



f40 Finance Manager's Research Team (FMRT) Meeting

Tuesday, 26 November 2019 at LGA Offices, Smith Square, Westminster

1. Attendances, apologies and changes to committee membership

Present: Margaret Judd, (Dorset Council); Andrew Minall (Hampshire CC); Peter Hughes (Stockport Council); Adrian Fox (Devon CC); Simon Pleace (Kent CC); Janice Venn (Kent CC); Howard Emmett (North Yorks CC); Karen Westcott (Secretary);

Apologies: Julia Harnden (ASCL); Malcolm Green (Herefordshire CC); Steve Reading (Cheshire East Council); Sarah Fogden (Oxfordshire CC); Janaki Try (Bucks CC);

1. Summary of f40 activities throughout 2019

f40 narrative and briefing papers

MJ talked through the f40 position on shortfall in funding over the years since 2015, based on the 18-19 pupil data (from APTs). This data was at the point in time when we estimated that teachers pay would rise by 2%, when in reality it rose by 2.75%.

MJ summarised the f40 narrative and briefing papers that were agreed in the first quarter of 2019, which had previously been discussed with members of the FMRT and which calculated that Schools Block needed an additional £2.3b in funding and High Needs required an extra £1.4b.

Meeting with Department for Education

MJ outlined a meeting that members of the f40 executive had with Tony Foot and the DfE funding team in April 2019.

She said it was a positive meeting and members of the DfE were genuinely interested in the f40 briefing paper and narrative, and the figures, and had very specific questions about the f40 bottom up approach we had taken when calculating education funding and the figures that we had arrived at.

f40 and the Collaboration Group

MJ said Jules White, a headteacher and the instigator behind the Worth Less? campaign group, had invited f40 to join the new Collaboration Group, which was made up of a number of organisations interested and involved in education funding. All of the major unions and organisations, including the NEU, NAHT, ASCL and Save Our Schools, had been invited to join and had been meeting regularly to discuss issues where all were aligned, such as on the need for more funding.

As a result, f40 had worked with the various organisations on figures we all agreed on with regards how much money education required, looking at Early Years, Schools Block, High Needs, Post 16 and Capital funding.

Andrew Baisley at the NEU had led on the calculations. While his methodology on calculating the figures was different to f40's, he had arrived at the same figure as f40 with

the funding required for Schools Block. Andrew then went on to calculate other areas of education funding, so it was a wider study than f40 had originally undertaken.

Also taken into consideration were figures produced by ASCL, which took into consideration how much it would cost if all classes had no more than 30 pupils and if all had a qualified teacher.

The figures had been produced so that we could all be consistent when quoting how much money education required between now and 2023.

In July 2019, the Collaboration Group, including f40, released figures and a press release stating that education required £12.6b additional funding between now and 2023.

A briefing for MPs was held to share the figures, and members of the Collaboration Group, including MJ, then met with the DfE to explain how the figures had been arrived at.

MJ shared the methodology used by the Collaboration Group in calculating the figures with members of the FMRT.

f40's meeting with the Department for Education in October 2019

MJ outlined the meeting members of f40 had with Tony Foot and members of the DfE funding team in October 2019.

She said it was a good meeting and again, the DfE was keen to hear f40's thoughts and concerns around education funding.

She said the DfE was keen to continue meeting with f40. She said the DfE had confirmed they were moving towards a hard formula, with some flexibility, and had said there may be moves to limit local authorities from moving money freely between Blocks.

AM said the meetings with the DfE were very useful as they allowed f40 to share its modelling and figures and enabled members to voice their concerns and suggestions on education funding.

MJ said f40's model, which calculates education funding from the bottom up, is for everyone and takes account of deprivation and additional costs outside of the basic needs of running a school, such as the higher cost of living in London.

2. What next for the Schools Block f40 formula?

Mobility

Members discussed mobility, which is a new formula factor in the National Funding Formula.

The f40 formula relies on historical spend (as the DfE had until the new formula). The new NFF formula has lowered the threshold for mobility funding from 10% to 6%, which brings in a lot more schools. Therefore, if a school has more than 6% of pupils joining from outside the normal joining points (e.g. Reception in a primary school, Year 7 in a secondary school), then funding would be triggered).

Members said the DfE appeared to be using the same quantum and they hypothesised that the drop in the threshold was a method to make sure that the new formula reached the same schools that history had been aiming at.

AF said there were many reasons for needing mobility funding.

HE said in North Yorkshire it was a particular issue because there were a number of armed forces bases, which impacted on children from armed forces families moving from one area to another.

HE said it was important to have an understanding of what the actual costs were to schools when they had movement of children, outside of the usual intakes in Reception in primary and Year 7 in secondary and the turbulence it caused.

Members agreed that movement was due to a number of reasons, such as traveller families, seasonal workers, armed forces and deprivation (poorer families are more prone to moving schools). They said it was a funding issue for schools, especially those with travellers and seasonal workers where the pupils may not necessarily be caught by the census

MJ said there were so many ways to calculate mobility, but it was becoming an issue so should maybe become a focus for f40.

