



f40's Updated Proposal for a National Funding Formula for Schools - April 2019

1. Introduction

1.1. This document builds upon and updates the proposals for a fair funding formula that f40 first published in March 2016 and reflects the national discussion and the changing landscape of school funding. The f40 formula is a bottom up calculation of the costs of running a school in any part of the country. This version updates the values of the formula factors to 2018-19 (with estimates for 2019-20).

1.2. Since f40's initial proposals were published there has been an extensive consultation on the details of the government's proposed National Funding Formula and this updated paper deals with the impacts raised. It also takes account of the situation stemming from the general election held in June 2017.

2. Summary of Allocations

2.1. The National Funding Formula (referred to in this document as the NFF formula) has now been in existence for two years. The NFF is used to distribute funding to local authorities' subject to capping and floors, but each local authority (LA) is then free to distribute the funding to schools through a local formula. There is, however, the broad expectation that LAs will move their schools towards the NFF and that the NFF will become 'hard' at some point i.e. that the discretion for LAs will be removed. The NFF includes a floor of 3% on the baseline of 2017-18 below which no school can fall, and to help to pay for this a cap is applied which in the first year was 3%, with an additional 3% (making 6.09% in total) in the second year. The Department for Education (DfE) has stated that their 'end point' is that schools should never fall below the floor, but that the cap will be removed over time.

2.2. Following the general election of June 2017, the NFF also introduced 'minimum per pupil' funding levels (MppFL) of £3,500 for primary schools and £4,800 for secondary schools (with KS4 pupils), and latterly £4,600 for secondary schools without KS4 pupils (middle schools receiving a composite value from these). The funding within the calculation of the MppFL includes the total funding prior to funding for the floor, or MFG, and optionally less PFI, rates and split sites and with permission, mobility divided by the number on roll compared to the MppFL value for the phase.

Figure 1: Summary of DSG allocations from 2015-16 to 2019-20

	2015-16	2016-17	yr on yr increase	2017-18	yr on yr increase	2018-19	yr on yr increase	2018-19 to 2015-16	2019-20	yr on yr increase	2019-20 to 2015-16
Dedicated Schools Grant Allocations											
Schools Block	32,168,067,703	32,647,543,557		32,976,595,993		33,683,974,148			34,501,566,949		
Teachers Pay Grant (mainstream schools)	n/a	n/a				178,069,120			305,261,349		
Central Schools Services Block (inc growth fund)	included above	included above		117,000,000	some inc above	468,611,604			467,509,572		
Pupils in year	6,800,683	7,041,526		7,165,246		7,275,277			7,357,476		
£pp (exc CSSB where possible)	4,730.12	4,636.43	-1.98%	4,602.30	-0.74%	4,654.40	1.13%	-1.60%	4,730.81	1.64%	0.01%
	<i>(but central costs need to be found from this figure too)</i>										
comparative with central costs	4,730.12	4,636.43	-1.98%	4,618.63	-0.38%	4,718.81	2.17%	-0.24%	4,794.35	1.60%	1.36%

3. The case for a National Funding Formula

3.1 To briefly re-state the initial case for fundamental reform:

- The model prior to the NFF model had no rationale and was clearly unfair. Mainstream school funding had become more and more of a 'mess' with a tangle of funding caught up in the MFG and capping. There is no rationale for the funding of High Needs or Early Years either. A new start was needed.
- The inconsistencies in funding for individual schools with similar characteristics across the country were too great.
- A national formula for schools funding would minimise the problem of a child with similar needs attracting very different levels of funding if they attend a school on one side of a local authority boundary rather than another whilst recognising the different regional costs.
- 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.

3.2 Consideration of the implementation of the NFF between 2016 and 2019-20.

- Protection of better funded schools leaves the gap between the lowest funded and highest funded too great and constrains the true effect of the NFF.
- Schools and local authorities at the lower funding levels are still capped, meaning that LAs are not able to fund schools using the NFF.
- The application of Minimum per pupil Funding Levels is unfair, meaning that schools with medium levels of deprivation are being funded at the same levels as schools with little deprivation. MppFL is unnecessary if the NFF is properly funded and applied.
- Proper consideration needs to be given to aligning sparsity funding and the additional costs of essential rural schools (especially where the presumption against the closure of rural schools exists).
- The NFF is not clear what it is trying to achieve? There is not a clear understanding of what the government expects of schools compared to social care, mental healthcare and other SEND needs. The f40 formula provides funding for teaching and low level SEND but does not include funding to replace social care (e.g. working with families to support a child's learning in schools). Children who come to school with problems at home are not and will not be ready to learn. Schools are not able to support all these needs but are being asked to solve them by the pressures and cuts that have taken place elsewhere in the whole system.
- There is no consideration in the NFF on fairly funding the cost of inclusiveness in schools so that schools with excellent high needs provision are not disadvantaged by the high cost of significant numbers of £6,000 high needs thresholds. This is an important factor in the emerging high needs funding crisis.

