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SHROPSHIRE SCHOOLS FUNDING FORMULA 2015-16

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1. Summary

Shropshire Schools Forum has led on drawing together the funding formula for Shropshire maintained schools and academies for the financial year 2015-16. The wider school community of Shropshire were consulted on the proposed funding formula during the early autumn.

An Authority Proforma Tool has been submitted to the Education Funding Agency (EFA) to ensure that the funding formula is compliant with 2015-16 financial regulations and conditions relating to the Dedicated Schools Grant. The EFA require the formula to be politically ratified before the end of February 2015, the date by which budgets have to be issued to maintained schools. This paper sets out the proposals agreed by the Shropshire Schools Forum.

2. Recommendations

Cabinet is asked to ratify the recommendation of Shropshire Schools Forum on the funding formula for Shropshire schools for the financial year 2015-16, as required by the Dedicated Schools Grant financial regulations and conditions of grant.

REPORT

3. Risk Assessment and Opportunities Appraisal

A consultation document (attached at Appendix A) on the recommended changes to the Shropshire schools funding formula for 2015-16 was sent to all Shropshire maintained schools and academies on 22 September 2014 inviting responses to each area of the recommended changes. Individual responses were received from 25 schools (17% of all schools, including academies).

As part of the consultation process a meeting was held at the Lord Hill Hotel on 2 October 2014 where headteachers and chairs of governors/chairs of finance were invited to discuss the recommendations in more detail before the consultation response deadline of 16 October 2014. Some 150+ delegates attended the event representing 85 (57%) schools and academies.

The detailed work on the funding formula has been undertaken by the members of the Schools Forum Task & Finish Group. Membership of this group includes primary, secondary and special school headteachers and governors from both urban and rural schools. The resulting final recommended formula was approved by the full Schools Forum at their meeting on 23 October 2014 (report attached at Appendix B). The detailed findings of the Task & Finish Group were presented in a report to Schools Forum on 18 September 2014, ahead of the consultation with schools (attached at Appendix C).

A letter was sent out to the headteachers of all Shropshire maintained schools, academies and Shropshire's free school on 11 November 2014 informing them of the proposed changes to the funding formula for 2015-16, as recommended by Shropshire Schools Forum on 23 October 2014 (attached at Appendix D).

4. Financial Implications

The funding formula is used to determine how part of the Council's Dedicated Schools Grant (DSG) allocation – the Individual Schools Budget – is distributed to Shropshire schools. The individual school 'budget shares' represent a significant proportion of the annual revenue funding for schools for the financial year 2015-16.

The EFA uses this local funding formula to allocate funding direct to Shropshire's academies and free school.

Shropshire's DSG has remained largely unchanged for the three years 2012-13, 2013-14 and 2014-15. In 2015-16 Shropshire, along with 68 other local authorities in England, will receive a share of £390m in additional DSG funding, addressing an acknowledged historic unfairness in the current school funding system. Shropshire schools will benefit from this additional funding – based on the October 2013 school census this equates to an additional £10.37m.

5. Background

The Government allocates DSG funding to local authorities on an annual basis. While an element of this funding is centrally retained – in line with DSG financial regulations - the vast majority is distributed via a local funding formula. This formularised element of DSG is called the Individual Schools Budget (ISB).

Government's school funding reforms, introduced in 2013-14, have seen a significant reduction in the number of formula factors that can be used in distributing the funding to schools. This greater prescription has resulted in significant turbulence in the funding of schools, but is seen as essential in paving the way towards the introduction of a national funding formula, now expected in the next parliament. Schools Forum has gone to great lengths to minimise this turbulence in Shropshire schools through the considered application of the available formula factors.

The next financial year, 2015-16, will see a significant further development in the school funding reforms, with the Government providing an additional £390m nationally to support the 69 least funded local education authorities. Shropshire is one of the main beneficiaries, receiving an additional £297 per pupil. Based on the October 2013 school census) this equates to £10.37m in additional funding via the schools block within the DSG, an increase of 7.2%.

