

HERTFORDSHIRE COUNTY COUNCIL SCHOOLS FORUM

27 November 2019

AGENDA ITEM

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DISAPPLICATIONS - UPDATE

Report of the Director of Children's Services

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1. Purpose

- 1.1 To seek the support of the Forum for a disapplication in respect of a negative pupil number variation and to update the Forum about the assessment that has been carried out of the impact on Astley Cooper and Samuel Ryder of losing MFG protection.

2. Summary

- 2.1 This paper outlines:
- A proposed negative pupil number variation in respect of a bulge class leaving
 - An update about the impact assessment regarding the loss of MFG protection on Astley Cooper and Samuel Ryder

3. Recommendations

- 3.1 The Forum is asked:
- a) To support the negative pupil number variation relating to a bulge class leaving which is outlined in section 5 of the paper.
 - b) To note the developments since September regarding the MFG protection received by Astley Cooper and Samuel Ryder schools, outlined in section 6 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 require DfE approval for negative pupil number variations (i.e. changes which reduce funded pupil numbers).
- 4.3 In the 2020-21 budget process the DfE has operated two deadlines for the submission of disapplications. The first was on 11th October and the second was 20th November.
- 4.4 Hertfordshire submitted two disapplications for the first window in October. These were outlined in a paper to the September Forum and covered the £3m one off funding in budget shares and negative pupil number variations in respect of the bulge classes leaving in Summer 2020. Both these disapplications have been approved by the DfE.

5. Negative Pupil number variation

- 5.1 Last year the Forum agreed that those schools which have a bulge class leaving in the Summer 2019 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 2019-20 the DfE approved pupil number variations so that the additional pupils in the bulge class were funded for the Summer Term only. These adjustments were made in the 2019-20 budget shares.
- 5.2 It has come to light that although Watford Field Infants school had a bulge class leave at the end of the Summer term 2019, this was not included in last year's disapplication for negative pupil number variations. As a consequence, the 2019-20 budget share was not adjusted for this. Therefore, the Authority has applied to the DfE for a retrospective funding adjustment to give effect to this negative pupil number variation for 2019-20, in the 2020-21 budget share.
- 5.3 The Forum is asked to support this disapplication for a retrospective funding adjustment to Field Infant School's budget share in 2020-21, in order to reduce the funding to take account of the departure of the bulge class at the end of the Summer Term 2019.

The retrospective reduction in pupil numbers is 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.

This is then multiplied by the school's average per pupil funding for 2019-20 to calculate the retrospective funding adjustment.

The impact of this is as follows:

School	Reduction in Numbers	Approximate Reduction (7/12) £'000's
Watford Field Infant School	11	22

6. Samuel Ryder Academy and Astley Cooper School

6.1 The September Forum paper set out the issues regarding MFG protection funding at Samuel Ryder and Astley Cooper schools. Forum supported undertaking assessments of the impact on these two schools of the loss of MFG protection.

6.2 Herts for Learning (HfL) has undertaken these assessments and produced a report on each school. The reports have been shared with the schools and the Chair and Vice-Chair of the Forum. They contain much detailed information about each school and the Authority therefore does not intend to publish them more widely. However, HfL has prepared a summary of the report's conclusions, which is set out below.

6.3 Summary of Herts for Learning Reports on MFG Protection at Samuel Ryder and Astley Cooper.

In order to review the impact of a loss of the MFG funding which would result from a successful disapplication to reduce Samuel Ryder's MFG protection, HfL looked at the following areas;

- An examination of the efficiency of current curriculum delivery at Samuel Ryder;
- A comparison of the financial data of the academy when compared to other academies using DfE metrics, using the school resources management self-assessment tool.
- Consideration of the academy's financial forecasts and growth plans
- Equity of funding arrangements
- Looked at the ability of the academy to be able to deliver efficiencies should a loss of MFG funding occur.
- Recommendations for next steps.
- The academy was asked to submit an impact statement setting out their views of the impact. This was included in the detailed report.

6.4 In order to review the impact of a loss of the MFG funding which would result from a successful disapplication to reduce Samuel Ryder's MFG protection, HfL looked at the following areas;

- An examination of the efficiency of current curriculum delivery at Samuel Ryder;
- A comparison of the financial data of the academy when compared to other academies using DfE metrics, using the school resources management self-assessment tool.
- Consideration of the academy's financial forecasts and growth plans

- Equity of funding arrangements
- Looked at the ability of the academy to be able to deliver efficiencies should a loss of MFG funding occur.
- Recommendations for next steps.
- The academy was asked to submit an impact statement setting out their views of the impact. This was included in the detailed report.