4 Key Principles

4.1 The f40 model is based on the following principles/features:

- It offers a formula for distributing the national schools' budget to local authorities based on a clear rationale: from 2020-21 education funding can be geared towards improving educational standards across the country rather than perpetuating an inequitable distribution of the national budget based on average funding values.
- The f40 national funding formula has, as its main building block, a core entitlement at pupil level. The formula enables a school to have access to similar resource levels for a child's basic classroom costs i.e. the share of a teacher and teaching assistant. The core entitlement reflects different needs and costs at the various Key Stages.
- The formula contains factors to reflect pupil level needs beyond the core entitlement (e.g. deprivation and high incidence SEN) and factors to reflect the needs of small schools that are necessary in a local authority's structure. The DfE will need to provide clarity about what needs and outcomes each factor is seeking to address.
- The formula does not contain funding to address social or health needs for pupils other than at the lowest, occasional counselling for a pupil, level. It is assumed that pupils are at school and ready and able to learn.

4.2 All funding formula factors used in the proposed model allocate the same flat rate per pupil across all regions and appropriate area cost adjustment will be applied accordingly.

4.3 f40 would ideally include all current grant funding streams (i.e. Pupil Premium (PP)) in the overall proposed model. However, for the purposes of this proposal, the current PP funding allocated nationally has been excluded. There is no doubt that if the current cost of PP was to be mainstreamed it would provide a significant contribution to the increasing employment costs on schools and still allow for some support for deprivation within the formula. Inclusion of PP within the total quantum must be a current PP levels.

4.4 Local authorities, following discussion with their local Schools Forum, would be free to move funding between Schools, High Needs, Centrally retained and Early Years blocks.

5 The National Funding Formula: A Framework

5.1 In considering the NFF, f40 concluded that it favoured a proposal which resulted in a core formula to produce a local authority level total, with each local authority then having discretion on how the total is allocated within the area. This option would ensure consistency in the overall level of funding whilst offering the local flexibility needed, together with very sharp local accountability. We propose the following arrangements for the Schools Block:

- The Schools Block should be distributed between local authorities on six formula factors:
 - Basic entitlement (formerly age weighted pupil unit)
 - Deprivation (based on Ever 6 FSM data only)
 - Low prior attainment
 - English as an Additional Language (EAL)
 - Lump sum
 - Sparsity

(Attached as an Appendix is a technical note which provides further information on each of the six formula factors).

- Area costs to be added, on the 'hybrid' model. This will be applied to all pupil-led factors to reflect regional differences in costs.
- The Schools Block should include a fund to take account of exceptional pupil growth (i.e. exceptional pupil growth as defined by the DfE).

5.2 f40 agrees that, in the interests of transparency, local authorities should use common criteria and data for deprivation, low prior attainment and EAL.

5.3 The formula for distribution from DfE to LA level will need to be sufficient to cover the needs of the premises related factors such as rates, split sites, joint use or other exceptional circumstances that a national formula cannot hope to cover in the long term other than by reference to actual costs. There needs to be consistency in the way the rates are applied to schools and in the way that rates are reimbursed to maintained schools and academies. As a minimum charitable rates relief should be granted to all schools regardless of organisation structure because all state funded schools provide exactly the same service to tax-payers, parents and pupils.

5.4 It must be remembered that the basic entitlement and lump sum are simple to distribute, but that schools are not generic and that there are significant numbers of extraordinary circumstances which account for small sums nationally, but which are significant sums to the schools concerned. The position of these exceptional items is not static and LAs put considerable effort into managing these arrangements annually. Joint Use arrangements, for example, are mostly based on individual contractual agreements which need to be managed in the context of the funding formula to ensure that the contract can be adhered to by the school or academy concerned. Similarly, split sites will vary from school to school, but will equally impact on the funding formula. If LAs are not to be involved in overall school funding they must be able to pass full costs to schools and the school must be funded to afford these costs otherwise schools with exceptional circumstances will remain disadvantaged as far as teaching is concerned compared to similar schools.

5.5 Local Authorities/Schools Forums should be free to:

- add additional factors e.g. split sites and leases
- shift funding between the three blocks
- agree any de-delegations from all LA maintained schools.

