



## Notes of f40 conference

### Held at Church House, Westminster on 3 November 2009

**Welcome** from Cllr Ivan Ould, Chair of f40 and Lead member for Children and Young People's Services at Leicestershire CC

- Welcome and thanks to delegates for attending
- F40 achieved the deprivation finding change in 2008 which enhanced budgets
- Worry about unplanned redundancy costs as grant supported provision may end in 2011
- Acknowledgement of David Kidney MP's role as former chair of f40

#### **Lyndsey Wharmby, f40 Financial Consultant**

- Outlined current funding mechanism with some historical perspective
- F40 wants an activity led formula (recognises that this is not easy)
- There should be a basic identification of 'basic activity' that the country can afford not including AEN support
- AEN should be based on school level data and be additional to basic entitlement
- Sparsity should be recognised in all phases of education and with AEN
- Sparsity should be measured by the number of state pupils per hectare, different from other measures which measure adults per hectare
- Sparsity needs to recognise the cost of having to run small schools
- Area cost adjustment should provide comparable provision for all outside London
- Data needs to be reliable, valid and up to date
- Proxy indicators should have a high correlation with need and the indicators may be different national and local
- At school level no need for proxy indicators- you meet the needs of actual students
- Rural areas may have different challenges from cities – but they are still challenges.

#### **Mick Brookes, NAHT**

- Key indicator of educational deprivation in rural area should be the level of HE qualifications per adult in the community. This is an indicator of *educational* deprivation – not about money
- Current spending on education should be maintained
- Small schools need to cluster to share resources, management, staff, procurement
- 'Schools on the corner of every street' can only increase costs

- Efficiency should be achieved through effective procurement which should not take up too much of the Head's time
- School balances represent 6.3% nationally but the section 52 should have a column showing 'unallocated resources' which should be zero. There should be no unallocated resources in any school
- Small schools are the glue which hold communities together in some areas.
- NAHT is worried about early years funding (see Guardian 3/11/09), there is too much variation in funding and some are a risk of closure

### **Mike Heiser, LGA**

- The modelling of possible decisions in the review of funding are being made behind closed doors – against LGA advice.
- Election may come between March and decision making time in July 2010.
- DCSF looking at activity led model
- AEN – they are looking at which pupils are affected, which indicators to use and whether to personalise the money for some pupils
- Talk of incentives in the system raises questions which incentives?
- Modelling progressing on high cost pupils
- DCSF working on sparsity for primary (MH did not mention secondary)
- Area costs – should there be a measure specific to individual schools?
- Transition arrangement from current funding formula to new one not yet considered
- Academies – LGA recommends a recoupment model
- Early years – LGA believes that new formula for 2010 too early and pressing for 2011
- 14-19 National finding on back burner – will create too much turbulence
- LGA would like specific grants put into mainstream funding
- No consideration yet of revenue funding capital projects
- LGA would like a general increase in funding
- There should be flexibility for LAs to minimise ring fenced grants
- 14-16 should remain in the DSG
- When the review is published there should be something for every authority
- LGA supports deprivation funding

### **David Laws MP, Shadow Schools Minister, Lib Dem Party**

- Lib Dems supportive of f40
- Not necessary for all schools to receive the same funding, deprivation, area costs and AEN can affect funding
- 14-19 will cost more in rural areas
- Deprivation should be used to enhance funding to even up life chances for pupils
- Existing calculations are flawed
- Half of all pupils receiving FSM do not go to schools in deprived areas. In rural area households can have very low incomes but don't trigger FSM
- EAL is a growing issue and not just in the cities
- Ultra high needs funding a serious pressure on small authorities
- Rurality and area costs are unfair because do not take into account staff costs
- Lib Dems recognise need for a fundamental review
- There should be comparative funding between primary and secondary