While the reforms have led to turbulence in funding to schools there is statutory protection in place. This is called the Minimum Funding Guarantee (MFG), which ensures that the year on year reduction in per pupil funding for any individual school cannot be greater than 1.5%. The shortfall in budget share to any individual school through the funding formula is effectively funded up to this MFG limit.

The increase in funding for Shropshire in 2015-16 will impact on the level of MFG schools attract – as the funding per pupil increases, the MFG decreases. The released MFG is then redistributed to all schools via the pupil formula factor (age weighted pupil unit (AWPU)). This redistribution of MFG results in a provisional per pupil funding increasing from £297 to £333 per pupil.

Since the introduction of the funding reforms the local formula has been drawn together by a Task & Finish Group from the membership of Shropshire Schools Forum with officer support as required, in particular in modelling formula options. In the summer 2014 the group undertook detailed work to formalise the additional funding schools will receive from April 2015.

Schools Forum has a statutory consultative and advisory role; however it is the responsibility of the local authority to decide on the formula. The partnership between the Council and Schools Forum is strong and so the formula presented to Cabinet for approval is the one proposed and agreed by Schools Forum.

The schools funding formula for the financial year 2015-16 was agreed by Schools Forum at their meeting on 23 October 2014. The report and appendix that went to Schools Forum is attached (Appendix B), together with an earlier report detailing the recommendations of the Schools Forum Task & Finish Group.

Schools Forum are therefore recommending that the majority of the additional funding in 2015-16 is distributed across all schools on a flat rate per pupil basis using the AWPU factor. The funding distributed via the sparsity factor, targeting resources towards the most sparse primary and secondary schools in Shropshire, will also be increased (based on the October 2013 school census) by an estimated £199,000. This will potentially benefit 14 primary schools and 1 secondary school. No other formula factors will be applied to the additional grant funding.

The DSG regulations require the submission of an Authority Proforma Tool (APT) to the EFA whose role is to ensure that it is compliant. The APT effectively details the local funding formula. The Council has submitted the APT and expects to receive confirmation from the EFA that the Shropshire funding formula for 2015-16 is compliant.

6. Additional Information

In the autumn term 2013 Schools Forum established a Task & Finish Group on School Sustainability to undertake a budget-led technical exercise to assess the impact on individual school budgets of the Government's funding reforms and the proposed introduction of a national funding formula. The announcement in the spring of 2014 that there would be additional funding coming to Shropshire did not distract the group from their work.

Shropshire faces a demographic challenge with the number of pupils on roll in our schools projected to fall overall, bucking national trends of pupil growth in other local authorities. However, this decline in pupil number is not evenly spread across the county and varies from one area to another, one market town to another.

The Administration has taken a keen interest in this issue, forming their own Task & Finish Group on School Sustainability, developing their knowledge and understanding of the challenges facing a number of our schools and supporting the work of the Schools Forum Task & Finish Group.

A joint communication on behalf of both groups was sent in September 2014 to all schools, local members, parish/town councils and MPs providing background to the school sustainability issue and the work that is being done to address the issue (attached at Appendix E). In particular the significant role of the governing bodies and the need for schools to work together to find local solutions were highlighted. Shropshire Councillors from all political parties, plus parish and town councillors, are being encouraged to help by working with their local schools.

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

Schools Forum website - <http://shropshire.gov.uk/schools/shropshire-schools-forum/>

Cabinet Member (Portfolio Holder)

Ann Hartley

Local Member

All Council members

Appendices

Appendix A: Consultation on School Funding Arrangements for the Financial Year 2015-16

Appendix B: Schools Forum 'School Funding Consultation Update' report and appendix 'School Funding Update', 23 October 2014

Appendix C: Schools Forum 'School Funding Reforms' report, 18 September 2014

Appendix D: Letter to headteachers of Shropshire maintained schools and academies, 'School Funding Reforms 2105-16', 11 November 2014

Appendix E: Letter and attachment on 'Schools Sustainability in Shropshire' to schools, members, parish/town councils and Shropshire MPs, 12 September 2014.