5.6 We see no need for restrictions or regulation given the level of accountability.

6 The High Needs Block

6.1 In line with the government's proposals, this paper primarily reviews the Schools Block, but as f40 has stated on previous occasions, the relationship between the Schools Block and the High Needs Block is not as discrete as the original proposals suggested. Children and young people in schools are not defined by whether they are a 'typical child' or 'high cost child' – they are all children and the majority are educated in the same school. There are different views regarding whether children with SEN should be educated in mainstream schools or special schools and around the country there are differences in the way that schools are set up to support pupils with SEN and these views alter around the country too. The relationship between the High Needs Block and the Schools Block needs to have the ability to ebb and flow with these views and ways of supporting children and young people change. This is the only way that schools can support pupils with SEN and schools can challenge or support each other.

6.2 It has become clear over the last 2-3 years, that as cost pressures rise in schools, schools make decisions that lead to less inclusion. There are no incentives¹ to keep pupils with difficult behaviour or with SEND in school and therefore greater numbers of pupils are being 'pushed out' with the costs being borne by the High Needs Block.

6.3 f40 response to the High Needs consultation question 6 about local budget flexibility stated our belief that Schools Forums should have the power to transfer funding between the blocks (if only to enable innovative ways to support inclusion in all schools).

6.4 It is incongruous that at a time when additional funding is being provided to mainstream schools to cover the cost of pay and pension increases that the £10,000 per place for special schools remains unaltered since 2014. At the very least it must be increased for inflation; many special schools regard the lack of a comparable lump sum to cover similar fixed costs to mainstream schools is unfair. f40 would like to see an independent post-implementation review of these and similar questions about the NFF and regards it as best practice that the DfE should adopt in the interests of improving the implementation of the NFF.

7 The f40 formula

7.1 Since f40's initial formula development work was undertaken in March 2016 the NFF consultation has been held. f40 was extremely disappointed that the government's proposals demonstrated a lack of evidence and understanding of the costs of running schools and the need to be able to operate effectively before it is possible to adequately address the needs of vulnerable pupils properly. Headteachers concerned that they don't have enough teachers or funds for heating the buildings for everyone in the school, cannot concentrate properly on those pupils that are failing to thrive.

7.2 The initial version of the f40 formula used 2014-15 economic datum. We have updated the funding each year in line with costs using nationally published teacher pay scales, aggregate local authority pay scales for specific job roles (Teaching Assistants etc)

¹ See paragraph 8 of the Executive Summary of the ISOS Partnership report "Have we reached a 'tipping point'? Trends in spending for children and young people with SEND in England".
<http://www.isospartnership.com/uploads/files/LGA%20HN%20report%20published%2012.12.18.pdf>

and RPI. In our revised version, we have used April 2018 economic datum, although there are estimates for 2019 too. The values are shown in the table at Figure 2 below.

7.3 These formula values were then applied to the national 2018-19 NFF dataset to understand the impact that they could have on schools, local authorities and on the quantum of funding available and how it should be distributed.

7.4 It should be noted that one small adjustment to the formula originally proposed by f40 has been made, and that is to split the free school meals funding to provide the cost of a meal for those currently eligible for a meal in addition to an amount for all pupils that have been eligible for free school meals for income reasons in the last six years in the way that the DfE has proposed in its NFF.

7.5 Figure 2: The Values

		Based On APRIL Financial years	Revised Apr 2019								
F40 Factors		2015-16 Original F40 model	Revised F40 2015-16	Revised F40 2016-17	Revised F40 2017-18	Revised F40 2018-19	Revised F40 2019-20	Compared to 2015-16	NFF 2018-19	NFF 2019-20	f40 - MFF difference 2018-19
Primary AWPU		2,923.00	3,060.22	3,095.36	3,134.03	3,198.09	3,361.58	109.85%	2,746.99	2,746.99	(451.10)
KS3 AWPU		4,034.00	4,056.52	4,100.62	4,146.89	4,221.11	4,436.68	109.37%	3,862.65	3,862.65	(358.46)
KS4 AWPU		4,946.00	4,895.84	4,947.72	5,007.03	5,098.31	5,353.18	109.34%	4,385.81	4,385.81	(712.50)
FSM	Prim	440.00	440.00	440.00	440.00	440.00	440.00	100.00%	440.00	440.00	-
FSM	Sec	440.00	440.00	440.00	440.00	440.00	440.00	100.00%	440.00	440.00	-
FSM6	Prim	1,060.00	1,060.00	1,072.17	1,085.56	1,107.76	1,164.38	109.85%	540.00	540.00	(567.76)
FSM6	Sec	1,060.00	1,060.00	1,071.52	1,083.61	1,103.01	1,159.34	109.37%	786.00	785.00	(317.01)
IDACI A	Prim	-	-	-	-	-	-		575.00	575.00	
	Sec	-	-	-	-	-	-		420.00	420.00	
IDACI B	Prim	-	-	-	-	-	-		390.00	390.00	
	Sec	-	-	-	-	-	-		360.00	360.00	
IDACI C	Prim	-	-	-	-	-	-		240.00	240.00	
	Sec	-	-	-	-	-	-		200.00	200.00	
IDACI D	Prim	-	-	-	-	-	-		810.00	810.00	
	Sec	-	-	-	-	-	-		600.00	600.00	
IDACI E	Prim	-	-	-	-	-	-		560.00	560.00	
	Sec	-	-	-	-	-	-		515.00	515.00	
IDACI F	Prim	-	-	-	-	-	-		390.00	390.00	
	Sec	-	-	-	-	-	-		290.00	290.00	
EAL(Primary)		466.00	466.00	471.35	477.24	486.99	511.89	109.85%	515.00	515.00	28.01
EAL(Secondary)		1,130.00	1,130.00	1,142.29	1,155.17	1,175.85	1,235.90	109.37%	1,385.00	1,385.00	209.15
Prior Attainment (Primary)		1,000.00	1,000.00	1,011.48	1,024.12	1,045.05	1,098.47	109.85%	1,050.00	1,022.00	4.95
Prior Attainment (Secondary)		1,000.00	1,000.00	1,010.87	1,022.28	1,040.57	1,093.71	109.37%	1,550.00	1,550.00	509.43
Lump Sum Primary		101,823.00	103,531.06	104,457.11	106,331.07	108,452.28	112,807.12	108.96%	110,000.00	110,000.00	1,547.72
Lump Sum Secondary		167,936.00	169,035.06	170,427.51	173,649.50	176,941.28	183,564.13	108.60%	110,000.00	110,000.00	(66,941.28)
other schools by reference to proportion of year groups											
Sparsity	no change										

