

School Funding Briefing – February 2019



f40's central aim over more than 20 years has been to influence a significant change in the way the government allocates funding to local authorities and schools. We seek fairness and equal opportunities in education for all children regardless of where they live, and to equip schools to provide a quality education for all children to meet the future needs of Britain.

The allocations for primary and secondary pupils in the authorities in the f40 group are among the lowest in the country. Following the government's consultations in 2016 and 2017, f40 hoped that the case for fair funding for schools had been won as the government agreed that the funding allocation system was unjustifiable and unfair. The introduction of a National Funding Formula (NFF) and additional funding for 2018-19 and 2019-20 were welcomed and f40 viewed the overall outcome as another step towards fairer funding.

However, regrettably the group continues to have fundamental concerns about the new formula. We believe that the government has replaced one unfair system with another. The NFF falls short of what was expected, does not deliver true fairness and is, therefore, in need of fundamental change. Particular concerns are that the formula does not give enough to basic entitlement, allows too much for add-ons and that the arrangements lock in existing inequalities.

In the table below we have summarised our main concerns along with how these could be resolved. This list does not include all of our detailed and sometimes technical concerns and if you would like more information please contact us.

MAINSTREAM SCHOOLS

	WHAT?	WHY?	HOW?
1.	f40 seeks a National Fair Funding Formula (NFFF).	One of the key principles set out in the early NFF consultations, supported by f40, was that pupils of similar characteristics should attract similar levels of funding wherever they are in the country (allowing for the area cost adjustment). A National Fair Funding Formula (with the emphasis on fair) should be applied to all schools on a consistent basis. The current NFF fails to achieve this as significant variations between local authorities remain and look set to continue for some years to come.	The government must continue to develop the national formula so that it is fit for the future i.e. is fairer, more easily understood, transparent and adjustable and meets its own aspirations for equity as set out in early consultations. Transition to the new formula is sensible but locking in past inequalities is not.
2.	f40 seeks a significant increase in the amount invested in education funding to ensure it is sufficient to meet the cost pressures facing all schools.	Cost pressures are significant for all schools, but those in the lowest funded areas have been forced to prioritise funding to meet core costs at the expense of improving outcomes for vulnerable pupils. Pay and inflationary cost pressures, such as teachers pay increases (which are only partially funded) are significant. Cuts in local government have pushed cost burdens to schools for aspects of youth work, parental support and social care. Equally, low funding for post-16 courses in schools have created additional pressures.	The government must take account of f40's index linked activity-led formula which sets out the true costs of running a school to Ofsted standards. f40 believes the funding shortfall in schools for 2018-19 financial year is £2.4billion per annum and for 2019-20 financial year will be £3.6billion per annum.

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3.	f40 continues to argue for an index-linked activity-led formula to ensure sufficient funding in the system, which is correctly balanced to meet needs.	<p>Funding allocations are being made on the basis of historic decisions made by national and local government, despite the fact that these have been discredited and are no longer valid in an NFF. There is no rationale: there is no understanding of the needs of schools or the needs of children.</p> <p>Providing an activity-based formula allows for future changes of policy direction and allows the government to create a world class system of education to allow our pupils to compete in the post-Brexit age with the rest of the world. Index linking this means that the activity-led formula can keep pace with the cost changes occurring around them.</p>	f40 believes funding should be appropriately and correctly targeted to specific needs or ages with reference to an activity-led formula, such as the well regarded f40 model.
4.	f40 seeks a review of the amount of funding for basic entitlement relative to the educational additional needs.	Schools cannot provide appropriate support for pupils with additional needs, from deprived backgrounds or with special educational needs if they cannot afford to run a core education for all. The basic entitlement funds the core cost of schools (e.g. teachers and heating) and must be sufficient to run the school before the costs of additional support are added to school budgets.	The NFF should be underpinned by f40's index-linked activity-led formula to set out the basic entitlement funding to meet the core cost of running a school and the extra cost of additional services for SEN and deprivation.
5.	Protections (such as the Minimum Per Pupil Funding Level (MPPFL) and funding floor) should not form part of the funding system in the long-term.	<p>The NFF should be applied to all schools on a consistent basis. However, the protections applied, such as the 0.5% funding floor and MPPFL, 'lock in' some of the historical differences for those schools which have been comparatively well funded for several decades. The MPPFL and funding floor are unnecessary. An activity-led NFF should undertake this role.</p> <p>The MPPFL is applied to bring schools up to an artificial minimum level, but schools with pupils with few additional needs are being funded at the same level of funding as a school with a greater number of additional needs pupils. This is not fair.</p>	Ultimately, we wish to see the removal of the MPPFL, or in the short-term it should be modified to take account of varying levels of additional education needs in the calculation. The floor also needs to be removed.
6.	The NFF needs to cover all the funding for mainstream schools, not just the pupil-led elements.	Within the NFF there will always be elements that are individual to each school, such as property-related costs, e.g. business rates and sparsity. Funding for these cannot continue to be based upon historical costs.	<p>The government must introduce mechanisms to deal with exceptional premises funding. Exceptional premises should be funded at realistic, not historical, levels.</p> <p>f40 believes that all schools should be exempted from business rates with a one-off compensating cost adjustment nationally for local government.</p>

