



Schools Forum

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Centre

Paper

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Public

School Funding Arrangements 2018-19

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Summary

Following consultation with all Shropshire maintained schools and academies, Shropshire Schools Forum agreed to recommend to Cabinet the distribution of funding to schools for 2018-19 and 2019-20 in line with the transitional national funding formula introduced by the Government.

This report details additional specific funding arrangements from April 2018 for consideration and agreement by Schools Forum in relation to premises funding, additional targeted contingency funding for high needs pupils and reception uplift pupils.

Recommendation

Schools Forum is recommended to consider and approve the specific funding arrangements from April 2018 as detailed within this report.

REPORT

Background

1. In July 2017, the Government announced the introduction of a national funding formula (NFF) for allocating Dedicated Schools Grant (DSG) to local authorities from April 2018 with transitional arrangements for 2018-19 and 2019-20.
2. For 2018-19 and 2019-20 local authorities, in consultation with their schools and Schools Forum, have local flexibility on the basis for distributing the funding to schools through the local funding formula.
3. Shropshire schools were consulted on the basis for distributing the Schools Block of the DSG to Shropshire schools. Schools Forum considered the consultation responses at a meeting held on 15 November 2017 and agreed to recommend to the Council's Cabinet the distribution of individual school budgets for 2018-19 and 2019-20 in line with the transitional NFF announced by the Government.

4. This decision was communicated to all Shropshire schools following Schools Forum's recommendation. Cabinet will make a final decision based on this recommendation in January 2018.
5. There remain a few areas, detailed below, where Schools Forum are asked to consider and agree specific arrangements for 2018-19.

Premises Funding

6. Under the NFF funding to local authorities for premises factors in 2018-19 are based on actual spend through the local funding formula in 2017-18. This arrangement is a temporary arrangement whilst the Government develops a formula approach to premises funding. Funding through the premises factors sits outside the funding protections and gains caps included in the 2018-19 and 2019-20 transitional NFF allocations. Premises factors within Shropshire's 2017-18 local funding formula include rates, split site and exceptional circumstances for joint use and lump sum for amalgamating schools.
7. Actual individual school rates commitments for 2018-19 are not yet fully known but there is no expectation that these will vary significantly from 2017-18 levels. Schools are charged individual rates liabilities exactly in line with the rates funding allocated through the local funding formula. The total rates funding for Shropshire schools, delivered through the local funding formula in 2017-18, equated to £1,977,100.
8. The split site factor allocated funding to one Shropshire secondary school in 2017-18. Appropriate funding under this factor for 2018-19 is currently being agreed with the school. Split site funding delivered through the local funding formula in 2017-18 equated to £33,300 but reflected the lump sum protection funding also received by the school following the amalgamation of two schools in the previous financial year.
9. The exceptional circumstances joint use allocations in 2017-18 were final allocations made to individual schools in the final year of the 4 year phasing out programme. There will be no joint use allocations made to individual schools in Shropshire in 2018-19. Joint use funding delivered through the local funding formula in 2017-18 equated to £72,490.
10. The exceptional circumstances 85% lump sum for amalgamating schools allocation made in 2017-18 related to the protection allowed under school finance regulations for a secondary school in the first year following amalgamation. Whilst this school will not qualify for this protection funding again in 2018-19, a Shropshire primary school will qualify following the amalgamation of three primary schools into one in 2017-18. Lump sum protection funding delivered through the local funding formula in 2017-18 equated to £77,700. It is proposed that the 85% lump sum protection for the amalgamated primary school is based on 85% of the 2017-18 lump sum values of £59,500 of the three previous schools rather than based on the 2018-19 lump sum value of £110,000. **Schools Forum is recommended to approve the proposal to apply the 85% lump sum protection on the lower lump sum values of £59,500.** This would deliver protection funding of £92,225 to

the amalgamated school in 2018-19 based on 3 x £59,500 x 85% minus-£59,500 in line with the school's planning expectations. Approval will be required from the ESFA.

11. In total the aim is to manage the total premises factors allocations for 2018-19 within the funding delivered through the NFF premises factors based on 2017-18 spend levels of £2,160,590. However if total premises allocations for 2018-19 vary from the funding delivered for premises factors through the NFF to the local authority based on 2017-18 spend levels, it is proposed to make the corresponding adjustment to individual school age weighted pupil units of funding (AWPU) on an equal basis across primary, KS3 and KS4 AWPU.
12. **Schools Forum is recommended to approve this approach should the need arise.**

Additional Targeted High Needs Contingency Funding

13. With the introduction of schools funding reforms in 2013-14, Shropshire Schools Forum agreed an additional targeted high needs contingency budget to provide additional funding to schools where Element 2 funding within a schools notional SEN budget, based on an element of the age weighted pupil unit (AWPU) funding, and the proxy indicators of free school meals (FSM), the Income Deprivation Affecting Children Index (IDACI) and low prior attainment, do not provide enough funding to meet the requirement for the school to contribute £6,000 towards the costs of meeting the needs of each high needs pupil in the school and leave 20% remaining for pupils not deemed to be high needs but requiring additional support.
14. The additional targeted high needs contingencies are funded from the High Needs Block of the Dedicated Schools Grant (DSG).
15. In total in 2017-18, £127,000 of additional targeted high needs contingency funding was allocated to schools (maintained and academies) from the beginning of the financial year and additional termly contingency payments made over the summer and autumn terms 2017 of £23,000. It is expected total allocations to schools will be around £160,000 for the 2017-18 financial year.
16. As Schools Forum are aware, the national funding formula distributes significantly higher levels of funding against the deprivation and low prior attainment formula factors and lower levels against primary and KS3 AWPU values compared to our current local funding formula.
17. Using the NFF values for calculating the Element 2 of a school's notional SEN budget within the funding formula from April 2018 will mean very few, if any, schools trigger the targeted high needs contingency funding in 2018-19 even though for some schools the additional costs of meeting the £6,000 commitment to their high needs pupils will more than offset the overall gain received through the funding formula based on the NFF values.
18. It is therefore recommended, that for the 2018-19 financial year, the 2017-18 values for AWPU contribution, FSM, IDACI and low prior attainment are used to calculate a schools Element 2 funding for determining additional targeted high

needs contingency allocations to schools from the High Needs Block of the DSG. This will ensure consistency of funding for schools and allow time to fully review the basis for calculating Element 2 of a school's notional SEN budget under the new NFF values within the funding formula for 2019-20 onwards.

19. **Schools Forum is recommended to approve this approach for 2018-19.**

Reception Uplift Pupils

20. For information and clarity, to enable the distribution of funding to schools through the funding formula in line with the NFF formula, individual budget allocations to schools from April 2018 will be based on October census data only and will no longer include a reception uplift to pupil numbers.
21. In 2017-18, 53 reception uplift pupils were included across 37 schools.