

Notes of School Funding Formula Research Team and Department for Education representatives – DfE, Sanctuary Building, Westminster on 6 November 2013

1. Present

For f40: Stewart King (Gloucestershire CC, Chair); Margaret Judd (Dorset CC); Anton Hodge (North Yorkshire CC); Karen Powlesland (Devon CC); Phil Herd (Trafford Council); Caroline Brand, (Worcestershire CC); Doug Allan, Secretary to f40.

For DfE: Susan Acland-Hood (Director, Education Funding Group) Tim Leunig (Senior Policy Adviser) and (by teleconferencing from Sheffield), Richard Allison (DfE).

2. Apologies

John Holme (Devon CC); Martin Wade (Cambridgeshire CC); Malcolm Green (Herefordshire Council); Karen Bowdler (Cheshire East & Chester Council) and Sara Haslam (Warwickshire CC).

3. Discussion based on agenda prepared by f40 (agenda items in black, comments in red)

1. Lump sum/sparsity

Intended purpose of lump sum and sparsity – what is the DfE's view on the rationale set out in the f40 paper? Is it the government's expectation that the introduction of a sparsity factor will lead to changes in the pattern of school provision? **The DfE welcomes f40's views and, as the Schools Minister indicated at the meeting on 29 October, they will be fully examined and taken in to account.**

What is the relationship between sparsity and rurality and how does the Rural Schools Designation Order fit in with this? **TL reiterated the view expressed at the meeting on 29 October that sparsity is intended to protect schools when closure would require pupils to travel long, unreasonable distances. Being situated in a rural setting does not, in itself, signify sparsity. He suggested that a rural school that year after year attracted an intake of 30 pupils would be unlikely to be described as sparse. A small school is likely to have 30 or less pupils per cohort, though this is not prescribed. The real problems come when the year on year pupil intake fluctuates. It's the variance that creates the problems. A RSD Order – which requires the LA to follow a pre-defined set of procedures if the school is to be changed – needs to be taken into account and SAH agreed that she would look at this aspect to ensure that there is consistency across DfE policies. TL suggested it would be appropriate to have a more accurate definition of a rural school.**

If changes of pattern of provision are required is some capital funding likely to be available?

Ministers do not wish to have a new model which protects the status quo. There is a mechanism in place for LAs to seek capital funding for exceptional circumstances from the EfA.

How does the DfE see the relationship between school funding and transport? More generally how does the DfE see the LA role in planning of school places?

Transport costs are separate to basic school funding. LAs can experience real budgetary difficulties when situations in their area change. SAH indicated that the government was not looking to increase transport costs for LAs under the new formula. It is not anticipating a material increase in the need to transport children as a result of changes in funding.

LAs are proposing a range of different models for 2014-15; does this argue for a 'simple' model for the NFF which reflects relative need and allow a wide degree of local discretion?

The research undertaken by f40 was welcomed by the DfE. It clearly indicates the difficulty that LAs have had in dealing with sparsity for 2014-15. LAs clearly want local discretion in this matter. SAH said that in the new arrangement it is envisaged that a key proposition will be to share the national

cake more fairly in the first year. That may mean that f40 LAs have a larger amount to share out under the sparsity factor.

There was some interest in the research response from Swindon and DA agreed to check out certain aspects of the response and speak to TL.

In a general discussion about “Sparsity in a National Funding Formula for Schools: a discussion paper from f40”, the following points were raised:

- On page 2 where it is stated under a Very Small Schools banner “it would be helpful to declare a de minimus number on roll below e.g. 30 pupils for primary and 300 for secondary”. SAH initially questioned this, thinking it meant there should be a maximum (and saying there was one already); when SK clarified that this was intended to be a minimum so that the formula did not prop up very tiny schools, SAH said that the funding model was intended to protect *necessarily* small schools, including very small ones.
- There was a discussion about the issues of sparsity as they present themselves in North Yorkshire, one of the largest geographical counties. AH said that his LA was taking the idea of sparsity extremely seriously and it is a popular policy, but there will be consequences, including school closures. Even existing small schools are finding it difficult to argue with the logic, but they want clear and timely information throughout the process. They need stability. NYCC would like to reduce Lump Sum in order to increase sparsity. NYCC used 90 pupils to describe a small primary – equivalent to three classes of 30.
- In terms of Threshold (page 2) – the idea of a “2 mile” distance is a worry as is concept of “the next rural school”. There can be problems if schools of different denominations are full. Not all religions will take pupils of different denominations. SAH said that the DfE is prepared to look again at factors. There could be a need for greater local discretion.
- The DfE is happy to look again at the “as the crow flies” description as well.
- SAH suggested that the problem with straight proximity (as opposed to distance to next-nearest school) is that it throws up odd results, so the DfE would like LA thoughts on these specific issues.
- SAH confirmed that it is highly likely that there will be MFG in the new formula. This will give stability. DfE will need to ensure that MFG tapers over the years so that it isn’t simply paid year on year without question.
- MJ asked that consideration be given to re-instigating the ability for LAs to make change to the MFG levels that are locked in schools via application to the Secretary of State. Currently most applications are refused and LAs would like the department to listen to cases made.
- There are discussions underway about the specific rate at which MFG will be applied. It is likely to be different to what we have now, and there are many figures under discussion.
- PH asked for clarification on MFG and said that if there is a clear commitment to MFG, wouldn’t it be sensible to have a clear statement for the future. TL suggested that he would be surprised if MFG was beyond 1% different to current figure. He suggested that at some time before the election positions would be clarified.
- There was discussion of the three sparsity calculation proposals (pages 2 & 3) that f40 put forward for consideration. ONS classification, Cohort and payment per square kilometre. DfE will look at these in more detail but could immediately see issues with proposals 2 and 3. SAH suggested option 2 funds smallness rather than sparsity, though the idea of “cohort” rather than “whole school” consideration is interesting. Proposal 3 is interesting but will not be tolerated by Ministers – they want a pupil based outcome rather than a geographic one.

2. High Needs

Is the intention to move from historic funding to a formula? If yes, what timescales are envisaged? Is a common approach needed to schools with a disproportionate number of children with high needs? This is a very difficult area and will need detailed consideration, including gathering of fresh data, at some stage in the future, but it is not on the agenda at the moment.

3. Deprivation

What is the distinction between funding through the NFF and the Pupil Premium?

Is the expectation that deprivation covers behavioural needs below the High Needs level (i.e. this is not regarded as SEN)? •What is the expected impact of the extension of free meals to all infant pupils from September 2014?

NFF is intended for the general funding pot and is distributed at the LA/schools discretion, whilst Pupil Premium is directed at individual pupils...and is additional funding. Ofsted are very focussed on pupil attainment improvements and a schools use of the pupil premium funding for specific pupils, whereas the deprivation funding within the formula can be used more flexibly for all pupils with needs, including those that are not specifically pupil premium children, but probably meet the same or similar criteria. The introduction of Universal Credit (not likely to be introduced until 2016 and then possibly not for all groups) will make identification of deprivation much easier. Registration will not be necessary.

4. Transition

What is the likely approach to MFG/limiting changes at school and LA level?

How can protecting individual schools be squared with phasing in the NFF over a sensible period?

These issues are dealt with above.

5. Central costs

How will these be dealt with in a national funding formula? Through a central block as proposed by f40?

This idea may seem tidier, but f40 should be careful what they wish for as Ministers might end up pegging the cost at a lower level than LAs would like.

6. Local discretion

What limits are likely on local decision-making? Is any shift in decision-making between local authorities and Schools Forums envisaged?

It is generally presumed that Schools Forums will influence decisions about school funding. No change is envisaged.

7. Consultation

What's the timetable? How detailed will the proposals be?

It is anticipated that the consultation will be launched in December as previously suggested. The DfE proposals will be detailed.

8. Other issues

How does DfE intend to respond to issues raised by f40

The DfE is keen to work with f40 and has welcomed recent research and proposals from the Group. There was no expectation that f40 would present more information/proposals than it has so far. The DfE would like to share more information in due course and is seeking approval to do this. SK suggested that f40 LAs would be happy to test or comment on proposed formula calculations for the DfE.

A reduction in regulation

Avoiding costly formula replication

Moving to a common funding year for maintained schools and academies?

It is unlikely that the DfE will address this issue until 2015-i6 at the earliest. It would not wish the matter to impede the basic NFF introduction.

Removing rates from school funding

The Schools Minister has already indicated to f40 that he will examine this issue and respond in due course

Arrangement for PFI payments