



f40 Executive Committee Meeting **Saturday, 23 July 2011 at Amerton Farm, Staffordshire**

1. Attendance and apologies

Present: Ivan Ould, Leics (Chair); Gillian Hayward, Gloucs (Vice Chair); Doug Allan, Secretary; Joe Jefferies, NASUWT, Notts; Tony Norton, N Lincs; Chris Chapman, Cheshire; Margaret Judd, Dorset; David Harty, Cambs; Jon Pearsall, Worcs; Robin Walker MP, Worcester; Gillian Allcroft, NGA; Edwina Grant, Central Beds; Jane Potter, Worcs; Christine Atkinson, ERYC.

Apologies: Francis Loftus, North Yorks; Chris Harrison NAHT; Eunice Finney, Staffs; Sam Ellis, ASCL/f40 Finance Consultant; Helen Donovan, Worcs; Clive Chorley, PGR, Worcs; Chris Levy; Geoff Venn, Bedford; Mick Brookes, Consultant; Karen Bradshaw, Shropshire.

IO welcomed four new members to the Executive Committee and expressed the view that more individuals will put themselves forward to assist the campaign.

2. Minutes of the Previous Meeting

In connection with the minutes of the meeting held on 26 March 2011, DA said that Gail Quinton, Director at Worcestershire CC had asked that the minutes be adjusted to correct information which does not accurately reflect the authority's position. In particular she pointed out that although her authority is under pressure for places in special schools, it is not the case that this is due to "dumping" of children by schools wishing to convert to academies or a reduction in school budgets. GQ also said that Worcestershire CC is receiving notification of schools wishing to convert to academy status but that this is predominantly in the secondary sector and currently it remains a small proportion of the authority's total number of schools, although she suspects the numbers will continue to increase. The Executive Committee were happy for a correction to be added to these minutes and apologised for any embarrassment caused by the earlier recording. Other to that, the minutes were **Approved** as an accurate record of the procedures.

3 Current activities

3.1 MP's communications to Secretary of State

IO said he was delighted that groups of MPs in f40 authority areas had begun to petition the Secretary of State about fair funding. Following Cambridgeshire's lead, Worcestershire has sent letters. DA has circulated copies of these letters to all f40 authorities and encouraged them to do something similar. It is understood that letters are being prepared from MPs in Central Bedfordshire, Gloucestershire and East Riding of Yorkshire. **AGREED:** All Directors are again encouraged to follow this initiative.

3.2 Lord Hill's response to f40's Briefing Paper

DA reported that Lord Hill had formally responded to the Briefing Paper left with him when a delegation visited his office on 12 March 2011. The response, dated 5 May, was circulated at that time to all members and a copy is available on the f40 website.

3.3 Lord Hill's response to Standards Fund correspondence

DA reported that Lord Hill had formally responded to f40's letter addressed to the SoS about concerns relating to the Standards Fund calculation. The response, dated 5 May, was circulated at that time to all members and a copy is available on the f40 website.

IO commented that Leicestershire CC is having significant problems, particularly in relation to the funding of school meals.

3.4 Academies Consultation

DA confirmed that, as requested at the previous meeting, a sub group comprising IO, GH, SE, MJ and DA had prepared an f40 response to the consultation and that this had been submitted in advance of the closing date, 25 May. A copy is available on the f40 website.

There was an interesting discussion about the ongoing rush to get more schools to convert to academy status and many issues are stemming from it. IO pointed out that “on the face of it” it is financially advantageous for schools to convert, but he reported on the pension situation for non-teaching staff transferring to academies and the view that new academies must take part of the pension debt with them. Others reported that they were taking the same tack on the basis that it would be unfair for the council-tax payers to retain full responsibility. RW queried whether the scale of pension deficits was likely to correlate with lower funded authorities and suggested that if there is a major issue to be resolved, the group should be pressing the DfE should to resolve it. EG referred to ‘pensions holidays’ that LAs had taken in earlier years and suggested this complicated the argument.

EG also referred to the PFI issues in connection to academy conversion. There is a big financial liability that someone – LA or academy - has to meet if PFI schools become academies. It is difficult to see how new academies would be able to fund the debt to the private financiers. But why should the LA have to deal with it? Dorset, East Riding and Nottinghamshire reported similar issues in their areas. CC suggested that LAs might be able to look at ‘buying out’ the PFI contract, though it would likely be prohibitively expensive. He said that sensible resolutions are required and also suggested that PFI schools ought not to be allowed to convert as they can’t possibly meet the huge liability – the Trust would be bankrupt in no time! Nonetheless, it was pointed out that the government is allowing such conversions and the problem is not resolved.

