

Report to: Schools Forum

Date: 20th Sept 2019

Title of Report: Funding Formula Working Group (FFWG) 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 2020/21

Recommendation: Schools Forum are 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 2020/21.

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 in 2019/20 and previous years. Therefore, the Funding Formula Working Group (FFWG) met during May and June and more recently September in order to review the East Sussex Funding Formula for 2020/21.
- 1.2 The FFWG is comprised of School and Academy representatives (Primary and Secondary Phase) and Local Authority officers, as indicated above.
- 1.3 The starting point i.e. funds available, has been based on the assumption that the “pot” will be the same as 2019/20, but excluding the additional one-off funding of £4m that was transferred from the Central School Services Block (CSSB) into the Schools Block.
- 1.4 The vast majority of funding factors in East Sussex are already at the levels they will be under a National Funding Formula (NFF). Therefore, the factors that have been reviewed were the following:
 - The lump sum (Primary Phase) – The lump sum, for 19/20, is £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 school's 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 At the FFWG meeting in May it was confirmed that the principles of working towards the NFF funding rates would continue when reviewing the formula for 2020/21.
- 2.2 At the June meetings, an overview of all scenarios that had been put forward were reviewed. The main "issue" in a number of the scenarios was affordability meaning it was not realistic to progress them any further. Time was also spent adjusting various elements to find affordable scenarios within the principles and priorities of the group.
- 2.3 The two proposed scenarios were subsequently reviewed on a school by school basis to enable the group to look at the implications for individual schools and understand why the scenarios have provided such outcomes. The group also discussed priority areas for allocating any additional funding that may be available once the final 2020/21 settlement is known.
- 2.4 At the time of the meetings, the information provided to the group included the proposed 2020/21 transfer of funding from the CSSB (as per Nov '18 Schools Forum) into the Schools Block due to savings that had been identified and showed how much a school could receive and the change from 2019/20 in monetary terms and as a percentage.
- 2.5 However, as outlined at the 12th July Schools Forum, an issue has arisen that will effect holiday pay calculations for Term Time Only staff in all schools and academies.
- 2.6 The impact of this has been investigated and a collective solution appears to be the most effective approach to manage the financial pressure created. The Funding Formula Working Group considered this proposal in detail in order to bring recommendations to Schools Forum .
- 2.7 The full details of the issue and discussions can be seen in the minutes of the FFWG meeting in Appendix 1
- 2.8 The working group recognised the merits to having a collective approach to the TTO liability as all schools and academies are affected and there will be work involved in managing the process individually whereas could be undertaken by the LA on behalf of all schools and academies. The proposal is to use the funding already identified as savings from the CSSB and this is discussed in full in the CSSB paper tabled at this meeting.
- 2.9 In the light of the revised analysis, the working group members confirmed that the principles already agreed, i.e working towards implementing the NFF, would remain the priorities to be applied to the 2020/21 formula.

3 Moving Forward

- 3.1 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 for the 2020/21 funding formula would set the MFG rate at 98.8% which is slightly higher than the NFF (of 98.5%). This is affordable, but cannot be as high as for 2018/19 and 2019/20 due to overall affordability and formula constraints.

3.2 The government has indicated that there will be an increase to school's budgets but there is only limited detail available. The FFWG proposed that the extra funding into the Schools Block will be allocated in the following priority order according to the funds available:

- Unit rates already at the NFF levels will continue to be matched to those levels for 2020/21.
- Increase the minimum per pupil funding rates to the NFF rates
- Increase the MFG rate to 100%
- Increase capping
- Revise primary lump sum

4 The Proposal

4.1 The FFWG are asking Schools forum to agree to consult on the following proposal:

To reduce the lump sum (Primary Phase) by £5,000, increasing the minimum amount per pupil in the Primary and Secondary phases.

4.2 Appendix 2 shows the illustrative budget shares for the Primary and Secondary phase respectively.

4.3 The consultation will take place over a minimum of two weeks during October and November, the exact timing is dependent on further information from the DfE. The result of the consultation will be brought back to Forum on 22nd November where Forum will make a final recommendation to Lead Member who will need to decide whether to adopt the rates in the FFWG proposal.