to schools judged “Good” or “Outstanding” by Ofsted should be removed?**

We intend to remove the Ofsted restriction for 2024-25, and to require local authorities to use SCAP data in taking decisions and only provide funding where SCAP data shows that school places will be required in the subsequent three to five years.

**Q5. Do you have any comments on how we propose to allocate growth and falling rolls funding to local authorities?**

We can confirm that from 2024-25 we will revise the current growth allocation methodology to allocate funding on the basis of both growth and falling rolls.

We will measure whether small areas within a local authority (Medium Super Output Areas, or MSOAs) have either seen growth or (significant) declines in pupil numbers. Those MSOAs that have seen pupil growth will have funding allocations calculated at the growth funding rate. In addition, MSOAs that have seen significant declines will be allocated at a separate falling rolls funding rate. There will not be any “netting off” of funding allocations: that is, if a local authority has MSOAs that have experienced growth as well as MSOAs that have experienced falling rolls, its full funding allocation will include both the element relating to pupil growth, and the element relating to falling pupil numbers.

In advance of the funding allocations incorporating data on falling rolls, we will work with stakeholders to define what constitutes a “significant” decline in pupil numbers for the purposes of this calculation.

We appreciate that the reforms outlined above (with regard to consultation question three) may lead to demand increasing on growth and falling rolls funding from 2024-25. In line with the gradual approach, we have committed to taking as we transition to the direct NFF, we will not re-baseline the allocation for 2024-25. We will explore re-baselining the amount provided through the growth and falling rolls allocation in the future once we have analysed data collected through the Authority Proforma Tools (APT) collected for 2024-25.

The changes we will make to the APT this year will allow us to understand better how local authorities allocate both growth and falling rolls funding. We will confirm growth funding factors for 2024-25 to the usual timescale – publishing these factors in July 2023.

**Q6. Do you agree that we should explicitly expand the use of growth and falling rolls funding to supporting local authorities in repurposing and removing space?**

We can confirm that from 2024-25 we will expand the use of growth and falling rolls funding to allow local authorities to fund the revenue costs associated with repurposing or reducing school places.

Such funding could support local authorities to repurpose surplus space to create SEND Units or Resourced Bases in mainstream schools, activity which we know many local authorities already undertake.

We will provide further guidance in the Schools Operational Guide and make the relevant changes to the Regulations.

**Q7. Do you agree that the Government should favour a local, flexible approach over the national, standardised system for allocating growth and falling rolls funding; and that we should implement the changes for 2024-25?**

We can confirm that we will retain some local flexibility in the allocation of growth funding to schools, rather than moving to a fully national, standardised system. As outlined in our response to question three there will be additional requirements on local authorities’ use of this funding. These requirements could

be revised, and strengthened to bring about greater consistency, following the initial changes made for 2024-25.

**Q8. Do you have any comments on the proposed approach to popular growth?**

We recognise the widespread feedback around the need for consistency with regard to popular growth funding and as we move towards the direct NFF we will ensure that there is equivalence in the funding accessible for all schools.

We will work further with stakeholders to determine the limited circumstances in which schools should be able to access funding adjustments based on higher pupil numbers as a result of popularity in parental choices. We see this as a limited part of the funding system and note that very few academies are currently receiving funding adjustments as a result of popular growth.

**4. Premises: Split Sites**

**Q9. Do you agree we should allocate split sites funding on the basis of both a school's 'basic eligibility' and 'distance eligibility'?**

We can confirm that the Government plans to allocate split sites funding nationally on the basis of a formula factor made up of a 'basic eligibility' element and a 'distance eligibility' element from 2024-25. This will replace the current local authority led approach.

A national formula will allow the Department to ensure funding is allocated consistently and fairly across the country, and that all split site schools receive funding towards the additional costs they face from operating across multiple, separate sites.

Introducing this new approach for split sites funding is an important part of developing the NFF in advance of the final transition to the direct NFF.