- Basic entitlement should be related to needs and costs
- Local costs top up for sparsity should be available especially in relation to teacher cost
- High costs AEN should be met nationally or regionally
- There should be a pupil premium for AEN students which transfers with them so the school gets the funding with the pupil who is tagged. Schools need to be held to account on the spending of this premium. This will be in manifesto
- Additional money will be needed to put right the issues but losers-winners gap needs to be minimised. This should have happened in last 10 years of increases. Additional money will come from a review of the tax credit system

### **Nick Gibb MP, Shadow Schools Minister, Conservative Party**

- Conservative team shares the view of f40
- Costs and needs need to be reflected in allocations to LAs
- F40 authorities do well at GCSE despite funding (quoted some including York and NYCC). It looks like high performing authorities are penalised.
- Present system unfair – gap between top and bottom too great and national; pay agreements etc put too much pressure on f40 authorities
- Conservatives want to see fairer funding with extra funding for disadvantaged children
- Agree with the ‘catch up’ approach not redistribution. Will take time to deliver.
- Committed to maintaining front line services – deal with quangos and national; strategies and reviews to save money
- Funding formula will go along with introducing new profiles. There will be a huge boost in academies and providers will be encouraged to open schools
- There will be a formula plus a pupil premium for AEN
- Surplus places will need to be managed and will contribute to give parents a choice especially in the new schools envisaged.
- There will be a separation of roles between the LA as writer of SEN statements and the funding of statements
- Capital: 15% of BSF budget to go to establishing new schools. Imagination is needed, a relaxation of planning controls to enable small schools to establish. This will drive up standards.
- Proxy for pupil premium – unhappy with FSM, looking at Mosaic and FFT.

### **Vernon Coaker MP, Minister for Schools & Learners**

- Recognised that funding remains an issue despite the increases in capital and revenue in last 12 years.
- Wants to work with f40 to ensure that fairness is built into the system. Recognises that costs differ in different areas.
- Formula needs to be simple and transparent and ensure that children from deprived backgrounds do much better.
- DSG will give more funding to f40 authorities, sparsity will have weighting as will deprivation
- Money needs to be invested where it is most needed – there are different pressures.
- Committed to small schools and see the value to communities of them
- New formula must enable schools to be able to face the next 10 years

- Recognised that f40 has succeeded in ensuring that pockets of deprivation recognised
- SERCO have produced a model of activity led formula.
- AEN funds need to be targeted on underachievement.
- Looking at recruitment and retention of staff in high cost areas and very expensive AEN
- Next spending review will be a challenge and there is a need to continue to press for value for money.
- Schools are most efficient when they work with others.

### **Questions to Minister for Schools and Learners**

**Q. (Vanessa Eddy, Devon) – serious problems in funding in Devon schools. Can the Minister give any hope of improvement and stability?**

**A.** Aim to give 3-year funding stability. In 2008 spend plus used for this settlement period. Can't offer immediate solution. Try to address needs in 2011 onwards.

**Q. Patrick Roach (NASUWT) - Question of efficiency and efficiency challenge. Given pressures on smaller schools – what are priorities?**

**A.** Minister faces contradictory demands on funding. Funding formula must command confidence. There will always be someone at top and bottom. Need to get rid of perceived unfairness. Efficiency should be driven by school improvement, collaboration, business managers, schools working together, free up head teachers to focus on teaching and learning. Can save money. Value for money comes from school improvement. Smarter procurement will save money. If national strategy money is redistributed schools can decide where money goes and how to deliver literacy and numeracy.

### **Questions to Panel (Ivan Ould, Gillian Hayward, Mike Heiser and Lindsey Wharmby)**

**Q. Conservative Parliamentary candidate for W Worcs - Why do we put weight on geography when here is a national pay scale? In a postcode there can be disparities. Why not abandon geography?**

**A. LW:** Funding to LAs is geographical. Range of LAs from Rutland to Birmingham. Range of schools. Only area where teachers pay is different is London. Opportunity costs, e.g. times is different in a city from a rural authority. If we go down to detail of full postcode then there can be as few as 40 houses and can be accurate.

