



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

Fairer Schools Funding - Arrangements for 2015-16 - Consultation

Background

1. The Government has for some time recognised that the current schools funding system is unfair and out of date. Over the past three years they have introduced a number of changes to how local authorities distribute funding to schools, and Shropshire schools have been consulted on these changes in the past.
2. The Government has announced further reforms to the schools funding system from April 2015 – increases to the schools block funding within Dedicated Schools Grant (DSG) allocations of low funded local authorities, along with some minor changes to the factors allowable within the local funding formula distributing the DSG to individual schools.
3. The Government acknowledges that the increase to local authorities DSG is only to the schools block unit of funding rather than across the entire DSG which also includes funding for high needs and early years pupils. However they aim to begin research in the autumn with a view to consulting on the way that high needs funding should be distributed, both from central government to local authorities and from local authorities to institutions and intend to achieve a fair distribution of early years funding through a national early years funding formula in the future. For 2015-16 additional funding for early years will be provided through a new early years' pupil premium.
4. In July 2014, following consultation, the Government confirmed within their 'Fairer Schools Funding' reforms the allocation of an additional £390m to local authorities schools block funding within the Dedicated Schools Grant (DSG) allocations from April 2015. **Shropshire will receive an additional £297 per pupil in schools block funding within the DSG.** Based on October 2013 census data this equates to an additional £10.37m, a 7.2% increase to the schools block. Please note however that October 2014 pupil numbers in Shropshire are expected to be lower than October 2013 pupil numbers and therefore the total additional allocation received is likely to be lower than £10.37m. Shropshire is the 4th highest gainer out of 69 gaining local authorities in England.
5. Whilst this additional funding is very positive news for Shropshire schools, for schools in receipt of a minimum funding guarantee (MFG) allocation within their budget share, any new additional funding may either all, or in part, be offset by a corresponding reduction to their MFG allocation. Schools in this situation may see no cash increase in their funding.
6. The local authority has flexibility to allocate the additional funding to Shropshire schools through the local funding formula in the way it best sees fit using the Government's allowable factors.
7. The Shropshire Schools Forum Sustainability Task & Finish Group, advised and supported by Shropshire Council's administration Task & Finish Group, considered various models over the summer for distributing the additional funding fairly to Shropshire schools.

8. As a reminder the allowable formula factors used within Shropshire's local funding formula are:
 - Age Weighted Pupil Unit (AWPU)
 - Lump Sum
 - Sparsity
 - Rates
 - Split Site
 - Free School Meals
 - Low Prior Attainment
 - Income Deprivation Affecting Children Index (IDACI)
9. Further to the detailed consideration of various funding models, the Shropshire Schools Forum agreed on 18 September 2014 to recommend to the local authority an increase to the current sparsity funding delivered to schools through the funding formula to a level that demonstrated a fair and appropriate allocation and to distribute remaining additional funding on a flat rate per pupil basis across all Shropshire schools through the AWPU.
10. However whilst Schools Forum can recommend changes to the funding formula, including redistributions, the decision will be a local authority decision, approved by Cabinet.
11. This consultation seeks individual schools views on these recommendations. Feedback from this consultation will inform the local authority's decision on the funding formula for 2015-16.

Proposal for Distributing the Additional Schools Block Funding of £297 per Pupil from April 2015

Sparsity Funding

12. Since April 2014, the Government has allowed local authorities to include a sparsity factor in their local funding formula to target funding at small rural schools. The Government determined the following maximum threshold levels for identifying a school as being sparse:
 - For primary schools, fewer than 150 pupils and an average distance greater than or equal to 2 miles.
 - For secondary schools, fewer than 600 pupils and an average distance greater than or equal to 3 miles.
 - For all-through schools, fewer than 600 pupils and an average distance greater than or equal to 2 miles.
13. The average distance is calculated based on the distance that pupils live from their second nearest school as the crow flies. Local authorities are able to make exceptional applications for schools that would have significantly higher distances if road distances had been used instead of crow flies distances.
14. The Schools Forum Task & Finish Group considered the Government's maximum sparsity threshold levels and concluded that the distance thresholds of 2 or more miles for primary schools and 3 or more miles for secondary and all-through schools did not define a school as being sparse.

