

Fair funding for
all schools

The campaign for fair funding - a presentation by f40

January 25, 2022



Presentation by f40 Executive members

- **Councillor Alex Dale, Cabinet Member for Education, Derbyshire County Council**
- **Emily Proffitt, Headteacher of a Staffordshire primary school and Deputy Chair of f40**
- **Jackie Smith, Chief Executive Officer of Brunel SEN MAT and CEO of Uplands Enterprise Trust**



View from a local authority

Councillor Alex Dale
Cabinet Member for Education
Derbyshire County Council



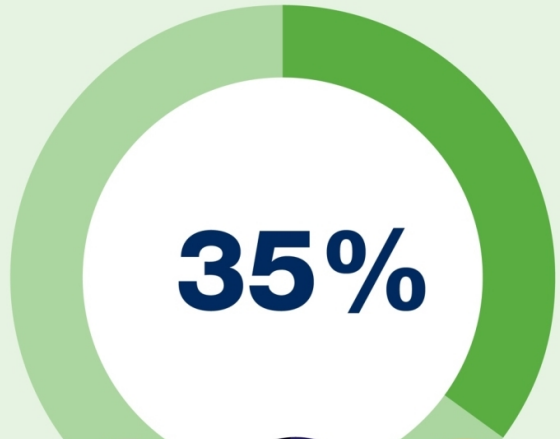
The f40 campaign

- F40 was launched around 25 years ago
- Borne out of unfairness in the way education funding was distributed
- Derbyshire was a founding member and is still one of the lowest funded authorities
- Now has 42 local authority members across England



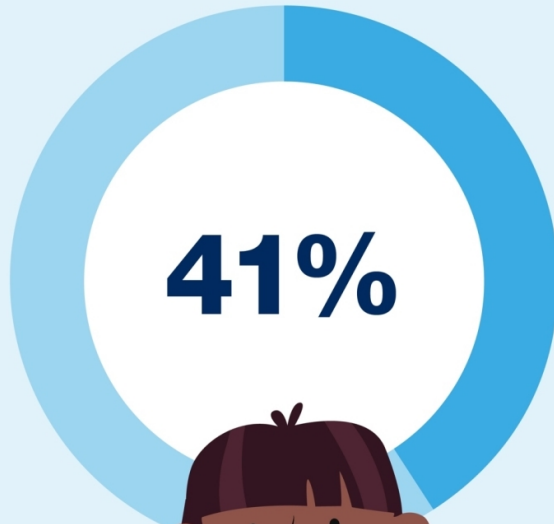


How the f40 figures stack up



Total school pupils in f40 areas: **Over 2.9m**

35% of all schoolchildren in England



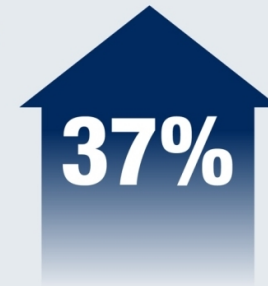
Total schools in f40 areas: **Almost 9,000**

41% of all schools in England

Children with EHCPS in maintained and independent schools: **Over 117,000**

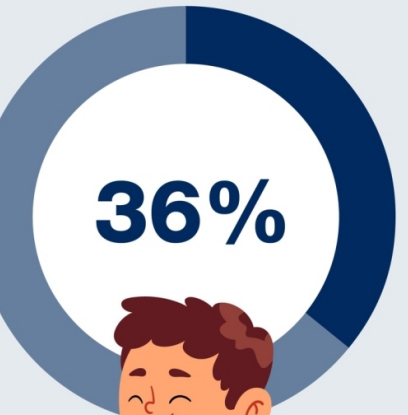
36% of national total of EHCPS

Rise of **37%** since 2016



Percentage of EHCPS across all pupils in f40 areas:

4.73% vs.



National average:

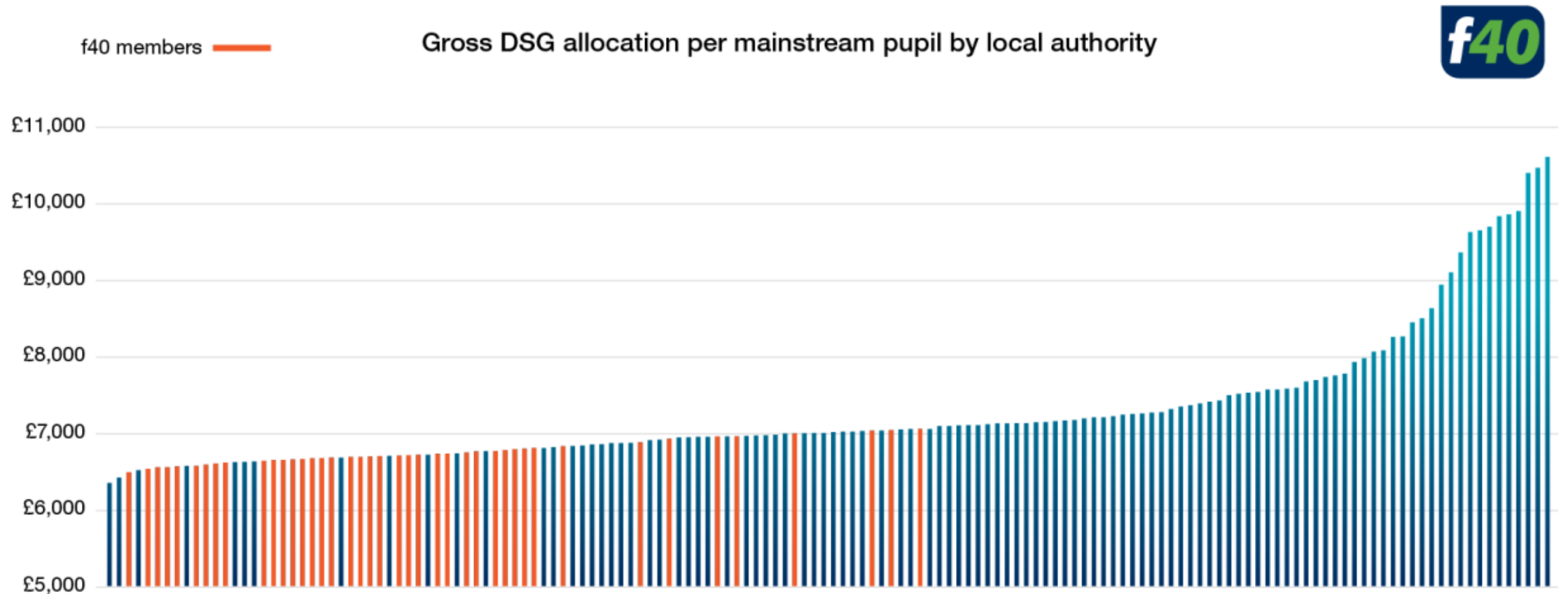
3.84%

Mainstream Funding

- Historically, difficult for councils to justify why the education of some children received greater funding than others
- Introduction of the NFF was a positive step, but it.....
 - Still locks in historic inequalities
 - Does not give enough as a basic entitlement
 - Allows too much for “add-ons”
- Government has acknowledged unfairness but levelling up is slow
- f40 priority has always been fair funding
- Now also concerned about quantum
- Increased funding packages in recent years have been very welcome, but still fall short of what is needed in real terms
- Unfairness continues



Variation in Funding



High Needs Funding

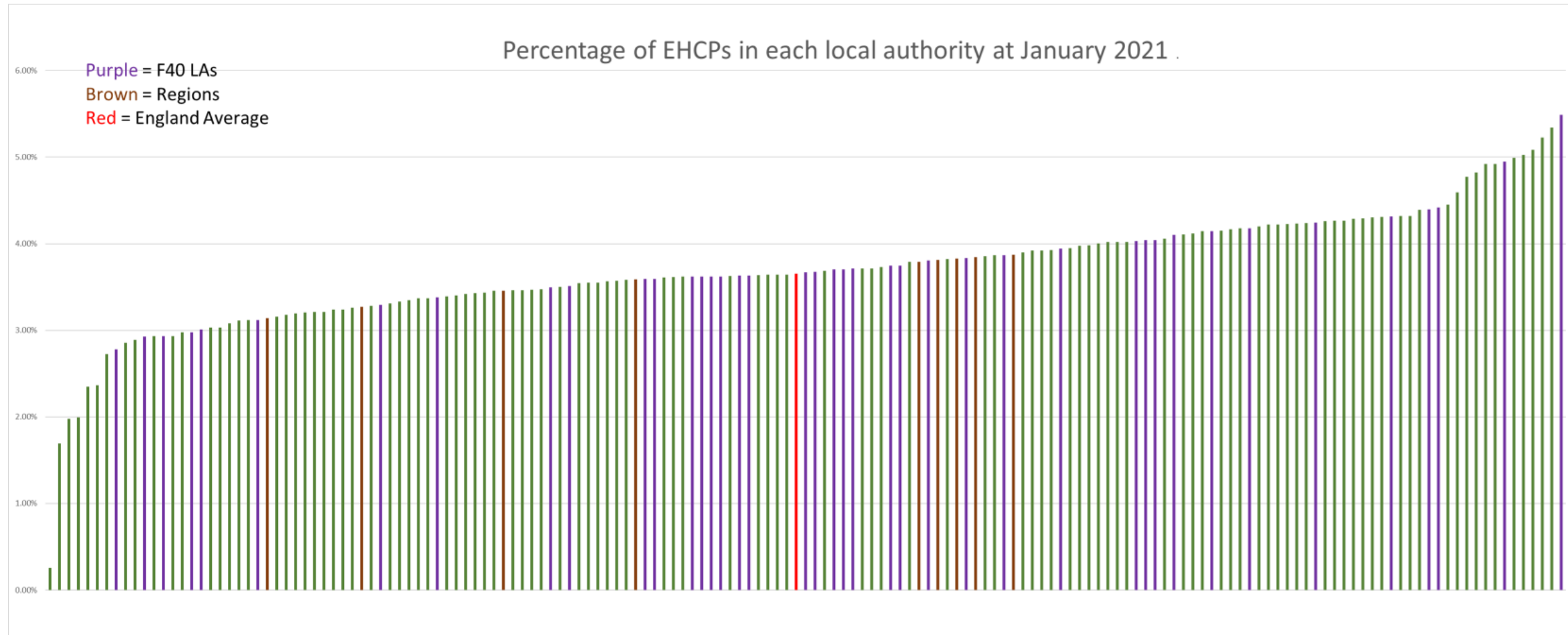
- Nowhere is the issue of quantum more important than in SEND
- A clear national crisis – more than £1bn overspend
- Lower rise in EHCPs means Derbyshire's situation has been more healthy than others:
 - Avoided a deficit in previous years by using reserves, but £6m deficit this year
 - Recently secured approval for a 0.5% transfer as part of our DSG recovery plan
 - But... raft of fairly unpalatable measures are still required
- Other authorities are in a much worse position – e.g. Devon has an £88m deficit
- Solution for deficit budgets required
- Urgent action required – SEND Review must lead to bold improvements