8 Values

Figure 3: Calculation of the Basic Entitlement and Lump Sum

		2%					
		2018-19	2019-20	2018-19	2019-20	2018-19	2019-20
Teaching	Basic Entitlement (AWPU)	Key Stage 1/2	Key Stage 1/2	Key Stage 3	Key Stage 3	Key Stage 4	Key Stage 4
		Cost £	Cost £	Cost £	Cost £	Cost £	Cost £
	Standard teacher cost (U1) (April 15)	36,346	37,074	36,346	37,074	36,346	37,074
	On cost percentage	27.08%	30.95%	27.08%	30.95%	27.08%	30.95%
	Standard teacher cost (U1) with on costs	46,190	48,547	46,190	48,547	46,190	48,547
Teaching	Allowance for non-contact time						
	<i>PPA min 10%, secondary also includes allowance for setting, practical classes and subject inefficiencies</i>	10%	10%	22%	22%	22%	22%
		4,619	4,855	10,162	10,680	10,162	10,680
Teaching Assistants	Teaching assistant (mid-point grade F)	18,277	19,037	18,277	19,037	18,277	19,037
	<i>includes movement for national minimum wage</i>						
	Term Time Only 30 hrs pw, 43.6 wks per yr	13,217	13,767	13,217	13,767	13,217	13,767
		31.18%	31.71%	31.18%	31.71%	31.18%	31.71%
		17,338	18,133	17,338	18,133	17,338	18,133
	Proportion per class	0.50	0.50	0.25	0.25	0.25	0.25
		8,669	9,066	4,334	4,533	4,334	4,533
	Sickness Maternity etc cover	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
	1,487	1,562	1,517	1,594	1,517	1,594	
	Direct employee cost	60,964	64,030	62,203	65,354	62,203	65,354
Per Pupil	Standard no. of learners per teaching group	29	29	22	22	19	19
	Direct employee costs per pupil	2,102	2,208	2,827	2,971	3,274	3,440
	Responsibility points	1.5%	1.5%	3.0%	3.0%	3.0%	3.0%
	Responsibility points per pupil	32	33	85	89	98	103
	Exam fees					211	216
	Proportion for other staff	20%	20%	15%	15%	15%	15%
	Other staff - finance, mid day, technician, premises	427	448	437	459	506	531
	Proportion for other costs	30%	30%	30%	30%	30%	30%
	Other costs - resources, premises, library, ICT etc	640	672	874	918	1,012	1,063
	Age weighted pupil unit (AWPU)	3,200.64	3,361.58	4,222.72	4,436.68	5,100.18	5,353.18
	National Funding Formula Basic Entitlement	2,747.00	2,747.00	3,862.25	3,862.25	4,385.81	4,385.81
Difference to NFF	453.64	614.58	360.47	574.43	714.37	967.37	
		2.13%	5.03%	1.83%	5.07%	1.86%	4.96%
Proportions							
	Teaching	57%		64%		62%	
	Class staff	10%	80%	5%	79%	5%	76%
	Non Class staff	13%		10%		10%	
	Other costs	20%		21%		24%	
		100%		100%		100%	
LUMP SUM		2018-19	2019-20	2018-19	2019-20		
based on 60 pupil primary & 600 pupil secondary			2%		2%		
Headteacher (L10 Primary) (L25 Secondary)		49,629	50,520	71,675	72,960		
Teaching On costs		27.08%	30.95%	27.08%	30.95%		
Headteacher with on-costs		63,069	66,154	91,085	95,540		
Non teaching time		0.50	0.50	0.50	0.50		
Head teacher for leadership		31,534	33,077	45,543	47,770		
other leadership costs							
1@0.1 Assistant Head / 1@0.6 Deputy Head		0.10	0.10	0.60	0.60		
pay%		75%	75%	85%	85%		
multiplier		0.075	0.075	0.51	0.51		
Other leadership		4,730	4,962	46,453	48,725		
Total Leadership Contribution		36,265	38,039	91,996	96,495		
Plus Allowance for fixed elements of with RPI		2.60%	2.50%	2.60%	2.50%		
Administration and Finance		15,927	16,325	31,854	32,651		
Premises Supplies and Services		5,309	5,442	10,618	10,884		
Insurance		10,618	10,884	21,236	21,767		
Office/Medical supplies		5,309	5,442	10,618	10,884		
Minimum ICT Provision		5,309	5,442	10,618	10,884		
Primary: 0.5 additional class to allow for numbers not fitting standard class structure		29,739	31,234				
Lump Sum Total		108,476	112,807	176,941	183,564		

