



School Funding Briefing Paper – February 2017

This Briefing Paper outlines the f40's view of the current school funding situation

1. The f40 group represents 41 English local authorities with historically low funding for education. We have been campaigning for a fairer system for the allocation of funding for schools for over two decades. Our aim has been to influence a change in the way the government allocates funding to local education authorities and schools. We maintain that:

- The existing funding model has no rationale and is clearly unfair. Mainstream school funding has become more and more of a 'mess' with a tangle of funding caught up in the Minimum Funding Guarantee (MFG) and capping. There is no rationale for the funding of Early Years or High Needs either. A new start is needed.
- The inconsistencies in funding for individual schools with similar characteristics across the country are too great.
- A national funding formula allocating the same funding for all mainstream pupils nationally would resolve the problem of a child attracting very different levels of funding if they attend a school on one side of a local authority boundary rather than another.
- Schools in low funded areas have inevitably had to prioritise meeting their core costs and have struggled to improve outcomes for vulnerable pupils as a consequence. Fair funding will enable schools to be judged fairly on the outcomes their pupils achieve.

2. The case for fair funding for schools has been won: the government has agreed that the existing system is unjustifiable and unfair. It initially promised a new national funding formula for 2017-18 but this was delayed for a range of reasons. A first stage consultation on the principles of fair funding was held in the Spring of 2016 and a second stage consultations containing proposals for change was announced in December 2016. The implementation date has now been delayed until 2018-19.

3. f40 welcomes the stage 2 consultation and commends the government for honouring its manifesto commitment to introduce fairer funding for all children in state funded schools in England. We also acknowledge that the proposed funding formula indicates a total gain of £183 million for f40 member authorities once the national formula is fully implemented from 2019-20. But that has to be tempered by an outcome that none of us really anticipated: that some poorly funded authorities will not gain and that many schools, both primary and secondary, within poorly funded authorities will lose out.

4. f40 believes that the government's proposals fall short of what was expected, will not deliver true fairness and, therefore, are in need of substantial revision. There are four key elements of the proposals that f40 is unhappy about and will be asking the government to consider, namely:

- The proportion of weighting given to additional needs rather than basic entitlement
- The 3% funding floor, which 'locks in' historical differences
- The amount invested in education funding and the cost pressures facing all schools.
- The weakness of evidence used to support the proposals

F40 will be happy to work with the government and the Department for Education to improve the formula. However, we do not wish to see further delays in the implementation of a new formula.

5. In consultation with its member authorities, f40 is continuing to develop its detailed response to the government's consultation. The deadline for submissions is 22 March.

Here's more detail about the four main elements of concern.

Weakness of evidence used to support the proposals

As we pointed out in the first stage of the consultation, there is a basic weakness in that there is no clear definition of what the government is actually funding. Clearly, we wish to see a formula where the emphasis is on redistributing money more fairly, but without some clarity on what level of service the money can purchase, there is a danger that the proposed new system will not take us much further forward.

It is disappointing to see the continued use of averages, which reflect what local authorities can currently afford to do, rather than a needs-based model which can evidence that the proposed funding levels are sufficient to cover the required costs of operating schools of different sizes and levels of needs wherever they are in the country. As part of the ongoing strategic approach to schools funding f40 would urge the DfE to undertake to analyse and assess activity-led funding to be factored into the funding formula rates prior to the implementation of the hard formula in 2019-20.

The funding formula model developed by f40 and presented to the Department for Education twelve months ago attempted to do this based on analysis of staffing ratios and associated school level costs. We would urge the department to again consider each element of that model to ascertain the true cost of operating a school and to ensure the proposed funding rates are sufficient.

Without a clear understanding of what the government is funding it is difficult to grasp the rationale for the basic entitlement compared to the additional needs. The proposals state that there has been a deliberate movement of funding into additional needs [cf pp20-28 of [Schools national funding formula government consultation - stage 2](#)], partly to support those "just about managing" families, but we don't consider that the additional needs indicators do support those families and therefore by reducing the basic element of funding this could be having the opposite effect to that intended.

The proportion of weighting given to AEN rather than basic entitlement

The group question the extent of the transfer of funding into additional needs at a time when schools are struggling to meet their core responsibilities, as evidenced by the National Audit Office report (December 2016) which indicated cost increases of around 8%. Our initial reaction is that too much funding is directed towards deprivation and that when Pupil Premium is also taken in to account this could be considered as double funding. The basic funding percentage under the existing proposed formula – approximately 72.5% - is simply too low. It creates distortions which risk replacing one unfairness with another.

We seek more clarity between what the deprivation funding in the main funding formula and pupil premium are supposed to support.

The 3% funding floor, which locks in historical differences

One of the key principles set out in Stage 1 of the consultation, 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). When the funding formula to be

implemented is deemed fair, it should be applied to all schools on a consistent basis. However, the proposed 3% funding floor “locks in” some of the historical differences for those schools which have been overfunded for several decades. Equally the cost of this protection limits the redistributive impact and will result in the continuation of different funding levels for pupils across the country. Stability for schools in funding is important, but not at the expense of never reaching a fair formula and outcome. In practice, schools in lower funded areas will be subsidising those in better funded areas who will not lose more than 3%.

The amount invested in education funding and the cost pressures facing all schools

f40 understands that the current consultation is about finding a fair funding methodology and not about the quantum of funding available. But, schools in lower funded areas have been making cuts for many years now and have reached the limit of where cuts can be made. We recognise the work that the Department for Education has undertaken in supporting schools in making efficiencies, but we are struggling to understand where more cuts can be made in the lowest funded authorities. On top of this, all schools are facing significant additional costs which the government does not intend to pay for, including the removal of the Education Support Grant later this year.

ENDS

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1. f40 is a cross-party group which has the support of MPs, councillors, education directors, governors, head teachers, parents and teaching union representatives. The group has 41 member authorities representing over 3 million pupils in over 9,000 schools
2. The members are: Bedford Borough, Buckinghamshire, Cambridgeshire, Central Bedfordshire, Cheshire East, Cheshire West and Chester, Derbyshire, Devon, Dorset, East Riding of Yorkshire, Gloucestershire, Hampshire, Herefordshire, Kent, Leicestershire, Lincolnshire, North Lincolnshire, Northamptonshire, North Yorkshire, Northumberland, Nottinghamshire, Oxfordshire, Plymouth, Shropshire, Solihull, Somerset, South Gloucestershire, Staffordshire, Stockport, Suffolk, Swindon, Torbay, Trafford, Wakefield, Warrington, Warwickshire, West Sussex, Wigan, Wiltshire, Worcestershire and York.