**DERBYSHIRE COUNTY COUNCIL**

Agenda item 4

Rep 751

**Schools Forum**

**22nd November 2018**

**Report of the Strategic Director for Children’s Services**

**Mainstream Schools - MFG/Floor protection**

1. **Purpose of the Report**

To set out the current and potential costs of Minimum Funding Guarantee (MFG) and Floor protection arrangements in Derbyshire.

**2. Information and Analysis**

Subject to the outcome of the current mainstream consultation, from April 2019 there would be two ways in which individual schools’ budgets are protected. The first is the Minimum Funding Guarantee (MFG) which limits the year on year percentage change in a school’s per pupil funding. For 2019-20 it is proposed to set an MFG of 0% per pupil i.e. the per-pupil amount a school receives in 2019-20 must be no less than that in 2018-19.

The LA’s consultation proposes a second protection, known as the Funding Floor, which, if adopted, would ensure that each school’s per pupil funding in 2019-20 is at least 1% more than the equivalent value in 2017-18.

One of the Forum’s key concerns has been the cost of the protection arrangements both in overall terms and at individual school level, and what might happen when the DfE adopt a “hard” National Funding Formula. This paper sets out the key issues.

**2.1 National position**

The 2018-19 local authority proforma data showed that 150 of 152 LAs had an MFG bill at a total cost of £365.742m, equivalent to 1.09% of total national schools block resources. The full list of LAs, their percentage spend on MFG and ranking are shown in Appendix 1. The cost of Derbyshire’s MFG support in 2018-19 was £1.798m, equivalent to 0.42% of the quantum, in the bottom third of LAs (101 highest of 152). 20 LAs had an MFG bill of 2% or more of their school block.

Given the overall level of national spend on MFG protection it seems inevitable that a hard NFF – which will not come in until 2021-22 at the earliest – will require some form of protection to avoid individual schools experiencing unreasonable funding turbulence.

**2.2 Position in Derbyshire**

In 2018-19 there were 110 primary schools and 20 secondary schools in receipt of MFG protection at a combined cost of £1.798m. The LA has recently published its consultation proposals for 2019-20 which include a 0% MFG rate, an increase in the primary sector LPA multiplier and the adoption of the new 1% per pupil Funding Floor.

The current MFG protection for each school, together with those implied by the consultation proposals, is attached as Appendix 2. The appendix for primary schools also shows the impact if that sector’s LPA multiplier were increased to the full NFF value i.e. £1,022. N.B. The consultation and full LPA figures are based on 2018-19 data and therefore do not reflect actual allocations for 2019-20. The key figures are as follows:

Table 1 – Current & restated protection, based on consultation proposals and NFF LPA

|  |  |  |  |
| --- | --- | --- | --- |
|  | 2018-19 actual | Consult’n – LPA £800 | Primary LPA @£1,022 |
|  | Total cost (£m) | No. Schools | Total cost (£m) | No. Schools | Total cost (£m) | No. Schools |
| Primary | 1.045 | 110 | 0.809 | 83 | 0.536 | 57 |
| Secondary | 0.753 | 20 | 0.956 | 22 | 0.956 | 22 |
| Total | **1.798** | 130 | **1.765** | 105 | **1.492** | 79 |

If the primary figures are broken down by size of school it is clear that the majority of the reliance on MFG/Floor support is for small schools.

Table 2 – Analysis of primary protection by size of school

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  | 2018-19 actual | Consult’n – LPA £800 | LPA @£1,022 |
|  | No. in group | Total cost (£) | No. Schls | Total cost (£) | No. Schls | Total cost (£) | No. Schls |
| NOR 0-50 | 33 | 433,303  | 28  | 402,684  | 29  | 333,608  | 29  |
| NOR 51-100 | 75 | 406,281  | 56  | 297,514  | 38  | 171,856  | 24  |
| NOR 101-150 | 60 | 105,800  | 15  | 69,562  | 10  | 24,667  | 2  |
| NOR 151-200 | 58 | 50,889  | 6  | 23,131  | 3  | 5,490  | 1  |
| NOR 201-250 | 83 | 48,241  | 5  | 4,509 | 1 | 640  | 1  |
| NOR 251-300 | 17 | 0  | 0  | 11,755  | 2 | 0  | 0  |
| NOR >300 | 24 | 0  | 0  | 0  | 0  | 0  | 0  |
| Total | 350 | **1,044,514**  | 110  | **809,156**  | 83  | **536,260**  | 57  |