She said mobility funding supported service schools with structural funding to keep teachers in the periods when pupils were moving, administration of setting up and providing new books etc (because the last child took their writing books with them), pastoral costs for service children (although this may be in the service pupil premium), curriculum management (the child has already done the curriculum that the rest of the class are doing, but hasn't done what they did last term).

ACTION: To analyse mobility further to see where it is being targeted and whether we wish to create our own formula?

Deprivation

Members of the FMRT also talked about whether the original decision not to include the Income Deprivation Affecting Children Index (IDACI) in the f40 formula was the correct one.

FSM (Free School Meals) is better for much more rural LAs, but despite that fact, most LAs are using IDACI, and f40 must bear in mind that it is not just an organisation for rural LAs.

AM said there should be a different way to calculate deprivation other than through free school meals.

It was agreed that f40 should consider a distribution using IDACI, but that the cost should not be more than is currently spent through Ever 6 FSM in our model.

ACTION: To look at the deprivation measures in the f40 formula and do some modelling using a proportion of the Ever 6 FSM funding via IDACI.

3. High Needs Block

MJ informed members that the DfE, in the October meeting, had indicated that they were looking to change the High Needs formula.

MJ said she believed LAs should be given additional funding for those children that were born prematurely as part of the High Needs Formula. She said in her experience many children with complex special needs in special schools were premature.

SP said use of historic figures did not help local authorities when it came to High Needs funding. He said if the funding formula gave everyone what they needed; extra funding would not be required.

AF said the funding rates were simply not enough for the High Needs demand. MJ agreed that the quantum was not enough and questioned whether the factors were right.

SP said the number of EHCPs continued to rise each year.

AF said there was no longer a stigma attached to children attending special schools anymore, so the number of children being taken out of mainstream education was rising, which was costly.

PH said we needed something that recognised that EHCPs were growing at a faster rate than the general population.

AM said policy change in the High Needs Block (HNB) was an important issue for f40.

AF said local authorities were losing money because children with special needs were going to schools outside their local authority areas. He said in an ideal world, local authorities would be paying for children attending schools within their areas, but because every area was doing different things, it was extremely complicated, and some areas were paying for children twice.

And SP agreed there were a number of variables.

MJ said EHCPs were the easiest way to get additional special needs funding, but the thresholds around the funding had not been tied down sufficiently and more guidance was needed.

Members discussed the need for a formula for Post 19 in the High Needs Block and said that funding needed to increase to cover people with complex needs age 19-25.

Members considered the factors in the current formula and whether there should be a new factor linked to the growth in the number of EHCPs.

This, they agreed, was not easy because EHCPs were considered the route to funding and created by LAs (so there could be an incentive to increase EHCPs if it was used in funding).

However, they said the reality was that it was parents who were more in charge of when EHCPs were created.

Members talked about having a national description of 'ordinarily available provision' in mainstream schools to level the field of inclusion across mainstream schools.

It is considered that IDACI was not the best factor in the HNB formula because it was only adjusted every five years.

They said special school funding had been fixed for a number of years, but independent special schools increased their fees every year in line with cost increases, and local authorities could not afford them.

AF suggested that a cap be placed on independent special school fees.

MJ said in January members of f40 were meeting with Tony McArdle, an independent advisor to Government in its current review of SEND and would be sharing their concerns and suggestions for policy change with him.

It was agreed that members of the FMRT and f40 executive be invited to give their input on SEND funding, and to highlight any issues they would like to raise before the meeting.

Action: SP to share a list of priorities that Kent County Council has put together for changes in SEND. This can then be circulated to FMRT and members of the executive for them to add to and comment on. Once refined, it could be sent to the rest of f40 for comment. We need to have this completed before the meeting on January 27.

Action: SP to send list to KW, which can then be shared with members of the FMRT and f40 executive.

4. Early Years Block

MJ said the frozen rate in Early Years had been difficult, especially when pay in the sector had sharply risen due to increases to the Living Wage, which had increased much faster than inflation.

It was agreed that f40 needed to look at the rates element of the formula, which had not changed, despite all the rate revaluations that had occurred. They said it was this that was skewing so much of the Early Years budget towards London.

Action: MJ to do some work on the rates issue.

Action: Gather evidence of the cost increases for Early Years. This may be linked to the work done by Andrew Baisley at the NEU on cost pressures in the sector.

5. Crossover of DSG to Local Authority funding

The changes that could be transformational to the system around the crossover over DSG to LA funding, especially regarding transport, were discussed.

Members said sometimes odd decisions were made that stopped potential savings, just because of where the costs lay.

Members discussed how you can move behaviour support services funding, which is delegated at present, from the Schools Block, but potentially better used in general local authority prevention work. They said it was not as straightforward as just being about behaviour, and said the funding needed to be better used, not just because it's linked to Schools Block and can't be disentangled.

Ends