



Meeting notes of the All Party Parliamentary Group on Education Governance and Leadership, 23rd February 2017

The National Funding Formula: a fairer share of not enough?

A meeting of the All Party Parliamentary Group (APPG) on Education Governance and Leadership took place in London on 23 February 2017. The theme of the meeting was school funding. The Department for Education has published the second stage of the consultation on the national funding formula (NFF), and many governing boards and school leaders are concerned about the level of funding at the moment, and the future state of school funding. The meeting was held on the day Storm Doris caused disruption to rail and road. Nevertheless, 65 people attended including governors, headteachers, school business managers and parents. They travelled from constituencies all over the country.

Neil Carmichael MP, chair of this APPG as well as the education select committee, welcomed delegates to the House of Commons. Neil said he was aware that the NFF had caused disappointment but there was still time for people to respond to the consultation and he encouraged delegates to do so. The deadline is 22 March 2017.

Neil explained that the Department for Education (DfE) needs to make difficult decisions in order to sweep away some of the historical difficulties with school funding which have led to a so called 'postcode lottery'.

Three key issues were identified by Neil:

- 1) Historically, the government has been generous in its allocation of funding for deprivation and pupil premium. The latter is not part of the NFF. This generosity has led to some arguing that schools were benefitting doubly from this approach because a child who met the deprivation criteria in the formula, would also attract pupil premium funding. This meant some lower funded local authority (LA) areas have not gained as much as they had expected to in the proposed NFF.
- 2) The majority of small rural schools were going to gain from the proposed NFF. The debate around school schools as well as the very definition of a small school needs to be more sophisticated.

The 3% floor in the current proposals embeds the original problem of unfair funding because it prevents the big changes necessary to bring equality of funding to all schools.

Two further considerations were offered by Neil:

- 1) The government has to face the fact that there is, and will continue to be, an increase in the number of school children and so there is an issue regarding the size of the cake.

- 2) Britain will be leaving the European Union. This will put pressure on pupil spending and the wider education sector.

Emma Knights, Chief Executive of National Governors' Association (who act as the group's secretariat), informed the group that Neil Carmichael and other MPs will be meeting with the Schools Minister, Nick Gibb, on the following Tuesday (28 February). Delegates' views will be recorded and inform the discussion about school funding at that meeting.

The NFF and financial sustainability of schools and academies

Ian Courtney is chair of NGA and chair of a six (soon to be seven) school federation in Devon. He welcomed the introduction of a NFF but said that whilst the small primary schools across his federation stood to gain from the proposals, the secondary school stood to lose twice as much funding. To address such an imbalance, he suggested the Department introduce a cap on the deprivation factor of the formula and increase the basic per-pupil funding.

Matthew Shanks, Executive Principal of Coombeshead Academy, Newton Abbott and chair of Devon Association of Secondary Heads, added that in Devon, 62% of pupils will lose out as a result of reductions in funding.

Stephen Morales, Executive Director at NASBM, said that the debate has conflated the total quantum and the distribution method. We have to be honest about what we, as individual schools and areas, are expected to concede so that distribution is fair and consider whether what we are conceding is greater than the gain that other schools might get as a result?

Steve Harrod, Oxfordshire County Council Cabinet Member for Education, said that the majority of schools in the area do welcome the NFF but unless the size of the initial pot gets bigger, funds will just be shuffled around with some gainers and some losers. He welcomed the earlier suggestion from Ian Courtney, to introduce a ceiling in regards to the allocation for deprivation.

Karen Sayers, school business manager at the Partnership Learning Teaching Alliance, East London, said there are winners and losers across the multi-academy trust (MAT). Additionally, the removal of the Education Services Grant (ESG) will compound schools' problems and the trust will find it difficult to grow when schools will not have the funding to join. The MAT will need to reduce their support staff.

Dr Robin Bevan, headteacher of Southend High Schools for Boys and member of the Southend Schools Forum, said that secondary schools in the area are already the lowest funded in the country. The principle of the NFF is not contested and the factors are broadly accepted. However, the issue lies in the fact that the spread is too great and those at the bottom end of the spread, are not viable. More work needs to be done around ensuring that funding covers the necessary minimum figure for educating pupils. Currently, secondary schools in Southend receive £4,500 per pupil; the introduction of the NFF would result in a 6% reduction, which will be capped at 3%. However, this is still likely to result in having to reduce the offer of core subjects and reducing the school week to four and a half days – these are the only measures left for this school to take.