IO referred to four LAs where there are new, PFI-built, empty schools with massive debts which the council tax payers are having to fund. RW flagged up the increasing primary population and wondered if such schools might eventually be used for that purpose. He also said that he would be happy to receive details about this matter which he would pass to a colleague MP investigating PFI issues and campaigning for PFI rebate.

On balance, the Committee agreed that whilst extremely concerned about the PFI issue in relation to academies, it would not be appropriate to widen the fair funding campaign or dilute our strong campaign in connection with the National Funding Review. It was suggested that those LAs with similar PFI issues may wish to work together to achieve resolution.

There was some discussion about Partnership for Schools and their role in the building of new schools. LA investment in schools, at a time when they can simply leave the LA system and convert to academy status, is seen as impractical.

JJ referred to the ongoing problem relating to Church Schools in the academy debate.

3.5 LACSEG

GH reported that this is a critically important issue for Gloucestershire CC and she is aware that other LAs are concerned. Having carried out research across other LAs, Gloucestershire CC and Schools Forum has written to the SoS describing how the county has been penalised by the calculations – effectively a top-slicing of its funding. The county is at the bottom of the ‘LACSEG league table’. This means that Gloucestershire academies will lose out compared to academies in other LA areas and the funding gap between the ‘haves’ and the ‘have nots’ will be much worse than ever it was.

GH concluded by suggesting that the current LACSEG arrangement is totally unfair and made a case for a national rate.

CA said that ERYC had lost approx £1 million of formula grant in 2011-12 but had not seen an academy conversion until 1 April 2011, so as an authority as a whole had lost out significantly. Some schools have expressed concern that if a number of schools convert to academy status then there may not be enough funding left to continue with the same level of central services for the remaining maintained schools. They want to know 'what is the tipping point?'. Often, those converting naively think they might continue to have free or cheap access to LA services after conversion. The LA is offering its support services at a cost, like many other LAs.

EG said that the LACSEG system had resulted in outcomes that the government had probably never contemplated and pointed out that in two years time the issues will be totally different, though she appreciated that this was no comfort to Gloucestershire in the short term. She added that LAs are responding differently to the impact. MJ, supported by EG also suggested that f40 may have to make a decision on which schools it is campaigning for – all schools or just maintained ones.

EG flagged up an important issue relating to the statutory duties and responsibilities of Directors of Children's Services. The current set of written guidelines does not reflect the current position on the ground. She suggested that there are potentially huge problems ahead, particularly if an academy fails. Who will be accountable - the Director, local politicians, the LA, YPLA, government or private sector?

IO said that he had heard of at least one LA which is indicating that it will be unable to afford to run primary schools once the academy conversion process has run its course.

AGREED: That GH will provide a copy of the letter sent to the SoS along with supporting data to DA so that he can circulate it to all f40 LAs for information.

AGREED: That the whole issue of LACSEG be reflected in f40's response to the Funding Review consultation.

3.6 Consultation on School Funding Reform: Rationale and Principles (Stage 1)

DA confirmed that, as requested at the previous meeting, the same sub group had prepared an f40 response to the consultation and that this had been submitted in advance of the closing date, 25 May. A copy is available on the f40 website.

3.7 Consultation on School Funding Reform: Proposals for a Fairer System (Stage 2)

On the 19 July the Secretary of State launched the second part of the consultation on school funding reform. The consultation document sets out proposals for the mechanics of a new funding system, the contents of a new national formula and future funding arrangements for the Pupil Premium, early years provision and High Cost Pupils. It also clarifies the responsibilities of local authorities, schools and academies in relation to central services.

The consultation period is three months and the closing date is 11 October 2011. Copies of the relevant documents are accessible via the consultation pages of the DfE website and also on f40's website.

An f40 news release about the review was issued by on 20 July. A copy is available on the f40 website.

In opening the debate about f40's position, IO indicated that he had had informal meetings with Nick Gibb and Lord Hill in recent weeks. From discussions IO had formed a very positive opinion of Lord Hill as a man who knows his brief and someone f40 can do business with. It is clear that the government has a huge problem in determining how to begin to telescope the two ends of funding together so that a fairer outcome is achieved without undue political difficulty and LA turbulence. The London Boroughs have yet to flex their

muscle (at least publicly) but they will if it looks as though they will lose out. However, f40 is attracting positive support from MPs and poorly-funded LAs.

GH suggested that the government appears to have accepted the argument that there is inequality built in to the existing system and that change must happen. She said that the balance of the argument must surely be in f40's favour.

EG suggested that f40 should seek 'milestones of evidence' for the process of change.

RW said some MPs have argued that the three months allocated for the review may be unrealistic, particularly as much of it coincides with the holiday period, but that he felt it was vital to avoid delay.