**Q10. Do you agree with our proposed criteria for split sites 'basic eligibility'?**

The consultation proposed that the Department introduce basic eligibility criteria for split sites funding that would require additional sites:

- To be separated from the school's main site by a public road or railway.
- To be used primarily for the education of 5 to 16-year-olds.
- To share a unique reference number (URN).
- To have a building on a site that is maintained by the school.

We can confirm that the Government plans to allocate funding to schools who meet the basic split sites eligibility criteria. These criteria were included in guidance sent out to local authorities in November 2022 and published on gov.uk in December 2022.

The guidance addresses some of the concerns flagged by respondents around ensuring that local authorities can raise exceptional cases with the Department.

We have also clarified that by a site being used "primarily for the education of 5 to 16-year-olds", we mean that the site is used by 5 to 16-year-old pupils that attend the school during school hours for the majority of those hours. This will help to

ensure that we are only funding schools whose additional sites do carry genuine additional educational costs.

As stated in the consultation, we are excluding playing fields from being eligible for split sites funding. We know that playing fields are not widely funded through local authority formulae.

**Q11. Do you agree with our proposed split site distance criterion of 500 metres?**

We maintain that 500 metres, in line with the distance threshold used by the majority of local authorities, is the right threshold to bring consistency to the system whilst not causing undue turbulence to schools.

We acknowledge that a hard “cut off” would disadvantage schools who were just below the threshold, so we will include a distance taper as part of the formula, starting at 100 metres.

**Q12. Do you agree with total available split sites funding being 60% of the NFF lump sum factor?**

We think that around 60% of the 2024- 25 NFF lump sum is an appropriate amount given that an additional site should cost less to run than the school’s main site, and funding should be seen as a contribution to overall costs.

We will keep the precise level of funding under review. We plan to publish the split sites factor value for 2024-25 alongside the July 2023 NFF announcement.

**Q13. Do you agree that distance eligibility should be funded at twice the rate of basic eligibility?**

We have considered the concern that the majority of costs relate to the duplication of services and occur regardless of distance. In line with the feedback received we plan to increase the weighting given to the basic eligibility element – allocating two-thirds of the available funding through the basic element and one-third of the available funding through the distance element.

**Q14. Do you agree with our proposed approach to data collection on split sites?**

We can confirm that local authorities will be required to return data to the Department on all split site schools in their area (including academies and voluntary aided schools) as part of the APT, until we transition to the direct NFF in full.

We first requested this data in winter 2022, enabling us to plan for a split sites factor from 2024-25. We will confirm how data will be collected once we transition to a direct NFF in due course, to align with wider developments on the funding cycle in the direct NFF.

We will continue to ensure the data gathering process is as straightforward as possible and does not create an additional burden for local authorities. We also proactively engaged with schools to ensure that they were aware of the changes and encouraged them to reach out to their local authorities to ensure that their split site circumstances were accurately recorded in the data collection.

Alongside this consultation response, we have published details of split site schools that meet the Department’s basic and distance eligibility criteria. These details can be found here: [Schools block national funding formula: split sites funding - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/publications/schools-block-national-funding-formula-split-sites-funding)



**Q15. Do you have any comments on our proposed approach to split sites funding?**

A national split sites factor will ensure that split site schools are funded on a fair and consistent basis, in line with the principles of greater fairness and consistency in funding which underpin the transition towards the direct NFF.

We can confirm that schools with split sites which lose funding, or are no longer eligible, as a result of the “formularisation” of the split sites factor will see their funding protected through the minimum funding guarantee (MFG).

We believe that a lump sum approach is simple and transparent, and ensures that smaller schools, who are more reliant on elements of funding not driven by pupil numbers, are not unfairly disadvantaged.

Before taking any final decisions on the precise levels of funding, the Department will analyse the impact of the proposals further to ensure that funding is fair and does not disproportionately impact certain types of schools, or schools in particular areas.

