

Item 7
Schools Forum
28 September 2018

Proposed minimum funding guarantee variations and use of average pupil numbers in 2019/20 budgets for mainstream schools

Summary

Officers propose to seek DfE approval to vary the minimum funding guarantee (MFG) baselines for most schools in 2019/20 to exclude funding from the baseline which is not part of the NFF schools block. Additionally, school specific variations are proposed for a few schools. Officers also propose to use average pupil numbers to fund schools which are changing age range or losing bulge classes. All of these proposals are similar to proposals supported by the Forum in previous years. The LA is required to consult Schools Forum before applying to the DfE for such changes.

Proposed Minimum Funding guarantee variations

The minimum funding guarantee and ceiling specify minimum and maximum increases in average funding per pupil for individual schools. In 2019/20, as in previous years, the DfE will consider applications by local authorities to vary the minimum funding guarantee baselines for individual schools, where it can be demonstrated that the normal calculation is anomalous and the impact on specific schools is significant. The impact of a variation is usually that a specific amount is excluded from the minimum funding guarantee calculation, ie it is paid to a school without being offset by a reduction in the minimum funding guarantee, or is deducted from the budget without being compensated for by an increase in minimum funding guarantee¹. For example, if a school sees a large increase in rent costs (historically funded at actual cost), following a five yearly review, we would ask to be allowed to fund that increase over and above the minimum funding guarantee, so that the school actually receives the additional funding for the increased rent in full. Such adjustments cannot be made without DfE approval.

The deadline for applications for 2019/20 is 30 November 2018, although the DfE is encouraging LAs to submit them before 30 September 2018.

The exact impact of each proposal on individual schools will depend on whether the relevant schools would otherwise be on minimum funding guarantee or ceiling in 2019/20, which we will not know until January 2019.

¹ The same applies to schools on the ceiling, ie if an exception is made for rent increases for a school on the ceiling, it means that the funding for the rent increase is not offset by a larger ceiling deduction

Funding which is not part of the NFF Schools Block (i.e funding delegated in 2018/19 for confederations (£657,000) and for school improvement (£430,000))

This is funding which is part of the central schools services block and thus the LA is not required to delegate it to individual schools, but the LA has chosen to delegate it to schools in 2018/19 and 2019/20. The LA proposes to distribute both allocations to schools in 2019/20 using the same formula as in 2018/19 (subject to any adjustments necessary to contain the cost of each allocation for each sector within the same total as in 2018/19, eg per pupil rates would be scaled down to offset increased pupil numbers). Using the same formula, but outside the minimum funding guarantee, will mean that funding is distributed in line with the most recent indicators of need; and that it continues to be extra funding for all schools as was originally intended

Recycled de-delegated school specific contingency funding.(consultation proposal D5)

In 2018/19, the LA refunded part of the school specific contingency surplus to primary schools, based on the amount contributed by each school in 2015/16 and 2016/17. This was a one off sum over and above the minimum funding guarantee baseline. Officers now propose that:

- The contingency refund paid in 2018/19 should be excluded from the MFG calculation for 2019/20 (ie it should not be protected by MFG in 2019/20);
- Any similar sum agreed in 2019/20 should be over and above any minimum funding guarantee amount or ceiling deduction, because it is a one off sum from a source outside the NFF.

Removal of transitional split site allocation: Scott-Broadwood CE Infant School

In September 2017, Scott-Broadwood CE Infant School ceased to be a split site school and thus no longer qualified for split site funding. The LA and Schools Forum agreed to provide transitional funding for one academic year in order to assist the school in managing the loss of split site funding.

Transitional funding of £21,927 was included in the school's 2018/19 budget. The LA proposes that this should be excluded from the calculation of the 2019/20 MFG, as it was specifically a one off transitional sum.

Variations in rent costs for essential accommodation

As in previous years, we propose that where the council has agreed to fund rents on essential accommodation, significant increases in those rents should be funded over and above the minimum funding guarantee/ceiling. We do not yet know of any schools in this position in 2019/20, but they often arise at a late stage in the budget process. Equally, where a school ceases to be eligible for rent funding, the rent funding should be removed from the budget without being offset by increased minimum funding guarantee.

