



## Notes of meeting of f40's Finance Managers Research Team

**Monday 6 July 2015 at LG House, Westminster**

**Present:** Stewart King (Gloucestershire CC); Margaret Judd (Dorset CC); Caroline Brand and Rob Phillips (Worcestershire CC); Sara Haslam (Warwickshire CC); Anton Hodge (North Yorkshire CC); Karen Powlesland (Devon CC); Phil Herd (Trafford Council); Peter Hughes (Stockport Council); Malcolm Green (Herefordshire Council); John Bloomer and William Wilkes (Staffordshire CC); Martin Wade (Cambridgeshire CC) and Doug Allan, Secretary to f40.

**Apologies:** Simon Pleace (Kent CC); Karen Bowdler (Cheshire East & Chester Council); Gillian McKee (Oxfordshire CC); Lee Assiter (Staffordshire CC); John Holmes (Devon CC).

### 1. Current f40 activities

DA gave an update of recent and forthcoming activities, including reference to:

- Meeting with new Director of DfE Education Funding Group on 16 June (Notes previously circulated).
- Meeting with Education Minister Sam Gyimah MP on 18 June (notes previously circulated).
- Appointment of a new Conservative Vice Chair, Graham Stewart MP, to replace former Vice Chair Robin Walker MP, who has become PPS to Nicky Morgan MP, Secretary of State for Education. In the last Parliament, Graham was Chair of the Education Select Committee.
- Scheduled briefing of MPs at the House of Commons on Tuesday 14 July. To be attended by Ivan Ould, Graham Stuart, Margaret Judd and Doug Allan and new and returning Members. In addition to MPs representing f40 areas, Members from other poorly funded areas that are not in f40 membership, have been invited. A high turnout is anticipated.
- DA has recently circulated detailed information to Directors in f40 member authorities asking them to involve headteachers and Chair of Governors in local campaigning aimed at ensuring local MPs are contacted to act on fair funding and seeking case studies about local issues.

**AGREED** that LAs are invited to pass copies of case studies to DA so that he can compile a comprehensive compendium of information (this is in addition to submissions sent direct to Ministers and MPs).

### 2. Updating the f40 proposal

Before working through the updates to the funding model spreadsheet and supporting narrative, the team debated the approach that should be adopted in relation to the three funding blocks. There are two elements – High Needs and Early Years - that cannot be updated at the moment as the government is undertaking research that means there will be no available data until the autumn. The first question that needed to be considered was whether it was valid to undertake and present an updated spreadsheet without this key data, or to simply update the Schools Block alone.

It was **AGREED** that it is important to have a spreadsheet that can be shared with the DfE and referred to by f40, MPs, member authorities and the media. So we should update the Schools Block, despite the fact that the other two blocks cannot presently be updated. The updated narrative document and spreadsheet must make this situation very clear.

There was a general discussion about MFG and the approach that f40 should adopt. It was generally felt that there should be a two tier approach to the MFG, the first an MFG for the distribution from EFA to LAs and a second local MFG for LAs distribution to schools. It was pointed out that at the recent meeting the Education Minister had asked the delegation about MFG. The f40 proposal includes a three year transition

to fair funding. MJ suggested there may be a demand for a wide band of MFG to cope with all circumstances. PH wondered if we could simply set a range of figures and offer Schools Forums local flexibility to apply. JB said that would be a great way to empower Schools Forums at a time when their powers are being eroded. AH noted that in a conversation with the DfE there seemed to be concerns about the power and influence that Schools Forums had, particularly in respect of advising in cases which did not favour academies. However, DA reported that he had recently circulated very positive feedback about Forums, which had originated in the EFA.

There was some discussion about the amount of “reduction” that losing LAs and their schools could reasonably cope with throughout a three year transitional period. It was agreed that this is really the DfE’s problem and we as a group can only make constructive suggestions. SK mentioned the considerable pot of cash (thought to be many millions) that is held for academies MFG transitional protection. It was thought that this could be used more efficiently.

SK said that the DfE won’t make their position clear at this stage, but that f40 needs to take a stance now. He said it is very important not to compromise f40’s basic principle of achieving a fairer funding arrangement. It was **AGREED** that we maintain f40’s present policy of seeking a fair funding formula with a three year transitional period; agree a reasonable and achievable reduction in funding for those LAs that would lose out (say 3% maximum in the first and second year, with notice that anything above this would be recouped in the 3<sup>rd</sup> year), and propose the DfE find other support for any specially lengthened arrangements for several exceptional LAs who would be the biggest losers.

It was also **AGREED** that under the present circumstances (parts of the funding formula can’t be completed until DfE research is completed) that it would be unrealistic to expect a new formula in 2016-17, so we should accept a year’s delay to 2017-18, but reject outright any suggestion of a longer delay.