Percentages of EHCPs by local authority 2021

Percentage of EHCPs in each local authority at January 2021 .

Purple = F40 LAs
Brown = Regions
Red = England Average



Online poll



Cloud poll



Other Issues

- What is the role of the local authority within the education sector moving forward?
- Schools White Paper – system currently feels disjointed – clarity needed urgently
- Capital funding:
 - Under investment has led to backlog of repairs and improvements needed
 - Investment required for carbon reduction measures
 - Should be available to local authorities flexibly and quickly
 - Free School programme should be more responsive to need for school places
 - Early Years

View from a Headteacher

Emily Proffitt

**Headteacher of a Staffordshire primary school
and Vice Chair of f40**



Making Ends Meet

- Rural school, 225 pupils, one form entry, with a nursery
- Low Pupil Premium / high level of SEND
- Full in number, so no additional funding available
- Just emerged from deficit of 42K, but forecast to be in deficit again next year
- Budgets stripped back as far as possible
- Gradual staff reduction to support stretched budget
- Every penny carefully accounted for / parents contributing more and more
- Relying on Before and After School Clubs and extended nursery for income
- Budget increases wiped out by rising costs and demands



Impact of COVID-19

- Pupils' emotional / physical / mental well-being impacted by Covid
- Family resilience adversely impacted
- Insufficient additional money to cover increase in extra COVID-19 spending (cleaning / PPE / heating / energy costs / ventilation requirements)
- Increased staff absence / headteacher teaching / supply teacher costs
- No crystal ball to enable us to forward-plan in relation to COVID-19 costs

SEND

- Increased amount of pupils requiring support
- High level of early SEND coming through, possibly as a result of COVID-19
- High levels of speech and language issues, as well as social concerns
- No available places in special schools, so pupils of high needs remain in mainstream education
- Increased amount of EHCPs / majority of TAs attached through EHCPs
- Very little available support for children without EHCPs

View from the SEND Sector

**Jackie Smith, Chief Executive Officer of Brunel SEN MAT
and
CEO of Uplands Enterprise Trust**



Context – the Brunel MAT

- Six specialist provisions (540 CYP) from nursery to college (2–25 years)
- Increasingly complex needs / over 55% diagnosis of autism
- Average class size ten
- More than 600 staff
- Demand outstrips available places
- Significant waiting lists

The Perfect Storm – The SEND Crisis

- Inadequate funding – more with less, year-on-year financial pressure
- Increasing numbers of CYP with SEND, with increasingly complex needs
- System-led issues – compounded by COVID-19 and the impact on the SEND landscape

Inadequate Funding for SEND

- Current funding formula based on historic need, not current, increased need
- Place funding of £10k not increased and inconsistent inflation applied to top-up funding since 2013
- Increased staff costs – 2013 TA £12-£14k, compared to 2021 TA £22-£23k
- High Needs funding pot not increased to reflect increased age range to 25 years
- Insufficient provision and increasing need leads to expensive out-of-borough placements
- Bureaucracy of funding – slow and complex processes and systems

Increasing numbers of SEND

- Increasingly complex needs – requiring greater expertise
- High demand for EHCPs
- Increasing autism diagnosis
- Special schools/provisions often at capacity with waiting lists
- Capacity issues in all sectors (Education, Health & Care) results in lack of cross-sector collaboration & coproduction. Health & Social Care relying on Education to facilitate and deliver

System-led Issues

- Newly-qualified teachers not equipped to teach SEND CYP
- Reduced capacity and skills in local authorities to support SEND delivery
- SEND in mainstream schools often bolt on, not built-in
- Lack of innovation and collaboration as schools protect funding
- Inconsistency in funding
- Reduced outreach and in-reach services – special schools' capacity and reduced expertise
- Balancing the need for additional places with High Needs deficit budgets

Impact of COVID-19

- Additional cost of PPE / cleaning / ventilation
- Navigating national COVID finance support schemes
- Loss of additional income, such as lettings
- Recruitment and retention of experienced SEND staff
- School leaders forced to be operational / unable to deliver on strategy
- Well-being of all is impacted – especially mental health
- Parent/carer desire for special school places – significant increase in tribunals

Thank you!