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7	The funding formula needs to be clear about the level of low-level SEN that schools are expected to support?	All SEN in schools has increased dramatically in recent years, including the low levels of SEN in all schools, which schools are expected to support from within their budgets. The funding for schools has seen small increases, but not enough to keep pace with real terms increases in costs and SEN support and the first £6,000 support of each EHCP. The identified needs of the cohort of 2013 are totally different from the identified needs of the cohort of 2018, but the formula is not matching this. The NFF doesn't have a national notional SEN amount explicitly stated. This needs to be identified, costed and added in to the NFF as a separate amount to give schools confidence that the funding received does cover these pupils too.	A national formula for underlying SEN should be identified and costed. Some funding can be moved to this budget and then topped up, where the DfE can show that they have identified the amount needed for the school without SEN and then the additional amount needed.
8.	f40 seeks continued funding flexibility to support specific local issues or organisational requirements.	No two schools in the country are exactly the same, but the formula assumes all schools are almost identical. There are good local reasons why some schools have costs that others do not, and an inflexible national system cannot support these schools equitably. Some local flexibility is essential in achieving a fair formula that works and stands the test of time.	The government should allow an element/percentage of the formula to be targeted using local discretion (via the Schools Forum or similar representative group).
9.	f40 seeks to see plans for the funding formula beyond 2020 and the establishment of rolling 3-4 year budget settlements for schools which are inflation-proofed, including funding for cost-of-living increases.	We understand what the final values of the NFF may be, though these are not yet achievable because of the funding shortfall. There is no information about funding for 2021-22, yet schools are expected to plan 3-5 years ahead. If there are changes to be made, schools need time to plan and achieve that change. School funding is dependent on Comprehensive Spending Reviews, but the education of children doesn't stop in the interim. The reality is that the vast majority of school budgeting is pre-determined. Why then is it necessary to hold back the whole school funding announcement in such circumstances?	Whilst the CSR is an important government control, there is enough known about the system to make an educated estimate of future pupil numbers and future funding requirements. A 3-4 year rolling settlement could be achieved for the vast majority of funding without Parliament losing control of what it wants to achieve.

PUPILS WITH SPECIAL EDUCATIONAL NEEDS (SEN) OR OTHER ADDITIONAL EDUCATIONAL NEEDS

10	f40 seeks an appropriate quantum of funding be made available for the High Needs Block (which should be index-linked).	The demand for high needs funding is out-stripping the budgets available to local authorities across the country, resulting in serious deficits in the High Needs Block in the majority of all local authorities. Many are finding it extremely difficult to recover these deficits and cuts to existing high needs services and pupil top-up funding makes what provision is available simply unsustainable. The additional funding provided in the 2019-20 settlement is welcomed but woefully inadequate. The LGA-commissioned ISOS Partnership report	f40 is calling for a further immediate injection of new funding estimated on increased costs and demand since 2015 as at least £1.5billion per annum, and the introduction of an annual index-linked review for this block. This is the block of funding that supports the most vulnerable pupils
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11.	F40 seeks a review of the formula for high needs and an end to the historical aspects of it.	f40 considers that the historical aspects of the High Needs formula should be removed as soon as possible. We recognise the impact this could have on some f40 LAs but cannot argue to keep this protection as we argue for the removal of other protections. HOWEVER, paragraph 9 is a pre-requisite to this task.	

OTHER

12.	f40 seeks clarity on the way that the Central Schools Services Block will work and be increased in future.	Not all funding to support education is directed via the NFF. Funding that is directed by the Central Schools Services Block for services, such as combined budgets, are being funded at historic levels and not keeping pace with the requirements that are made on them.	The Central Services Block should be index linked to meet increasing costs.
13.	f40 wants to see parity with Multi Academy Trusts	f40 understands that MATs are different to maintained schools and are part of the future landscape for schools, but we would like to see MATs being held more accountable for some of the decisions that they make, especially with regard to pay and distribution of funding between individual academies in the MAT. A national funding formula means equality for all schools, including those in MATS. .	Through appropriate legislation.
14.	f40 seeks a review of the way that Home to School Transport is funded and used.	We recognise that Home to School Transport is not part of the Dedicated Schools Grant. However, it is an ongoing problem for rural authorities, particularly as more schools become academies. Costs are rising faster than funding, leading to significant restrictions on school transport locally. Local authorities have lost strategic control but are required to provide services in accordance with the legislation, but with declining funding. SEN Transport is also a growing problem with costs continuing to rise as a result of the growing SEN population and the challenge in finding available appropriate placements.	Through legislative change and additional funding. Government needs to recognise the real impact of reducing school transport on pupil choices.

The f40 group represents 42 English local authorities with historically low funding for education, representing nearly 3 million pupils in over 9,000 schools. We have been campaigning for a fairer system for the allocation of funding for schools for over two decades. f40 is a cross-party group which has the support of MPs, councillors, education directors, governors, headteachers, parents and teaching union representatives. A full list of member authorities is available on our website at www.f40.org.uk