

PART 1 - PUBLIC

Decision Maker: **Schools Forum**

Date: **9 February 2012**

TITLE: **PROPOSED MINIMUM FUNDING GUARANTEE CHANGES FOR 2012/13**

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Chief Officer: Gillian Pearson, Director of Children and Young People Services

Ward: Boroughwide

1. Reason for report

- 1.1 This report provides information on the proposed changes to the Minimum Funding Guarantee for individual schools in 2012/13.
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2. **RECOMMENDATION(S)**

- 2.1 **The Schools Forum is asked to minute their support of the proposed changes as required by DfE as part of the application for approval from the Secretary of State.**

3. **COMMENTARY**

- 3.1 The 2011/12 school funding announcement on 13 December 2010 included arrangements for variations to the Minimum Funding Guarantee (MFG). Schools' Forums no longer have the general power to approve variations to the MFG affecting schools covering no more than 50% of pupils in the Authority. However, variations can still be applied without reference to the Secretary of State where:

- a variation to the coverage of the MFG (i.e. the list of exceptions in the regulations which are outside its scope) has previously been approved by the Schools' Forum or Secretary of State and did not have a specified time limit;
- the proposed variation applies to the implementation of the early years single funding formula in isolation;
- the proposed variation would result in a higher level of MFG than -1.5% (for example – 1% per pupil);
- the proposed variation relates only to the Diploma formula grant.

3.2 All other proposals need to be approved by the Secretary of State. Proposals will be reviewed on a weekly basis, and should include the rationale for the proposal, evidence of support from the Schools' Forum and full details of the financial effect on individual schools if the MFG was disappplied and, in particular, evidence that this is not counteracting the additionality of the pupil premium. Full details of the DfE guidelines are attached at **Appendix 1**.

3.3 For 2012/13 it is proposed that this should be extended further. To allow LAs to agree disapplications locally, subject to School Forum approval, where the Secretary of State had agreed these unconditionally in 2011-12 and where they relate to factors where disapplications were consistently approved in 2011-2. These include Advanced Skills Teachers, SEN Units and site/school specific factors where the school's circumstances had changed. Also to introduce an additional safeguard so that the continuation of exemptions agreed in previous years could only happen where the method of calculating the formula factor had not changed. This would protect schools more effectively against the effect of formula changes.

3.4 Having looked at the early budget projections for 2012/13 there are a number of schools where the MFG is considerably higher than the formula calculation where the LA would seek permission from the Secretary of State to adjust the MFG. Full details of the financial implications is attached at **Appendix 2**. The reasons for the proposed changes are outlined below:

- Additional MFG - Bishop Justus School (Academy)

Up to 2010/11 the school was still considered to be an opening school and was in receipt of additional funding generated by the MFG. It was agreed with the Schools Forum that this funding should be phased out once the school was fully open so that the school would be funded on the basis of the formula funding only to bring it in line with other schools. Funding was being phased out in 2009/10 and 2010/11 with the final amount of £200k to be removed in 2011/12, in full agreement of the school. In 2011/12 Schools Forum was no longer allowed to agree this adjustment so application was made to the Secretary of State. This was refused on the grounds that this would have a serious impact on the school concerned.

The LA is requesting that this being given serious consideration again this year on the basis that the school should be funded in line with other schools, and that this would release a large amount of funding which could then be used to benefit all schools.

- Foundation/VA Factor

To reflect real reduction in formula funding for Foundation/ Voluntary Aided Schools element for which these schools are no longer eligible since becoming academies.

NB: This falls within the examples of not needing approval from Secretary of State but is included for Schools' Forum information only.

- Insurance

To reflect the removal of insurance funding from the funding formula as this is now claimed directly from the YPLA.

NB: This falls within the examples of not needing approval from Secretary of State but is included for Schools' Forum information only.

- **Small Schools**
These are all small schools where increases in pupil numbers over the last few years have resulted in the MFG increasing at a disproportionate rate to the funding formula each year, with these increases being compounded year upon year. This has also resulted in most of these schools building up significant balances. However, as the LA recognises that the full amount could be too much for a school to lose in any one year, we are proposing to make a 50% adjustment in 2012/13 and again in the following year, if this fits in with the government's new proposals.
- **Bulge Class Funding**
In 2011/12 a number of schools were asked to open additional bulge classes to accommodate additional reception pupils which generated additional funding. Where this was a one off, i.e. not replicated in 2012/13, this funding does not appear in the formula and therefore needs to be removed from the MFG.

NB: This falls within the examples of not needing approval from Secretary of State but is included for Schools' Forum information only.

- 3.5 Any funding that is agreed by the Secretary of State to be removed from individual schools will be recycled across all schools through the funding formula. All calculations are based on indicative figures which could be subject to change when the figures are finalised and therefore it is proposed that the agreement should be given in principle.
- 3.6 The Schools Forum is asked to minute their support of these proposals as required as part of DfE procedures. If the proposed changes are agreed by the Secretary of State, all changes will also be agreed by the CYP Portfolio Holder.

