

Agenda Item 6

Report to: Schools Forum

Date: 28th September 2018

Title of Report: East Sussex Funding Formula Working Group Update

By: Ed Beale, School Funding Manager

Purpose of Report: To update and make recommendations to Schools Forum on proposals for the East Sussex Schools Funding Formula for 2019/20



Recommendation: Schools Forum is asked to consider the working group proposals that will be presented for consultation with all schools and academies with regard to the local funding formula for 2019/20

Working Group Membership

Schools Forum Representatives: James Freeston, John Greenwood, Jane Johnson, Hugh Hennebry, Phil Matthews and Monica Whitehead.

LA Officers: Sarah Rice, Ed Beale and 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 apportions 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. (It has now also been confirmed that LAs will also determine the funding formula locally for 2020/21). In order to review the funding factors for 2019/20, the Funding Formula Working Group (FFWG) has reconvened.

1.3 The FFWG is comprised of School representatives (Primary and Secondary Phase) and Local Authority officers, as indicated above.

2. Progress

2.1 At the first meeting (18th May), the aims and objectives of the group were confirmed and the principles that were being worked to clarified. The principles being that there is a continuation of working towards the National Funding Formula (NFF) rates, whilst at the same time avoiding any undue turbulence to schools and academies.

2.2 The areas that were initially being reviewed were the lump sum, the Sparsity factor and the deprivation factor. The rationale for looking at the Sparsity factor was to identify if it enabled greater financial support to some of the smaller schools in locations where sparsity is a factor.

2.3 As agreed at last year's FFWG, the deprivation factor was looked at with a view to introducing all three deprivation factors (FSM, FSM Ever 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.

2.4 A second meeting took place in June where the exemplifications for the requested proposals were looked at in turn and the impact that they would have on the schools / academies considered.

2.5 Prior to the second meeting on 8th June, the DfE arranged a meeting that took place on 22nd June with Finance Officers from Local Authorities in order to provide an update on their 2019/20 funding arrangements.

2.6 At the June meeting, it was agreed, after confirmation from the DfE that additional information would be made available in July, that the FFWG would reconvene prior to the end of the summer term to discuss plans moving forward and into the autumn term.

2.7 Consequently, the FFWG met on 6th July where the proposals were reviewed and a preferred option identified. This proposed a further reduction in the lump sum; the introduction of the NFF rates for all three deprivation factors and amending the Sparsity factor to align with the NFF calculation. This proposal provided a maximum protection of 100% MFG.

2.8. It was agreed that for the September meeting, the MFG proposal would be reviewed further with a view to having MFG at 100.5%, meaning schools would all receive a small gain in the amount per pupil compared to 2018/19. To achieve this, the Capping rate would be set at 1.5% meaning schools can gain up to 1.5% per pupil. (Where gains exceed this, the funds are 'capped' and used to offset MFG). This excludes any additional funding from the Local Authority (see paragraph 3.5 below) **(See Appendix A for minutes of July meeting)**.

2.9 On 24th July, the DfE issued illustrative Local Authority and School Level allocations for 2019/20. The working group reconvened on Friday 14th September.

2.10 Using the additional DfE information, the earlier proposal was reviewed and consideration given to additional options, these included using a Funding Floor protection and a minimum amount per pupil. The Funding Floor protection works in a similar way to MFG but looks back to 2017/18 and not at up to date year on year changes.

2.11 Final proposals were identified which reflect the aims and objectives of the FFWG. The ESCC Funding Formula is aligned in all of the funding factors that the NFF will use except the Funding Floor protection, NFF minimum amount per pupil and the lump sum rate for the Primary Phase. Minutes of the final meeting are attached **(Appendix B)**.

3 Background to the Proposal

3.1 **Lump Sum:** Reviewed for both phases. For the Primary Phase it is more manageable to have a 'small' step towards the NFF rate than move straight to the NFF rate of £110,000. A larger step towards the NFF rate would have seen a significant number of schools with a reduction in their 2019/20 budget. With the Funding Formula now being determined at Local Authority for an additional year (2020/21), the smaller steps combine with this to provide the opportunity to take a longer term view on further reducing the lump sum. For the Secondary Phase it is felt that the reduction of £7,000 to the NFF rate of £110,000 was achievable in 2019/20 without a significant impact.

3.2 **Sparsity:** To help support 'small' schools, the Sparsity factor will be aligned to the NFF rates.

3.3 **MFG:** To ensure that all schools / academies will receive an increase in the amount per pupil that they receive for 2019/20 compared to 2018/19, there will be a **positive** MFG of 0.5%.

3.4 **Minimum amount per pupil:** Under the full implementation of the NFF, schools will receive a minimum amount per pupil: £3,500 Primary Phase and £4,800 Secondary Phase. This is calculated by adding budget allocations that a school is receiving for all of the pupil led factors and all of the school led factors (Lump Sum and Sparsity) and dividing by the NOR. The option being put forward to Schools Forum will see a minimum amount per pupil of £3,410 Primary Phase and £4,675 Secondary Phase.

3.5 Funding from the Local Authority: The FFWG looked at the impact of the Funding Formula using the funds being received from the DfE within the Schools Block DSG. However, as per the Nov '17 Schools Forum paper, the Local Authority is proposing to transfer £2.8m (£1.7m agreed for 18/19 and £1.1m proposed for 19/20) into the Schools Block from the Central School Services Block (CSSB). Using Oct '17 NOR, this would equate to an additional £44 per pupil.

3.6 Adding the proposed additional funding from the Local Authority of £44 per pupil to the proposed minimum per pupil rates would equate to £3,454 (Primary Phase) and £4,719 (Secondary Phase).

3.7 **Appendix C** shows the potential 19/20 budget share with and without the funding from the Local Authority.

4. Proposal

4.1 Schools Forum is asked to consider the following proposals prior to them being taken forward for consultation with all schools and academies.

4.2 The consultation will be issued to the relevant phase i.e. the Primary proposal will be sent to Primary phase and the Secondary proposal will be sent to Secondary phase. All through schools will be sent, and be able to respond to, BOTH proposals.

4.3 The outcome of the consultation with all schools and academies will be shared with Forum and, ultimately, Lead Member.

4.4 Summary of proposals:

1) Primary Phase Proposal:

MFG at 100.5% and Capping at 1.5%

Decrease the lump sum by £2,000 to £120,000

Reduce the FSM rate to the NFF rate

Introduce FSM6 and IDACI factors at the proposed NFF rates.

Introduce a minimum per pupil amount

Amend the Sparsity calculation to align to the NFF

or

Retain Funding rates and factors as at 2018/19

2) Secondary Phase Proposal:

MFG at 100.5% and Capping at 1.5%

Decrease the lump sum by £7,000 to the NFF level of £110,000

Reduce the FSM rate to the NFF rate

Introduce FSM6 and IDACI factors to the NFF rates

Introduce a minimum per pupil amount

Amend the Sparsity calculation to align to the NFF

or

Retain funding rates and factors as at 2018/19

*Please note that for the MFG and Capping rates, the same rate has to be applied to both phases.

4.5 The consultation will take place between 8th October and 9th November. The result of the consultation will be brought back to Forum on 23rd November where Forum will make a final recommendation to Lead Member who will need to decide whether to retain the existing rates (2018/19) or to adopt the rates in the FFWG proposal.