

MINIMUM FUNDING GUARANTEE APPROVAL ARRANGEMENTS

The 2011-12 school funding announcement on 13th December 2010 included arrangements for variations to the Minimum Funding Guarantee (MFG). This note provides greater detail about the process and the circumstances in which schools forums may still approve variations without reference to the Secretary of State.

Schools forums will 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 (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 the 2008-11 spending review period, 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 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 and not seek to exclude mainstreamed grants from the MFG coverage;
- 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, which has been paid to schools based on actual numbers taking Diplomas, and/or the targeted elements of primary and secondary National Strategies grant, which were given to schools explicitly on a one-year basis.

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** 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 forum
- 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

Further technical guidance

The MFG school and LA level calculator is now on the website. The final version of the regulations is being drafted to take account of the decisions in the funding announcement and the consultation responses. In advance of this, we can confirm that:

- The methodology of the MFG is substantially unchanged from previous years in terms of the factors excluded from the calculation and the adjustment for non pupil-led funding
- For special schools, there remain two elements to the MFG – the first relates to place values and the second to the cash amount of the budget excluding place-led funding. The mainstreamed grants are built into the latter's baseline.
- Mainstreamed grant allocations individual schools received in 2010-11 will have to be included in the school's baseline for the MFG calculation. Schools forums may approve exclusions relating to the Diploma formula grant and/or the targeted elements of Primary and Secondary National Strategies as set out above
- Where a school has previously managed funding on behalf of a cluster (for example within Extended Services or the School Development Grant) and the funding is now to be delegated across all the relevant schools, then the baseline for the schools affected should reflect the position as if it had been delegated in 2010-11
- LAs may, if they wish, apply for disapplication of the MFG in relation to other mainstreamed grants following the process set out above