



Notes of meeting of f40's Finance Managers Research Team

Monday 28 October 2015 at LG House, Westminster

Present: Martin Wade (Cambridgeshire); Margaret Judd (Dorset CC); Caroline Brand (Worcestershire CC); Anton Hodge (North Yorkshire CC); Karen Powlesland (Devon CC); Peter Hughes (Stockport Council); Malcolm Green (Herefordshire Council); John Huskinson (Buckinghamshire CC); Andrew Minall (Hampshire CC); Simon Pleace (Kent CC) and Doug Allan, Secretary to f40.

Apologies: Christine Atkinson (ERYC); Sara Haslam (Warwickshire CC); Karen Bowdler (Cheshire East & Chester Council); Gillian McKee (Oxfordshire CC); Lee Assiter (Staffordshire CC); John Holmes (Devon CC) William Wilkes (Staffordshire).

DA reported that John Bloomer (Staffordshire) has now moved to Cornwall CC where he will encourage the LA to get involved with f40. He also reported that Phil Herd (Trafford) has now retired. The team thanked both for their excellent contribution to the work of FMRT.

1. Notes of FMRT meeting held 6 July 2015

The notes were agreed as an accurate record. PH asked if there had been any progress on creating a new league table but he was told this had proved more difficult than originally anticipated. See Section 11. PH also asked about the idea that case studies might be created, but was told that although asked for, LAs had not responded and other priorities had taken over. MG reported that his LA (Herefordshire) had done some work illustrating how deficits will impact on schools. It was acknowledged that there are significant unknowns around High Needs/ISOS report, and Early Years proposals for 30 hours, which DfE appear to be struggling with.

2. Notes of meeting with DfE 9 September 2015

F40 had presented its latest formula development proposals, based on Schools Block only. There had been a strong team fielded by the DfE, which was seen as a major positive by f40's own team, suggesting that f40 is being taken extremely seriously. There was a very positive and open discussion, with challenging questions about our approach. The DfE made it clear that there is no extra cash on the table, so whilst it is reasonable for f40 to produce its own proposals based on increased funding, it might also wish to scale-back its proposals to existing funding. There were specific queries about sparsity and how some LAs applied it, whilst others did not.

The f40 team had emphasised the importance of LAs continuing to have local flexibility and discretion in how funding is passed to schools.

The DfE indicated that it was researching its options for the whole formula and suggested that it might be able to engage further with f40 in late October. Nothing has been heard from them. CB said that she had heard that the DfE would not be making any announcements until after the Annual Spending review, which is scheduled for 25 November.

MW said the work with DfE had been invaluable and that he would like to see a further meeting with them once the current development work is completed – because of the Spending Review and Festive season, this might be early in New Year. DA reminded the team that f40 Chairman, Ivan Ould, had asked to attend.

3. Minutes of f40 Executive Committee meeting 19 September 2015

DA reported that the Executive Committee had been fully supportive of the direction of travel adopted by FMRT and had agreed that, as the DfE had suggested, that a proposal based on zero additional funding should be developed, alongside any other proposition.

DA reported on the ideas put forward by Chris Chapman and indicated that he had assured the executive members that they would be considered by FMRT. See below.

It was also agreed that FMRT should strengthen the position adopted with regard to flexibility and discretion.

4. Meeting with Neil Carmichael MP, Chair Education Select Committee 22 October 2015

DA had previously circulated his notes of a meeting held with the Chairman of the Education Select Committee. NC indicated that his committee was closely monitoring the Secretary of State's position on fair funding and would be examining any proposals put forward. The timetable for change is critical and NC anticipated an announcement early in 2016 so that the necessary work could be done to see a new formula in 2017-18. F40 should be ready to contribute to any consultation and to present evidence to his Committee when it discusses fair funding. Timetabling to be sorted fairly soon. Finally NC had raised the possibility that the Chancellor will again offer a cash sum to bridge the funding gap for the poorest funded LAs. If that were to happen, f40 must be ready to present a realistic methodology for allocation – not on the Schools Block alone, but rather across all three blocks.

5. Consideration of specific comments on last set of proposals

DA had circulated a set of comments received following publication of the last version of the f40 proposal and spreadsheet. It was agreed that those raised by Margaret Judd (Dorset) and Martin Wade (Cambridgeshire) would be dealt with elsewhere on this agenda as a new proposal is prepared.

An outline of the views put forward by Chris Chapman, a member of the Executive Committee representing the Cheshires, was presented and discussed. It proved difficult to consider the detail in committee, so MW agreed he would analyse the points raised and get a response to DA, who will then pass them to CC at the earliest opportunity.

Stewart King's concerns about High Needs and a post-analysis of ISOS findings, will be dealt with when it is possible to take High Needs further.

6. Schools Block/ Scaling back the Factor Values

By far the largest amount of time at this meeting was spent reassessing the proposals spreadsheet, discussing and agreeing new calculations and establishing fresh principles in the light of suggestions from member authorities and the DfE.

