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**MINIMUM FUNDING GUARANTEE EXCEPTIONS AND PUPIL NUMBER
VARIATIONS**

Report of the Director of Children's Services

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1. Purpose

- 1.1 To seek the support of the Forum for exceptions to the Minimum Funding Guarantee and for pupil number variations in the 2019-20 budget shares.

2. Summary

- 2.1 This paper outlines:
- proposed Minimum Funding Guarantee exceptions in the 2019-20 budget shares
 - proposed pupil number variations in the 2019-20 budget shares

3. Recommendations

- 3.1 The Forum is asked:
- To support the Minimum Funding Guarantee exceptions outlined in sections 5 of the paper.
 - To support the negative pupil number variations for 2019-20 outlined in section 6 of the paper.
 - To support the positive pupil number variations for 2019-20 outlined in section 7 of the paper.

4. Background

- 4.1 The Authority applies annually to the DfE for specific exceptions to the standard operation of the Minimum Funding Guarantee and for pupil number variations to the October Census pupil numbers, which would otherwise be used to calculate school budget shares. These applications relate to circumstances where the normal operation of the school funding system would create a perverse result, either underfunding or overfunding a school.

- 4.2 Authorities no longer have to obtain DfE approval for positive pupil number variations (i.e. changes which increase funded numbers), providing they relate to reorganisations or changes in admission limits. However, positive pupil number variations should still be presented to the Forum. Negative pupil number variations (i.e. changes which reduce funded pupil numbers) still require DfE approval.
- 4.3 The DfE has introduced a new timetable for submitting MFG exceptions and pupil number variations for 2019-20. Applications should preferably be submitted by 28th September. However there is a second window for applications with a deadline of 20th November. This paper covers the items it is proposed to submit at the end of September.

5. Proposed MFG exceptions for 2018-19

Forum is asked to support the following MFG exceptions for submission to the DfE.

5.1 One off resource

In recent years Hertfordshire has used large amounts of DSG carry forward to support the schools block budget. Given that the carry forward is a one off resource and is reducing gradually, it will not be possible to continue to use carry forward indefinitely.

The use of one off resource to support budget shares is an issue because the MFG will to an extent protect this higher level of funding in future years. However, once the carry forward is used, the Authority will not have the resource to support this funding level.

In order to facilitate the phasing out of carry forward support for budget shares, in recent years Hertfordshire has applied for, and been granted by the DfE, a MFG exception to exclude approximately £3m of the carry forward from the MFG calculations.

This MFG exception does not automatically resolve the issue of carry forward forming part of the MFG baseline in future years. However, experience suggests that, having acknowledged that funding is outside the MFG in one year, the DfE will agree to continue to exclude it from the MFG in the next. This would prevent this element of the carry forward forming part of the MFG baseline for future years.

The funding excluded from the MFG comprises the following amounts per pupil:

Per primary pupil	£16.45
Per KS3 pupil	£19.37
Per KS4 pupil	£25.57

plus London fringe uplift where applicable.
Based on 2018-19 pupil numbers, this totalled £3.1m.

Therefore it is intended to apply for an MFG exception to keep the amounts of funding per pupil outlined above out of the MFG calculations in 2019-20. (Schools would continue to receive the funding but it would not be included in the 2018-19 or 2019-20 budget shares used to calculate the 2019-20 MFG.)

This is in anticipation of an application to exclude this funding from the MFG baseline in 2020-21.

5.2 Building schools for the future (BSF) funding at Nobel school

As a BSF school, Nobel receives additional funding in its budget share, to cover the difference between the cost of the governors' contribution to facilities management and lifecycle maintenance, and 10% of the school budget share. Nobel has decided to discontinue its BSF facilities management contract and manage its own premises (including lifecycle maintenance and utilities). Therefore Nobel will no longer receive BSF funding in 2019-20.

However unless a MFG exception is agreed the BSF funding will form part of Nobel's baseline budget share for the purposes of calculating MFG protection - i.e. it will not be possible fully to withdraw the BSF funding because of the MFG. As a result it is intended to apply for an MFG exception as follows:

To exclude the 2018-19 BSF funding from the 2018-19 budget share used to calculate the 2019-20 MFG.

5.3 Potential amalgamation in Royston

The Royston schools academy trust is considering an amalgamation of Meridian Upper School with Roysia and Greneway middle schools.

