



Committee and Date
Cabinet
16 January 2019

SHROPSHIRE SCHOOLS FUNDING FORMULA 2019-20

Responsible Officer Karen Bradshaw
e-mail: karen.bradshaw@shropshire.gov.uk Tel: 01743 252407

1. Summary

In July 2018 the Education and Skills Funding Agency (ESFA) published the 2019-20 school revenue guidance for local authorities and schools forums. Next year will be the second year of the national funding formula (NFF) for schools, high needs and central schools services, following the Government's announcement in September 2017 on school funding arrangements for 2018-19 and 2019-20.

At their meeting on 10 January 2018, Cabinet approved the recommendation from Shropshire Schools Forum to replicate the NFF, through Shropshire's local funding formula, from 2018-19.

The ESFA require the proposed formula for 2019-20 to be politically approved by mid-January 2019. This paper therefore sets out the proposals, agreed by the Shropshire Schools Forum on 22 November 2018, for Cabinet approval.

2. Recommendation

That Cabinet accept the recommendation of Shropshire Schools Forum on the funding formula for Shropshire schools for the financial year 2019-20 for maintained schools, and the academic year 2019-20 for academies.

REPORT

3. Risk Assessment and Opportunities Appraisal

The 14 September 2017 announcement by the Secretary of State for Education on the planned changes to the school funding arrangements for 2018-19, placed a requirement on local authorities to formally consult with maintained schools and academies on the schools funding formula.

Shropshire schools were consulted in the autumn term 2017 on the basis for distributing the Schools Block of the Dedicated Schools Grant (DSG) to Shropshire schools and academies. Following this consultation

Shropshire Schools Forum recommended, and Cabinet agreed, the distribution of individual school budgets for 2018-19 and 2019-20 in line with the transitional NFF announced by the Government in July 2017.

In July 2018, the Government's announcement on school funding arrangements confirmed that this local flexibility on the basis for distributing funding to schools through the local funding formula would be extended to 2020-21 i.e. a further year.

At their meeting on 22 November 2018, Shropshire Schools Forum considered specific arrangements for 2019-20, with a view to these arrangements being politically ratified by Cabinet early in the Spring term 2019, in line with ESFA requirements.

4. Financial Implications

The school funding formula is used to determine how part of the Council's DSG allocation, in particular the Schools Block, is distributed to Shropshire maintained schools and academies. The individual school 'budget shares' determined by the formula represent a significant proportion of the annual revenue funding for maintained schools for the financial year, and funding for academies for the academic year.

The funding for maintained schools is distributed through the local authority, while the ESFA uses the formula to allocate funding direct to Shropshire's academies and the county's one free school.

Shropshire DSG has remained largely unchanged since 2012-13. In 2015-16 Shropshire, along with 68 other local authorities in England, received a share of £390 million in additional DSG funding, addressing an acknowledged historic unfairness in the school funding system. Shropshire's schools benefitted from this additional funding, which provided an additional £10.4 million funding for Shropshire schools and academies.

In July 2017 the announcement on the future arrangements for school funding confirmed the introduction from April 2018 of a NFF for schools and pupils with high needs. The announcement included a commitment to additional funding of £1.3 billion nationally for schools in 2018-19 and 2019-20.

5. Background

Shropshire Schools Forum has a statutory consultative and advisory role in respect of school funding, while the responsibility for determining and approving the funding formula rests with the local authority. The ESFA require formal political approval of the schools funding formula, hence why this report has been brought to Cabinet.

The Government has acknowledged for some time that the current system for funding schools across the country is unfair, lacks transparency and is out of date. In 2016 and early 2017 the Government consulted on proposals for the implementation of a NFF.

In September 2017, the Government confirmed the funding arrangements for schools for the next two years. The headlines were:

- the NFF will not be fully implemented until 2020-21
- over the next two years the school level formula will be used to calculate how much funding each local authority will receive
- local authorities will be able to implement the new NFF or to apply their existing local formula to the notional funding allocations in 2018-19 and 2019-20, subject to consultation with their Schools Forum and schools community
- new absolute minimum levels of funding per pupil in primary and secondary schools were set:
 - primary - £3,300 in 2018-19 and £3,500 in 2019-20
 - secondary - £4,600 in 2018-19 and £4,800 in 2019-20
- every school will receive a minimum increase in funding of 0.5% per pupil in each of the next two years (noting that this will not protect schools with falling pupil numbers).

6. School Funding Arrangements for 2019-20

The latest guidance on schools revenue funding arrangements for 2019-20 was published by the ESFA in July 2018. The guidance included an update to the NFF for 2019-20, along with a number of policy changes. The Government has also published illustrative local authority level allocations for 2019-20 for the schools, high needs and central school services blocks within the DSG and illustrative NFF calculations for the Schools Block for all maintained schools and academies in each local authority area.

The Government has confirmed that the NFF will now not be fully implemented until 2021-22 and so funding will be distributed through the local funding formula for a further year.

Shropshire Schools Forum considered a paper on the *School Funding Arrangement 2019-20* at their meeting on 22 November 2018, which is appended to this report.

Shropshire Schools Forum considered and agreed a number of additional specific technical arrangements for 2019-20, designed to align the local funding formula for Shropshire schools and academies as closely as possible to the NFF. As well as applying the NFF formula values and weightings, Schools Forum agreed the following:

- Shropshire's 2019-20 local funding formula to include a Minimum Funding Guarantee (MFG) at minus 1.5% to ensure the formula allocations continue to mirror the NFF.
- The submission of a disapplication request to the Secretary of State to allow the local funding formula to mirror the alternative gains cap methodology with the NFF.
- The continued operation for 2019-20 of an additional targeted high needs contingency, funded from the High Needs Block of the DSG.
- Agreement to transfer, as in 2018-19, up to the maximum 0.5% allowable of the Schools Block funding, into the High Needs Block to offset significant cost pressures in this area

Cabinet are recommended to approve a schools funding formula for 2019-20 that delivers funding to Shropshire schools and academies through the application of the NFF formula factors and weightings.

List of Background Papers (This MUST be completed for all reports, but does not include items containing exempt or confidential information)

Schools Forum website - <https://shropshire.gov.uk/committee-services/ieListMeetings.aspx?Committeeld=632>

Cabinet Member (Portfolio Holder)

Nick Bardsley

Local Member

All Council members

Appendices

Appendix 1 – Schools Forum report – School Funding Arrangements 2019-20 – 22 November 2018