

SCHOOLS FORUM - 16 OCTOBER 2014

Title of paper:	Minimum funding guarantee (MFG) applications made to the Department for Education (DfE) in relation to the 2015/16 budget
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Summary	
The purpose of this report is to update Schools Forum on the application made to the DfE to request the exclusion of certain factors from the MFG calculation. These adjustments ensure that affected schools receive the correct level of funding for 2015/16.	
Recommendation(s):	
1	To note and give a view on the application made to the DfE by the Local Authority (LA) to exclude the business rates adjustments for 2014/15 from the MFG calculation for schools that have incurred significant claw-backs of funding and also note that this proposal will increase the level of MFG protection by £0.027m.
2	To note and give a view on the application made to the DfE by the LA to exclude the fixed costs funding allocated to schools with more than one kitchen if approved by Schools Forum in the Update on the formula consultation and proposed changes to the formula in 2015-16 report and also note that this proposal will increase the level of MFG protection by £0.040m.

1. REASONS FOR RECOMMENDATIONS

1.1 This report seeks Schools Forums view on the application made to the DfE for the exclusion of two funding elements from the local funding formula in 2015/16.

1.2 The deadline for applications to the DfE was 30 September 2014 if Schools Forum do not agree with the requests they will not be included in the 2015/16 schools budget submissions to the DfE. The draft 2015/16 budget has to be submitted by the 31 October 2014 with the final submission to be submitted by January 2015 once the DfE have released the Autumn Term 2014 census data in December 2014.

1.3 The requests made to the DfE are to exclude:

- The 2014/15 business rates adjustment. This relates to schools that have incurred significant claw-backs of funding in the 2015/16 budget.

Schools that have academised since the 2014/15 budget was set will have incurred material claw-backs due the overpayment of approximately 80% of their business rates in 2014/15.

- Additional allocation for schools with more than one kitchen. This exclusion is based on the assumption that the approval of the funding is granted by Schools Forum in a separate report also included on the agenda.

If this funding is not approved by Schools Forum then it will not affect the MFG. There are currently four schools with more than one kitchen.

2. BACKGROUND (INCLUDING OUTCOMES OF CONSULTATION)

2.1 In 2015/16 the pre-16 MFG for mainstream schools will continue to be set at -1.5% per pupil. The DfE will only exclude factors from the MFG where not doing so would result in excessive protection or be inconsistent with other policies.

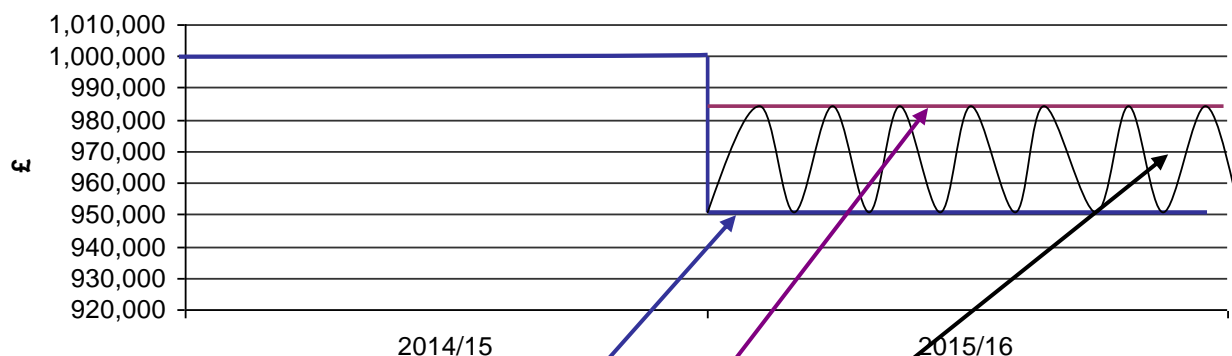
The MFG applies to pupils in age ranges 5-16 and therefore excludes funding for early years children and young people over 16.

2.2 The first recommendation relates to Business Rate clawbacks. This applies to schools that academies during a financial year of which there have been four schools that have academised since the 2014/15 budgets were calculated, these are:

- Portland School,
- Djanolgly Strelley Academy,
- Edale Rise Primary and Nursery School, and
- Glenbrook Primary and Nursery School

When the 2014/15 budget was set these schools business rates estimates were based on 100% of the previous years cost, as part of academisation the schools are only liable to pay 20%. As a result of this these schools will require a refund in 2015/16 which will create a negative budget for 2015/16. This situation impacts on the MFG as set out in the **Graph A** below and if the exemption is not requested the school budget will be over stated.

GRAPH A - MFG BUDGET IMPLICATIONS ON A BUDGET DECREASE



2015/16 budget including a reduction in 2015/16 for Business rates.

2015/16 if MFG applied on 2015/16 budget including the reduction in business rates.

2015/16 over allocated budget to school.