Minimum per pupil level (MPPL)

As in 2018/19, the LA proposes that delegated funding outside the NFF schools block (confederation funding, school improvement funding and recycled contingency) should be ignored in calculating whether a school requires additional funding in order to reach the minimum per pupil level. If these funding streams were not excluded from the MPPL calculation then these funding streams would not be extra for all schools.

The estimated cost of excluding these from the MPPL depends on the NFF option adopted (consultation proposal D2) but can be estimated as follows

Option A1	Option A2	Option B1	Option B2
0% MFG/3m to High needs	0% MFG 0 to high needs	0.5% MFG /3m to high needs	0.5% MFG 0 to high needs
£000s	£000s	£000s	£000s
154	185	154	184

Use of average pupil numbers to fund schools where bulge classes are leaving

Where a bulge class is leaving a school, we normally fund the additional pupils in the bulge class for the summer term only, because they have already been funded from September in the year in which they were admitted. Again this requires DfE approval. The schools likely to be affected in 2019/20 are shown in the Annex. Individual schools have been notified and any significant concerns raised by individual schools will be reported to the Forum at the meeting.

We would propose a similar adjustment where a primary school is reducing PAN and the number of pupils in the leaving group exceeds the new PAN (none confirmed at present).

Officers do not see the proposed changes as having a detrimental impact on equality priority groups.

Use of average pupil numbers to fund schools adding new year groups

We propose to continue using the average (of Oct 2018 and Oct 2019 pupil numbers for 2019/20) to fund schools in these circumstances. This no longer requires DfE approval but the LA is expected to share the list (and impact) with the Schools Forum. A list of schools expected to be funded on average pupil numbers in 2019/20 is attached. Any new free school opening in 2019/20 will need to be added to the list.

Schools adding bulge classes, or increasing PAN within the same age range, would continue to be funded through growing schools fund. The Forum will be asked to approve growing schools criteria at a later meeting.

Recommendations

That the Forum supports, subject to no significant issues being raised in discussions with the individual schools:

- * the proposed exclusions from minimum funding guarantee;
- * the proposed exclusion of non NFF funding from the MPPL calculation;
- * the proposed use of average pupil numbers to fund the schools listed in the annex.

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Annex

Schools where bulge classes are leaving in July 2019

(The proposed adjustment is that the difference between the pupil numbers in the leaving group and the higher of the pupil numbers or PAN of the entering group, should be funded for 5/12 of the year only. The final calculation would be based on actual Oct 2019 pupil numbers, when known) In response to a school request last year we have also shown the current number of bulge classes in each school in autumn 2018 (including those which will leave in July 2019 and those which will not).

School	bulge year group	Normal PAN*	Expected reduction in pupil numbers**	Estimated reduction £000s	No of bulge classes Oct-18
Thames Ditton Junior School	6	90	30	52	2
St John's Primary School (Redhill)	6	30	27	48	2
West Ashtead Primary School	6	60	27	50	1
Reigate Priory Community Junior School	6	150	27	48	1
Clarendon Primary School	6	30	28	53	1
Furzefield Primary School	6	60	17	39	2
Manorfield Primary and Nursery School	6	30	30	74	2
Northmead Junior School	6	90	9	18	1
Bletchingley Village Primary School	6	30	16	35	1
Springfield Primary School	6	60	30	63	1
Danetree Primary School	6	120	29	57	1
St Andrew's CofE Primary School	6	60	7	14	3
Queen Eleanor's Church of England School	6	90	23	44	1
Pyrford C of E Aided Primary School	6	60	29	52	2

*including year 3 PAN where a primary school has a separate year 3 PAN

**ignores any changes in pupil numbers apart from those due to the loss of the bulge class

Estimated reductions are the difference between full year and summer term funding for the pupils leaving, at 2018/19 funding rates.

Schools adding year groups and expected to be funded on average pupil numbers in 2019/20

(In all cases the proposed method is to fund all year groups at Oct 2018 pupil numbers except for new year groups or year groups where the PAN is changing as part of the reorganisation)

	Year to add in Sept 2019	Notes
Trinity Oaks CE Primary School	5	
Charlwood Village Primary School	6	
Ewell Grove Primary and Nursery	5	
West Ewell Primary School	5	PAN reduction at year R
Reigate Parish Church School	6	
Clandon CE Primary	6	PAN reduction 25 to 15
Hawkedale Primary	5	
Lime Tree Primary School	6	
Hatchlands Primary	1	
Hoe Valley Free School	11	
Chertsey High School (free)	9	
Merstham Park School	8	

(plus new free schools opening in Sept 2019 TBC)

There are no existing schools currently expected to start extending age range in September 2019

Item 8
Schools Forum
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Growing schools fund 2018/19: request by GLF Schools for vacancy funding for Merstham Park School

Summary

GLF Schools is the sponsor of the new Merstham Park secondary school and has formally requested that the Forum considers guaranteed funding for the school for a minimum of 120 pupils for the academic year 2018/19. This request is outside the current growing schools funding criteria. The Forum is asked to consider the request.

