

## DA's notes from meeting of Finance Managers – 18 June 2013

### 1. Present

Stewart King (Gloucestershire CC, Chair), Margaret Judd (Dorset CC), Anton Hodge (North Yorkshire CC), John Holme (Devon CC), Martin Wade (Cambridgeshire CC), Malcolm Green (Herefordshire Council), Karen Bowdler (Cheshire East & Chester Council), Sara Haslam (Warwickshire CC), Phil Herd (Trafford Council), Christine Atkinson, ERYC and Doug Allan, Secretary to f40.

### 2. Apologies

Caroline Brand (Worcestershire CC)

### 3. f40 Executive Committee – 8 June

3.1 DA summarised the views of members of the Executive Committee who considered Version 3 of the School Funding Formula paper at their meeting held on 8 June. Generally speaking the Committee was extremely pleased with the work the Finance Managers are undertaking. They consider the research project to be one of the group's main tranches of work at this time and they expressed their appreciation for the commitment shown so far by all involved.

3.2 They had comments to assist with the development of the Paper: those recorded by DA are shown below:

- Section 2 – A National Funding Formula - consider adding additional reasons why a national funding formula is required – including seeking to improve education for all children and in order to raise and maintain standards.
- Section 3 – consider additional bullets relating to the Key Principles, namely:
  - Make it clear that the accounting systems of academies are now very different to those of maintained schools, so if LAs tried to replicate academy systems the costs would rise. (The team didn't think that this point was entirely relevant).
  - Even adjustments to the formula (as opposed to wholesale change) must be given sufficient time for implementation.
  - Pupil Premium and the general matter of deprivation – members believed that there is duplication of funding in the system, creating a “double whammy” for some, but many get nothing, meaning the funding gap is widening yet further. Some schools that are “deprived” are not in postcode areas that attract deprivation funding.
  - There are issues concerning fact that some LAs educate pupils from neighbouring LAs, but without the higher funding that the neighbouring LA receives – i.e. the funding doesn't travel with the pupil.
  - The need for forward planning of budgets is vital. Three year planning is desirable.
- Section 4 – The Formula – Consider two groups of factors – national and local – to best meet local needs. Consider additional factors, including Cost of Maintenance of Building/ higher cost of teaching/ Infant class sizes.
- Section 5 – Local Authority Responsibilities – consider expanding this section to ensure the impact of budget issues in the wider Children's Services areas, which subsequently impact on school funding, are clearly understood. Include more examples such as Early Years and School Transport.
- Section 6 – Transition – Chris Chapman expressed a view at Committee, later expanded in an email, that argued that we should take a tactical stance on transition. He suggested in the first instance going for a shorter period (three years), and being prepared to extend if the need arises.
- Section 7 – Further Work – the view was expressed that the Paper appears to take a traditional LA approach, but may have to reflect on new dimensions to cater for Academies/Chains of Academies.

3.3 More substantial comments were submitted by email by Tony Norton, North Lincs; Chris Chapman, Cheshire LAs; Christine Atkinson, ERYC; Pauline Hibbert, Stockport and Edwina Grant, Central Beds.

3.4 SK undertook to ensure that all comments received would be considered and, where appropriate incorporated into the developing Paper and Modelling.

3.5 DA reported on a possible actions/timeframe f40's Executive Committee would like to achieve for the on-going development and presentation of the Paper.

- DA to immediately write to the Schools Minister David Laws to flag up the work that f40 is undertaking and to seek a meeting to coincide with the finalisation of the Paper.
- DA is to seek a pre-recess meeting with Shadow Secretary of State, Stephen Twigg, to update him on f40's campaign. The developing Paper will form the main agenda item and the aim will be to get the Labour party to adopt the f40 approach in the run up to the next election manifesto.
- FPU Director, Jane Cunliffe (or her representative) to be invited to the next meeting of the FMRT to see and hear what is being proposed...and to gain an early 'heads up' on f40's proposals.
- The final draft Paper will be presented to f40's Executive Committee on Saturday 28 September 2013.
- The approved Paper will be presented to MPs (and LA members) at a special briefing in London, probably in early November, and the aim would be to get them to adopt the Paper and campaign for its consideration/adoption.
- Once the Key Principles in Section 3 are agreed, DA will send them to the Green Party and UKIP to ask them to adopt them in their own policy programmes. DA will offer them a meeting (with F40 Committee Members) to discuss fair funding.

3.6 The team agreed that these suggestions were appropriate and could be accommodated. See additional actions/timetabling in section 5.

## **4. Specific Issues for Discussion and Decision**

### 4.1 Composition and Size of Lump Sum

Options for the primary lump sum had been circulated. It was agreed that the lump sum should cover some leadership time and some fixed premises and support costs. £75,000 was agreed as the appropriate level. £150,000 was agreed for secondary schools.

### 4.2 Calculation of Sparsity Factor

Sparsity data has yet to be published by DfE. The team's view was that a sparsity should feature in a national funding formula but that the current proposals were insufficiently developed. Sparsity should be used as a means of more effectively targeting funding allocated through the lump sum

### 4.3 National Funding Formula

It was agreed that a national funding formula should include factors for:

- Age Weighted Pupil Unit
- Lump Sum
- Sparsity ( in due course)
- Deprivation (using free school meals on the 'ever 6' model). Clarification would be needed on the impact of universal credit.
- High Incidence SEN
- English as an Additional Language

- Area costs, with London Weighting or Fringe being applied to 80% of each relevant school's allocation.

PFI should be funded from the national schools' budget.

#### 4.4 Local Discretion – Purpose and Amount

All other factors would be subject to local discretion, including pupil mobility, split sites and prudential borrowing. It was agreed any local factors should have clear criteria and would require the agreement of the Schools Forum. Oversight by DfE should be minimal. Factors allocated under local discretion should be limited to 2% of the Schools Block.

Pupil growth should be funded from 'local discretion' but funding for new schools should be top-sliced from the national schools' pot. This would protect local authority areas with rapidly rising numbers.

#### 4.5 Phasing and Transition

The Team re-considered the options, particularly in the light of the comments from Chris Chapman. The recommendation will now be a three year transition with a Minimum Funding Guarantee set at -3% per pupil for year 1. A Minimum Funding Guarantee would only be required at national level – that would effectively incorporate the current local MFG.

### **5. Developing a Full Formula Model – Other School Funding Issues to Resolve**

SH agreed to update her spreadsheet to reflect the decisions on the formula.

### **6. The Next Steps (to be read in conjunction with paragraph 3.5)**

- SK to incorporate the relevant comments/additions from f40 Executive Committee Members and Finance Managers Research Team members into a further draft (version 4) of the paper "National School Funding Formula".
- SH to undertake further modelling work introducing the formula values agreed at the meeting (see Section 4).
- MG to further develop his 'regression' modelling work.
- A third (and possibly final) team meeting will be held at LG House, Westminster between 11am and 3pm on Tuesday 27 August 2013.
- Jane Cunliffe to be invited to join the meeting at 1pm, to receive a presentation of the proposals as they stand at that time.
- SK (supported by MJ and CA) to present the final draft paper to f40's Executive Committee on 28 September 2013.

Notes prepared by Doug Allan and Stewart King