



Notes of meeting of f40's Finance Managers Research Team – Monday 21 July 2014

Held at LG House, Westminster

Present: Stewart King (Gloucestershire CC); Margaret Judd (Dorset CC); Anton Hodge (North Yorkshire CC); Karen Powlesland (Devon CC); Caroline Brand (Worcestershire CC); Phil Herd (Trafford Council); John Bloomer, (Staffordshire); Simon Pleace, (Kent CC) and Doug Allan, Secretary to f40.

Apologies: Martin Wade (Cambridgeshire CC); Malcolm Green (Herefordshire Council); Karen Bowdler (Cheshire East & Chester Council); Gillian McKee (Oxfordshire CC); Lee Assiter, Staffordshire CC; John Holmes, Devon CC and Christine Atkinson, ERYC.

1. Minutes of the FMRT meeting – 5 June 2014

These were agreed as an accurate record of the meeting and there were no additional comments.

2. Minutes of the FMRT meeting with DfE Officials – 5 June 2014

These were agreed as an accurate record of the meeting and there were no additional comments.

3. Fairer Schools Funding in 2015-16

On 17 July 2014, the government announced its final position on the extra funding allocations for 2015-16. Since the initial announcement in March, and the subsequent consultation, the total amount to be allocated has increased from £350m to £390m, an increase of £40m. The number of f40 LAs benefitting has also increased from 24 to 27 authorities, and of the increased allocation £38.1m has been allocated to f40 LAs.

This is considered a very good result for f40, whose arguments and campaigning has obviously been effective, though it was also noted that some concerns still exist about the basic calculation of the share-out adopted by the DfE.

NYCC continues to be disappointed at the decisions relating to sparsity.

6. Developing the f40 Formula

- **Introductory Narrative:**

The current version of the narrative, prepared by Stewart King, has been circulated to all f40 member LAs and comments have been taken into account. The paper will develop further as the work on factors and modelling progresses.

- **NFF Formula Factors/Assumptions**

Stewart King (GCC) agreed at the last meeting to undertake some development work on formula factors and he supplied the results to Anton Hodge (NYCC) who introduced the basics into a spreadsheet, based on 2014-15 funding for analysis and discussion today. This session proved extremely useful and those present felt that the exercise was both interesting and revealing. A wide range of assumptions and potential variations were examined and modelled, resulting in a range of outcomes that the team want to investigate further.

AGREED that Anton Hodge will “clean-up” the spreadsheets so that they are suitable to be circulated to all members of the Research Team so that they can spend some time experimenting with the figures and checking how their own LA’s position might fit. It is essential that team members undertake this work urgently (even though it is acknowledged that we are entering the holiday season). Members are asked to circulate any work undertaken to all other team members.

It was also AGREED that a further meeting of the Team will be held in London on Tuesday 2 September in order that a substantive report can be made to the next f40 Executive Committee which is scheduled for Saturday 6 September 2014.

- **Early Years**

Martin Wade (CCC), who unfortunately couldn’t attend today, had previously circulated an initial report on Early Years. His thoughts are that the current pupil count methodology does not require much alteration.

Given that the initial DSG allocations are based on numbers from the previous January and are then adjusted retrospectively to reflect changes in the following January this appears to allow for any in-year increases/reductions in participation.

However, there is a bigger immediate issue in 2015/16 in respect of 2 year-olds when the funding changes from trajectory to participation. The calculation of the initial payments to LAs will need to be considered carefully otherwise it could result in significant under/over funding. (Martin is trying to have a conversation with the DfE to seek clarification).

In terms of the funding rates themselves the range in current EYBUF is even greater than within the Schools Block £8,713 to £3,080. And, based on the available benchmarking, the hourly rates LAs fund are also significantly varied.

This link relates: <https://www.gov.uk/government/publications/early-years-benchmarking-tool>

As with the Schools Block and High Needs Block, much of this will be down to the historical local decisions made around Early Years provision, and how this is delivered. In areas with a high numbers of maintained nursery schools and/or classes the costs will be higher than in those areas who rely solely on the PVI sector to deliver the provision.

So, as with our discussions about the High Needs block, there is conflict between “fair” funding and historical local decisions about provision. Would we want a formulaic approach that allows for the differences in EY provision? (accepting that those with a higher number of maintained providers are likely to receive greater levels of funding).

It is unclear whether LAs or the DfE hold accurate data on provider types that could be used. A simplistic alternative would be to differentiate between maintained Nursery Schools and everyone else, leading to an Early Years “Minimum Funding Levels” equivalent based on the provision type in each LA area and apply an annual hourly funding rate on a similar basis as the funded two’s...

Maintained Nursery Schools = Lump Sum + (Hours at Settings x Hourly Rate) + Deprivation x ACA

Other Providers = (Hours at Settings x Hourly Rate) + Deprivation x ACA

The Team took the view that the formula for Early Years should not take account of the pattern of provision – it should be a simple formula based on the number of three and four year olds, and the number of two year olds, in each case based on participation. Local authorities should then have complete discretion, with the advice of the local Schools Forum, to allocate the funding to meet local needs and circumstances.

The team expressed its gratitude to Martin for initiating the discussion. It was AGREED that Martin be asked to take the work to the next stage i.e. to suggest formula values to distribute the national total for early years.

It was also agreed that Doug Allan should present all the recent correspondence on “Three Year Old in Academies” to Martin and ask him, as part of his Early Years work, to consider what action f40 should take to draw the issues to the attention of the DfE.

Doug Allan mentioned that he had already asked Martin to prepare the first draft of f40’s response to the Early Years consultation that closes on 22 August 2014.

- **High Needs**

There was some discussion about the necessity of the Team undertaking work on this factor at this time, bearing in mind the fact that the government is intending to tender some research in the Autumn.

Gillian McKee (OCC), who also could not attend today, had circulated a spreadsheet showing figures extracted from PwC research undertaken a few years ago.

It was AGREED that Simon Pleace (KCC) in consultation with Gillian McKee (OCC) will undertake some further work. Simon will also get in touch with Susan Fielden (Somerset CC) to check whether she has already undertaken any work on High Needs which we might look at – and to avoid the possibility of duplication.

END

F40/DA/22 July 2014