

DA's notes from meeting of Finance Managers – 24 April 2013

1. Present

Stewart King (Gloucestershire CC, Chair), Margaret Judd (Dorset CC), Anton Hodge (North Yorkshire CC), John Holme (Devon CC), Martin Wade (Cambridgeshire CC), Caroline Brand (Worcestershire CC), Malcolm Green (Herefordshire Council), Karen Bowdler (Cheshire East & Chester Council), Sara Haslam (Warwickshire CC).

2. Apologies

Phil Herd (Trafford Council)

3. Introductions and LA positions

As part of a general introduction each LA representative gave a brief description of the school funding issues in their area.

4. Presentation

SK thanked everyone for attending and explained the process he aimed to follow during the meeting. He had prepared a short presentation, which was used as the agenda for this part of the meeting.

4.1 How we got here

- Loose governance of LA funding formulae
- The Importance of Teaching White Paper 2010 – huge variations in per pupil funding (e.g. £4,000 to £5,500+ for secondary schools)
- Government intention to introduce a national funding formula in the next spending review period (2015/16 to 2017/18)
- LAs funded on historic basis – 'spend plus' since 2005/6
- DSG Schools Block funding varies from £3,950 per pupil to £8,595 per pupil
- F40 – common interest in addressing low funding but lots of other differences!

4.2 School Funding Reform – Impact of changes for 2013/14

- Summary – max 12 formula factors + national dataset
- End of local needs-led formula
- DfE survey confirms LA formulae vary wildly
- Further muddying of MFG
- LAs sought to avoid turbulence by using allowable formula factors to get as close as possible to the current distribution between schools?
- So little impact really?
- More of the same for 2014/15 e.g. sparsity
- LAs awaiting shape of national funding formula

4.3 Discussion of the issues

Do we support the notion of a national funding formula for schools?

Or are we comfortable with significant variations from LA to LA?

How 'national' do we think a national funding formula should be? Is 'very national' in f40 schools' interest?

Yes we do support the idea of a national funding arrangement, but it must be suitable for all schools, large and small.

There is a fair way to go before we will know what the government believes is a fair way forward. It is felt that the DfE/Government have set views that are not accepted by most if

not all f40 member LAs. There is an opportunity for f40 to develop its own proposals that hopefully will influence the way forward.

It is now accepted that the government's decision to delay the introduction of a new school funding formula until post the election in 2015 is final. There will be no interim arrangement. However, it is contended that the Government will wish to have a new system in place for implementation after the election, regardless of which political party is in power. If the planning of the system is well advanced it is suggested that it would be difficult for any party to go back on the arrangements.

It is unlikely that there will be any new money as part of the introduction of a new system, so the arrangement will rely on a redistribution – but will this be across all LAs or a downward redistribution to create a fairer allocation for all?

How much local discretion do we want?

Specifically, to what extent do we support top-slicing from the Schools Block? And de-delegation from maintained schools?

The new main funding allocation must cover as much of school funding as it possibly can, but retain a degree of local discretion.

Small schools should be part of main formula, rather than local discretion.

The main block should be a fixed sum of, say 98 – 99%, with local discretion on 2 or 1%. In some LAs even these small percentages would leave substantial sums for local discretion so some work needs to be done to determine exactly what f40 would suggest should be covered by “local discretion”. Each representative present will check what his/her LA would consider as discretionary.

What do we mean by needs-led/activity-led? Alternatives: Activity-referenced Based on LA averages?

Is there an option to fund on classes rather than pupils?

Although Stewart King's initial paper was entitled “A Needs Led” approach, it was generally agreed that this approach will not be acceptable to the DfE/Government, so we would be wasting our energy following this line.

The idea of an Activity Referenced approach was preferred, but that title was not liked much and it was recognised that something more appropriate, more easily understood, would need to be found.

It was agreed that the main thrust should be on a combination of Lump Sum and Sparsity.

What do we think of DfE's sparsity ideas?

Does the 'necessary school' notion work?

Small schools and sparsity?

It was agreed that sparsity is very relevant, but that Secondary and Primary sparsity will be different.

There was much discussion about how to measure sparsity and the general conclusion was that “distance of travel” based on schools which serve sparse areas, is the best measure.

The principle that there are “necessary” schools was accepted, but they must survive within the new framework, or close as unnecessary!

The idea of protection of “necessary” accreditation may need to have some protection over a timespan of, say, five years.

Why does the lump sum vary so much?

Each representative indicated what lump sum their LA had introduced and why they had reached that particular stance. It was clear that there was a wide difference, the lowest being Worcestershire on £42k.

It would be helpful if we could agree on the fixed costs of each type of school – secondary, primary and small. Various calculations have so far been used, including premises, headteacher (or part) and some support.

What other formula factors do we think are needed? Does the DfE’s 12 factors cover it?

There was general agreement that the twelve factors are sufficient, though it was considered by some that LAs need to have some flexibility in applying them. There are some problems with the deprivation measure that will need to be ironed out.

What allowance should be made for area costs?

The preference appears to be for a calculation based on employment costs. It was believed the necessary statistics are available to allow the Government to use this measure.

Should maintained schools and academies have the same funding year? If yes, financial or academic year?

The preference would be for academies to work to the same year as maintained schools i.e. the financial year. But it was accepted that this is unlikely to find favour with academies.

What transition should there be to a national funding formula – time-limited or continuing MFG?

Based on the premise that a new system could be introduced in 2016, the group tended to think that a five year transitional period would need to apply, probably more for the benefit of the losers than the gainers. There should be a set maximum loss year on year for any school.

It was suggested that in reality, transition has already started with the changes introduced in 2013-14.

5. The Next Steps

1. SK to incorporate the groups comments into his initial paper, and develop it as an f40 model, rather than an individual LA's.
2. Each representative to check what they would consider might fall within “discretionary” element of allocation arrangement.
3. Revised paper to be circulated as soon as possible.
4. SK to present the revised paper to f40's Executive Committee on 8 June
5. Finance Managers to meet again at LG House, Westminster on Tuesday 18 June to develop final paper.