

## Appendix 1



### Schools Forum

Date: 22 November 2018

Time: 8:30 a.m.

Venue: Shrewsbury  
Training and Development  
Centre

Paper

# B

Public

## School Funding Arrangements 2019-20

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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 (NFF) introduced by the Government.

This report details additional specific funding arrangements from April 2019 for consideration and agreement by Schools Forum in relation to the minimum funding guarantee, a disapplication request required to mirror the NFF through Shropshire's local funding formula, the basis for calculating Element 2 of a school's notional SEN budget and the potential transfer of funding between funding blocks.

### Recommendation

Schools Forum is recommended to consider and approve the specific funding arrangements from April 2019 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. 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 in 2019-20 and following the Government's announcement of school funding arrangements in July, this local flexibility has been extended into 2020-21.
3. Shropshire schools were consulted on the basis for distributing the Schools Block of the DSG to Shropshire schools in the autumn term 2017. Following

that consultation, Schools Forum recommended, and the Council's Cabinet agreed, the distribution of individual school budgets for 2018-19 and 2019-20 in line with the transitional national funding formula announced by the Government.

4. Schools Forum members are asked to consider and agree specific arrangements for 2019-20 as detailed within this report. Cabinet will make a final decision on the school funding arrangements for 2019-20 in January 2019.

### **Minimum Funding Guarantee (MFG)**

5. Local authorities are required to continue to set a pre-16 MFG in the local funding formula to protect schools from excessive year on year changes to funding. The MFG in the 2019-20 local funding formula protects against 2018-19 funding levels. The local authority can set a MFG within the local formula between minus 1.5% and plus 0.5% per pupil.
6. The MFG offers a different level of protection to the funding floor protection within the NFF which for 2019-20 is based on a 1% per pupil (pupil-led factors) increase compared to a 2017-18 per pupil funding baseline.
7. Setting the MFG at plus 0.5% within the 2019-20 local funding formula would see some Shropshire schools receiving more funding than the NFF with the funding floor protection would deliver. Financial modelling demonstrates that for each individual Shropshire school the NFF funding floor protection would deliver more than the MFG set at minus 1.5%.
8. **It is therefore recommended that Shropshire's local funding formula for 2019-20 includes the MFG at minus 1.5% to ensure the local funding formula allocations continue to mirror the NFF.**

### **Disapplication of School Finance Regulations**

9. As for 2018-19, to mirror the NFF alternative gains cap, which allows smaller schools to gain more than the 3% per pupil (pupil-led factors) gain over the previous year where appropriate, local authorities are required to apply to the Secretary of State to disapply the School and Early Years Finance Regulations.
10. Based on October 2017 census data the alternative gains cap in 2019-20 would relate to 36 Shropshire schools ranging in size from 21 on roll to 105 on roll.
11. **Schools Forum is recommended to agree the submission of a disapplication request to the Secretary of State to allow the local funding formula to mirror the alternative gains cap methodology within the NFF.**

### **Additional Targeted High Needs Contingency Funding**

12. 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.

13. The additional targeted high needs contingencies are funded from the High Needs Block of the Dedicated Schools Grant (DSG).
14. 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 Shropshire's local funding formula prior to 2018-19 when the targeted high needs contingency arrangements were put in place.
15. Using the NFF values for calculating the Element 2 of a school's notional SEN budget within the funding formula from April 2018 meant very few, if any, schools would trigger the targeted high needs contingency funding 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.
16. Schools Forum agreed that for the 2018-19 financial year, the 2017-18 values for AWPU contribution, FSM, IDACI and low prior attainment were to be 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 ensured consistency of funding for schools and allowed 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.
17. A review of the basis for calculating Element 2 of a school's notional SEN budget has not yet taken place and so it is recommended that the current calculation basis continues for the 2019-20 financial year to ensure consistency of funding.
- 18. Schools Forum is recommended to approve this approach for 2019-20.**

### **Movement between Funding Blocks**

19. The schools block of the DSG will be ring-fenced again in 2019-20, but local authorities will retain limited flexibility to transfer up to 0.5% of their schools block funding into another block, with the approval of Schools Forum.
20. In 2018-19 Shropshire's schools block fully funded the transitional NFF for Shropshire schools, including the transitional funding floors and gains caps, and had just short of the maximum allowable 0.5%, £784k, available to transfer with Schools Forum approval into the High Needs block to support significant cost pressures on meeting the needs of high needs pupils and students in Shropshire.

21. Until the actual October 2018 dataset is run through the local funding formula for 2019-20 it isn't known whether there will be any schools block funding remaining in 2019-20.
22. However, if there is schools block funding remaining **it is recommended Schools Forum agree to its transfer, up to the maximum 0.5% allowable, into the High Needs block to offset significant cost pressures in this area, as in 2018-19.**