

## **F40 Consultancy Research Brief (Version 3)**

### **Background**

The f40 Group has for many years campaigned for fairer funding in education. The Group has achieved recognition as a special interest group and has been actively involved in a range of government organised consultations in recent years, including the recent School, Early Years and 14-16 Funding consultation.

At the conclusion of the above consultation the government announced that the spend plus method will be maintained for the next three years, based on a common per pupil increase over baseline plus top ups for ministerial priorities. A new formula will come into place from 2011 but there will be a comprehensive review, starting immediately, of the funding formula.

The f40 Group will be a contributor to the review and is keen to produce evidence that will support its case for fairer funding. In particular, the Group is looking to produce evidence of the additional costs that are being incurred by its member authorities. We wish to see a needs-led approach that reflects the true costs of provision, whether in rural or urban areas.

### **Consultancy issues**

The Government has published the terms of reference for the Formula Review with the aim of developing a single transparent formula for the distribution of DSG, which distributes resources in line with relative need, recognising the different costs of educating particular groups of pupils and providing education in different areas. There are a number of specific issues the Government has suggested the review will focus on, but in addition F40 wants to concentrate its attention on the following issues.

F40 does not (subject to any issues that may come out of this research) challenge the structure of the current formula in respect of a basic entitlement expressed as the same amount per pupil everywhere, supplemented by up to three “top ups” for (a) additional cost of recruitment and retention; (b) additional costs attributable to deprivation factors and (c) extra costs of coping with “sparsity”. We do, however, wish the research to address each of these in turn.

#### **1. Basic Entitlement**

In F40’s view, the basic entitlement should be of sufficient quantity to enable all schools to deliver a quality education for every child. Effectively, this means establishing an “activity-led” model for funding, which the politicians always shy away from. We aim to establish both the quantum and the equity of this approach. Can we work out and establish the basic per pupil entitlement in advance of trying to determine additional or extra entitlements? We would like to see a needs-led approach.

## **2. Teacher retention / support costs**

F40 has always pointed out the apparent contradiction of paying some schools for higher teaching costs when there is mostly a national scale for teachers' pay. We wish to establish the evidence base for the true costs of (a) teaching costs; (b) other staff costs and (c) other schools-related costs and be able to map where the cost pressures are and how they should be addressed in the formula.

F40 authorities are more likely suffer 'top stray' with the resulting incremental drift and higher costs. Can this cost be reflected in the formula?

## **3. Deprivation**

In the past, the measures used to identify deprivation have only been approximate (e.g. free school meals) and they have measured deprivation by home rather than school attended. The measures have also been insensitive to "pockets of deprivation", which can be found in both rural and urban areas. As part of the Review the Government has recognised that money should be attached more directly to individual deprived pupils – how can this be done?

Related to this issue is that of Special Educational Needs. F40 would welcome within the Government's review of the formula some consideration of SEN and associated funding. Is there evidence that larger authorities are able to achieve any economies of scale in purchasing out of authority provision of SEN? If so, should this cost be reflected in the formula or should smaller authorities be given incentives to work together? Further, does the present arrangement adequately reflect the costs incurred by all authorities?

## **4. Sparsity**

The formula currently gives limited recognition of the additional costs associated with delivering primary education in areas that are geographically widespread. F40 wishes to have the results of research into the validity of this approach and whether the current design is appropriate. Within this issue, and to some extent, within all the three top ups, F40 wishes to consider the impact of:

- Choice

In some areas there is only one local secondary school available and this may be several miles from a pupil's home. Such secondary schools, therefore, need to provide a breadth of curriculum and specialisms that would only have to be matched by a group of schools in other areas where there are more schools and wider choice. It's a benefit of scale issue. Can this cost be reflected in an activity led needs analysis?

- Deprivation

Identifying pockets of deprivation and meeting need within them.

- Early years

This could be an area of additional cost, especially when considering the distance to Children's Centres and necessary transport arrangements. It is appreciated that the f40 Group must make a judgement on this issue, but can the consultant back up this judgement with appropriate data?

- Home to school transport / access to services (currently not in DSG)

The cost of transport in larger, particularly rural areas, where there are many small schools and widespread population. The calculation of cost also needs to have due regard to denominational transport. Are parents expected to pay for this or not? East Riding of Yorkshire Council and Cheshire County Council (from September 2008) have taken a decision to charge, but other authorities, including North Yorkshire CC, are not charging. Given the commitment to raise the age at which children can leave school (or quality training), post-16 transport issues are clearly extremely important. This will apply in all authorities but will hit the rural authorities hardest. Can this be quantified and incorporated into the formula?

- School and class size

Schools in many areas, particularly rural primary schools, have to be smaller if travelling distances are to be kept reasonable. Again, some economies of scale are lost. The cost of maintaining these schools is disproportionately high. Similarly class sizes can be affected by rural location. Is there evidence to support the re-opening of the debate on the weighting given to sparsity in advance of the census data available after 2011?

## **5. Specific grant / standard grant**

There is uncertainty about whether the DCSF will decide to review these issues. If they do, we would like to be in a position to contribute to the debate and offer appropriate evidence

END

Revised following 40 Funding Review Special Meeting held 13 October 2007 and by David Kidney on 17 October 2007.