TN warned that schools are concerned about the position for 2012. All head teachers need to be able to plan. With the proposed change programme, which is longer than anticipated, things will get worse before they get better. The funding gap will continue to widen. He suggested that we need a special review for 2012 allocations to avoid further problems for the worst funded LAs/schools.

CC said that speed and milestones were important but suggested that we must always have an eye on 'political reality'.

CA said that delayed change would indeed widen the gap. She also suggested that transitional arrangements are necessary, but it is important to know if / when will the change begin to make a real difference for the poorest funded authorities. ERYC is already trying to narrow the attainment gap on its existing budgets, but it is difficult and there's no leeway. Schools have already carried out best value exercises and any savings that could be made have been made. The LA believes a big difference could be made if the funding was increased to fair levels to enable additional bodies in front of the pupils and reduce class sizes.

GH wondered whether the government might consider using the Pupil Premium to achieve quick change for the poorer LAs. In the Consultation on School Funding 2011-12: Introducing a Pupil Premium it stated that the Government believes it is right to recognise difference already in the system for funding deprivation and it would compensate for differences in funding by providing higher funding for schools with deprived pupils in areas that currently receive lower levels of funding (para 25 and 26). IO suggested that Pupil Premium as introduced had created more problems than it has solved. It fails to deal with rural sparsity, for example, and as a flat rate scheme has failed to favour the poorly funded LAs.

EG agreed with GH but indicated that it was important to identify the real argument – the differentiating factors that might work to the advantage of f40 authorities.

TN said that the government's flat rate Pupil Premium was creating greater funding for traditionally better funded LAs and had done little to create a fairer overall system.

JP confirmed that the gap had continued to widen despite the introduction of Pupil Premium.

GH made a case for greater local discretion in terms of handling local issues and suggested f40 should push for greater freedom to waive the mfg locally to address local unfairness.

CA pointed out that Pupil Premium is based on FSM eligibility and due to a push by the LA and schools the number of pupils entitled to a FSM had increased by 12% between January 2010 and January 2011 census and as a consequence the take up of school meals has increased, cancelling out the intended financial advantage. She also said that she supported the current FSM calculation as it is transparent and taken from the January census – not 'Ever FSM'. The national average for FSM was 16% compared with Ever FSM6 of 24%, an 8% increase. ERYC for FSM was 8% compared with Ever FSM6 of 14%, and increase of

6%. Therefore the ERYC, (same for many other F40 authorities) will lose out. There was some debate about this issue though no consensus.

IO referred to an email he has received from Sarah Healey, who leads the DfE team. Sarah flagged up the announcement about the 2nd Stage consultation and invited IO to get in touch if there were any issues f40 cared to discuss.

CA expressed a concern that the consultation (2.14) stated a national average ratio of funding between primary and secondary stages of 1.27. The ERYC ratio is approx 1.45 based on AWPU values.

It was **AGREED** that IO should respond to SH and request a meeting with a small delegation of f40 representatives.

Also **AGREED**: That f40's financial consultant, Sam Ellis, be asked to prepare a first draft response to the consultation. The draft to be considered, developed and refined by the sub group mentioned earlier. The agreed response to be circulated at the appropriate time to all other members of f40 for comment/approval.

3.8 JOINT LEAD MEMBERS LETTER TO THE SECRETARY OF STATE

IO suggested that LA lead members should follow the lead of MPs in sending a joint letter to the SoS. This could include all f40 members, but also embrace those LAs that are poorly funded (in the bottom 40 of the league table) but not in f40 membership.

AGREED: IO and DA to draft. DA to set up an arrangement to circulate for approval and facilitate signatures. DA also to publicise the fact that a letter has been jointly signed and sent.

4. National conference

DA circulated a brief paper updating committee members on progress being made for the national conference in October. It will be staged on Monday 17 October 2011 between 11am and 1.30pm at Local Government House, Smith Square, Westminster. DA indicated that the LGA had kindly offered concessionary rates for room hire. Attendance is free of charge.

Provisional costings (approx. £4k) have been worked out on the basis of 80 delegates, though this may change as we get closer to the event. The key audience will consist of MPs and LA representatives in f40 and other poorly funded authorities.

F40 is very hopeful that Lord Hill, Under-Secretary of State for Education, will accept its invitation to be main speaker. The invitation has been acknowledged and we understand that Lord Hill will speak if his diary permits.

A range of other speakers have been approached and most have accepted the invitation. These are: Cllr Julie Abraham, ERYC; Cllr Jane Potter, Worcs CC; Cllr Christine Channon, Devon CC; Robin Walker MP for Worcester; Emma Knight, CEO at the NGA; Bill Simmonds, National Association of Business Managers; Mike Heiser, LGA; Chris Harrison, President, NAHT.

