



The Rt Hon Theresa May MP
Prime Minister
10 Downing Street
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Copy to: The Rt Hon Justine Greening MP
Secretary of State for Education
Sanctuary Buildings
Great Smith Street
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10 March 2017

Dear Prime Minister,

Stage 2 Consultation on Fair Funding for Schools

This letter is signed by 38 representatives of f40 authorities who are concerned about the government's proposals for the funding of schools in England.

We have taken the unusual step of jointly signing this letter because we are extremely concerned that the government is in danger of replacing one injustice with another.

We believe it is absolutely right that the government has brought forward proposals for a national funding formula but the formula being proposed seems to be weighted more towards maintaining stability than achieving fairness.

We acknowledge that the proposed funding formula indicates a total gain of over £200 million for f40 member authorities once the national formula is fully implemented from 2019-20. But we firmly believe that the formula proposals that have been presented fall short of what was expected, will not deliver fairness and that they need further work. f40 and its local authority membership never expected that a new 'fair funding' formula could end up being so unfair to so many authorities and schools. We are alarmed that so many schools are losers and we fail to understand why this should be the case when those schools were already poorly funded and well below the national average.

It is vital that the basic level of funding allocated to all schools is adequate for the school to staff and operate sufficiently. The additional needs funding should be as the name suggests, additional. If the Department for Education can clearly demonstrate that additional funding needs to be targeted at the AEN factors, this should not be at the expense of the basic entitlement funding which is intended to provide a core baseline of funding for all pupils and is imperative to achieving a fair, balanced and equitable funding formula.

So f40 questions 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%. We believe that the proposals direct too large a proportion 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.

f40's own needs-led model, which was carefully constructed to ensure all schools are able to function with appropriate pupil teacher ratios and a lump sum that is set to meet a defined set of costs, provided for pupil funding at 75% and additional needs factors of 14% (deprivation 8%, prior attainment 5% and EAL 1%). That's the sort of split that the government ought to be proposing and we would recommend that it urgently considers doing so.

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). So it follows that once the funding formula to be implemented is deemed fair, it should be applied to all schools on a consistent basis. But that will not happen with the proposed 3% funding floor as it '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%.

Our investigations show that one London borough has 87 schools and the 'floor' allocates £19.4m in that authority. Overall that works out at £539 per pupil. For primary it's £427 per pupil and for secondary £665 per pupil. So, a typical secondary school (1,000 11-16 year olds) would receive £665,000 more than the same school in many f40 member authorities. The average is £503,000. That's in addition to the inflated allowance for additional needs and in addition to the Area Cost Adjustment. The difference buys about a dozen teachers and the difference is built-in to the funding model in perpetuity.

Again, as f40 pointed out in the first stage of the consultation, there is a basic weakness in this debate because 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. 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 continue to have confidence that this is the way forward. We are updating our modelling and will present the revised work to the Department for Education quite soon. We hope that the methodology will be again looked at as we consider it is the only reasonable way to ascertain the true cost of operating a school and to ensure the proposed funding rates are sufficient.

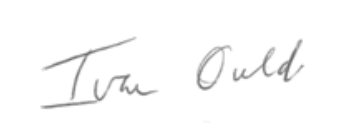
In f40's view, the very hard nature of the formula proposals is regretful and we consider that a softer approach to the school-led funding factors involving some local flexibility, particularly relating to lump sum and sparsity, would have been beneficial.

Finally, f40 members understand that the Stage 2 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.

This review of the school funding formula is a once in a generation opportunity to get things right. It is vitally important that one injustice isn't replaced with another and we hope that you will do everything in your power to ensure that the outcome of the fair funding for schools consultation is exactly that – fair!

Yours sincerely



Cllr Ivan Ould
Chair of f40 and Lead Member for Children and Families, Leicestershire County Council

The following council representatives are also signatories to this letter:

Buckinghamshire County Council (in the main)

Cllr. Zahir Mohammed, Cabinet Member for Education and Skills

Cambridgeshire County Council

Cllr. Peter Downes, Children's and Young Persons Committee

Central Bedfordshire Council (in the main)

Cllr. Steven Dixon, Executive Member for Education and Skills

Cheshire East Council

Cllr. Rachel Bailey, Leader of the Council

Cheshire West and Chester Council

Cllr. Nicole Meardon, Cabinet Member for Children and Families

Derbyshire County Council

Cllr. Jim Coyle, Cabinet Member for Children's Services

Devon County Council

Cllr. James McInnes, Cabinet Member for Children Schools and Skills

Dorset County Council

Cllr. Mrs Deborah Croney, Cabinet Member for Learning and Skills

East Riding of Yorkshire Council

Cllr. Julie Abraham, Cabinet Member for Children, Young People and Education

Gloucestershire County Council

Cllr. Paul McLain, Cabinet Member - Children & Young People and Strategic Commissioning

Hampshire County Council

Cllr. Peter Edgar, Executive Member for Education

Herefordshire Council

Cllr. Jonathan Lester, Cabinet Member for Young People and Children's Wellbeing

Kent County Council

Cllr. Roger Gough, Cabinet Member for Education and Health Reform

Lincolnshire County Council

Cllr. Patricia Bradwell, Deputy Leader of the Council

Northamptonshire County Council

Cllr. Matthew Golby, Lead Member for Children's Services & Education

Northumberland County Council

Cllr. Robert Arckless, Cabinet Member for Children's Services

North Yorkshire County Council

Cllr. Arthur Barker, Executive Member for Schools and Early Years

Nottinghamshire County Council

Cllr. John Peck, Chairman, Children and Young People's Committee,

Oxfordshire County Council

Cllr. Steve Harrod, Cabinet Member for Education

Plymouth City Council

Cllr. Terri Beer, Cabinet Member for Children and Young People

Shropshire Council

Cllr. Ann Hartley, Chairman of the Council

Solihull Metropolitan Borough Council

Cllr. Ken Meeson, Cabinet Member for Children's Services, Education and Skills

Somerset County Council

Cllr. Frances Nicholson, Cabinet Member for Children and Families

South Gloucestershire Council

Cllr. Jon Hunt, Lead Member for Children and Young People

Staffordshire County Council

Cllr. Ben Adams, Cabinet Member for Learning and Skills

Stockport Metropolitan Borough Council

Cllr. Dean Fitzpatrick, Executive Councillor (Education)

Suffolk County Council

Cllr. Gordon Jones, Cabinet member for Children's Services, Education & Skills

Swindon Borough Council

Cllr. Fionuala Foley, Cabinet Member Children's Services

Torbay Council

Cllr. Julien Parrott, Executive Lead for Adults and Children

Trafford Council

Cllr. Sean Anstee, Leader of the Council

Warrington Borough Council

Cllr. Jean Carter, Lead Member for Education

Warwickshire County Council

Cllr. Colin Hayfield, Portfolio Holder for Learning & Education

West Sussex County Council

Cllr. Louise Goldsmith, Leader of the Council

Wigan Council

The Lord Smith of Leigh, Leader of the Council

Wiltshire Council

Cllr. Laura Mayes, Cabinet Member for Children's Services

Worcestershire County Council

Cllr. Marc Bayliss, Cabinet Member for Children & Families

City of York Council

Cllr. Stuart Rawlings, Executive member for Education, Children and Young People,