



Schools Forum

Date: 5 December 2019

Time: 8:30 a.m.

Venue: The Guildhall,
Frankwell, Shrewsbury
SY3 8HQ

Paper

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Public

School Funding Arrangements 2020-21

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Summary

Details of the Government's recent funding announcements for 2020-21 and beyond for schools, including high needs and early years, were provided to Schools Forum in October.

This report details specific local funding arrangements from April 2020 for consideration and agreement by Schools Forum in relation to: the split site factor within Shropshire's local funding formula; the potential transfer of funding between blocks; and the approach to be taken should the Schools Block allocation for 2020-21 not deliver sufficient funding to fully fund Shropshire schools through the local funding formula in line with the national funding formula (NFF).

Recommendation

Schools Forum is recommended to consider and agree the specific funding arrangements from April 2020 as detailed within this report.

REPORT

Background

1. In July 2017, the Government announced the introduction of a national funding formula (NFF) for allocating the Schools Block of the Dedicated Schools Grant (DSG) to local authorities from April 2018.
2. Local authorities, in consultation with their schools and Schools Forum, continue to have local flexibility on the basis for distributing funding to schools through the local funding formula in 2020-21. It remains the Government's intention to fund all schools nationally via the NFF in the future.
3. Following consultation with Shropshire schools and Schools Forum, Shropshire's local formula for distributing the Schools Block to individual schools and academies has mirrored the NFF since 2018-19.

4. Schools Forum members are asked to consider and agree specific arrangements for 2020-21 as detailed within this report. Shropshire Council's Cabinet will make a final decision on the school funding arrangements for 2020-21 in January 2020.

Split Site

5. The schools' NFF includes a split site factor. The purpose of this factor is to support schools that have unavoidable extra costs because the buildings are on separate sites.
6. Previously in Shropshire we have had one secondary school operating on two sites and the agreed additional funding provided to this school within Shropshire's local funding formula is a lump sum of £33,300. The NFF currently uses historic spend as the basis for funding premises factors including split site, and therefore Shropshire's split site funding for 2020-21 will be £33,300.
7. However, Ludlow Infant and Ludlow Junior schools amalgamated in September 2019 and are now operating across two sites. The amalgamated school will receive a single budget share in 2020-21. The sites are separated by a public highway and are 0.35 miles apart.
8. It is appropriate for the Ludlow Infant/Junior amalgamated school to receive split site funding in 2020-21 to support the additional costs of operating on two sites. The additional costs relate to reception/admin/caretaking staff, travel between sites and equipment costs such as photocopiers, telephones etc.
9. DfE guidance states split site lump sum values for primary and secondary schools may be different.
10. **It is recommended a lump sum split site factor value of £15,000 is provided to the Ludlow Infant/Junior amalgamated school from 2020-21.**

Transfer of Funding between Blocks

11. The Schools Block remains ringfenced in 2020-21 but local authorities retain limited flexibility to transfer up to 0.5% of their Schools Block funding into another block with approval from Schools Forum. To transfer an amount above 0.5%, approval would need to be sought from the Secretary of State.
12. In the previous two financial years, Shropshire Schools Forum approved a transfer up to 0.5% of the Schools Block to the High Needs Block to support the growing pressures on the high needs budget. Agreement was given to transfer remaining Schools Block budget (up to 0.5%) after fully funding schools in line with the NFF factors and values in each year, including transitional protections and caps. Balances of £784k (0.49%) and £397k (0.25%) were transferred to the High Needs Block in 2018-19 and 2019-20 respectively.
13. Until the October 2019 school census data is run through the NFF for 2020-21 for individual schools we will not know if there is any Schools Block balance

remaining in next financial year. October 2019 census data will be made available to the local authority in December and work will take place through January to calculate individual school budget shares for 2020-21 mirroring the NFF factor values.

14. In line with previous years, **Schools Forum is asked to agree the recommendation to transfer any remaining balance, up to 0.5% of the Schools Block, into the High Needs Block after fully funding individual schools in line with the NFF.**

Affordability of the Funding Formula

15. The Schools Block of the DSG is allocated to local authorities based on a primary unit of funding (PUF) and a secondary unit of funding (SUF). Shropshire's 2020-21 PUF is £4,242.32 and SUF is £5,104.95. These units of funding will be multiplied by the total October 2019 school census numbers on roll in Shropshire and added to Shropshire's historic spend on premises factors to give a total Shropshire Schools Block allocation for distribution to schools through the local funding formula.
16. Until the local formula is run for each individual school in Shropshire based on their October 2019 census data, it will not be known whether the overall cost will be affordable from within the 2020-21 Schools Block allocation. To ensure affordability, a reduction to the factor values will be required. Which factor values are reduced will have differing impacts on individual schools' allocations. A reduction to the age weighted pupil unit (AWPU) factor value will affect individual schools on a proportional basis, whereas a reduction to the lump sum value will have a proportionally greater impact on smaller schools for example.
17. The minimum funding level (MFL) formula factor is set at a mandatory level and cannot be reduced within the local funding formula however the minimum funding guarantee (MFG) whilst being set at +1.84% per pupil in the NFF can be changed to a percentage between +0.5% and +1.84% in the local funding formula.
18. **To ensure a proportional impact on all schools, in the event that the Schools Block allocation for 2020-21 is not sufficient to fully fund the local formula in line with the NFF, Schools Forum is asked to agree the recommendation to reduce the MFG as necessary, and within allowable limits, to ensure affordability. Following this, if also required, to reduce the AWPU factor on a consistent basis across all Shropshire schools.**
19. Clearly, should this happen, there will be no remaining balance for transfer to the High Needs Block to support the significant financial pressures in this area.