Please write any questions you have in the Q&A section and we will attempt to answer them at the end. The questions with the most 'likes' will be prioritised.





Department
for Education

Where next for education funding?

- Tom Goldman, Funding Policy Unit

The core schools budget is made up of a number of blocks, to fund the core activities of compulsory schooling

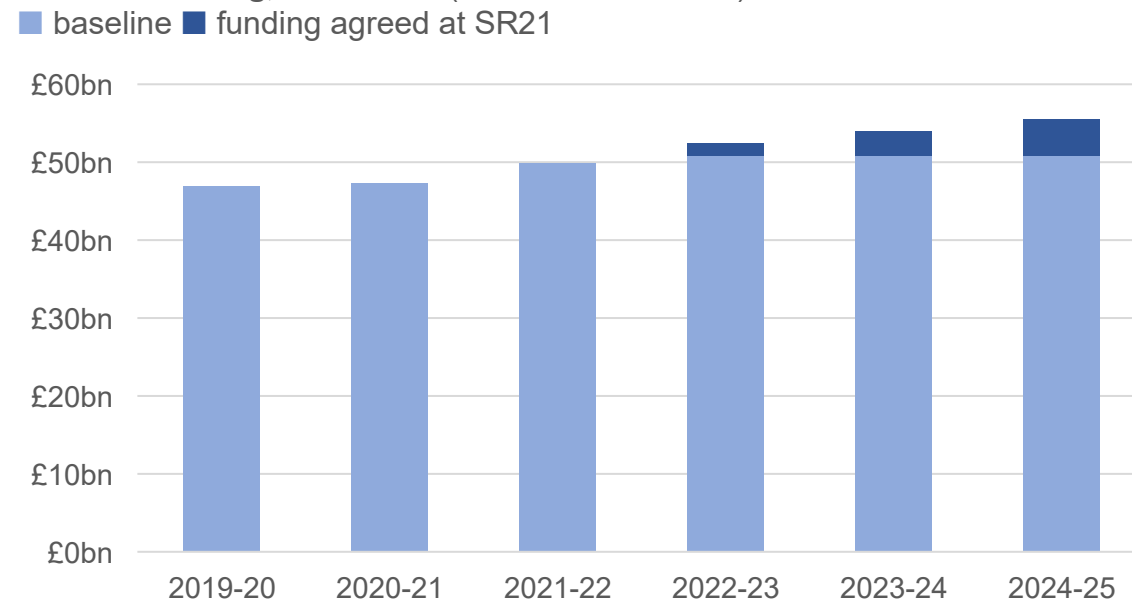
- We provide over £50 billion pa to cover the core costs of education for nearly 7.5 million pupils in over 20,000 schools
- The “core schools budget” does not cover 100% of the funding for schools. Other significant funding streams include:
 - Covid Recovery Funding
 - Universal Infant Free School Meals
 - Primary PE & Sport Grant
- Schools will also receive Early Years funding (for nursery classes) and 16-19 funding (for sixth forms), where appropriate

Core Schools Budget		
Funding stream	Value in 2021-22	Purpose
Schools block	£39.2bn	Funding for all pupils in mainstream schools, from Reception to year 11: covers schools’ core running costs (teacher and other staff salaries; utilities, teacher resources and other non-pay costs)
Pupil premium	£2.5bn	Additional funding to raise the attainment of disadvantaged pupils of all abilities. Also includes targeted funding for looked after children and service children
High needs block	£8.1bn	Funding for pupils and students (to age 25) with high level special educational needs in all settings, and those who need Alternative Provision. Covers all of the running costs of special schools, and ‘top up’ funding for pupils with EHC plans in mainstream schools
Central schools services	£0.4bn	Funding for local authorities for their ongoing responsibilities towards both maintained schools and academies

At the 2021 Spending Review, we confirmed real terms per pupil increases to the core schools budget in each of the next three years

- Core School Budget to 2024-25
- **Increasing by over £7bn by 2024-25**, compared to 2021-22 (including the already planned increase of £2.4bn in 2022-23 from SR19).
- Significant additional funding for children with special educational needs and disabilities.
- Plans confirmed for 2022-23
- Overall, in 2022-23 core schools funding will **increase by £4bn** compared to 2021-22; **a 5% real terms per pupil boost**. This total broadly includes:
 - **£2.5bn** increase in mainstream school funding for 5-16 year olds, equivalent to an average 5.8% cash increase per pupil.
 - **£1bn** increase in high needs funding for children and young people with the most complex SEND, with total high needs funding reaching £9.1bn in 2022-23.
 - **£100m** increase in Pupil Premium funding - increasing to over £2.6bn in 2022-23, from £2.5bn this year
 - **£225m** to maintain and expand our 'safety valve' intervention programme to target more local authorities with the highest deficits.
 - A small increase in funding for on-going responsibilities in the Central School Services Block (CSSB)