The proposal to exclude this factor from the MFG will ensure that these schools continue to receive the correct level of funding and that funding levels are not inappropriately affected by pupil number movements or the negative level of the MFG.

2.3 The second recommendation is to exclude the additional funding allocated to schools with more than one kitchen, this is based on the assumption Schools Forum will approve the allocation of this funding, if it not the funding will not be included in the 2015/16 budget).

If approved, this funding will be added to the split site factor at £0.025m per school. The schools that are eligible to receive this additional funding are:

- Berridge,
- Seely,
- Dunkirk, and
- Heathfield primaries

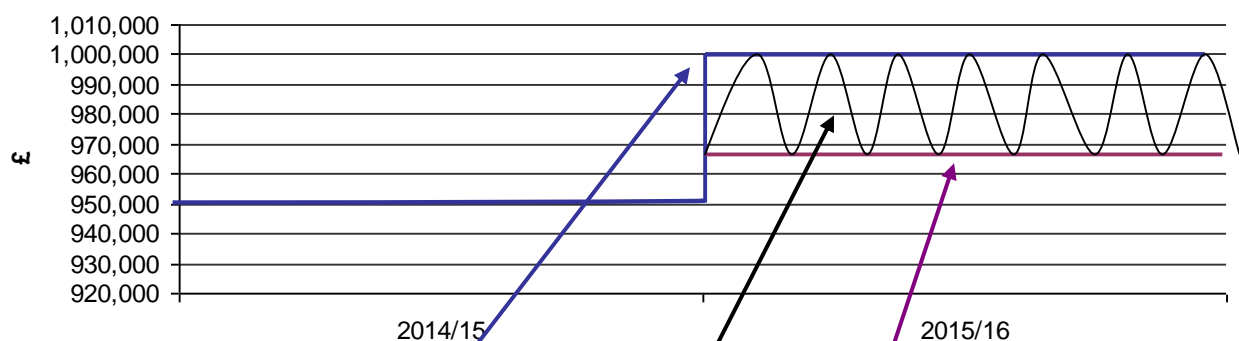
These schools have two kitchens due to either expansion or amalgamation. In 2015/16 all of the schools except Heathfield primary would be eligible for the full allocation of £0.025m, Heathfield primary will only be eligible for the funding from September 2015 (7/12ths which is £0.015m) when they will expand onto the old Henry Mellish school site.

This represents an increase in budget. Financial regulations cap increases in MFG value per pupil to not increase by greater than 3% on the previous year.

2.4 Berridge and Seely Primary schools are not in receipt of MFG protection in 2015/16 and will receive the full allocation without having to exclude the additional funding from the MFG calculation; therefore, no application for these schools is required.

2.5 Dunkirk and Heathfield primary would be affected and an application is required for these schools. The **Graph B** below demonstrates the impact on the budget if no application was requested.

GRAPH B - MFG BUDGET IMPLICATIONS ON A BUDGET INCREASE



2015/16 budget including an increase for more than one kitchen.

2015/16 budget allocated if MFG applied on including the increase for more than one kitchen.

2015/16 budget shortfall allocated to the school if MFG exclusion not applied.

3. OTHER OPTIONS CONSIDERED IN MAKING RECOMMENDATIONS

3.1 None as the proposal to exclude these items from the MFG calculation will ensure that these schools continue to receive the correct level of funding, and that funding

levels are not inappropriately affected by pupil number movements or the negative level of the MFG.

4. OUTCOMES/DELIVERABLES

- 4.1 By excluding the fixed costs of an additional kitchen into the split site factor this will enable the schools with more than one kitchen to be fairly funded. In addition to this by stipulating that schools where possible must try to move to one kitchen this will encourage the schools to work more economically, effectively and efficiently.

5. FINANCIAL IMPLICATIONS (INCLUDING VALUE FOR MONEY/VAT)

- 5.1 The financial implications have been outlined in the body of this report.

6. RISK MANAGEMENT ISSUES (INCLUDING LEGAL IMPLICATIONS AND CRIME AND DISORDER ACT IMPLICATIONS)

- 6.1 Since this report recommends the Schools Forum notes two points only and legal implications have been provided for the related report entitled: "Update on the consultation on the local funding formula for schools and the proposed changes to the formula for 2015/16", the legal implications for this report are as set out in that report.

7. HR ISSUES

- 7.1 There are no people implications arising from this report.

8. EQUALITY IMPACT ASSESSMENT

Has the equality impact been assessed?

Not needed

No

Yes – Equality Impact Assessment attached

9. LIST OF BACKGROUND PAPERS OTHER THAN PUBLISHED WORKS OR THOSE DISCLOSING CONFIDENTIAL OR EXEMPT INFORMATION

- 9.1 None

10. PUBLISHED DOCUMENTS REFERRED TO IN COMPILING THIS REPORT

- 10.1 None