Matt Dykes, Haringey parent from the Fair Funding for All Schools campaign, said that we do need to discuss the quantum before slicing the cake. All schools will lose out as a result of the rising costs

faced by schools, it's just a matter of how much. For those losing out the most, the figure is actually 11% taking into account the 8% outlined by the National Audit Office (NAO) and the 3% floor in the formula. In the case of London, deprivation funding has worked well as it is the only area in the country, where children entitled to receive free school meals are catching up with those who are not. We should not seek to take any funding out of the deprivation factor.

Iain Farrell, chair of governors of Whitmore High School in Harrow, said that on average, schools will be hit by an 8% loss in funding next year. This means two teacher salaries in primary schools and five teacher salaries in secondary schools. He explained that he had undertaken a benchmarking exercise with Harrow School which received twice as much funding for salaries than Whitmore.

Dr Rick Robinson, Director of Technology at Amey PLC and PTA member said that 34 out of 35 schools in his area of Hall Green, Birmingham will lose because they do not meet the deprivation criteria. He highlighted that 50% of all jobs are in the technology sector yet the industrial strategy for the UK, does not include primary schools.

Emma Williams, Chief Executive at PTA UK, said that over the past five years, parent groups are funding more of the 'must-haves' for schools rather than the 'nice-to-haves' that they have traditionally been set up for. This has accrued to £99 million over the years.

Katharine Crossland, co-chair of PTA at West Acton added to this point that the PTA for her school, raises £5,000 per year and are still trying to find more funds for the school. But in their area the parents cannot afford to pay more.

Joanna Yurky, co-founder of the Fair Funding for All Schools campaign, said the government need to address the historical injustice done to schools but the current proposals, do not do this. Instead, it lifts the lid on school funding inadequacies and parents do not accept the limitations for a debate on the quantum.

Hugh Greenway, Chief Executive at the Elliot Foundation, said that schools in the trust will benefit from the NFF as his schools do meet the deprivation criteria, although he questioned why secondary schools get three times more funding per pupil with English as an additional language as primaries. He also suggested that if the DfE could provide multi-year budgets, then efficiencies would be more achievable as schools would have the necessary information and time to prepare. Another issue, as raised earlier, is the removal of the ESG. The DfE have taken into account that there are fixed costs for schools – hence the lump sum that will be provided to schools – but have not considered that MATs and local authorities also have fixed costs and this needs to be addressed.

Russell Bolton, school business manager at Pershore High School, Worcestershire, felt that "fair" has disappeared out of the conversation over the NFF. He said that differences in funding per pupil between primary school pupils in Dudley and Worcestershire is currently £548 a year. Despite being one of the lowest funded LAs, 1/3 of primary schools in Worcestershire are going to lose out. He raised the issue of low funded authorities with no deprivation where there were no surpluses to cover these reductions and added that rural deprivation seems not to have been recognised in the NFF proposals. Russell said that pressures on expenditure amounting to six-figure sums are being taken out of school budgets including: increases in national insurance contributions, pensions and

teacher pay rises. He emphasised that children will be adversely affected and that if we want a world beating education, we must fund it.

Gillian Hayward, chair of governors at Katharine Lady Berkeley's School, Wotton-under-Edge and chair of Gloucestershire Schools Forum, said that a National Funding Formula is welcomed but that if money is tight, it is all the more important that funding is fair. Many of the values used are based on historical evidence and averages. These were based on what was affordable at the time, what was spent at the time, and does not take a needs-based approach. The F40 group provided data to the DfE on basic costs which was not used. Gillian said that it is important to get the basic level of funding per pupil right- the amount proposed in the formula is too low and will not sustain schools. Of the 3% floor, this will build in historical differences and inequalities. The NFF is about how the cake is cut but the cake is not big enough. She said that after 20 years of campaigning for fairer funding in Gloucestershire, half of primaries and two-thirds of secondary schools stand to lose funding. Schools in these areas have made efficiencies but now funding shortages will hit less able pupils. They are struggling to maintain high standards and this cannot be what the government wants.

Neil Baker, headteacher at Christ Church Church of England (VC) Primary School, Bradford-on-Avon and chair of Wiltshire Schools Forum, said that he comes from one of the lowest funded authorities and will stand to gain an average of 1.6% from the NFF but that this will not bridge the existing gap. His own school stands to lose the most funding in his local authority. Neil said that following a meeting with Nick Gibb, it is clear that the DfE does not know how much it costs to run a school. By his calculations, the basic funding for a primary pupil is £4000 a year. He added that school budgets are not protected due to increasing costs including the removal of the ESG and the apprenticeship levy. He said that if it were not for his PTA, the situation at his school would be even more difficult.