Background

Merstham Park School is a 120 PAN secondary free school which opened in September 2018 in Merstham, following submission by GLF Schools of a Wave 9 free school bid which was successful in August 2015

The school currently has 76 pupils on roll (20 September 2018) and thus, under normal circumstances, would be funded for that number of pupils for the academic year 2018/19 (plus lump sum) from Surrey's DSG, plus diseconomies (missing year group) funding directly from the DfE. The DfE considers 120 pupils to be the minimum viable number on roll for a new secondary school. GLF, supported by the DfE, has asked that the Schools Forum considers funding the school for a minimum of 120 pupils for the first year, even though actual pupil numbers are lower than that.

The basis for the GLF request is that the school's recruitment was adversely affected by;

- Opening of additional capacity at other local secondary schools
- Uncertainty over whether and when Chart Wood school would vacate the Merstham site (the two schools currently share the site), and thus over when permanent accommodation would be completed for Merstham Park.School.

The LA's growing schools criteria do not provide for vacancy funding for new or expanding secondary schools (or indeed for any centrally determined free school) and there are a number of other secondary free schools already open (and one other shortly to open) in Surrey, which are not being funded for vacancies. So, if it wishes to support the proposal, the Forum needs to consider:

- whether it wishes to establish a precedent
- whether it sees this school as a special case (and if so why).

From a School Organisation perspective the Council understands the issue raised by the Trust, furthermore it is recognised that the Council has undertaken action during the opening timescale that has increased the number of available places within the immediate area. The expansions of The Warwick School and St. Bede's School had to be brought forward as a consequence of the decision to defer the opening of Merstham

Park School from September 2017 to September 2018. This deferral was agreed between the DfE and GLF in 2016, and accepted by SCC, due to the delay in relocating Chart Wood to the former Starhurst School site in Dorking.

Neither The Warwick nor St Bede's schools wished to take bulge classes in advance of permanent expansion, unless permanent expansion followed immediately. It was also felt that this was a problematic position to have taken in relation to admission patterns and the effective distribution of future places.

GLF agreed to reduce the PAN of Merstham Park School from 180 to 120 for 2018 as due to the bulges added to The Warwick and St Bede's; there were not enough children to warrant a full six forms of entry at Merstham Park School.

GLF offered nearly 200 places for 2018 but this was prior to planning approval for the temporary accommodation being granted due to a number of issues, the last of which were not resolved until April 2018.

Families had seen the opening of the school deferred once and there was concern this would happen again, particularly as the Chart Wood relocation has still not begun.

10% of the students due to start in September at Merstham Park have accepted places at other local schools at the beginning of September.

The school has opened with 76 children rather than the projected 120 children. If GLF had delayed its opening by a further year, there would have been insufficient places at local secondary schools for these students. Therefore GLF is seeking funding for the shortfall, with the full support of the DfE/ESFA, for one year only for this year group.

The estimated full academic year cost based on 76 pupils (ie 44 vacancies) has been considered based on three scenarios:

- £166,000 based on 95% KS3 basic entitlement (junior vacancies are funded, at 95% of the relevant basic entitlement); OR
- £175,000 based on 100% KS3 basic entitlement OR
- £203,000 based on average marginal funding per pupil (although primary vacancies are funded at a lower level than average marginal funding)

In each case 7/12 of the full year cost would be funded in 2018/19 financial year and the remainder in 2019/20 financial year. This one-year funding request from GLF Schools, supported by the DfE, is important to ensure the school remains financially viable moving forwards due to the exceptional circumstances in which the school has finally opened.

At present it is anticipated that there is sufficient funding in the growing schools fund to meet the 2018/19 costs.

Recommendation

That the Forum approves the proposal.