

Report to: Lead Member for Education and Inclusion, Special Educational Needs and Disability.

Date of meeting: 22 January 2020

By: Director of Children's Services

Title: Update on the ESCC School Funding Formula for 2020/21

Purpose: To provide an update on the ESCC Funding Formula consultation that took place with schools and academies and the recommendation to Lead Member to approve the proposals for 2020/21.

RECOMMENDATION:

The Lead member is recommended to approve the proposals in relation to the ESCC School Funding Formula for 2020/21

1) Primary Phase Proposal:

Minimum Funding Guarantee (MFG) at 101.84% and decrease the lump sum by £5,000 to £115,000.

2) Secondary Phase Proposal:

Minimum Funding Guarantee (MFG) at 101.84%.

1. Background

1.1 Since May 2019, the Funding Formula Working Group (FFWG), a sub group of the East Sussex Schools Forum, have been reviewing the ESCC School Funding Formula in preparation for 2020/21. Following the principles that had been set out of working towards the National Funding Formula (NFF) rates, a number of proposals were reviewed to:

- offer maximum support and benefit to the pupils in East Sussex Schools / Academies.
- avoid any undue turbulence to schools and academies.

1.2 In September 2019, proposals were brought to Schools Forum for discussion. A summary of this proposal is shown below:

- Reduce the Primary lump sum by £5,000 from the current rate of £120,000 to a revised rate of £115,000;
- Increase the Minimum Per Pupil level in both phases;
- Set the MFG rate at 98.8%.

1.3 It had been planned to consult schools and academies on this proposal, but in October 2019, prior to issuing the consultation, additional guidance was issued by the Department for Education DfE for 2020/21 which included:

- Stating that the Minimum Per Pupil rates must be £3,750 and £5,000 for the Primary and Secondary phase respectively;
- The MFG rate must be between 0.5% and 1.84%;
- There would be a 4% uplift in the unit rates for the pupil-based factors (excluding

- the FSM factor which is a 1.84% increase); and
- There would be a 4% uplift for the lump sum, increasing the NFF amount to £114,400 for both phases.

1.4 With this additional guidance provided by the DfE, further discussions took place with the FFWG and revised proposals were subsequently issued to schools and academies for consultation. These revised proposals are shown below:

Primary Phase Proposal:

Lump Sum value to remain at £120,000 and set the Minimum Funding Guarantee (MFG) rate at 100.5% (Option 1)

Or

Reduce the lump sum value by £5,000 to £115,000 and set the MFG rate at 101.84% (Option 2)

Secondary Phase Proposal:

Set the MFG rate at 100.5% (Option 1)

Or

Set the MFG rate at 101.84% (Option 2)

1.5 The consultation documents were sent to all schools and academies (176), with the consultation beginning on 18th October 2019 and running until 8th November 2019

1.6 Out of the 176 schools that were sent the consultation documents, 69 (39%) replied. This compared to a 38% response rate for last year's consultation.

1.7 A summary of the results that were received from schools is shown below (by phase) and shows an overall consensus across both phases for Option 2.

Primary Phase:

Number of establishments that said 'Option 1'	6
Number of establishments that said 'Option 2'	54

Secondary Phase:

Number of establishments that said 'Option 1'	0
Number of establishments that said 'Option 2'	9

1.8 The outcome of the consultation was brought to the November 2019 Schools Forum.

2 Other Considerations

2.1 **Implementing option 1** would mean that the lump sum, which smaller schools tend to rely on more than larger schools, would be higher than the NFF rate. All schools/ academies would also still receive an increase in the amount per pupil for 2020/21 (Minimum 0.5% per pupil).

2.2 However, this option would mean that some schools/ academies, due to receive greater gains under the NFF, would not necessarily receive them in 2020/21. This is because more funds would be diverted to the lump sum "pot" that would otherwise be used to support increases in budgets elsewhere.

2.3 **Implementing option 2** would mean that the Local Authority continues to more closely follow the FFWG principles that have been in place for a number of years, of working towards the NFF.

2.4 The lump sum value would be lower than option 1, but there would be a higher Minimum Funding Guarantee % rate (Minimum increase of 1.84% per pupil from 2019/20 baseline levels).

2.5 Whilst both options ensure all schools/ academies would receive an increase in the budget share (assuming no change to pupil numbers), option 2 would see 92% of schools/ academies receiving an increase in their budget of at least 3% from their 2019/20 baseline budget, compared to 68% of schools in option 1.

2.6 The below table is a summary showing the difference in the number of schools/ academies receiving the different % increases for each option.

% Change from 2019/20 baseline	Number of schools / academies gaining	
	Option 1	Option 2
1.0% to 2.0% increase	6	0
2.1% to 3.0% increase	50	14
3.1% to 4.0% increase	42	89
4.1% to 5.0% increase	20	17
5.1% to 6.0% increase	13	17
6.1% to 7.0% increase	19	16
7.1% to 8.0% increase	16	13
8.1%+ increase	10	10
Total	176	176

3. Conclusion and reasons for recommendations

3.1 Given the outcomes of the consultation, the Lead Member is recommended approve the proposals that have been put forward in relation to the ESCC schools funding formula for 2020/21: Option 2 for both Primary and Secondary phases.

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