

The government has announced it is planning to reform the system of school funding in England. It intends to move away from a system of funding based on historical allocations to schools and choices made by local authorities, to one based on a national funding formula.(NFF)

However, this reform is being introduced while funding for schools has been frozen in real terms and will continue to be so until 2020. The government is not putting in any new money, so the NFF will just re-distribute current funding between schools. Those schools losing out under the new formula will suffer significant cuts in per pupil funding.

School Funding

Since 2006 most schools have been funded by a central grant from the DfE through local authorities (LAs) called the Dedicated Schools Grant (DSG). The LA in consultation with their schools forum has some discretion on how funding is distributed between schools in their area.

The amount of funding that the LA receives in the DSG is largely determined by the amount that the LA chose to spend on education when it had that discretion. Changes in funding after the DSG was introduced were mostly based on a percentage increase in spending per pupil. Over the years this has increased the differentials between LAs as it has not taken into account any demographic changes that have occurred. Consequently many people have complained of unfairness and inconsistencies in the allocation of school funding.

Per pupil funding in England ranges from nearly £7,000 per pupil per year in Tower Hamlets in London to just over £4000 per pupil per year in Wokingham. Under the current arrangements, some areas with similar geographical and pupil characteristics are receiving significantly different levels of funding per pupil.

Since the DSG was introduced, successive governments have announced their intention to reform the system of school funding. The last Conservative Party manifesto contained a commitment to introduce, 'a simpler, fairer and more transparent system of school funding'. Subsequently, the new government consulted on principles for a new NFF in 2016. It published a response to these proposals in December 2016 along with details of the indicative impact on schools and local authorities.

Details can be found here:

<https://consult.education.gov.uk/funding-policy-unit/schools-national-funding-formula2/>

Factors affecting school funding

The bulk of funding for pupils aged 16 and under is divided into three blocks: The early years block (£2.4b for 2016/17), the schools block (£33.2b) and the high needs block (£5.6b) to support pupils with additional needs.

Funding for pupils aged 16-19 is allocated separately.

The amount of funding that each school receives can be affected by a number of factors. These are normally based either on the characteristics of the pupils attending the schools or the characteristics of the schools themselves.

Examples of pupil characteristics that affect school funding include, deprivation, having English as an additional language, poor prior attainment and the age of the pupils at the school.

School based factors include, the location of the school in a higher cost area, small rural schools, split site schools, schools with PFI contracts

Government Plans for reform

The government is planning to introduce a new formula (The NFF) from September 2018 for the school year 2018/19. It will use the list of factors in a national formula to determine how much funding each school should receive as a result of its pupil and school characteristics.

In this school year the funding will be a so called 'soft formula'. Funding will be distributed to schools via the local authority and there will remain some discretion within the local authority and schools forum as to how funding is distributed between schools.

From 2019 onwards the government is planning to introduce a so called 'hard formula' whereby funding will go directly to schools wholly based on their characteristics.

Some funding will go to local authorities as part of a 'central services block' to fund their statutory duties in supporting education. However, it is the government intention that most funding will go directly to schools and that schools will then have the choice as to whether they choose to pay for traded services from the LA.

The government is proposing some protection for schools and authorities that stand to lose funding on the introduction of the NFF. They have stated that no school will lose more than 1.5% per year in per pupil funding and no more than 3% in total. They are also capping the gains of those schools that would see an increase in their funding.

Impact on Schools

Many schools are already struggling financially as a result of frozen budgets. A UNISON survey of school staff last year found that many schools are already making cuts to staff and services.

The national Audit Office estimated that schools will face a cut in funding of over 8% as a result of inflation and other unavoidable costs over the course of this parliament. They have estimated that schools will have to make savings over £1.7 billion pounds in staff costs alone in this period.

For schools losing funding as a result of the reforms, the cuts could amount to up to 15% of funding over the course of this parliament. UNISON is particularly concerned that the impact of cuts will fall disproportionately on support staff.

Because there is no additional funding to support the introduction of the new formula, those schools that will lose funding under the new formula will suffer disproportionately.

The formula is also likely to have the effect of moving funding away from metropolitan areas with high levels of deprivation, further impacting on educational inequality.

What happens next?

The government consultation closes on 22 March. We would encourage as many UNISON branches as possible to respond.

The UNISON view is that school funding reform should be based on bringing up the levels of school funding to those of the better funded authorities and not on taking away funding from those areas that have chosen to invest in education.

UNISON is working with other education unions campaigning around school funding. We have established a joint website:

www.schoolcuts.org.uk

Branches can use this site to look up the impact that funding reform is likely to have on the schools in their area. We will be doing further joint campaigning and producing additional materials

We are calling on all UNISON branches to:

- To work with other education unions in the campaign against these proposals and highlight the funding crisis in schools
- To engage with parents and communities in local campaigns to protect school funding
- Lobby politicians from all parties on the impact of reform in their constituencies and on the need for more funding for schools

For further information contact education@unison.org.uk