

Minster School – Application of the Minimum Per Pupil Methodology

Purpose of the Report

- a) To inform the Forum of an anomaly which has come to light regarding Minster School's 2020-21 funding allocation and the application of the Minimum Per Pupil (MPP) methodology and the action taken by the local authority to address this.

Information and Advice

Background

Minster School has been pursuing an issue with the ESFA regarding the application of the MPP methodology on the basis that it disadvantages the school due to it having a low cohort of primary pupils compared to that of secondary pupils which the National Funding Formula (NFF) methodology does not take account of.

The ESFA has confirmed to the school that the formula treatment applied by the LA is correct and recognised there is an anomaly. The ESFA has also confirmed that the LA could have applied for a disapplication if it was identified as an exceptionally disproportionate split, but this would be outside the NFF. The school asked the ESFA if Nottinghamshire could make a retrospective disapplication to increase their funding allocation.

The application of the NFF MPP, including the methodology, was mandatory for all LAs to use in their local funding formula for the 2020-21 funding period.

Information

The Minimum Per Pupil protection was introduced in 2018-19 as part of the National Funding Formula. It set minimum levels of protection for primary and secondary pupils. The methodology is straightforward for single phases but for schools with a combination of phases and year groups, the calculation is based on the key stage and number of year groups.

The issue is the way the NFF calculates the MPP funding protection for schools with more than 5 year groups. To put it simply, a secondary school with 5 year groups would be protected at the £5,000 MPP but for schools with any variation to this, the MPP used in the calculation is that which applies to each KS and a weighted average MPP is calculated using the number of year groups (not pupils) as illustrated below and then applied to all the pupils.

Minster has 40 primary pupils and 1,210 secondary pupils and the large discrepancy in the number of pupils in primary year groups and those in secondary year groups has significantly reduced the MPP protection they would have received as a stand-alone secondary school.

Yr Group	Primary				Key Stage 3			Key Stage 4		Total Yr Groups
	1	2	3	4	1	2	3	1	2	
MPP	£3,750				£4,800			£5,300		
	£15,000				£14,400			£10,600		£4,444

Although the table above shows the MPP as £4,444 the school was topped up by the Minimum Funding Guarantee (MFG) and the actual MPP was £4,712 per pupil.

The 2020-21 budget allocation for Minster has been reviewed together with the correspondence with the ESFA and the LA acknowledges that there is an anomaly created by the National Funding Formula (NFF) in the way it calculates the Minimum Per Pupil levels (MPP) for schools that do not have a standard structure as the MPP is determined by their particular year groups. Although LAs are required to follow the NFF methodology, they can request to alter this for specific schools in these circumstances.

This anomaly is one which had not been identified or brought to our attention because our overall checking of the 2020-21 budget allocations was against the NFF notional allocations and as we used the NFF MPP as directed it did not stand out to review. The same anomaly was present for 2019-20 but the increase in the 2020-21 Minimum Per Pupil (MPP) values has accentuated the financial impact on the school.

There is another school, Serlby Park (an all-through school), which this MPP methodology also applies to. However, it receives more funding per pupil through the core formula compared to the MPP levels and there is a more equal split of pupils across the year groups, so it does not create the same anomaly.

Action Taken

In view of this anomaly, the LA has redetermined the 2020-21 budget allocation for Minster School accepting that this is a unique circumstance. In order to be able to do this, a retrospective disapplication request was submitted (on the advice of the ESFA) and approved by the ESFA to allow the LA to do this. The request sought permission to calculate the MPP for the school based on the number of primary pupils at £3,750 and secondary pupils at £5,000. It would be the intention to apply this amendment to the MPP NFF methodology for the school in future years which may require the submission of a disapplication request on an annual basis.

Financial implications

The cost of redetermining the budget for Minster would be £310,000 and this would be funded from the £342,000 of unallocated Schools Block funding which was notified to the Schools Forum in February 2020.

The funding of it in future years is less certain as the Nottinghamshire funding allocation is based on the National Funding Formula and, if we make any changes to its application, that will not be reflected in the funding allocation. Unless the ESFA reviews its policy on the application of the MPP formula in these circumstances, Nottinghamshire would be underfunded each year.

There is a risk therefore, that this change may impact on the affordability of the NFF in future years which could potentially impact on all other schools in the County. However, now that we have adopted the NFF in full, it is very difficult to reduce the funding allocations because of the protections in the formula. The funding of any shortfall would be addressed as part of the consultation process for the following year's funding formula.

RECOMMENDATION/S

That the Schools Forum notes:

- 1) The action taken by the LA to redetermine Minster Schools 20-21 funding allocation and;
- 2) that there will be a requirement to make the alteration to the MPP methodology in future years if there is no change to the NFF methodology.

Sue Summerscales

**Senior Finance Business Partner – Children & Families
Finance, Infrastructure & Improvement Division
Chief Executive's Department**

For any enquiries about this report please contact:

Sue Summerscales

T: 0115 977 3468

E: sue.summerscales@nottscc.gov.uk