**5. Exceptional Circumstances**

**Q16. Do you agree with our proposed approach to exceptional circumstances?**

The consultation proposed that the Department make changes to the exceptional circumstances factor in the NFF. These changes included:

- Standardising what is funded through the factor by moving to a system where only a set of discrete categories of costs can attract additional support. Some costs currently being funded through exceptional circumstances arrangements will be funded through other existing formula factors.
- Restricting funding to historic commitments that have already been made by local authorities under the restricted list.
- Raising the funding threshold to account for at least 2.5% of a school’s budget, up from the current 1%.

**Q17. Do you have any comments on the proposed approach to exceptional circumstances?**

We can confirm that the Government will continue to progress plans to reform the exceptional circumstances factor. We will move away from a locally led approach to a national application system, in line with our wider policy objectives of ensuring greater fairness and consistency in schools funding.

We plan to implement changes to the factor in time for the introduction of the direct NFF.

To improve consistency, and in line with feedback from our Fair school funding for all consultation that there needed to be greater clarity around what exceptional circumstances are, we plan to restrict the circumstances that are eligible for funding through the factor to a small number of categories. For some “exceptional” circumstances that we think are better suited to be incorporated into other factors in the NFF, we will continue to look at their use and how we bring

them into the NFF either prior to, or at the same time as, we implement a direct NFF.

The threshold will remain at the rate of 1% for now. We will, of course, ensure that schools who would lose out on funding as a result of the reform to the exceptional circumstances factor will see their funding protected through the minimum funding guarantee.

#### 6. The Minimum funding Guarantee (MFG) under a direct NFF

##### **Q18. Do you agree that we should use local formulae baselines (actual GAG allocations, for academies) for the minimum funding guarantee (MFG) in the year that we transition to the direct NFF?**

We can confirm that the Government will use local formulae baselines and actual GAG allocations for academies in the year that we transition to the direct NFF. This will ensure that schools continue to be protected against year-on-year losses as intended by the MFG. Using APT instead of GAG baselines for academies would not achieve this objective.

##### **Q19. Do you agree that we should move to using a simplified pupil-led funding protection for the MFG under the direct NFF?**

We can confirm that the Government will move to a simplified pupil-led funding protection under the direct NFF. This will simplify the floor significantly, which will help improve the transparency of the funding system and make it easier for schools to understand how their funding levels are calculated.

In addition we will also introduce some form of mitigation for sparse schools to prevent them from sudden losses in sparsity funding resulting from decreases in their sparsity distance calculation.

##### **Q20. Do you have any comments on our proposals for the operation of the minimum funding guarantee under the direct NFF?**

In addition to the proposals discussed in questions 18 and 19 above, the consultation also proposed that, under the direct NFF, we adjust the baselines such that schools that change their year group structures will not be unfairly “overprotected” compared to other schools. The consultation then asked for any comments on all of the proposals on the operation of the MFG.

In light of the positive responses to the specific proposal regarding schools with changing year group structures, we can confirm that we will proceed with that change.

Regarding the wider comments, we agree with the importance of analysing the impact at individual school level before the change is implemented to ensure that there are no unintended consequences. We will undertake robust modelling before the changes take effect. We also agree that, for the proposal to operate as intended, any significant changes to school-led funding needs to be completed before we simplify the calculation of the MFG. If any significant changes to

school-led funding occurred after the simplification, further adjustments would need to be made to the MFG to take account of those changes.

With regard to the specific concerns raised around sparsity funding, our analysis indicates that it would be rare for schools to experience significant year-on-year decreases in their sparsity funding as a result of changing sparsity distances, but that it could occur. Before the changes to the MFG are introduced, we will therefore consider options for changing the operation of the sparsity factor to mitigate the financial impact on such schools.

Before we move to the direct NFF, we will set out clearly how we will transition from the current system to a pure pupil-led per pupil protection under the direct NFF, and how the new system will operate in practice.

Future funding rates will depend on a number of factors, including the outcome of future spending reviews. In every year, the MFG levels are set with the aim of striking a balance between fairness and stability.