Figure 4 – f40 and NFF calculations using 2018-19 data

Using 2018-19 school/pupil data	f40			f40			NFF		NFF	
	2018-19	yr on yr increase	2018-19 to 2015-16	2019-20	yr on yr increase	2019-20 to 2015-16	2018-19	F40 2018-19 to NFF 2018-19	2019-20	F40 2019-20 to NFF 2019-20
Primary Pupil funding	14,452,354,294	2.04%	4.51%	15,191,149,907	5.11%	9.85%	12,413,797,633	2,038,556,660	12,413,797,633	2,777,352,274
Secondary Pupil Funding	12,776,570,287	1.80%	4.09%	13,423,161,079	5.06%	9.36%	11,391,734,050	1,384,836,236	11,391,734,050	2,031,427,029
Primary Deprivation	1,493,333,172	1.66%	3.63%	1,555,378,250	4.15%	7.94%	1,877,359,517	(384,026,346)	1,877,359,517	(321,981,268)
Secondary Deprivation	1,052,501,622	1.50%	3.39%	1,097,729,573	4.30%	7.84%	1,281,775,429	(229,273,806)	1,280,972,506	(183,242,934)
Primary LPA	1,545,937,801	2.04%	4.51%	1,624,965,207	5.11%	9.85%	1,553,256,730	(7,318,929)	1,511,836,550	113,128,656
Secondary LPA	609,625,940	1.79%	4.06%	640,758,725	5.11%	9.37%	908,076,178	(298,450,238)	908,076,178	(267,317,453)
Primary EAL	271,054,102	2.04%	4.51%	284,910,224	5.11%	9.85%	286,641,604	(15,587,502)	286,641,604	(1,731,380)
Secondary EAL	86,663,652	1.79%	4.06%	91,089,450	5.11%	9.37%	102,078,778	(15,415,126)	102,078,778	(10,989,329)
Total Primary	17,762,679,369	2.01%	4.43%	18,656,403,588	5.03%	9.69%	16,131,055,485	1,631,623,884	16,089,635,305	2,566,768,283
Total Secondary	14,525,361,502	1.78%	4.04%	15,252,738,827	5.01%	9.25%	13,683,664,436	841,697,066	13,682,861,513	1,569,877,313
TOTAL PUPIL LED	32,288,040,871	1.91%	4.25%	33,909,142,415	5.02%	9.49%	29,814,719,920	2,473,320,950	29,772,496,818	4,136,645,596
Primary Premises Led	1,858,176,662	1.97%	4.70%	1,931,962,493	3.97%	8.86%	1,714,966,427	143,210,235	1,714,966,427	216,996,066
Secondary Premises Led	580,517,735	1.88%	4.64%	602,072,479	3.71%	8.52%	330,104,204	250,413,531	330,104,204	271,968,275
TOTAL PREMISES LED	2,438,694,397	1.95%	4.68%	2,534,034,972	3.91%	8.78%	2,045,070,631	393,623,766	2,045,070,631	488,964,341
Total Primary formula	19,620,856,031	2.01%	4.46%	20,588,366,081	4.93%	9.61%	17,846,021,912	1,774,834,119	17,804,601,733	2,783,764,349
Total Secondary formula	15,105,879,237	1.79%	4.06%	15,854,811,306	4.96%	9.22%	14,013,768,640	1,092,110,597	14,012,965,717	1,841,845,589
TOTAL FORMULA	34,726,735,268	1.91%	4.28%	36,443,177,387	4.94%	9.44%	31,859,790,552	2,866,944,716	31,817,567,450	4,625,609,937
Plus ACA	904,368,954	1.91%	4.28%	949,169,729	4.95%	9.45%	838,240,889	66,128,065	837,176,527	111,993,202
Part year adjustments	(14,719,732)	1.86%	4.25%	(15,424,388)	4.79%	9.24%	(13,213,400)	(1,506,332)	(13,207,802)	(2,216,586)
Other Premises incl PFI & Mobility	557,227,487	0.00%	0.00%	557,227,487	0.00%	0.00%	549,147,393	8,080,094	549,147,393	8,080,094
TOTAL OTHER	1,446,876,709	1.17%	2.59%	1,490,972,828	3.05%	5.72%	1,374,174,881	72,701,827	1,373,116,117	117,856,711
FORMULA Plus OTHER	36,173,611,977	1.88%	4.22%	37,934,150,215	4.87%	9.29%	33,233,965,433	2,939,646,544	33,190,683,567	4,743,466,648
(excludes MFG, MPPFL, floor)	F40 end point						DSG 33,862,043,268	2,311,568,709		
							628,077,835			
				5,180.15	effect of T19% increase to stand still					
Pupil Numbers in exemplar										
Primary	4,519,055			4,519,055			4,519,055		4,519,055	
Secondary	2,803,930			2,803,930			2,803,930		2,803,930	
	7,322,984	inc growth		7,322,984			7,322,984		7,322,984	
Pupil Led funding pp Primary	3,930.62	2.01%	4.43%	4,128.39	5.03%	9.69%	3,569.56		3,560.40	
Pupil Led funding pp Secondary	5,180.36	1.78%	4.04%	5,439.77	5.01%	9.25%	4,880.17		4,879.89	
Pupil Led funding pp All	4,409.14	1.91%	4.25%	4,630.51	5.02%	9.49%	4,071.39		4,065.62	
Premises pp Primary	411.19	1.97%	4.70%	427.51	3.97%	8.86%	379.50		379.50	
Premises pp Secondary	207.04	1.88%	4.64%	214.72	3.71%	8.52%	117.73		117.73	
Total Formula pp Primary	4,341.81	2.01%	4.46%	4,555.90	4.93%	9.61%	3,949.06		3,939.90	
Total Formula pp Secondary	5,387.40	1.79%	4.06%	5,654.50	4.96%	9.22%	4,997.90		4,997.62	
Total Formula pp All	4,742.16	1.91%	4.28%	4,976.55	4.94%	9.44%	4,350.66		4,344.89	
Total Formula plus other pp	4,939.74	1.88%	4.22%	5,180.15	4.87%	9.29%	4,538.31		4,532.40	

