

## Agenda Item 7

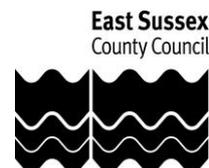
Report to: Schools Forum

Date: 6th July 2018

Title of Report: Funding Formula Working Group (FFWG) Update

By: Ed Beale, School Funding Manager

Purpose of Report: To provide an update on the progress to date of the Funding Formula Working Group



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**Recommendation: Schools Forum are asked to note the progress made to date of the FFWG in relation to the 2019/20 ESCC Funding Formula.**

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### Working Group Members

School Forum Representatives: John Greenwood, Jane Johnson, Hugh Hennebry, Phil Matthews, Monica Whitehead

LA Officers: Sarah Rice, Ed Beale, Kirsten Coe

## 1 Background

- 1.1 Apart from the 2017/18 formula, which was unchanged due to the National Funding Formula (NFF) consultation process, East Sussex has worked each year with schools and Schools Forum to agree a local formula that has apportioned the funding as appropriately and effectively as possible for the schools and academies in East Sussex.
- 1.2 In July 2017, the DfE confirmed that Local Authorities will determine the final funding allocations for schools / academies for 2018/19 and 2019/20. In order to review the funding factors for 2019/20, the Funding Formula Working Group (FFWG) has reconvened to review accordingly.
- 1.3 The FFWG is comprised of School representatives (Primary and Secondary Phase) and Local Authority officers, as indicated above.

## 2 Progress to Date

- 2.1 The first meeting took place on 18<sup>th</sup> May at which the aims and objectives of the group were confirmed and the principles that were being worked to clarified. The principles are that there is continuation of working towards the National Funding Formula (NFF) rates in all of the funding factors. This is to be done in a way that avoids any undue turbulence to schools and academies. To aid this, a summary of the current funding rates and the proposed rates under the NFF were looked at. (Appendix A)
- 2.2 In previous years, Local Authorities have received analysis of the funding rates that other LA's have implemented. However, for 2018/19 this information is still to be received. Whilst this information is useful for comparison and provides context, it has not affected the decision of continuing to work towards the NFF rates.

- 2.3 The areas that are being reviewed include the lump sum, the Sparsity factor and the deprivation factor. The rationale for looking at the Sparsity factor is to identify if it enables greater financial support to some of the smaller schools in locations where sparsity is a factor.
- 2.4 As agreed at last year's FFWG, the deprivation factor is being looked at with a view to introducing all three deprivation factors (FSM, FSMEver 6 and IDACI) for 2019/20. Currently, the ESCC funding formula uses the FSM eligibility factor only. However, under the NFF, all three deprivation factors will be used.
- 2.5 Assumptions made at the initial meeting were that further funding would be provided by the DfE in 2019/20 and the Minimum Funding Guarantee (MFG) and Capping rules that the DfE set in 2018/19 will continue into 2019/20 - i.e. maximum protection against per pupil funding loss and have flexibility around the % gains in per pupil funding.
- 2.6 Minutes of the first meeting are shown in Appendix B within which include a list of the 16 scenarios that were requested for modelling by the working group.
- 2.7 The second FFWG meeting took place on 8<sup>th</sup> June. All of the proposals were looked at in turn and the impact that they would have on the schools / academies considered. It was agreed that, assuming there is no change to the MFG regulations, the aim will be to continue with the 100% MFG which will ensure undue turbulence is minimised.
- 2.8 Minutes of the second meeting of the FFWG can be found in Appendix C.

### **3 Moving Forward**

- 3.1 Initial proposals are looking at having a further stepped change reduction in the lump sum for the Primary Phase of £6,000 which would mean the value would be £116,000. Whilst for the Secondary phase, the proposal is to see the lump sum reduce to the NFF rate of £110,000 from the existing £117,000. Alongside this, as mentioned above, the Sparsity value is also being looked at with a view to potentially moving directly to the NFF rate.
- 3.2 With regards to the deprivation factors, the intention is to ensure that the FSM Ever6 and the IDACI rates are at least 50% of what they will be under the NFF. Affordability will determine as to whether the rates can be closer realigned to the NFF.
- 3.3 Prior to the second meeting on 8<sup>th</sup> June, the DfE arranged a meeting that took place on 22<sup>nd</sup> June with Finance Officers from Local Authorities in order to provide an update on their 2019/20 funding arrangements.
- 3.4 At the meeting, it was indicated that information will be issued by the DfE to Local Authorities by the end of July in relation to the 2019/20 Funding Formula arrangements and funding. The DfE also indicated that the MFG and Capping arrangements that were in place for 2018/19 will continue for 2019/20, which means that MFG could remain at 100% for 2019/20.
- 3.5 Indications from the meeting were also that the DfE intend to provide Local Authorities with their 2019/20 units of funding values for primary and secondary pupils in July. This should therefore provide a clearer indication of the amount of funds that the Local Authority will have available for distribution which, in turn, will help with the decision making of proposals by the FFWG.

- 3.6 Consequently, the FFWG will be having a meeting on 6<sup>th</sup> July to discuss the outcomes of the LA meeting with the DfE, and this will provide the opportunity to review or amend existing proposed scenarios within the context of information gained from the meeting. For example, if the increased funding that has been previously indicated for 2019/20 is confirmed as the best basis for modelling, the potential to increase funding rates closer to the NFF rates will become more feasible (notably the deprivation rates).
- 3.7 Therefore, with the above in mind, the FFWG will reconvene in September 2018 to review any new exemplifications and finalise proposals for 2019/20.
- 3.8 Final proposals will then be presented at the September Schools Forum for discussion prior to going to consultation with schools and academies.
- 3.9 The results of the consultation will then be brought to the November Schools forum meeting.