Schools funding, real terms (2019-20 to 2024-25)



Source: HM Treasury SR19 and SR21 settlements, OBR GDP deflators; funding from 2022-23 onwards is a projection, price year = 2021-22. *To note:* the per pupil figures provided here are illustrative and designed to demonstrate the overall impact of the SR settlement on the core school budget. They are not directly comparable with DfE's published official statistics on school funding, the next update to which will be published at the end of January 2022

	2022-23	2022-23	2023-24	2024-25
SR19 core schools budget	£49.8 bn	£52.2bn	-	-
SR21 additions on SR19 settlement for 2022-23		+£1.6bn	+£3.2 bn	+£4.7 bn
Total core schools budget*	£49.8 bn	£53.8bn	£55.3 bn	£56.8 bn

*Numbers may not add due to rounding

The majority of the £1.6bn additional funding in 2022-23 will be distributed through the Schools Supplementary Grant

2022-23 School Supplementary Grant:

- £1.2bn allocated to schools
 - £325m additional High Needs funding to LAs
- We have also used £150m to expand the safety valve intervention programme, to support more local authorities with the highest deficits.

- £1.2bn to schools will be in addition to the funding they schools will receive through local formulae.
- We have already published indicative allocations of the supplementary grant for each local authority - finalised allocations will be published in spring 2022
- This additional funding will be provided in each year of the spending review period; from 2023-24 our intention is to incorporate it into core budget allocations. i.e. for 5 to 16 schools, additional funding will be rolled into the schools NFF.

How is this grant calculated?

For mainstream schools - the 5-16 funding rates consist of the following three elements, which are based on factors already in the schools NFF:

- a basic per-pupil rate (with different rates for primary, KS3 and KS4)
- a lump sum paid to all schools
- a per-pupil rate for pupils who are recorded as having been eligible for free school meals at any point in the last six years (FSM6), with different rates for primary and secondary pupils.

For LA High Needs budgets - increased local authorities' high needs DSG funding:

- distributed as a percentage uplift to the original amount calculated in 2022-23 high needs NFF.
- Local authorities decide how to allocate the additional funding to special schools and alternative provision.

The latest data suggest school reserve levels are improving, with an increasing proportion of schools reporting a surplus

The proportion of schools in surplus has increased:

- 96% of academy trusts were in surplus or breaking even end of August 2020 (up from 94% the previous year)
- 92% of maintained schools were in cumulative surplus or breaking even end of March 2021 (up from 88% previous year).

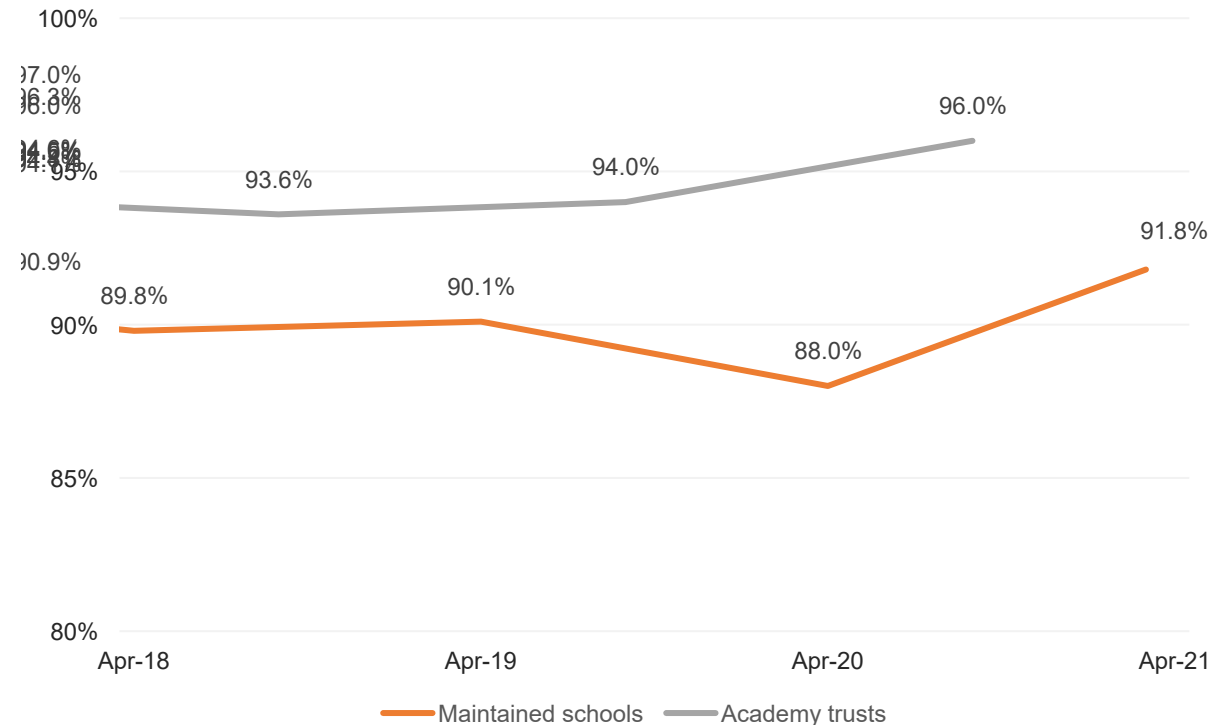
The average size of revenue reserves has increased:

