



## **F40 National Funding Formula Conference**

**Palace of Westminster on Thursday 6th February 2014**

**Brief note of some of the key messages from the conference. Please note that all the presentations given at the conference are available on f40's website at [www.f40.org.uk](http://www.f40.org.uk)**

Delegates were welcomed by f40 Chair, Cllr Ivan Ould.

### **Susan Acland-Hood, Director of the Education Funding, DfE**

NFF Consultation delayed. The Treasury is forecasting decline in public spending until 2018/19. Departmental allocations are declining fastest. But schools budget protected in real terms for 2015-16...and prioritised. Pupil Premium also protected in real terms. Academies programme to continue to be funded, with reduced central costs promised.

DfE recognises the imbalance in funding and can give specific examples at school level. Funding has not kept pace with changing pupils' needs.

Many of the changes in 2013-14 were a first move towards a national funding formula. Most changes at LA to school level – not changed from DfE to LA. There's been greater consistency in pupil-led factor funding and per-pupil rates. Overall a large proportion of budget is being allocated through basic entitlement. But still considerable variation on other factors – deprivation in particular.

Pre-16 funding – some important changes for 2014-15. DfE open to ideas about sparsity factor.

Important question is: "What is fair"? Trying to define is difficult. Fast change vs stability? Should priority to be pull low funded areas up?

Important changes to High Needs in 2014-15. LAs must do more to inform schools about the issues. Free school meals – for all Year 1 and 2 pupils from September 2014.

Debate about correlation and causality in defining the efficiency of schools. DfE keen to make schools more efficient. Questions about what % is spent on teaching and non-teaching staff.

#### **Questions:**

- Discussion on provision of FSM when KS1 are getting a meal, capital allocation up to LA e.g. where a secondary school is providing meals for primaries. Impact of universal FSM on small schools.
- Pupil premium will be protected for schools.
- A plea was made for better presentation of information by DfE to LAs and schools. It can be misleading.

- 'Protected' budgets do not include unfunded 1% pay rise, NI rise leading to cuts. 3% cuts in 6<sup>th</sup> form. Whole budget is not protected.
- Consultation will only be up to 16 – limitations of that recognised by DfE.

### **Susan Fielden, Strategic Manager, Somerset County Council**

Outlined range of assumptions about the forthcoming NFF - LAs and Schools Forums to consider total schools block and determine central retention, virement to and from other blocks, and local formula. Local formula will have up to 13 factors.

Local choices to include: movement between blocks, central retention levels, basic entitlement vs targeted funding, primary vs secondary (and within KS3 and 4), lump sum vs per pupil funding, sparsity or not, deprivation vs poor prior attainment and vulnerable groups (formula or top up). 2013-14 formula changes in Somerset meant no school got the funding it needed. The outcomes were viewed as "disastrous".

Somerset has established a Compact between schools and LA to advise Schools Forum. Has defined 'necessary funding'.

Targeted 'top up' for low incidence vulnerable groups

### **Stewart King, f40 Finance Managers Research Team**

F40 established a research group consisting of LA finance managers to work with the DfE Education Funding Group on proposals for a new NFF.

DSG is sound but rationale for factors required – not just numbers. Has agreed a set of preferred factors – pupil allocation, small schools, deprivation, EAL, SEN and area costs.

NFF must allow LAs flexibility to meet needs locally. Light touch monitoring from DfE needed. Sparsity varies across authorities. Small school funding needs targeting. More work essential. Group has set test issues for the consultation due from DfE.

High Needs is a major issue and needs much work.

If a NFF comes in – how will that affect current formula factors locally?

How will MFG be applied?

Questions:

- Change in pupil numbers and High Needs are significant factors in any school budget. Can you reform the funding separately from these factors? Problem is rapidly growing schools – national level mechanism needed to avoid lagged funding.
- A fixed sparsity formula in NFF will be problematic. Sparsity is a very real challenge and f40 would be worried if there was a fixed factor.
- The poorest LAs have already had a raw deal on funding for too many years...and the gap has been increasing. If transition is too long it will create another decade of change. The key to this will be MFG and likely to be a key factor in forthcoming consultation.
- NFF must not be based on previous formula. Needs to be based on something new and challenging and transparent. We must replace, not replicate. Politically this will be difficult and

the 'losers' will press for long transition. F40 must maintain the pressure on government and be prepared for an ongoing fight once the consultation is completed. It won't be easy!

**Mike Heiser, Senior Financial Advisor, LGA**

Speculated about what might be in the consultation and a new formula for 2015-16.

LGA view is that current methodology is perverse and in need of reform. F40 campaign has focussed Ministers' minds. Likely concern about impact of changes in advance of elections. Change will bring winners and losers, and the losers will become very vocal.

Allocation should be at LA level and academies and schools should be equally funded with enough freedoms to meet local needs.

School and pupil improvement should be at heart of the work of LAs and Schools Forums.