## 7. The Funding Cycle

**Q21. What do you think would be most useful for schools to plan their budgets before they receive confirmation of their final allocations: (i) notional allocations, or (ii) a calculator tool?**

Given the strong support for a calculator tool, we will aim to develop a product that schools can use to estimate future funding. We will explore including prepopulated data from the previous year as this will provide some form of notional allocation. Some local authorities commented that they already provide such a tool for their local schools. The Department will aim to replicate best practice that exists in the sector as we develop a national tool for this purpose

**Q22. Do you have any comments on our proposals for the funding cycle in the direct NFF, including how we could provide early information to schools to help their budget planning?**

The Government recognises the need to provide early information to schools and the sector to support budget planning. We will continue to give early information regarding the design of the subsequent year's formula in July each year.

We will also explore what information, be it general levels of funding change, policy changes within the national funding formula or some formula values, can be provided in advance.

**Q23. Do you have any comments on the two options presented for data collections with regard to school reorganisations and pupil numbers? When would this information be available to local authorities to submit to DfE?**

The consultation discussed the timing and nature of data collected from local authorities under the direct NFF. It put forward two options for collecting information on planned school reorganisations and pupil number changes:

1. Issuing a request earlier in the autumn than we currently do, without a prepopulated form, giving local authorities longer to respond.

2. Requesting the data in December as we currently do, using a prepopulated form with data from the October census, but with a shorter turnaround time

In light of the majority of respondents favouring option two, we can confirm that we will adopt that approach. We will work closely with local authorities and other stakeholders on the details as this is developed, to ensure the data requests are as simple and clear as possible.

We understand that option two will involve a tight turnaround over the holiday period and will do what we can to make sure local authorities are well prepared in advance for what the request will be – including by sending out some form of draft template before the prepopulated data is available. This should minimise the amount of work required once the prepopulated data becomes available.

**Q24. Regarding de-delegation, would you prefer the Department to undertake one single data collection in March covering all local authorities, or several smaller bespoke data collections for mid-year converters?**

We can confirm that we will issue one single data collection in March when we introduce the direct NFF, in line with the preference of the majority of respondents. This will keep the timeline similar to the current system, limiting the amount of change in the first instance.

**Q25. Do you have any other comments on our proposals regarding the timing and nature of data collections to be carried out under a direct NFF?**

We agree with the wider comments regarding the importance of minimising burdens, including by keeping data collections as simple as possible, and providing advance notice to upcoming changes. Over the coming months and years, we will be working to refine our proposals and refine the details around how the data collections and other operational processes will work under the direct NFF.

We will engage closely with local 54 authorities and other stakeholders when doing so to ensure the processes are as streamlined as possible. We will provide further detail and information as that work progresses. As part of that continued work, we will be sure to consider the information local authorities need for their own internal processes, as well as the timing and processes around de-delegation.

We will also consider whether it will be possible to move the deadline for collecting information on split sites and exceptional circumstances to November.

There are no plans to change the actual payment processes for maintained schools. DfE will pay local authorities, who in turn will pass the funding on to maintained schools. As such, local authorities will continue to deduct the funding for de-delegation before they pass on the funding to maintained schools.

## 8. Next Steps

The 2024-25 National Funding Formula for schools and high needs will be announced in July, in line with the usual timetable. This will also confirm requirements on local authorities to bring their local funding formulae closer to the NFF in 2024-25, following the initial transitional steps in 2023-24.

Shropshire have followed the NFF for the last 5 years, therefore it is expected we will see minimal impact on the requirements on local authorities to bring their local funding formulae closer to the NFF for 2024-25.

It is not expected that the split sites funding reforms will have much of an impact, but this will need to be worked through and checked if the new criteria changes who may be eligible for this factor.

The Growth funding reforms is an area where it is particularly important we explore what these changes mean for Shropshire and the funding we receive through this factor as historically it has help us transfer the 0.5% to the High Needs Block or as per 2023-24 helped us afford the NFF.

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