The team then worked through the spreadsheets that had been recently updated by Caroline Brand and Rob Phillips (Worcestershire). CB pointed out that most of the data had been updated but some, which was not immediately available had still to be updated. Several sections still need updating. CB will approach Simon Pleace (Kent) for details of his contact in the DfE who had previously supplied data. Alternatively CB will go direct to Kit McHenry in the DfE who should be able to assist. CB promised to get the revised spreadsheets into circulation as quickly as possible, with next week’s MPs Briefing in mind.

PH again flagged up his LA’s concerns about the flawed calculation of the extra £390m provided to 69 LAs in 2015-16. It was extremely unfair that some better funded authorities had benefitted from that additional funding whilst worse funded authorities had not. DA said that f40 had strongly criticised the way in which the calculation on Schools Block alone had been made, but it is clear that there is no going back. He expressed the hope that the situation would be dealt with via a new national funding formula.

DA flagged up fact that it would be useful to have the updated spreadsheet and a revised Calculator ready for the MPs’ Briefing on Tuesday 14 July. MJ said that she should be able to undertake work on a calculator if the basic updating was completed quickly. See below.

DA also pointed out that he is regularly asked for League Table showing the positions of all authorities. The media and MPs, in particular, always want to know where authorities fall in the funding league. It has been difficult to provide a meaningful league table since GUFs were replaced by the three funding blocks. MJ suggested that this wasn’t straight forward as the three parts are different – there would be three different leagues, which would not be sensible. After some discussion it was **AGREED** that a simple league table showing a calculation of DSG divided by 4-16 schools block pupil numbers will be produced. MJ to prepare.

### **3. Updating and combining the Narrative documents**

F40’s initial proposal consisted of a spreadsheet and three supporting documents – the Proposal, A Narrative and an explanation of the Modelling. This was fine as the proposal was being developed but it was now thought that a single document should support the spreadsheet. Simon Pleace (Kent) had agreed to have a first stab at editing the three documents into one. The team went through the document section by section, making appropriate adjustments. The revised document will be circulated to all team members for a final read and agreement, before getting wider circulation.

#### **4. An alternative suggestion for solving the funding conundrum**

DA circulated a suggestion raised by Graham Stuart MP, Vice Chair of f40 and asked for views. Stuart wonders whether a workable solution in an imperfect world is to aggregate the Schools and High Needs blocks for each authority and then redistribute funding so that a hard 'floor' is achieved, beneath which no authority falls. In other words, if you set the floor at (to pick a figure at random) £5,000 per pupil, you could have a bottom 30 or 40 authorities all at this level. There would then be no one authority faced with the nightmare of being the worst funded. The aim would be to ensure that there is a gap of no more than a certain percentage difference between the funding available to the ten best funded authorities and that available to the ten worst funded authorities. The idea would address the essential unfairness and is readily intellectually communicable to colleagues and the public.

The team thought this was an interesting idea but one that would not address f40's basic principle of wanting a fairer national funding formula. One that provides fair and equitable funding to all pupils no matter where they live. This idea simply tinkers with the existing formula which is something we have criticised successive governments for doing in the past. SK pointed out that being the worst funded is not really the issue, its being unfairly funded.

**AGREED** to thank Graham for his suggestion but the team preferred not to take it further.

#### **5. Impact of a 12% reduction in the value of school budgets – illustrations**

SK indicated that a few LAs are undertaking some work to try and identify the impact of a 12% reduction in the value of school budgets. The idea is to illustrate what schools face in the year ahead...and beyond.

Christine Atkinson (ERYC) is busy on this and JB said that similar work is underway in Staffordshire. SK said that schools in Gloucestershire are engaged in similar studies. MG indicated that Herefordshire has some budget models that show how deficits will develop.

**AGREED** that the results of this work in the four LAs should be brought together as Case Studies and presented to the Education Minister, as well as used in publicity. Each LA may wish to highlight the information itself, but it was suggested that the information should also be passed to DA so that he can make the best use of it via f40.

#### **6. Future of the group**

SK announced that he is relinquishing the chairmanship and that this would be his final meeting. He has accepted an invitation to join the School and Academies Funding Group at the DfE representing ADCS and he believes his involvement in the two would be incompatible. He said that he had enjoyed chairing the team and being involved with the Executive. DA thanked SK for his hard work on f40's behalf.

MJ nominated Martin Wade as chair. He accepted the position, subject to clarity of his own position in Cambridgeshire where a re-structuring is underway. He will jointly represent Cambridgeshire and Northamptonshire, which are setting up joint arrangements.

It was also noted that Phil Herd is taking early retirement and John Bloomer is moving soon to a new post with Cornwall CC. They were both thanked for their contribution to the FMRT's work.

It was **AGREED** that the FMRT still had work to complete and it is likely that the next meeting will be called in or just after September in the light of anticipated announcements from the government.

DA reminded team members that the next f40 Executive Committee is scheduled for Saturday 19 September 2015.

END

F40/DA/6 July 2015