An invitation to the Rt Hon Andy Burnham, Shadow Secretary of State for Education has not so far been responded to. Committee Members suggested that in the interest of political balance, the Lib Dems ought to be invited to speak.

IO suggested that Mike Heiser might wish to consider sharing his spot with the soon to be elected political lead on the LGA. Or at least the latter should be invited to be present.

DA suggested a format for the event, though he emphasised that the suggested timings would change in the light of Lord Hill indicating what time he might attend. And also if Andy Burnham and Sarah Tether accept. There was some discussion about the importance of achieving a good structure to the presentations so that the key fair funding themes are

adequately covered. Also that the length of each presentation is appropriate to the programme.

DA will arrange publicity for the conference in due course, including an e-newsletter to all potential delegates.

RW offered to pass on details to the All-Party Parliamentary Groups of which he is a member.

It was also suggested that there should be a short précis about each speaker.

AGREED that:

1. The preparations be generally approved and progressed.
2. The title of the event will be: "The National Funding Formula: Creating a Fairer Funding System for Children".
3. DA to keep in touch with Lord Hill's office in order to secure a positive outcome to f40's invitation.
4. DA to follow up on the invitation to Andy Burnham to try and secure his participation
5. DA to issue an invitation to Sarah Tether MP, Minister of state for Children & Families.
6. DA to speak to Mike Heiser about the suggestion that an elected lead member at the LGA share his presentation spot.
7. DA to prepare a programme of publicity, including preparation of an e-newsletter (which should also make reference to the National Funding Review (Stage 2).
8. DA and RW to liaise regarding an appropriate message to APPGs.
9. DA to finalise the programme once the leading speakers have confirmed their attendance
10. DA to obtain thumbnail texts about each speaker.

5. Other conferences (f40 invitations to present)

DA referred to invitations that f40 has received recently to speak at conferences organised by other organisations. TN kindly agreed to present at the NAHT conference in Brighton in April and several other conferences are planned. Both MJ and TN have been invited to speak at a Capita conference in October. Details of Neil Stewart Associates and Policy Exchange events are still to be confirmed. Some of these invitations have been accompanied by requests for funding via sponsorship but such requests have been rejected.

AGREED that:

1. That as invitations of this kind are a recognition that f40 is a leading authority on fair funding matters, the group should accept any invitations that will enhance the campaign.
2. DA to liaise with TN and MJ to ensure that their planned presentations at the Capita event knit neatly together.
3. The policy of not providing sponsorship for commercial conferences should be maintained.

6. Website

DA circulated a report on website statistics for the period January to July 2011.

7. Membership/Fees for 2011-12

DA confirmed that the 30 LAs invoiced for membership fees this financial year had either paid or are in the process of paying.

8. AOB

TN suggested that as 'turbulence' appears to be the new buzzword, f40 might like to consider what arguments can be prepared to counter any government stance. IO said he would be better informed after his proposed meeting with Sarah Healey.

Also in connection with turbulence, CC wondered out loud whether it was morally fair for the traditional “losers” in education funding to continue to be losers. The answer is emphatically no from our point of view, but will the DfE recognise this?

EG issued a word of warning about those schools that continue to hold high balances but claim they are victims of poor funding. CA said ERYC had reduced their permitted surplus limits to 3.5% for secondary schools and 6.5% for all other schools. This had slightly reduced balances at the end of 2011-12 and the limits have been tightened further for 2012-13 balances to 2% for secondary and 5% for all other schools. As a result of the government lifting its requirement to have limits in place, some authorities have done so and as a result seen balances increase.

RW referred to a delegation of head teachers from Worcester that he is hosting in parliament fairly soon. He will certainly be raising f40 funding issues with them and the Ministers they meet.

CA referred to fact that the DfE said it would help schools decide how best they can use the pupil premium to raise pupil attainment by publishing information and evidence about what works, including .about the impact of new innovative practice. Despite a reminder this has not yet materialised. CA also referred to fact that ERYC are reviewing their local funding this year as the rationale and principles of their formula had been diluted through the introduction by the Government of SSG, SSG(P), pupil premium and the mainstreaming of standard fund grants.

9. Next Meeting

A provisional time and date for the next Executive Committee meeting was set as 11am, Saturday, 1 October 2011. This is just over a week in advance of the close of the National Funding consultation and three weeks prior to the planned conference. Nearer the date, the Chair will determine whether this meeting is necessary. If necessary, there will also be an opportunity for an Executive Committee meeting immediately following the conference.