The primary sector reductions in tables 1 and 2, both the value of the protection and the number of eligible schools, largely reflect the impact of the increases in LPA funding. The overall cost of protection will be reduced as a result of the proposed formula changes. Given Derbyshire’s relatively low starting point (101st of 152 LAs) the long term costs of protection should be manageable.

The cost in the secondary sector, although slightly higher, remains affordable. The proportion of funding at individual school level as shown in Appendix 2 is not excessive.

However, the position of a number of primary schools in receipt of significant protection presents a potential risk. Table 3 overleaf shows those primary schools in receipt of protection in excess of 4% of their schools block budget.

Table 3 – Primary schools with >4% of SB funding via MFG/Floor (LPA @£1,022)

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  |  |  |  |  | "2018-19" |
|  |  |  |  |  | Revised |
|  |  |  | "2018-19" | "2018-19" | MFG/Floor |
|  |  | Oct | Revised | Revised | % of |
|  |  | 2017 | MFG | Floor | S Block |
|  | School | NOR | £ | £ | % |
|  |  |  |  |  |  |
| 3033 | Elton CofE Primary | 21 | 0  | 42,628  | 19.26% |
| 3040 | Biggin CofE Primary | 38 | 0  | 48,638  | 15.65% |
| 3093 | Stoney Middleton CofE (C) Primary  | 9 | 0  | 21,015  | 12.84% |
| 2068 | Combs Infant | 24 | 6,425  | 10,141  | 8.19% |
| 2260 | Unstone Junior | 44 | 0  | 23,175  | 8.13% |
| 3016 | Bradwell CofE (Controlled) Infant | 24 | 0  | 14,074  | 6.85% |
| 3099 | Winster CofE Primary | 31 | 0  | 15,032  | 6.69% |
| 2262 | Unstone St Mary's Infant | 41 | 0  | 16,435  | 6.09% |
| 3022 | Castleton CofE Primary | 12 | 1,910  | 7,033  | 5.42% |
| 3015 | Bradley CofE Primary | 29 | 0  | 11,385  | 5.38% |
| 2314 | Mickley Infant | 32 | 0  | 12,876  | 5.19% |
| 3090 | Stanton-in-Peak CofE Primary | 48 | 0  | 12,806  | 4.79% |
| 2103 | Egginton Primary | 70 | 3,314  | 12,862  | 4.75% |
| 3069 | Cromford CofE Primary | 63 | 0  | 15,927  | 4.65% |
| 3521 | St Margaret's Catholic Primary | 24 | 0  | 9,808  | 4.48% |
| 3306 | Carsington and Hopton Primary  | 42 | 0  | 9,887  | 4.01% |
|  | Total | - | 11,648 | 283,722 | - |

Longer term, reductions in protection costs (MFG & Funding Floor) could be achieved by one or more of the following:

NFF multipliers – if the next Comprehensive Spending Review provides for an increase in multipliers from 2020-21 this should reduce individual schools’ support;

Application to the DfE – If permitted/desirable, the LA could make an application to the ESFA to reduce an individual school’s support where this was considered reasonable.

**3. Other Considerations**

In preparing this report the relevance of the following factors has been considered: prevention of crime & disorder, equality of opportunity, human resources, legal & human rights, environmental, financial, health, property and transport considerations.

**4. Background Papers**

Papers held in Children’s Services Finance.

**5. Officer’s Recommendation**

That the Forum notes the report.

**JANE PARFREMENT**

**Strategic Director for Children’s Services**















