

## Agenda Item 6

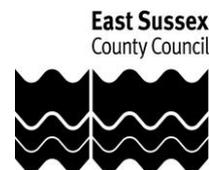
Report to: Schools' Forum

Date: 12 July 2019

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

By: Ed Beale, School Funding Manager

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



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**Recommendation:** Schools Forum are asked to note the information in relation to the 2020/21 ESCC Funding Formula.

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### Working Group Members

School Forum Representatives: James Freeston, Jane Johnson, Hugh Hennebry, Phil Matthews, Monica Whitehead

LA Officers: Sarah Rice, Ed Beale, Kirsten Coe

## 1 Background

- 1.1 The Funding Formula for 2020/21 will be determined “locally” by Local Authorities, as has been the case for 2019/20 and previous years. Because of this, the Funding Formula Working Group (FFWG) were able to meet during June in order to review the East Sussex Funding Formula for 2020/21.
- 1.2 The FFWG is comprised of School representatives (Primary and Secondary Phase) and Local Authority officers, as indicated above.
- 1.3 To determine the starting point i.e. funds available, the assumption has had to be made that the “pot” will be the same as 2019/20 (excluding the one off funding of £4m that was transferred into the Schools block from the CSSB).
- 1.4 The vast majority of funding factors are already at the levels they will be under a National Funding Formula (NFF). Therefore, the factors that were to be reviewed were the following:
  - The lump sum (Primary Phase) – The lump sum is currently at £120,000, which is £10,000 higher than what it would be under the NFF. (The lump sum for the Secondary phase is already at the rate it will be under the NFF).
  - Minimum Per Pupil - This factor was introduced in 2019/20 to begin to reflect this rate under the NFF. Excluding the £4m one off funding that was received in 2019/20, the minimum per pupil rate for schools in the Primary phase was £3,410 and for the Secondary Phase £4,675.

The minimum per pupil factor is calculated by adding the pupil led factors and the school led factors (lump sum and sparsity) together and dividing by the NOR.

- Minimum Funding Guarantee offers some protection against funding reductions and ensures that (excluding any fluctuations related to pupil numbers) a schools budget will be at least a defined percentage of the budget per pupil received in the previous year.

The rate under the NFF will be 98.5% (i.e. a maximum drop in the amount per pupil of 1.5%). This has been the rate traditionally used in East Sussex however for the last two years due to receiving additional funds, schools have been protected at a higher level.

## 2 Progress

2.1 To date, the FFWG have had 3 meetings. The first meeting (17 May) was used to confirm that the principles of working towards the NFF funding rates would continue when reviewing the formula for 2020/21.

2.2 The factors being reviewed have been stated above (paragraph 1.4). The minutes of this initial meeting can be found on **Appendix A**. The below shows the various formula combinations that have been looked at. A summary of these scenarios can also be seen on **Appendix B**.

- **Lump Sum (Primary Phase)**

- The lump sum to remain unchanged at £120,000

- The lump sum to reduce by £10,000 to the NFF rate of £110,000

- The lump sum to be reduce by £5,000 as a stepped reduction to £115,000

- **Minimum Per Pupil**

- To maintain the rates at the 2019/20 level (which included the £4m one off funding)

- To maintain the rates as at 2019/20 (excluding the £4m one off funding)

- To increase the rates from the 2019/20 levels (excluding the £4m one off funding)

- **MFG**

- MFG rate to be 100.5%

- MFG rate to be 100%

- MFG rate to be 98.5%

2.3 At the second meeting (21 June), the overview of all scenarios that had been put forward were reviewed. The main “issue” with a lot of the proposed scenarios was affordability and this meant that a number of these proposed scenarios were unable to progress any further. Some time was spent at the meeting adjusting various elements to find affordable scenarios within the principles and priorities of the group. The group also discussed priority areas for allocating any additional funding that may be available once the final settlement is known. Minutes of the second meeting can be found on **Appendix C**.

2.4 The final meeting to date took place on 28 June. This gave the opportunity to review the two proposed scenarios on a school by school basis. This meant looking at the implications for individual schools and understanding why the scenarios have provided such outcomes.

2.5 Information provided to the group showed a) How much a school could receive and the change from 2019/20 in monetary terms and b) What the changes could be as a percentage. Minutes of this meeting can be found on **Appendix D** whilst **Appendix E** shows the proposals being put forward on a school by school basis.

### **3 Moving Forward**

- 3.1 Two potential scenarios are currently being put forward. One is to leave the rates as they were for 2019/20 (excluding the additional £4m one off funding). The other would see a reduction to the lump sum (Primary Phase) of £5,000, and the minimum amount per pupil in the Primary and Secondary phases increase.
- 3.2 Due to affordability and the additional funding that was provided by the DfE, for the past two years, the MFG rate has been positive, i.e. 100.5%. Historically, the MFG rate had been 98.5%. The proposal is to see the MFG rate at 98.7% which is slightly higher than the NFF and has been selected at this rate due to affordability and formula constraints.
- 3.3 If any additional funding is received, then the priorities are as follows:
- To increase the minimum per pupil funding rates to nearer the NFF rates
  - Increase the MFG rate to 100%
  - Increase capping
  - Revise primary lump sum
- 3.4 If any additional information is provided by the DfE during the summer period, the FFWG will meet 10 Sept for a final review. The final paper will be brought to Schools Forum in September, with a view to issuing the consultation early October as we did last year.