	DSG			DSG			DSG			DSG		
Dedicated Schools Grant Allocations	2018-19	yr on yr increase	2018-19 to 2015-16	2019-20	yr on yr increase	2019-20 to 2015-16						
Schools Block	33,683,974,148			34,501,566,949			33,862,043,268			35,654,828,298		
Teachers Pay Grant (mainstream schools)	178,069,120			305,261,349								
Teachers Pension Grant (from Sept 2019)				848,000,000								
Central Schools Services Block (inc growth fund)	468,611,604			467,509,572								
Pupils in year	7,275,277			7,357,476								
£pp (exc CSSB where possible)	4,654.40	1.13%	-1.60%	4,730.81	1.64%	0.01%						
comparative with central costs	4,718.81	2.17%	-0.24%	4,909.61	4.04%	3.79%						
Difference f40 formula (inc other) less Schools Block/TPG DSG in £ (row 34 - rows 58 & 59)	2,311,568,709			2,279,321,917			(422,037,653)	Is this for growth? Or protections? Or both?		(2,258,104,549)	Is this for growth? Or protections? Or both?	
												Pupil numbers will have increased between 2017 and 2018 census removing some of this 'spare' funding
												The impact of the change of value for primary low prior attainment in 2019 (£1,050 to £1,022pp = £43.281m

9 Other School Funding Issues

9.1 We recommend that the allocations for EAL, deprivation and low prior attainment are 'smoothed' by averaging data over three years.

9.2 We proposed last year that rates be removed from school funding, or as a minimum all schools, not just Voluntary Aided, Foundation Schools and Academies, should be entitled to an 80% rebate. That remains f40's position. However, this is a complex issue and beyond our remit to make detailed recommendations. As an interim step we propose that rates (and rents where these concern land or buildings that are intrinsic to the running of the school) be funded at the LA level for all schools and academies.