The details of this reorganisation are not yet clear. However, a potential unintended consequence of this reorganisation could be that the primary and key stage 3 pupils in the middle schools would be protected by the Minimum Funding Guarantee at the largely key stage 4 funding rate of the upper school. It is therefore intended to apply for a MFG exception to prevent the primary and key stage 3 pupils in the middle schools being funded at the MFG unit value based on the upper school.

(We would expect that this MFG exception would be implemented using the standardised methodology issued by the DfE in recent years for this purpose.)

6. Negative pupil number variations for 2019-20

- 6.1 The Forum has previously agreed that those schools which have a bulge class leaving in the Summer should not receive the per pupil funding for the bulge class for the period September to March. (The bulge class would previously have been funded from September in the year in which it was admitted.) In 2018-19 the DfE approved a pupil number variation so that the additional pupils in the bulge class were funded for the Summer Term only.

- 6.2 It is intended to apply for an equivalent pupil number variation for 2019-20. This variation would involve making reductions to the October 2018 census pupil numbers that will be used to calculate the 2019-20 budget shares, in order to exclude the bulge classes from the funded numbers for the period September to March.

The reductions in pupil numbers would be calculated as follows:

The difference between the number of pupils in the bulge-class cohort (as at the October 2018 census) and the school's PAN for the bulge-class year, multiplied by 7/12.

If approved these pupil number reductions would be built into the 2019-20 budget shares, including academy GAGs where it is anticipated that the reduction will be for 12/12 rather than 7/12 (as academy GAGs are calculated on an academic year basis). A list of schools affected is shown in annex A

- 6.3 The Forum is asked to support the negative pupil number variations shown in annex A, in order to reduce the funded pupil numbers of schools to reflect bulge classes leaving at the end of the Summer Term. As these would be negative pupil number adjustments they will require DfE approval.

7. Positive Pupil Number Variations for 2019-20

It is intended to make the following increases to the October 2018 pupil numbers used to calculate the 2019-20 budget shares.

7.1 Berkhamsted - changes in September 2019

There has been a school reorganisation in Berkhamsted. Most of this reorganisation is now complete but a few changes at Thomas Coram and Bridgewater schools are yet to happen and we intend to make pupil number variations in respect of them.

a) Year 6s at Thomas Coram

Thomas Coram Junior school will be expanding its year 6 provision by half a form of entry in September 2019. This is a basic needs expansion and would normally be dealt with via the Growth Fund. However, this expansion has previously been included as part of the pupil number variations relating to the Berkhamsted reorganisation and therefore we intend to continue to treat it as a pupil number variation.

The pupil number variation we intend to make is therefore:

Year 6: plus 15 primary pupils *7/12 (re September to March) = 8.75 pupils

b) Bridgewater

Bridgewater primary (former middle school) is adding a new year group each year as it converts to be a primary. The pupil number variation we intend to make is:

Year 6: plus 60 primary pupils *7/12 (re September to March) =35 pupils

7.2 Secondary Schools becoming all age

Simon Balle Academy will be continuing to expand its primary age range in September 2019 as it becomes an all age school.

Thus we intend to make the following pupil number variation at Simon Balle Academy to reflect the additional year group which the school will be adding in September 2019:

Year 4: plus 60 primary pupils *7/12 (for September to March) = 35 pupils

7.3 Positive pupil number variations no longer have to be submitted to the DfE for approval.

8. Conclusion

8.1 The schools affected by the MFG exceptions in sections 5.2 and 5.3 and by the pupil number variations have been notified of the proposals and asked for any comments. Any comments received by the Forum meeting will be reported to the meeting.

8.2 It is expected that further disapplication requests will be identified for submission to the DfE in the second window in November. These will be brought to the November Forum meeting.

8.3 The Forum is asked to agree the recommendations in section 3.

Schools where bulge classes are leaving in July 2019**Annex A****Maintained Schools**

School	Expected Reduction in Numbers	Estimated Reduction £000's
St Dominic Catholic Primary School	30	51
Abbots Langley School	30	53
Bengeo Primary School	27	47
De Havilland Primary School	25	52
Greenway Primary And Nursery School	25	43
Hartsfield JMI School	30	51
Manland Primary School	30	52
Wood End School	29	49
Oughton Primary and Nursery School	8	18
Kingsway Junior School	28	54
Redbourn Primary School	20	38
Field Junior School	30	56
Total		564

Academies

Beech Hyde Primary School & Nursery	13	41
The Cranbourne Primary School	30	93
Springmead Primary School	3	10
Total		144

Estimated reductions are calculated as 7/12 for maintained schools and 12/12 for academies