- Average academy trust's revenue reserves increased to £1.15 million in AY 2019/20 (up from £0.96 million)
- Average maintained school's revenue reserves increased to £160,490 in FY 2020-21 (up from £110,690)

But the **average size deficits where schools have deficits has increased**, from -£169,000 in 2019-20 to -£225,000 in 2020-21.

Proportion of schools and trusts in surplus/breaking even*

*note y axis does not start at 0%



We still cannot anticipate the full impact of the Covid-19 pandemic. Data on maintained schools shows the effect of the full first year of the COVID-19 pandemic. Data on trusts reflects the first 5 months of the pandemic, before full school reopening in September 2020.

The SR21 settlement will deliver significant increases to school funding, especially in 2022-23, to recognise the costs schools are likely to face in the coming years

- Following SR21, funding increases to schools are significantly front-loaded, to rapidly give schools resources to meet:
 - 2022/23 and 2023/24 teacher pay awards
 - costs associated with the Health and Social Care Levy
 - wider cost and inflationary pressures (e.g. energy costs)

This is alongside the work they are already doing to recover from the COVID-19 pandemic and promote the best outcomes for their children and young people.

- Of course...schools have the flexibility to prioritise their spending of additional funding to best support the needs of their pupils and staff and address cost pressures.

Where next on teacher pay?

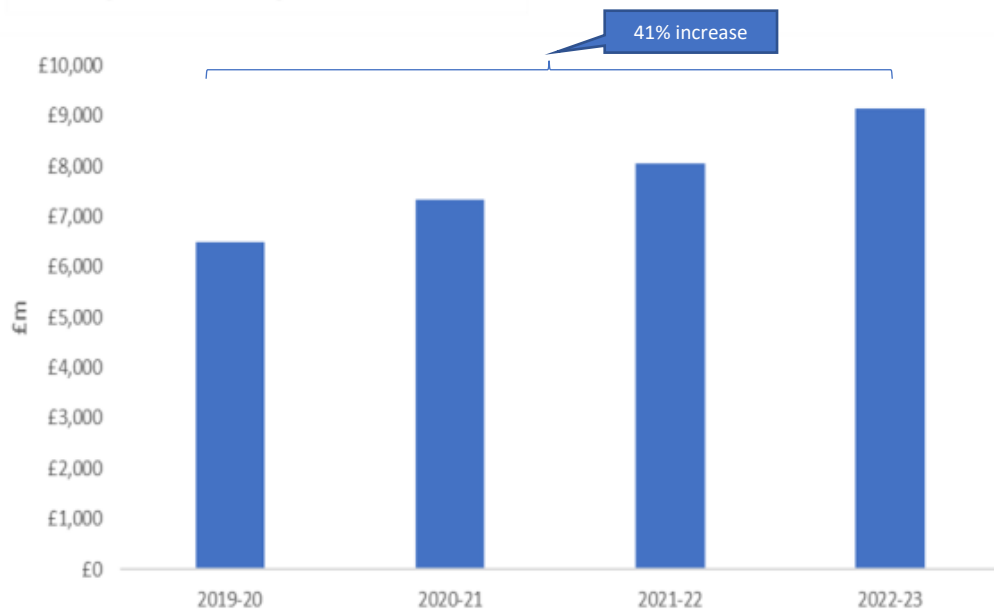
- The School Teachers Review Body (STRB) will give recommendations on the **both the 2022/23 and 2023/24 pay awards** in summer 2022.
- The government remains committed to increasing starting salaries to £30,000 outside of the London pay areas, alongside sustainable uplifts to the pay of more experienced teachers.
- Important to ensure that any proposals are affordable across the school system.
- No expectation of a further Teachers Pay Grant: expect the pay awards to be affordable within the overall SR21 funding envelope.

Investment in high needs provision and moving to a financially sustainable system

High needs revenue funding will increase by over a third by 2022-23, compared to 2019-20.

An unprecedented investment in high needs funding – a 13% (over £1bn) increase in 2022-23, on top of the over £1.5bn increase in the previous two years.

