



Schools Forum

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Training and Development
Centre

Paper

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Public

School Funding 2017-18

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Summary

As reported to Schools Forum in September 2016, the Department for Education (DfE) announced their latest plans for the implementation of a national fair funding formula for schools from 2018-19. The school funding arrangements for 2017-18 will remain broadly similar to the current 2016-17 year.

This report outlines the financial challenges facing many Shropshire schools in 2017-18 given the delayed implementation of the national fair funding formula, a cash protected level of per pupil funding and increasing cost pressures.

The Government has also announced changes to the Education Services Grant (ESG) in 2017-18 in line with the 2015 Spending Review announcement of the intention to achieve a saving of £600m from the ESG general funding rate by 2019-2020. Further detail will be set out by the Government in a forthcoming consultation on the School and Early Years Finance Regulations.

In addition, this report is seeking the views of Shropshire Schools Forum in relation to a specific Shropshire school minimum funding guarantee disapplication. Schools Forum and the school must be consulted over any disapplication requests before seeking approval from the Secretary of State.

Recommendation

- i. That Schools Forum note the financial challenges facing many Shropshire schools in 2017-18.
- ii. That Schools Forum note the removal of ESG general funding rate and the transfer of ESG retained duties into the DSG in 2017-18 and agree approval be sought through the Schools Block Task & Finish Group for appropriate central retention.
- iii. That Schools Forum recommend the disapplication of the MFG in relation to a specific Shropshire school as detailed within this report. Voting is restricted to school and PVI representatives on Schools Forum.

REPORT

School Funding 2017-18

1. Schools Forum members were made aware of the Government's plans to delay the introduction of a new national fair funding formula until 2018-19 and F40's request to the Secretary of State for a funding uplift for schools in the poorest funded local authorities in light of the delay.
2. Shropshire's current Schools Block unit of funding within the Dedicated Schools Grant (DSG) is £4,401.81 per pupil, leaving us 108th out of 151 local authorities. Local authorities' units of funding vary from £8,587.04 per pupil to £4,166.51 per pupil. The national average is £4,636.43 per pupil, £234.62 per pupil higher than Shropshire. Funding at the average per pupil rate would give Shropshire schools an additional £8.1m.
3. Given where Shropshire sits on the funding table and the proposal that a new national funding formula would recognise sparsity as a funding factor, it is right to remain positive about the outcome of the formula proposals. However, as has been the case for several years, there is no recognition of the increased cost pressures impacting on schools year on year within the overall funding envelope.
4. Schools face increased costs due to teachers' pay, employer pension and national insurance contributions and inflation, whilst per pupil funding levels within the Schools Block of the DSG remain at flat cash. Shropshire school budgets will be under significant pressure in 2017-18 and it is expected that some Shropshire schools will find it difficult to set a balanced budget.
5. The picture is reflected in other local authority areas. As reported to Schools Forum in September, f40 has written to the Secretary of State requesting the urgent consideration of an uplift to funding levels for the lowest funded local authorities in 2017-18 given the delayed implementation of the national fair funding formula. Whilst expressing sympathy for the difficult financial position the most poorly funded local authorities and schools are in, the Secretary of State has made no immediate acceptance of the request although f40 will be invited to meetings to further make the case.

Changes to Education Services Grant (ESG) in 2017-18

6. ESG is currently split into two elements; general funding and retained duties and funds the following areas:
 - School Improvement
 - Statutory and Regulatory
 - Education Welfare Service
 - Central Support Services
 - Asset Management
 - Premature Retirement Costs/Redundancy Costs relating to school staff
 - Therapies and Other Health Related Services
 - Monitoring National Curriculum Assessment

7. The ESG general funding is allocated to local authorities and directly to academies. The local authority currently receives £77 per maintained school pupil for services to maintained schools only.
8. In the 2015 Spending Review the Government announced a saving of £600m from the ESG general funding rate by 2019-2020. Local authorities will receive transitional ESG funding from April 2017 to August 2017. The general funding rate for local authorities will then be removed from September 2017. The Government will announce the transitional protection arrangements for April 2017 to August 2017 later this year and recognise that local authorities will need to use other sources of funding to pay for education services once the general funding rate has been removed.
9. The Government intends amending regulations to allow local authorities to retain some of their Schools Block funding to cover the statutory duties that they carry out for maintained schools which have previously been funded through the ESG. Further detail of the statutory duties to be included in this arrangement will be included in a forthcoming Government consultation on changes to the School and Early Years Finance Regulations.
10. As no detail has been received to date, the local authority is not in a position to recommend Schools Forum do anything more than note this change for 2017-18 at this stage. Clearly a decision will need to be taken on the amount of DSG to be retained centrally for these statutory duties for maintained schools before the Authority Proforma Tool (APT) can be completed in January and 2017-18 individual school budgets issued to schools. It is recommended therefore that Schools Forum agreement of any centrally retained Schools Block funding for statutory duties previously funded from ESG general funding is sought through the Schools Block Task and Finish Group by maintained schools members.
11. The current ESG retained duties element, currently £15 per maintained and academy pupil, received by the local authority for services to maintained schools and academies will be added to the Schools Block of the DSG for 2017-18. Further detail on Schools Forum involvement in approving the central retention of previously ESG funded retained duties is expected in the forthcoming consultation on changes to the School and Early Years Finance Regulations.
12. Given the January deadline for completing the APT, it is recommended that approval for central retention of previously ESG funded retained duties is also sought through the Schools Block Task & Finish Group following the publication of the Government's forthcoming consultation on the School and Early Years Finance Regulations.

Minimum Funding Guarantee Disapplication

13. The Government confirmed in July that the minimum funding guarantee (MFG) protection will continue in 2017-18 at minus 1.5%.
14. 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.

15. The local authority successfully applied to the Government to disapply the MFG in relation to Buntingsdale Primary School for 2016-17 following consultation with the school and Shropshire Schools Forum. Buntingsdale Primary School changed from being an infant school to a primary school leading to a significant increase in number on roll. The MFG, if allowed to operate normally would have led to an inappropriate level of protection.
16. The disapplication approval related to the 2016-17 financial year only. Numbers on roll have continued to increase at the school and the MFG protection received by Buntingsdale Primary School, if allowed to operate normally, would be expected to increase to £72,844 in 2017-18 from £69,658 in 2016-17. The local authority considers this to be an unintended consequence of the MFG leading to inappropriate levels of protection at the school. The local authority therefore proposes submitting an application to the DfE to disapply the MFG for the financial year 2017-18 in relation to Buntingsdale Primary School. To avoid undue turbulence to the school's budget the proposal is to calculate the level of MFG protection funding for 2017-18 on the previous year's number on roll of 72. This would limit the MFG to around £64,750.
17. Requests to disapply the MFG relate to one year only and therefore this proposal would relate to the 2017-18 financial year only. The local authority will continue to consider the need to apply for a disapplication for future years on an annual basis.
18. 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 21 October 2016 explaining the proposal and seeking their views. The consultation letter is appended to this report. The governing body considered the letter and have replied in support of the proposal.
19. Shropshire Schools Forum is recommended to approve an application to disapply the MFG for 2017-18 in relation to Buntingsdale Primary School, as detailed in para. 16 above, where its normal operation would produce inappropriate levels of protection.