

Notes of School Funding Formula Research Team and Department for Education representatives – LG House, Westminster on 27 August 2013

1. Present

For f40: Stewart King (Gloucestershire CC, Chair); Margaret Judd (Dorset CC); Anton Hodge (North Yorkshire CC); Karen Powlesland (Devon CC); Sara Haslam (Warwickshire CC); Phil Herd (Trafford Council); Christine Atkinson, (ERYC); Doug Allan, Secretary to f40.

For DfE: Susan Acland-Hood (Director, Education Funding Group); Tim Leunig (Senior Policy Adviser); Kit McHenry (Team Leader, National Funding Formula); Andy Powell (Analyst, Education Funding Group).

2. Apologies

Caroline Brand (Worcestershire CC); John Holme (Devon CC); Martin Wade (Cambridgeshire CC); Malcolm Green (Herefordshire Council); Karen Bowdler (Cheshire East & Chester Council).

3. Part 1 of meeting – just f40 members

- Karen Powlesland, Devon CC was welcomed as a substitute for John Holme.
- There were no issues arising from the minutes of the previous meeting (18 June 2013).
- Other than an announcement about Sparsity (see below) it was thought there had been no other DfE announcements or feedback about the new national funding formula since the previous meeting. Members did, however, refer to a report about the way education achievement of vulnerable pupils in rural areas is now worse than in many urban areas, particularly in the London boroughs.
 - There was a detailed discussion about sparsity and how each LA represented is intending to deal with its funding. The data relating to sparsity had been released by the DfE on 19th June, the day after the last meeting of the Research Team. In essence: ERYC is distributing for sparsity with a lump sum of £10k for primary and £50k for secondary.
 - Devon is introducing a £60k tapered figure on a threshold of 60 pupils. No school with more than 60 pupils will qualify (this figure may yet increase to 90 pupils). Secondary schools will get a £100k Lump Sum (4 qualify). The funding does not solve the problem for all schools.
 - Dorset has produced a map showing all schools and which will qualify for sparsity funding but also those that are small and don't qualify. There are about the same number of each making use of the factor difficult. Options are still being considered, but if used it will be based on taper.
 - NYCC will most definitely be using sparsity. All schools to be consulted next month with options to propose a lump sum figure of £100k for secondary schools and in terms of primaries, considering a £75k tapered sparsity factor, combined with a Lump Sum of between £30 -£50k. Covers about 90 primaries. Impacts on 8 secondary schools. County is facing lots of difficulties and still has some way to go before concluding. There are issues of catholic schools and CE schools close together which hamper the sparsity factor. Also significant issue about using "as the crow flies" data.
 - Trafford – no issue relating to sparsity. Formula Lump Sum of £150k.
 - Warwickshire has 9 primary schools that meet the criteria. Thinking of a maximum figure of £100k, with tapering. This is combined with a formula lump sum of £95k, the smallest schools may do well but expect this to just be reflected in a reduced MFG for these schools. All this is subject to change.
 - Gloucestershire – not touching sparsity as School Forum want to avoid unnecessary turbulence. The county believes the supportive data is unsatisfactory.
- There was a discussion about the latest version (6) of the team's paper "Towards a National Funding Formula for Schools" and modelling spreadsheet that Sara Haslam had

produced. Although several points were raised, including that the values attached to key stages need reviewing, it was agreed that this paper would be discussed in detail when the DfE representatives joined the meeting.

But the following points were noted:

- Whilst recognising that there is a need for efficiency in the school estate, it is not always possible to close schools without capital investment at other schools to take all the pupils.
 - That some schools with low numbers are required to allow for a population bulge in a few years' time.
 - That there doesn't appear to be a mechanism to close academies. Some schools are converting to academy status because they believe it will protect them from closure.
 - Where there are faith schools close to another school either of a different faith or a community school, the diocese tends to take precedence in a new school which does constrain parental preference. Closing one school where there are 2 different faith schools is difficult because neither diocese wishes to see a dilution of its schools.
- The team reviewed the Powerpoint presentation that would guide the session with the DfE representatives and a few minor changes were made.
 - DA confirmed that once adjusted after today's meetings, the final paper will be presented to the f40 Executive Committee for approval on 28 September 2013. SK and MJ to lead.
 - DA confirmed that there are several key meetings in advance of the Executive Committee at which the "current version" of the paper would have to be used – namely with Shadow Education Minister, Stephen Twigg on 3 September (NB: this meeting has now been postponed) and with Oliver Letwin, who is leading on manifesto preparations for Conservatives at the next election) on 4 September.
 - DA confirmed that Schools Minister David Laws has been advised of f40's work on a national funding formula and an October meeting with him has been requested.
 - It has been suggested that The Green party and UKIP should be provided with f40's proposals at an appropriate time
 - F40 intends to present its proposals to f40 area MPs and LA lead members in November.