9.3 We feel it is vital that the formula should apply to all maintained mainstream schools and academies in exactly the same way and on the same funding year. Our preference would be for the academic year.

9.4 All school funding should be through a single stream i.e. no specific grants and incorporating the Pupil Premium. We acknowledge that there has been a strong political commitment to maintaining the Pupil Premium as a separate funding stream, but it remains f40's view that it should be incorporated within the main funding for schools.

9.5 The school funding system should be cost-effective to administer. All allocations to schools and academies should be administered by the LA as this would remove the costly and bureaucratic formula replication (i.e. recoupment) undertaken by the Education Funding Agency. LAs must manage the whole system to enable the required flexibilities to take account of all the individual circumstances that exist. If LAs are left to 'manage' the difficult elements of school funding such as premises, high needs costs and pupil growth, they will need to have complete oversight of the funding system to utilise flexibilities to support schools in their area. It will not be possible to reduce every element of school funding to a formula and it is highly unlikely to be possible for LAs to commit to maintaining small elements of the system that the DfE considers too difficult – the losers will be schools that are already managing different arrangements for a variety of reasons and this will make those arrangements even more difficult to manage.

10 Implementation

10.1 Our very strong view is that the changes we propose here for the Schools Block should be implemented for 2020-21. f40 is happy to work with the DfE on a post-implementation review of the NFF to help achieve the fairness both DfE and f40 are looking to achieve.

10.2 It continues to be f40's position that in order to rectify the historic unfairness in school funding, a new formula-based approach to allocating the DSG should be phased in over a three to five-year period. We appreciate the need for year-on-year changes to be manageable for individual schools but contend that, should ministers wish to continue some form of MFG, greater flexibility will be needed in order to:

- Manage the position where budget allocations through MFG are clearly excessive for some schools.
- Avoid a lengthy transition period which then perpetuates unfair funding.

11 Minimum Pupil Funding and Summary

11.1 f40 considers that the funding formula should be strong enough to stand on its own without the need for minimum per pupil funding. This does of course rely upon the formula values being provided! Where these are not provided the minimum per pupil funding values should be based upon basic entitlement, and lump sum only, leaving the additional needs funding to be used for additional needs.

12 In Conclusion

12.1 We remain strongly committed to the introduction of an NFF for the Schools Block and to a formula approach to the other DSG blocks. This is the only way to address the historic unfairness and inconsistency in school funding. However, the formula must be free from historic protection and based upon the requirements of a modern education system for the future for a post-Brexit economy and not averages from the past.

Appendix

Technical Note – f40 Formula Factors for the Schools Block

The following notes set out how the formula has been derived.

1. **The Basic Entitlement, formerly known as the AWPU (Age weighted pupil unit – an amount per pupil in the school)**

The basic pupil entitlement is constructed for Key Stage 1/2, Key Stage 3 and Key Stage 4 using assumptions on:

- Teaching group sizes
- Teacher contact time, including an allowance for planning, performance and assessment (PPA)
- Teaching assistant time
- Absence through sickness, maternity etc.
- Leadership costs
- Non class staff costs
- Resources
- Exam fees (Key Stage 4 only)

Pupils are funded by their key stage and not the type of school they attend. So primary-aged pupils in middle schools will be funded for using primary factors, and secondary-aged pupils will be funded using Key Stage three factors. The same applies for pupils in all-through schools.

We calculated a basic entitlement value for each key stage of education (KS1-4) based upon known or estimated costs using published teachers' pay scales, benchmarking data or professional experience.

Perhaps the biggest assumption in this was assumed class sizes of 29 in primary phase, 22 in Key Stage 3 (years 7-9) and 19 in Key Stage 4 (years 10-11). These numbers are based upon the average class size needed at each age. It might be suggested that for the primary sector we should be using 30 to match the infant class size legislation which states that no infant may be taught in a class of more than 30 where the majority of pupils in the class are age 6 or under. But there are occasions in a school life where it is necessary to teach children in smaller classes for some of the time and 29 is a reasonable average.

For secondary schools whilst a cohort entering the school is likely to be a multiple of 30, it is not possible to teach all lessons in groups of thirty. At Key Stage 3 schools often need to stream pupils for some academic lessons and create smaller classes, many schools don't have science or DT (design and technology) spaces that are capable of taking a group of 30 pupils at once (either physically or safely). When you average out the amount of time pupils spend in smaller classes across the whole curriculum an average class size of 22 is the norm.

At Key Stage 4 we have all the same issues that are there at Key Stage 3, but with the added complication of subject options for GCSEs. Schools need to offer a breadth of choice to cover the likely life paths of pupils in the future and this brings the average class size down to 19.