Total High Needs funding, 2019-20 to 2022-23



- Despite the funding increases, we know that in many LAs high needs spending is growing faster than funding - with around 2/3rds LAs building up DSG deficits.
- A key driver of high needs costs is growth in numbers of children and young people with Education Health and Care Plans (EHCPs).
- The SEND Review (to be published this spring) will set out the Department's proposals for the reform of the high needs and AP system, to achieve financial sustainability.
- Alongside this, through the "Safety Valve" programme, we will be working with a wider cohort of authorities to tackle their deficits over a number of financial years.
- Also, the department will be supporting a wider group of local authorities with smaller DSG deficits through a new programme called Delivering Better Value in SEND - providing support and funding to help these LAs address the underlying issues that lead to increased pressure and putting them on a more sustainable footing.
- And a focus on sharing effective approaches across the system – in spring we plan to publish results of a research project into LAs that have achieved greater financial sustainability in their high needs spending.

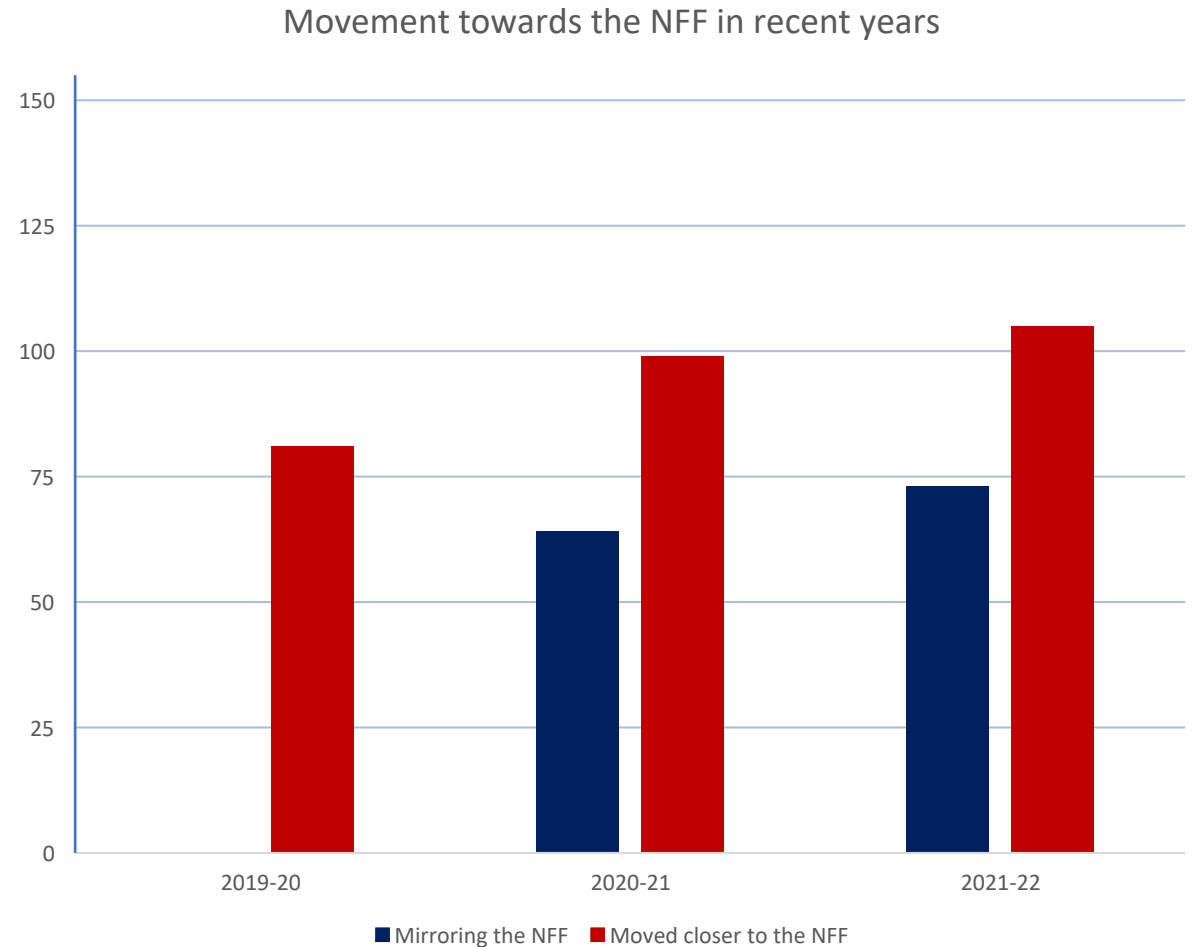
Progress on the Schools National Funding Formula

We have made a number of improvements to the NFF since it was first introduced in 2018-19. Key changes include:

- **Formularisation of growth funding** from 2019-20, distributing funding fairly based on actual growth, rather than historic spend by LAs on growth.
- **Abolishing the gains cap** in 2020-21, ensuring that schools attract the full gains they are due.
- **Formularisation of mobility funding** from 2020-21 – adopting a new and more robust methodology to determine pupil mobility than that used previously in LAs' local formulae.
- **Increasing funding for the lowest funded schools** through uplifts to the minimum per pupil funding levels – and making the minimum levels mandatory in local formulae.
- **Supporting small and remote schools** through reforms which will see total funding through the “sparsity factor” increase from £42m in 2021-22 to £95m in 2022-23:
 - Moving to road distance instead of straight line distance to measure remoteness and introducing a distance “taper”
 - Increasing the maximum amount of sparsity funding schools can attract to £55K for primary and £80K for secondary

