

Adjustments to the Minimum Funding Guarantee for 2011-12

Purpose of Report

1. The purpose of this report is to seek agreement to vary the normal operation of the DfE's Minimum Funding Guarantee (MFG) where not to do so would lead to inappropriate MFGs.

Background

2. Local Authorities are required to calculate for each of its schools a guaranteed minimum level of funding based on the DfE's formulae set out in Regulations. The purpose of the guarantee is to provide stability and predictability in school funding.
3. The starting point for the MFG calculation is the per pupil amount an individual school received in the previous financial year, known as the baseline budget share per pupil.
4. The baseline amount is then applied to the DfE's MFG formulae to arrive at each school's Guaranteed Level of Funding for the following financial year taking into account pupil number changes and the annual MFG percentage adjustment.
5. Schools Forum no longer has the general power to approve variations to the MFG affecting schools covering no more than 50% of pupils in the authority. However, it does not need to seek approval for variations in respect of removing the following from the MFG baseline; Diploma Funding grant, funding in cases where a school has been holding money on behalf of a cluster, for example Extended Services, and/or the targeted elements of primary and secondary National Strategies Grant or where the variation may result in a higher level of MFG than -1.5%. For all other variations we are now required to seek School Forums agreement to vary the normal operation of the MFG and then to seek the Secretary of States approval.

Proposals

6. Prior to the start of the 2007-08 financial year the School Funding Group agreed that the following baseline adjustments should be applied to avoid inappropriate minimum funding guarantees:
 - To remove new school and new year group allowances from the MFG Baseline
 - To remove small schools curriculum protection from the MFG Baseline
 - To remove service school safety net from the MFG Baseline
 - To remove SLC funding from the MFG Baseline from schools experiencing significant pupil growth
 - To remove the 6th form non AWPU adjustment from the MFG Baseline

- To remove the basic flat rate from the MFG Baseline for schools experiencing significant pupil growth
- Where a Specialist Learning Centre is to close, to remove the associated funding from the Baseline

In addition, whilst work has been ongoing to mainstream a number of grants into the schools budget for 2011-12 the School Funding Group has proposed that we seek the Secretary of States approval to remove the following from the MFG Baseline:

- 1-2-1 allocations of grant paid in 2010-11 as these are deemed to be one-off allocations

It is proposed that the above adjustments are applied where necessary for the 2011-12 financial year and that the Secretary of State's approval is sought for these adjustments.

8. Any other proposals to vary the operation of the MFG that transpire during the detailed school budget calculations over the next month would be discussed at Schools Forum in March.

Recommendation

7. Schools Forum is invited to agree to the proposals set out in paragraph 6 and note that details, confirming the schools affected by the changes, will be presented to Schools Forum along with any other proposals on the 3 March 2010.

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Unpublished documents relied upon in the production of this Report: NONE

Environmental impact of the recommendations contained in this Report: NONE KNOWN

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