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15. As in the current financial year, to ensure sparsity funding is targeted at Shropshire's sparse schools, the Task & Finish Group **recommend that Shropshire's primary school sparsity distance measure remain at 3 or more miles and that Shropshire's secondary school sparsity distance measure remain at 9 or more miles.** This delivers sparsity funding to 10 Shropshire primary schools and one Shropshire secondary school based on October 2013 census data.
16. For the current financial year, 2014-15, the local authority successfully applied to the Education Funding Agency (EFA) to include an additional 4 Shropshire primary schools where the actual road travel distances significantly exceeded their sparsity distance using the crow flies measure and would not otherwise have been eligible. It is expected that these 4 primary schools will remain eligible for sparsity funding in 2015-16.
17. The maximum permitted value of the sparsity factor is £100,000 per school. Local authorities can allocate sparsity funding either as a flat rate sum to all schools identified as sparse, or on a tapered amount related to school size (the smaller the school the larger the allocation).
18. In the current financial year sparsity funding was allocated to sparse primary schools on a tapered approach from £30,000 at zero on roll to £0 at 150 on roll and allocated to sparse secondary schools on a flat rate of £40,000.
19. Given the additional funding from April 2015, the group reviewed this area of funding. To achieve a fair and appropriate sparsity funding allocation level the group considered core school expenditure levels of small primary schools and the additional targeted sparsity funding that would be required to ensure sparse primary schools received core funding to meet at least these expenditure levels. On this basis the group **recommend increasing the sparsity funding to £50,000 on a tapered approach, from £30,000 in 2014-15, for relevant sparse primary schools.**
20. Based on analysis of current funding levels and expenditure requirements of the individual secondary school the group **recommend increasing sparsity funding to £100,000 on a flat rate approach, from £40,000 in 2014-15, for secondary schools.**
21. Based on October 2013 census data this increase to sparsity funding in secondary and primary schools costs an additional £198,800.

Q1 Do you agree with maintaining the sparsity distance thresholds, as outlined in paragraph 15, to ensure sparsity funding is targeted at Shropshire schools that are sparse?

Q2 Do you agree with the basis for determining the additional sparsity funding recommended within the local funding formula from April 2015, as outlined in paragraphs 19 and 20?

Age Weighted Pupil Unit (AWPU) Funding

22. For fairness the Task & Finish Group **recommend that the remaining additional funding be distributed on a flat rate per pupil basis across all Shropshire schools**. Any increase to the age weighted pupil unit (AWPU) funding within the funding formula to schools will have a corresponding impact on the level of minimum funding guarantee (MFG) that a school attracts. As the AWPU increases, the MFG reduces. The release of MFG allows for more funding to be allocated through the AWPU.
23. The additional DSG funding of £297 per pupil results in an AWPU increase, after the increase to sparsity funding and recycling of MFG, of £333.39 per pupil across all primary, secondary and all-through schools in Shropshire (based on October 2013 census data).

Q3 Do you agree that the majority of the additional funding should be allocated on a per pupil basis?

Q4 Do you believe other local formula factors, as listed in paragraph 8, should be used to distribute the additional funding to Shropshire schools and if so which and why?

Important Points for Schools

24. For many Shropshire schools new additional funding may either all, or in part, be offset by a corresponding reduction to their MFG protection funding initially;
25. Overall pupil numbers in Shropshire are projected to fall over the next 4 years by over 4% and therefore the aggregate DSG received by the local authority for distribution to schools through individual budget shares will also reduce annually.
26. Schools face increasing cost pressures in relation to pay awards, incremental progression of staff up the pay scale, increasing employers' pension contributions and non-pay inflation costs.
27. The final AWPU value within schools 2015-16 budget share allocations will be determined after all 2015-16 DSG pressures, including high needs places and provision costs, are taken into account.

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Next Steps

Date	Action
22 September to 16 October 2014	Consultation with all Shropshire maintained schools, academies and free schools
Thursday 2 October 2014	School Census
Thursday 2 October 2014	Consultation meeting – invitation to all Shropshire maintained schools, academies and free schools
Thursday 16 October 2014	Consultation with all Shropshire maintained schools, academies and free schools closes
w/b 27 October 2014	Local authority decision on the schools' funding formula for 2015-16 (formal Cabinet approval will follow)
31 October 2014	Local authority submits provisional Schools Budget pro-forma to the Education Funding Agency (EFA)
26 November 2014	Schools census database closed
December 2014	EFA confirms DSG allocations for 2015-16
January 2015	LA submits final data for Schools Budget pro-forma
February 2015	LA confirms budget for maintained schools. EFA confirms academies and free schools budgets.

Consultation on School Funding Arrangements for the Financial Year 2015-16 Response Form

School Name:

If you are willing to be contacted to provide further information (if required) in relation to your response please provide your contact details below.

Name:

Contact Number:

Q1 Do you agree with maintaining the sparsity criteria, in terms of distance and pupil number thresholds, as outlined in paragraph 15, to ensure sparsity funding is targeted at Shropshire schools that are sparse?

Q2 Do you agree with the basis for determining the additional sparsity funding recommended within the local funding formula from April 2015, as outlined in paragraph 19?

Q3 Do you agree that the majority of the additional funding should be allocated on a per pupil basis?

Q4 Do you believe other local formula factors, as listed in paragraph 8, should be used to distribute the additional funding to Shropshire schools and if so which and why?

Any Other Comments

Please return responses to:

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Response deadline: Thursday 16 October 2014