The class size and education in England evidence report² shows that in 2011 primary classes were on average smaller at about 26.5 and for secondary schools (i.e. both Key Stages 3 and 4) were about 20.5. There is KS1, KS2 and whole school data from the 2014 census³ which shows that the England Averages are KS1 26.8, KS2 26.9 and secondary schools 20.5

Class sizes in the years between 2014 and 2019 have tended to increase, but this is a consequence of the funding pressures and should not be replicated in the f40 formula. The values prior to 2015 are more reasonable for effective class teaching.

2. The Lump Sum

The model aims to meet the basic costs of a 'normal minimum' school size – defined as 60 pupils for a primary school and 600 pupils for a secondary school. We acknowledge that there are schools of below these sizes in many authorities; our expectation is that the additional cost of such schools in rural areas is covered by sparsity. Where sparsity is not an issue, our view is that the funding model should not subsidise uneconomic provision.

The elements of the lump sum are:

- The cost of a head teacher (Leadership Scale 10 for a 60-pupil primary school and Leadership Scale 25 for a 600 pupil secondary school).
- An allowance for the fixed costs of administrative staff, premises, ICT and supplies.
- In the case of primary schools, the cost of an additional half class. This reflects the difficulties that small schools routinely face in organising 7-year groups into a standard class structure. Very small primary school with age ranges mixed over more than two years, for example where year 3 pupils are being taught with year 6 pupils, will need this flexibility to ensure that the curriculum can be effectively taught to appropriate age ranges for some of the time.
- The lump sum for middle schools and all-through schools will be determined by the 'deemed' status of the school. In the majority of cases this will be as secondary schools. How those schools are actually funded will be for local discretion.

3. Sparsity

The majority of sparsely-populated rural areas incur additional costs due to the requirement to fund small necessary schools across all sectors. As such f40 is of the view that any national funding formula should include an allocation to recognise these costs. The f40 model would ideally distribute an initial allocation to local authorities based on population density, allocating funding to those with the lowest number of pupils per square kilometre. However, when comparing to the NFF, sparsity is allocated by the same method (the average distance to the next nearest school and size method).

We recognise that no single model can fully reflect the range of circumstances across local authority areas and as such there should be no restrictions on how a sparsity factor should be applied locally.

² https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/183364/DFE-RR169.pdf

³ <https://www.gov.uk/government/statistics/schools-pupils-and-their-characteristics-january-2014>

4. Deprivation

The deprivation factor seeks to reflect the additional needs of pupils from deprived backgrounds and uses free school meals (on the 'Ever 6' model) as a proxy indicator. As is proposed in the NFF the cost of a meal is paid to all pupils on FSM and a separate amount is paid for pupils currently eligible for FSM or who are ever 6. The proposal is based on an assumption that the Pupil Premium will continue as a separate funding stream and at the 2014-15 level.

The above figure is in line with and in addition to the current Pupil Premium allocations and is broadly calculated on the following basis:

- £440 for the provision of a free school meal; and
- £1,060 for additional associated support costs (2015-16 economic datum)

The declared aim of the Pupil Premium is to raise the attainment of disadvantaged pupils and close the gap between them and their peers. The government has been clear that Pupil Premium should supplement rather than replace existing deprivation funding. Values since 2015-16 have been increased by the same proportions as staffing in the Basic Entitlement as most costs for additional needs are staff based.

5. Low Prior Attainment

The allocation aims to meet the cost of support for pupils with lower level SEN not covered by the Pupil Premium. The model allocates a flat rate sum for each eligible pupil. Eligibility is determined for low prior attainment as children who do not meet certain expected levels in the Early Years Foundation Stage (age 5) or at the end of Key Stage 2 (age 11) and is used as an indicator of high incidence SEN. This is not reflected in the 2014 MFL⁴ averages, but it was felt that having a similar rate for both phases was an investment in early intervention.

We are very concerned about the reliability and consistency of data being used to determine funding allocations under the current system in this area.

Values since 2015-16 have been increased by the same proportions as staffing in the Basic Entitlement as most costs for additional needs are staff based.

6. English as an Additional Language

The model replicates the existing DfE allocation through the 2014 MFL mechanism. This simply reflects current national averages. Whilst not being strictly needs-based we feel relying on current spending is acceptable in this instance - circumstances experienced by schools across the country vary widely.

⁴ A mechanism used by DfE for allocation of funding to local authorities. It takes the national average of funding historically allocated by local authorities through their formula for a selection of the allowable factors and uses this to fund all local authorities – this has the effect of bringing some local authority funding up to a minimum level. However not all factors used by LAs are included in the funding mechanism and so local authorities must have the discretion to not pay the exact level that they have received directly to schools. LAs must use some of the funding to pay for the additional factors that are allowable and have the discretion to use values as they and their Schools' Forum see fit in the local context.