**A. MH:** Two approaches being worked up by DCSF - labour market and hybrid approach using actual costs based on national pay scales.

**A. GH:** Geography does matter – need a fine toothcomb approach. Not just urban vs. rural.

**A. IO:** Serious point – national pay and conditions – if the LA has not the money, then cannot employ sufficient staff. Naturally determined pay for school support staff coming – will create problems.

**Q. New funding formula – will the changes come from efficiencies or will there be extra money?**

**A. MH** suggested we won't see an increase in funding of the sort we have seen in recent years. So it will be a real challenge for LEAs and schools, with ongoing winners and losers. In general local government terms, there will be a funding floor - but will it be plus or minus? Distinguish between overall money going in and distribution. Some LAs believe MFG is too high – but has given schools certainty. Not sure what will happen to MFG.

**A. GH** said that there is considerable pessimism in Gloucestershire. Looking at options to ensure best possible funding at local level, which is just as important as national distribution. Anticipates possible cuts in income. Looking at getting as efficient as possible.

**A. LW:** New formula essential. Spend Plus is a dog's dinner. There needs to be a better system and consensus that formula is fair. If the Government finds a better system, it is important that it is implemented – no backing off! Remember that losers will shout louder than winners! So it will not be easy, and will need firm management and strong leadership.

**A. IO:** In the past Leicestershire topped up – and they lost out big time and were disadvantaged by system. How much of service is grant provided? Grants can be dangerous. Redundancy costs can come in 2011.

**Q. Tim Smith, Shropshire wondered if there is a need to continue to work to increase effectiveness of sparsity factor?**

**A. LW:** Argument has been won on how you measure sparsity. Education issue is the number of pupils in maintained schools/hectare. Does this change the unit of funding per pupil? A more transparent, fair and obvious allocation is desirable. Distribute the same pot differently. There'll still be winners and losers – but if it reflects need, then its hard to argue its not deserved.

**Q. Geoffrey Clifton-Brown MP – Early years provision - pupils that need special help have to wait in some poorer authorities – which means the children lose out.**

**A. MH:** LGA wants the whole local authority to work together - schools plus social services. There's still evidence of bureaucratic processes. If we were starting from scratch, we wouldn't start from here!

**A. LW:** Early intervention is for the best. Poorly funded LEAs are caught – takes longer to do everything they might like to do. We should loosen up on age at which

children start school and progress through the year classes. Look at individuals and let those who need it another year at pre school if it helps.

**A. GH:** New formula in Gloucestershire helps but not enough cash to do justice to children's needs as quickly as is desirable.

**A. IO:** Early years is working in Leicestershire. There is a rise in referrals, especially neglect, picked up by early years work. Costs of AEN can be colossal.

**Q. Worcestershire PPC - Should there be a limit to the funding gap between authorities?**

**A. LW:** Difficulty in campaigning authorities not comparing like-with-like. Need to look at the smoothing effect. Funding should reflect pupils the school educates, e.g. a school with a deprived pupil from another LA should have the funding that the student would get in their home authority.

**A. IO:** In Leicestershire, inflow of 2,500 pupils who do not bring Leicester funding with them.

**Discussion**

Oxfordshire representative – basic entitlement is still the issue and I am not convinced by the political speakers today. We must get basic entitlement right – it's fundamental.

GH suggested we must work to achieve an activity-led formula. I have been encouraged that the Government appears to be undertaking the sort of work that may result in a better, fairer allocation system.

MH suggested that locally it's up to the LEA and schools forums to come up with a formula that fits. DCSF can't do that. We may be a step closer in this review than last time. And I hope that becomes apparent in the announcement.

Peter Doyle, Devon CC took the opportunity to remind delegates that DCC has launched a funding petition on the PM's Downing Street website. He encouraged everyone to sign it.