Progress on the Schools National Funding Formula - LA movements towards mirroring the NFF

- Currently, schools are funded through a 'soft' NFF which means that the NFF calculates funding for each mainstream school, which is then aggregated up to form each LA's allocation. LAs are then responsible for setting each schools funding on the basis of a local formulae.
- In the longer term, we plan to move to a 'direct' NFF which would remove the need for local formulae.
- Since the introduction of the soft NFF we have seen a general trend of LAs moving towards NFF values.
- 105 LAs have moved every local factor value closer to NFF, with 73 LAs now mirroring NFF
- However, a number of LAs are still some way off and unlikely to move closer without a process of transition



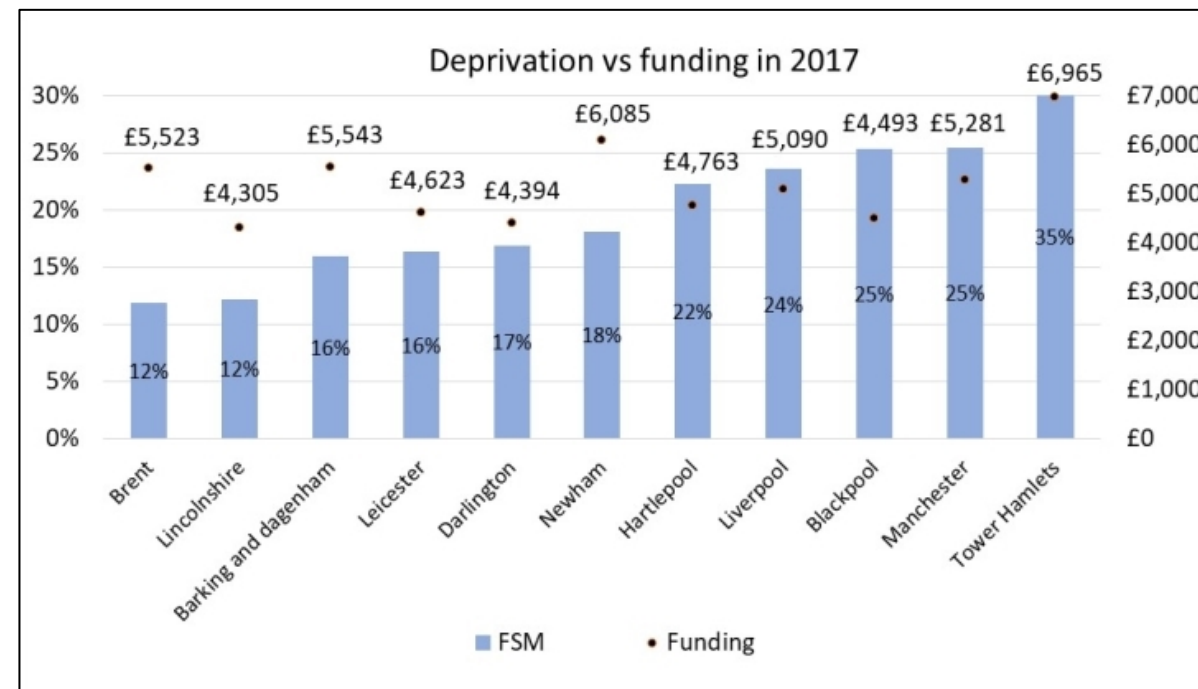
What has happened in most deprived areas?

The pre-NFF system was unfair: The NFF replaced a broken system – one that had not reflected changes in need for a long time. As a result, funding levels pre-NFF did not adequately reflect need. (Adjacent graph shows the poor correlation between FSM eligibility and funding at the time.)

With the NFF, deprivation funding now reflects current need

Funding has become fairer as the system “catches up” with changes in deprivation patterns since the early 2000s: areas which saw an increase in their deprivation levels pre-NFF have typically seen higher than average funding growth under the NFF, and vice versa.

Funding explicitly targeted to deprivation has increased since the introduction of the NFF: £2.4bn in local formulae in 2016-17 vs £3.8bn in the NFF 2022-23; but much of that is the NFF recognising “hidden deprivation”



NOTE: The funding figures in this graph include the area cost adjustment (ACA) uplifts some areas receive, most notably in London. Even when adjusting for the ACA, however, areas such as Brent and Barking and Dagenham were still significantly more highly funded than Lincolnshire, Leicester and Blackpool – despite having similar or lower levels of deprivation.

Moving to a direct NFF

In our recent consultation, we proposed to move local authority formula closer to the NFF from 2023-24. This would mean:

- Local authorities having to use all the NFF formula factors.
- Local authorities having to move each formula factor 10% closer to the NFF value, unless they are already mirroring the value.
- Continuing to protect schools from losses.

We will publish our response to the consultation shortly, confirming plans for 2023-24. The next steps of transition, from 2024-25, will be informed by feedback gathered from the first step in 2023-24.



Questions?

Department for Education

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