4. Part 2 of meeting – with DfE representatives in attendance

There was a wide-ranging discussion and the key issues raised (not necessarily in order of discussion) were:

- The DfE representatives welcomed the contribution that f40 is making to the development of a new national school funding formula. Having read our proposals so far, it is clear that there is much common ground that should see a formula in place relatively quickly.
- The Secretary of State is committed to ensuring that the new formula is in place. There are also practical reasons that make 2015-16 the best option.
- However, it was made perfectly clear that there are considerable risks involved.
- The DfE is undertaking a huge range of work on the new formula, including considerable modelling, and the government is aiming to launch a 12 week consultation on the new proposals in early to mid-December
- There was a discussion about the importance of a rationale for any per pupil funding suggested. F40 can suggest its own figure and the rationale behind it.
- TL suggested that the team might wish to look again at its suggested 2% local discretion figure. There may be the potential for greater discretion than f40 is thinking. F40 thought that local discretion could be used to support differences in schools locally, whereas the DfE thought that this might be by changing the values of some of the variable away from the figures used in the national to local distribution. Local discretion could cover certain sparsity issues aimed at avoiding school closures for example.

- Where a local authority used its discretion it would need to discuss with its schools forum the reason for change in a transparent manner.
- Questions were asked about the choice of “as the crow flies” when working out sparsity. Actual road miles might be preferable! SAH said that both had been considered and in reality there was not a significant problem with “as the crow flies” and the errors tended to cancel each other out. She would, though, like to hear of examples if there is strong disagreement. There would be an unnecessary cost associated with introducing actual road mileage calculation,
- In response to a question about whether the government would close any academy that failed or went bankrupt.
- For 2015-16, the proposal is at national level to allocate funding to LAs based on a number of factors, but not necessarily all 13 factors that currently exist, as some do not produce a significant shift in funding between LAs, i.e. LAC. Each LA can then decide how to allocate this funding to their schools based on the 13 factors and local discretion.
- For 2015-16, and despite the launch of the national formula, the government is working on the assumption that there will still be a significant degree of local discretion. This could then be the case for two or three further financial years, partly because it is sensible, but mainly because it gives the government time to sort out issues and unintended consequences. After that, it’s a matter for further discussion.
- In 2015-16, it is the intention that LAs will, for example, be able to vary the AWPU – there is unlikely to be a fixed weighting between Key Stages. The view is that local discretion gives some flexibility and minimises local turbulence.
- Any new national funding model will be entirely transparent. Under a new formula, some LAs/schools will be better off, and some will have less – but it will be a clearly defined process.
- DfE recognises the importance of transition to LAs and individual schools and noted f40’s strong preference for a swift transition to full NFF funding at LA level, and as much flexibility as possible in applying any Minimum Funding Guarantee at school level. Importantly, f40 will have to accept that Ministers will not countenance big year on year reductions in individual school budgets. DfE is modelling different approaches to transition. This may have a basically flat floor, with a cap on gains/losses, depending on the gap.
- Pupil Premium will continue in 2015-16 as a separate grant. This funding is a major policy area for both Coalition parties and is sacrosanct.
- DfE pointed out that ministers find it easier to relate to FSM, rather than IDACI.
- Suggestion that LAs should be able to apply to the Secretary of State for discretionary use of local MFG to support removal of anomalies in the MFG will be considered.

5. Future Actions for f40

1. DA to circulate notes of the meeting on Wednesday 28 August.
2. Research Team to work on further version of its paper “Towards a National Funding Formula for Schools” and associated modelling work over the next few weeks and supply a copy to the DfE team as soon as practical.
3. F40 to make use of best available version of the paper for the meeting with Oliver Letwin on 4 September.
4. Research Team to present the paper to f40’s Executive Committee on 28 September for approval.
5. F40 to persist in its efforts to achieve a meeting in October with Schools Minister David Laws.
6. A further meeting of the Research Team and DfE team will be held in October, perhaps to coincide with the proposed meeting with School Minister.
7. F40 to supply the final paper to the Green Party and UKIP after 28 September.
8. F40 to arrange a briefing seminar in London in November for Members of Parliament representing f40 areas and for Lead politicians/officers in member LAs (though this date may change as f40 consider its contribution to the government’s consultation).
9. F40 to submit its proposals, and any additional comments at the time, to the consultation in December.

10. F40 to seek alliances with like-minded organisations, for example ASCL, as the new school funding formula is developed and consultation takes place.
11. F40 to encourage MPs and LAs in all f40 areas to lobby the Prime Minister, Deputy Prime Minister, Chancellor of the Exchequer and Schools Minister for the introduction of a new school funding formula (it is essential that the government push the new national funding button in 2015-16 and that nothing dissuades them from following through with their current plans).
12. F40 to make contact with key advisers in Downing Street (Laura Trott), the Chancellor's Office (Neil O'Brien) and the Deputy Prime Minister's Office (Julian Astle). They need to be advised of f40's approach.
13. DfE team to consider how f40 can assist further with modelling

SK thanked the DfE team for agreeing to discuss their proposals with f40 and indicated that their contribution and insight had been extremely valuable in helping to clarify many critically important issues.

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