Non-Applicable Sections:	Policy, Financial, Legal and Personnel Implications
Background Documents: (Access via Contact Officer)	

MFG Disapplications

Variations to the MFG can be agreed locally without reference to the Secretary of State where:

- A variation to the **coverage** of the MFG (the list of exceptions in the regulations which are outside its scope) has previously been approved by the schools forum or Secretary of State and did not have a specified time limit. If it applied only to 2011-2012, for example, then a new application would need to be made. Variations to the **level** of the MFG which were for more than one year would not remain in place but would require a new application to the Secretary of State;
- the Secretary of State had agreed a variation unconditionally in 2011-2012;
- The proposed variation applies to the implementation of the early years single funding formula in isolation. It would therefore have to apply only to schools with early years provision;
- The proposed variation would result in a higher level of MFG than minus1.5% (for example, minus1% per pupil);
- The proposed variation relates to a factor for advanced skills teachers (ASTs);
- The proposed variation relates to place-led funding for special units;
- The proposed variation relates to exceptional site or school specific factors (for example a split site or new school) where the school's circumstances which attracted the factor have changed;
- The proposed variation relates only to the Diploma formula grant, which was paid to schools based on actual numbers taking Diplomas.

Please note that, in the case of previous approvals by the schools forum or Secretary of State, these can only be rolled forward where the method of calculating that formula factor has not changed.

All other proposals will need to be approved by the Secretary of State. The process for this is that these will be reviewed on a weekly basis. Applications will need to be submitted by **noon on Wednesday each week, from 4 January 2012**, to Keith Howkins (keith.howkins@education.gsi.gov.uk). We would hope to be able to inform LAs of the decision by the **following Wednesday**. There is no standard format for applications, but at a minimum the application should include:

- The rationale for the proposal;
- Evidence of support from schools forums;
- Full details of the financial effect on individual schools if the MFG was disapplied and, in particular, evidence that this is not counteracting the additionality of the Pupil Premium;
- Where the request is for a lower MFG, or for a significant disapplication of the MFG relating to formula reviews or mainstreaming of grants, full details of proposed local protection arrangements and the extent of support from schools, particularly from those which would potentially lose the most.

We set out in the note accompanying the consultation on the School Finance Regulations a summary of what was and was not approved last year, and would urge local authorities to bear this in mind when submitting applications.

APPENDIX 2

School Name	School Type	Amount	% of SBS	Reason
Bishop Justus School	Academy	£202,000	4%	Phase out of additional support to opening school
Bullers Wood School	Academy	£24,186	0.5%	Foundation/ VA factor
Charles Darwin School	Academy	£24,472	0.5%	Foundation/ VA factor
Harris Beckenham	Academy	£20,338	0.5%	Foundation/ VA factor
Harris Bromley	Academy	£14,973	0.4%	Foundation/ VA factor
Hayes School	Academy	£26,385	0.5%	Foundation/ VA factor
Langley Park Boys School	Academy	£23,285	0.5%	Foundation/ VA factor
Langley Park Girls School	Academy	£26,363	0.5%	Foundation/ VA factor
Newstead Wood	Academy	£15,061	0.5%	Foundation/ VA factor
Ravensbourne School	Academy	£24,318	0.5%	Foundation/ VA factor
Ravens Wood School	Academy	£24,494	0.5%	Foundation/ VA factor
Bullers Wood School	Academy	£24,078	0.5%	Insurance
Charles Darwin School	Academy	£19,723	0.4%	Insurance
Harris Beckenham	Academy	£19,361	0.4%	Insurance
Harris Bromley	Academy	£15,318	0.4%	Insurance
Hayes School	Academy	£23,053	0.5%	Insurance
Langley Park Boys School	Academy	£27,445	0.5%	Insurance
Langley Park Girls School	Academy	£25,324	0.5%	Insurance
Newstead Wood	Academy	£19,637	0.4%	Insurance
Ravensbourne School	Academy	£18,281	0.4%	Insurance
Ravens Wood School	Academy	£15,395	0.4%	Insurance
Royston Primary School	Maintained	£62,064	3%	Bulge class funding
Stewart Fleming School	Academy	£38,215	3%	Bulge class funding
Chelsfield Primary School	Maintained	£16,000	3.5%	50% of additional small school funding generated by MFG
Cudham Primary School	Maintained	£22,000	4.5%	50% of additional small school funding generated by MFG
Dorset Road Infant School	Maintained	£18,000	5%	50% of additional small school funding generated by MFG
Manor Oak Primary School	Maintained	£33,000	3%	50% of additional small school funding generated by MFG
Pratts Bottom Primary School	Maintained	£13,000	3.5%	50% of additional small school funding generated by MFG
		£835,769		