

Funding Formula Review Group

Draft Minutes of the meeting held at 9.15 a.m. on Thursday 7th December 2017 at Soar Valley Training Centre.

Members Attending

Jim Cook	- Academy representative (Chair)
Ian Johnson	- Secondary Head representative
Liz Warren	- Leicester Primary Partnership
Simon Catchpole	- Education Improvement Partnership
Martin Fitzwilliam	- Primary Head representative
Jane Ridgewell	- Primary Head representative
Daniel Routledge	- Primary Governor representative
Steph McDonald	- Secondary Governor representative

In Attendance

Martin Judson	- Head of Finance, Education and Children's Services
Simon Walton	- Senior Accountant, Finance
Purminder Samaria	- LCC Finance
Ed Rowe	- Clerk to the Group

The meeting had a single agenda item – the National Funding Formula (NFF) and the 2018/19 budget. The Chair noted that Schools Forum had recently agreed to move away from the local funding formula and to use the NFF from 2018/19 onwards.

A proposal had been received to increase the Growth Fund for 2018/19 to £3.8m, which would result in a reduction of the amount of money to be distributed directly to schools. The impact of this change for schools had been illustrated in Appendix B of the Schools Block NFF implementation report that had been distributed in the Schools Forum on 30th November.

FFRG was invited to consider this proposal with a view to ultimately agreeing on one of three possible outcomes:

- i. Agree the proposal
- ii. Reject it
- iii. Identify a hybrid solution that could potentially include reducing some gains from schools and using some of the DSG reserves

The Head of Finance confirmed that growth funding was a significant problem. The DfE would only fund growth on the basis of expenditure against that specific line of the budget in the previous financial year. No account was taken of funding from other areas, such as ECP or DSG reserves, that had actually been spent on funding pupil growth. As £1.9m had been specifically allocated to the Growth Fund in 2017/18, that would be the amount provided by the DfE in 2018/19. However, if Schools Forum agreed to increase the amount allocated in 2018/19, then from the information the DfE had supplied, it could be expected that higher amount would also be received in 2019/20 and beyond.

There was therefore an option to accept a short term impact on school funding for one year to ensure collective gains in future years. The impact would mean capping the gains of schools for 2018/19 at a lower level than would otherwise have been the case under the NFF.

The pressure on DSG reserves was considerable, with an annual shortfall of c. £2.5m in the High Needs funding as well as the requirement to fund growth. Although a review of the High Needs expenditure was planned, this would take some considerable time to complete. Implementing the proposal would extend the life of the DSG reserves, allowing sufficient time to resolve the High Needs issue.

A paper was circulated showing the forecasted increase in pupil numbers in the secondary phase. The predictions included a 34% increase in secondary rolls by 2021, rising to a 57% increase by 2026, using 2017/18 pupil numbers as the baseline.

Members expressed general support in principle for increasing the growth funding, but expressed a desire for solutions that would mitigate the impact upon the funding allocated to schools.

It was questioned whether it would be possible to re-visit decisions taken recently on de-delegation, in order to potentially release additional money that could be used for growth funding. The Head of Finance confirmed that this was a decision that Schools Forum could take, but it was noted that de-delegation only affected maintained schools, while both schools and academies were supported through the Growth Fund.

Some members expressed views that the existing level of ECP funding may need maintaining, particularly in view of the potential for falling rolls in the primary sector emerging as a new pressure.

Members were asked to provide initial feedback on the proposals from both primary and secondary phases. Both sectors agreed that headteachers and business managers needed greater clarity on the position, as it was noted that they were currently not clear on what the Growth Fund actually covered, exactly how much each school could expect to receive when numbers increased or why the proposed increase in the fund was required.

Many schools had commented that the proposed extra funding they would receive under the NFF was the first increase they had seen in many years, and there was an understandable reluctance to cap those gains until they were clear exactly what the benefits would be.

Views were also expressed that the pace of the High Needs Block review needed to increase, as mainstream schools were reluctant to continually provide support at the expense of their own pupils.

An initial assessment of views from members on the three possible outcomes indicated that a hybrid solution may be the most appropriate.

A suggestion was therefore made to potentially mitigate the impact upon schools by modelling the impact of part-funding the increase through DSG reserves in addition to capping gains in schools.

It was suggested that modelling of 2018/19 funding be distributed using £950k of DSG reserves and £950k of capped gains from schools to increase the total Growth Fund to the level of the 2017/18 estimated expenditure, which was £3.8m. (The method by which this would be done would also be explained in the note to be distributed along with the new table).

It was agreed that this proposal would be modelled and a revised table showing the impact upon individual schools would then be circulated.

Members would then consult with their constituent groups, with the aim of arriving at a decision before the end of the calendar year. It had previously been agreed that voting would be carried out electronically to avoid having to call a further additional meeting.

The Chair declared the meeting closed at 11.00 a.m.

DRAFT