

Review of School Funding System for 2008/09 and Beyond

The f40 Group's views on the Government's Terms of Reference

f40's Principles

f40 represents some of the lowest funded education authorities in England. We wish to see a fairer system of education funding and the removal of the current postcode lottery that impacts on children's education in many parts of the country.

The extra funding put into education in recent years has not lifted the position of the worst funded councils. The fact is that despite everything, the same authorities continue to be at the bottom of the funding league and the Government's tinkering with the formula has not eradicated the inequities and unfairness of the funding system.

It is clear that the gap between the 'haves' and the 'have nots' has got bigger and that there has been no effort to ensure that the basic entitlement for each pupil is addressed. That means that the postcode lottery, that sees pupils in some areas receiving massively greater funding than in others, continues to operate and creates a situation that parents in the lowest funded areas are no longer prepared to tolerate.

It is crucial that the Government sets the basic entitlement per pupil at the right level in advance of other factors being taken into consideration. At present, the level of per pupil funding without any of the add-ons is insufficient to support the drive to raise standards across the country.

Objectives

We would support the objectives of simplicity, flexibility, stability, equity and value for money. We also wish to have the opportunity to argue for a basic entitlement per pupil that supports the drive to raise standards across the country. We believe that DfES should explore how this can be achieved by reference to specific evidence of "activity" costs. A limited analysis of this approach was undertaken by the Education Funding Strategy Group and was strongly supported by the trade unions, local authorities and school governor representatives. The new review provides an opportunity to explore this further. It should be an opportunity to discuss the balance between additional education needs and the basic entitlement.

Fresh evidence is available from the work of the East Riding of Yorkshire Council. The funding model, initially developed by the East Riding of Yorkshire Council in association with the Association of School and College Leaders, and now adopted by f40, has been tested in a range of authorities and could assist in forming the basis of a more intelligent distribution of the Dedicated Schools Grant.

The Dedicated Schools Grant

In terms of transition, protection should continue to be given to schools in areas where the council has committed resources above FSS to education. All members of the f40 group currently spend above FSS – indicative of both the commitment of their councillors to education and the inadequacies of the existing formula.

F40 authorities that have traditionally added to the FSS (further evidence that the amount provided was insufficient) have been penalised under the current

arrangements in that 'top-ups' have been included in the base budget and these are now under the control of School Forums. In future, the Government cannot rely on authorities continuing to contribute as they have in the past. Therefore, the mitigating effect of local top up funding has been lost, making the percentage differences even more noticeable.

Specific Grants

We welcome a system that would permit the inclusion of existing specific grants into the base line calculation.

Deprivation

The emphasis must be on providing a basic entitlement per pupil, in an equitable manner, to allow all schools to focus on raising attainment and to address behaviour issues. The pupil-led element should be the key, deprivation measures should not be introduced until basic entitlement has been met. Any deprivation factor should be based on evidence. Deprivation should be pupil-based and not relate to general conditions in the local area of the school.

Minimum Funding Guarantee

We would support the continuation of a Minimum Funding Guarantee at a level that reflects average cost pressures. The review should examine how the cost pressures can be calculated in an open and transparent way.

Academic year budgets

The benefits of running two budget years in parallel, are in our view, very limited and this idea should not be pursued further.

Operation of multi-year budgets

We acknowledge that it is difficult for us to argue for additional resources for pupils when some schools have substantial and increasing balances. We therefore welcome the review of multi-year budgeting as a means of exploring how this can be tackled by giving schools greater certainty. The issue of pay and pensions will be crucial, they are the key drivers behind increases in costs.

Evidence of the impact of the existing arrangements

We look forward to working with the review team to provide evidence of the impact of the 2006-2008 arrangements on schools and local authorities. We would welcome clarification of the timescale for this evidence gathering stage. We are confident that 40 member authorities would be happy to engage with DfES on any survey and research work they intend to undertake.

Approach to the Review

The review itself should be conducted in an open and transparent manner, with papers to the Schools Funding Implementation Group available after meetings via the DfES web site. This is the principle upon which discussions on Revenue Support Grant are undertaken. It is difficult to understand why SFIG papers cannot be made more widely available. SFIG is a small group and it difficult therefore to ensure that it

is representative of all interest groups and authorities. Making papers more widely available is clearly essential to an effective outcome for the review.

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