Questions

- High Needs block needs to be adequate within any funding formula to avoid the schools block subsidising it.
- Discussion about impact of FE college overspend on High Needs block. DfE is aware of problems and is trying to find a solution.
- There was a question about whether better funded LAs have sympathy with the poorer funded LAs. They have their own view about what is fair and what is not! Just because there is a consultation doesn't mean that f40 has won: the well-funded will shout loudly!

**Toni Coombs, Cabinet Member for Education & Communications, Dorset County Council**

The complete speech given by Cllr Toni Coombs is available on the f40 website. But in essence she said:

F40 authorities are struggling to close the attainment gap.

Little national understanding that rural deprivation is equivalent to urban deprivation.

Transport a key issue.

LA average funding is 27% of independent schools average.

Suggestion that protected education budgets really meant that schools are being forced to affiliate to save costs overall.

From the NFF, Dorset wants fairness, opportunity for all children and the ability to make a difference.

Statement: Ivan Ould referred to a letter that f40 has recently sent to the Secretary of State about the issue of deprivation in non-deprived areas. The figures are startling and the concept of fairness has "gone out the window".

## **Martyn Boxall, Headteacher, Montgomery Primary School & Devon Association of Primary Heads**

Differential lump sum – primary and secondary helpful.

Few alternative providers for services in Devon. School to school support difficult because of geography.

De-delegation is vital – especially in support of schools facing issues of e.g. EAL, GRT communities. Volatility of budgets is difficult for Heads and Governors to understand. Many schools are growing Underspends to manage loss.

Recognition of the impact of sparsity is vital for rural areas.

Should be a national approach to funding growth – not top sliced from schools budgets as in Devon.

Political support essential at local level.

### **MP's BRIEFING by Stewart King**

Issues:

- Distribution to LAs is irrational and unfair
- Every LA then has its own formula for distributing its share to schools and the result is that school funding is a mess
- The answer? National Funding Formula
- Local discretion needed
- Government policy is to introduce from 2015/16
- Flat cash for schools but feeling the squeeze.

Illustrations of 2012-13 funding: Highest £8,052, Lowest £4,429. The gap between the highest and lowest funded LAs has grown, and the impact at school level is huge.

Assumption is that the NFF from 2015-16 will not be at school level – too complex. Pace of transition – f40 recommends 3 years. Any longer would be unfair to poorest funded areas. Sparsity is a real issue and urgently needs to be resolved. Debate has raised expectations for small schools.

Other issues:

- Different financial years for LAs and academies
- Why do rates appear in formula?
- DfE should promote good practice
- Reduce bureaucracy

### **Discussion**

In a discussion involving MPs representing f40 areas, the following issues were raised:

There's a clear commitment from government to bring in a NFF.

There will be losers in a new system. There needs to be a concerted view from LAs in f40.

One MP suggested there are a further 4 issues to face now:

- Cuts to capital grant
- Teacher salaries unfunded rise
- Post-16
- End of rebate on NI on pensions – will affect school budgets (Treasury and DPP driven? The former as it is for contracted-out schools).

What is reasonable protection? Would it include school budget cuts? Is f40 for or against local discretion? F40 recommending that MFG goes to -3% and is supporting local discretion.

Is f40 willing to go into battle with the LGA, which is likely to take the side of the big authorities?

In an urban area with a rural fringe, how will fairness be reflected across the different geographic requirements? There'll be a limited number of factors applied in exactly the same way for consistency. Special and High Needs are different and will need much more attention.

KS1 FSM – are school geared up to deliver these? £600m is allocated to this in capital and revenue. LAs facing logistical challenge in allocating the money (especially academies and lead time on delivery of equipment). Not in schools formula. LAs need some fast decisions. Not a simple issue, but we don't want it to distract us from the main fair funding issue.

Under-claiming FSM and effect on pupil premium is a problem. Universal credit should help with that.

There was a question about the relationship of funding to improvement and whether any research had been undertaken to show that increased funding could deliver increases in school and pupil improvement. Not specifically, but the slide in Toni Coombs' presentation shows the correlation.

What is the effect on Free Schools? There are areas with surplus school places and the creation of Free Schools exacerbates the problem. Normally funded through the formula but some are funded by EFA. Pupil growth must be part of the calculation. Often increased funding has lagged behind actual growth in numbers. Local flexibility would be useful.

Surplus places? Funding will continue to be driven by pupil numbers in any formula. There should be a national funding stream for authorities with rapidly rising roles.

### **Closing comments**

Cllr Ivan Ould and Robin Walker (Vice Chair of f40), thanked the delegates for attending the conference, especially considering the fact that the government had failed to announce the promised NFF consultation and despite the atrocious weather in many parts of the country and the fact the Underground was closed due to strike action.

Thanks were offered to the speakers for their excellent presentations and to those individuals who had worked hard to make the conference happen.