In this note, it is impossible to reflect on all the adjustments made, but it was agreed that:

- The detail in the revised spreadsheet and narrative must have a strong rationale.
- We need to be very clear about why we want local flexibility/discretion and spell out those areas that we feel it is particularly important (links to next bullet point)
- We must have regard to the fact that every LA has a different school structure and different methods of dealing with funding allocations.
- Free School Meals are currently set at £1,500 for both primary and secondary pupils. Discussion was held as to the evidence to support this value and the rationale for primary and secondary being the same. CB reported that at a previous meeting £2,500 was deemed to be the cost of supporting deprived pupils, but that these had initially been reduced by the Pupil Premium values of £1,000 secondary and £1,300 primary. This left a value of £1,500 for secondary fsm and £1,200 for primary fsm. However, on further discussion, the FMRT at the earlier meeting had agreed that these should both be £1,500 to support early intervention in the primary sector. All FMRT members to give immediate consideration to how best to deal with deprivation.
- All FMRT members to give immediate consideration to how best to deal with sparsity.
- Consideration will be given to the issue of mainstreaming grants. Deprivation is important but if pupil premium were mainstreamed there may be some room for manoeuvre.

- Several formula options will be developed, including a range of scaled-back options presuming no increase in funding and others with realistic increases (in case the Chancellor considers the option to make another extra sum available). These options are:
 - Present final adjusted model as is (will obviously show a considerable funding gap)
 - Equal reduction on all factors (approx. 2.4%) & preferred option
 - Scale-back BE & Lump sum factors only
 - Scale-back all factors except BE and Lump sum
- MJ will complete adjustments on the spreadsheet and make as many changes as she can identify to the Proposals Narrative document, and circulate them to all FMRT members for their consideration
- All FMRT members are asked to give the two documents their attention and to respond to all other members by **Friday 13 November 2015**.

7. High Needs

It had been thought that the DfE would have published further information in the light of the ISOS research, but nothing has been forthcoming. There is little that can be done until these fresh datasets are available. SP will take responsibility for further work in this area. He will endeavour to develop the approach via email with other team members, but if necessary will call a meeting of a few members.

One member wondered out loud whether High Needs might one day be combined with the Schools Block.

8. Early Years

MW has undertaken to examine Early Years when sufficient new data is available. Further work is “parked” until the position is clearer.

9. Impact of proposed formula on f40 members

MJ will check the specific outcomes for all f40 members, particularly those that are shown as losers under any formula proposal. The details will be provided to DA in order that he can share the information with member authorities involved.

10. Narrative Document

There was insufficient time to go through the document and, in any case, changes to the wording should be considered after adjustments are made to the spreadsheet. So it was agreed that MJ will have a first stab at updating the proposals in the light of her work on the formula and that then all FMRT members will be asked to check the details (indicating that they are content if they have no changes to make!).

In particular, the Narrative will:

- Be strengthened to reflect the importance of local flexibility and discretion to ensure that we are clear on what the DfE call “soft” and “hard” options.
- Include a reference to Capital Costs and the difficulties being experienced by most LAs.
- Be cross-checked to ensure it reflects the “sense” of the spreadsheet calculations.
- Ensure it provides clear detail of any “rationale” applied to help wider audience understand fully the model proposals.
- The comment about upcoming funding pressures needs to be strengthened.
- Consideration will be given to the issue of mainstreaming grants. There are a number of grants (Pupil Premium, Universal Infant Free School Meals, PE and Sports Premium, Year 7 catch up) which are calculated using a very similar basis to existing formula factors. It was recognised that deprivation is important but for example, if pupil premium were mainstreamed there may be some room for manoeuvre.

11. Developing a league table

DA referred to fact that historically there had always been an easy to understand league table which LAs and others could use to check where they stand in terms of funding compared to others. It has proved more

difficult in recent times to set league positions as there has been many changes to the funding situation. DA said that there is continuing demand for information about league positions and he hoped that it would be possible to have a league again in due course. It was agreed that we will add league positions to the proposal spreadsheet.

12. Other matters

- DA reported that the letter to the Prime Minister had been signed by 111 MPs and the publicity stemming from it being delivered had been extensive.
- The Parliamentary Petitions in circulation in all f40 constituencies appear to be going well, Over 50 petitions containing many thousands of names have already been returned to Graham Stuart's office and it is known that many more will do so. The deadline for petitions being returned has been extended to 13 November 2015. DA has written to Lead Members, Directors and Chairs of Schools Forum to encourage them to do all they can to maximise numbers.
- The time and date of the Backbench debate in Westminster Hall has been set for 1.30pm on Thursday 5 November 2015.
- The Spending Review is scheduled for 25 November 2015
- The next f40 Executive Committee is scheduled for Saturday, 5 December 2015. This is a critical date for FMRT as ideally the next version of the Formula Spreadsheet and Proposal Narrative should be completed in time for a presentation to Committee.

END

F40/DA/28 October 2015