6.5 The findings are summarised as follows;

- The academy achieved a good Ofsted rating at the last inspection conducted in 2016. It was rated good in all areas and outstanding in leadership and management.
- The academy received £950K MFG funding in FY19-20. The MFG funding therefore is a significant element of the academy's funding. This is expected to reduce over time due to the inflation of the MFG funding compared to the rest of the funding formula.
- If MFG funding was removed from FY 2020-21, there would be a significant financial impact with a high risk that the academy would go into deficit.
- The MFG funding has supported the academy through its growth to date.
- The curriculum review and use of DfE metrics demonstrated that efficiencies were available but due to the forecasted growth of the academy, those efficiencies were not deliverable in the short term by cost reductions but could be delivered by achieving economies of scale as the academy completed its growth trajectory.
- The academy' sixth form is expected to grow significantly. There is impact of both the operational cost of running a small sixth form and the financial impact of lagged funding. The academy should seek to maximise growth funding for its sixth form via the ESFA.
- The school is already full in its primary phase. Once the school is full in its secondary phase (excluding sixth form) it should be expected to set budgets within the funding delivered via the schools block funding arrangements in place at the time. Until the school reaches it's PAN throughout the secondary phase, the lagged nature of school funding will continue to impact the financial position of the academy. The MFG funding currently supports this growth.
- If the MFG funding continued for several years, based on the academy's financial projections, the revenue balance would grow significantly beyond the level considered a risk as defined by the DfE (low balance being considered a risk). Therefore there should be a time limit set on the continuation of the MFG funding under this case.
- The recommendation is therefore to continue the MFG funding arrangements for a further 2 years (FY20-21 and FY21-22).
- Alternatively a phased reduction could be investigated. This would require further analysis to establish the profile of this phasing.
- The recommendation is not to apply to reduce the MFG funding for FY20-21.
- HfL would like to thank Samuel Ryder Academy for their cooperation in completing this review.

6.6 In order to review the impact of a loss of the MFG funding which would result from a successful disapplication to reduce The Astley Cooper MFG protection, HfL looked at the following areas;

- An examination of the efficiency of current curriculum delivery at The Astley Cooper School
- A comparison of the financial data of the school when compared to other schools using DfE metrics, (using the school resources management self-assessment tool for maintained schools)
- Consideration of the school's financial forecasts and growth plans
- Equity of funding arrangements
- Looked at the ability of the school to be able to deliver efficiencies should a loss of MFG funding occur.
- Recommendations for next steps.
- The school was asked to submit an impact statement setting out their views of the impact. This was included in the detailed report.

6.7 The findings in respect of the impact on Astley Cooper are summarised as follows;

- The review of the current curriculum offer showed that the school is running an efficient curriculum including the sixth form. The report concluded that circa £500K of savings could not be made from curriculum delivery.
- The school is continuing to grow and the MFG is supporting the funding of growth as the pupil numbers remain below the planned admission number.
- The school achieved a good Ofsted rating for the first time in 2016. However the report indicated that outcomes for pupils required improvement. This remains a key focus for the school, which works with some of Hertfordshire's most disadvantaged communities (using free school meals and ever6 as an indicator).
- Whilst some efficiencies were identifiable, the school should be able to realise these by achieving economies of scale.
- The school has recovered from a deficit position and projects that with the MFG funding in place, it's revenue balances will continue to grow. The situation should therefore be kept under review with the level of admissions being a key factor affecting the school's financial health going forward.
- The school would not be able to deliver savings of circa £500K in FY 20-21 without a serious impact on the school. However this position should be kept under review.
- It should be noted that Astley Cooper receives higher per pupil funding than other schools with similar funding data as a result of the MFG funding.
- HfL wishes to thank The Astley Cooper School for their cooperation in completing this review.

6.8 The conclusion of the report In the light of these conclusions, the Authority has not submitted any disapplications to reduce Samuel Ryder or Astley Cooper's MFG protection in 2020-21.

6.9 Samuel Ryder - difference between the MFG Protection recouped by the DfE and the amount received by the academy

The Forum will be aware from previous papers that there is a particular issue with MFG protection at Samuel Ryder Academy. The amount of MFG protection recouped from Hertfordshire by the DfE greatly exceeds what is received by the academy. In 2019-20 £2.9m of MFG protection was recouped from Hertfordshire in respect of Samuel Ryder. However, the academy actually only received £0.957m of MFG protection.

Officers have raised this issue again with the DfE and a DfE official has investigated the case afresh. We understand that the DfE will make a decision shortly on whether to agree a baseline adjustment to Samuel Ryder's recoupment budget share, to bring it in line with the baseline used to calculate the academy's general annual grant (GAG). Such a baseline adjustment, if agreed, would have no impact on the funding that Samuel Ryder receives but would free up around £2m of MFG protection (currently returned to the DfE), for distribution to all Hertfordshire primary and secondary schools through the funding formula.

Finally, a point to note is that the MFG protection in the National Funding Formula budget share for Samuel Ryder, which is used to calculate Hertfordshire's DSG, is £3.5m. Therefore, we are receiving more funding in respect of MFG protection at Samuel Ryder than is being recouped from us.

7. Conclusion

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