Mike Kane, MP for Wythenshawe and Sale East (Labour), said that the NFF was a smoke screen and that the issue was inadequate funding as the rise in pupil numbers, inflation, apprenticeship levy and the living wage all have an impact. He said that it would take an extra £500 million of funding to make sure no-one loses out under the NFF. He pointed out that £384 million was sent back to the Treasury after the DfE missed its academisation targets and that there is money in the system to ensure adequate funding.

Lorraine Heath, headteacher of Uffculme Academy Trust, Devon, said that she was running an outstanding secondary school with no support staff or pastoral staff, teachers only. Workload is untenable. By 2019-20, £700,000 of savings will have to be made at the academy. Teacher retention is a problem as they cannot afford the yearly 1% pay rise. There is a cliff edge in the profession as recruitment is now an issue and they cannot get new people in to provide education for children.

Nancy DeFreitas, member of the Fairer Funding for All Schools Campaign and teacher in Haringey, said that she was facing huge pressures at work. She works at a successful school but teachers cannot afford to live in the area. The combined pressure of curriculum changes and real-term cuts to funding have had a real impact. Her pupils have to download texts on to their smartphones as there is no money for photocopying.

Julia Harnden, funding specialist at ASCL, said that the NFF is based on per pupil/ per school but that the costs per class/ per activity are not addressed. She agrees that the basic level per pupil in the

NFF is insufficient and added that the deprivation additionality will have to subsidise the core curriculum, so it will not get to the children that need it. Finally, she called on ministers to be honest when questioned about funding. When they say “there is more money in the system than there ever has been” they must complete this with “because there are more children than ever”.

Mike White, finance controller of Bartley Green School and vice chair of Birmingham Association of School Business Management, said that under the NFF his school will get the same funding for additional needs as before, but will lose out per pupil by 4%. He said that funding is being reduced below what is sustainable.

Dr Fionna Martin, PTA UK member, said that there seemed to be a lack of political will to put money into education. She said that schools in Lambeth were much better now than when she went to school there and this improvement was driven by Lambeth local authority prioritising schools. As a hospital doctor, she said that there seemed to be a race to the bottom for public services and that she was tired of hearing the government speak in half-truths in the context of real-term funding reductions. She emphasised that children are the future and all schools must have sufficient funding.

Sharon Waldron, headteacher of Stonham Aspal CEVAP School in Suffolk, said that her local authority has been historically underfunded and that every school has had their age-weighted pupil unit (AWPU) budget reduced to subsidise the LA’s special educational needs (SEN) budget. They are expected to educate more children with less money. She said that as a school, they have been as creative as possible to protect core provision. For example, local charities provide music classes. Moving forward, they have been forced to have odd mixed aged classes because of funding shortages.

Valentine Mulholland, Head of Policy at NAHT, said that there are enormous issues with sufficiency. She said that funding must be based on the needs of today’s children, not those from 2005. She called on the government to provide clear criteria of how funding per pupil is calculated. She added that while some in the room may feel that pupil premium and deprivation amount to “double funding”, additional needs are a major factor that must have funding.

Peter Malcolm, headteacher of Rayleigh Primary School, Essex, said that there is a false logic in the government’s thinking over the issue of funding. Public services are expected to continue to meet raised standards while money is cut. He said it is not possible to cut staff and meet these expectations. On accountability, he said that it is education practitioners who are in the firing line from parents about school standards and not MPs or the government- this is fundamentally unjust. He raised the question: who should decide what schools provide? Is it right to leave that to ministers? He said that this ought to be decided by the education profession and their professional bodies as political parties change their view. Peter said the NFF proposals take place during a time of national budget vulnerability with needs not met in the health and social care sectors. In light of this, minimum funding requirements for educating pupils must be set.

Annabel Yoxall, co-founder of Fair Funding for All Schools Campaign, said that her children’s secondary school in Wokingham has seen two headteachers resign in succession. The second headteacher (Mary Sandell) was not of retirement age and did not have a new post to go to. She added that schools in her borough have sent letters to pupils to request voluntary donations due to funding shortages but headteachers need instead to make the case for more government funding.

Paul Gosling, headteacher of Exeter Road Community Primary School, Exmouth, NAHT Devon Branch Secretary and NAHT National Executive Member for the South West, asked why, when we are leaving the EU, are we not investing in education? In the future, children will need to earn back money and make Britain a competitive economy. DfE ministers need to be making that case forcefully to HMT.

Neil Carmichael MP, in his closing remarks, said that he knows people want fairness in a NFF and an increase in total funding. He agreed that we should educate children or we'll all be poorer, especially as we move to leave the EU.

Emma Knights, in her closing remarks, called on those in the room to pool their intelligence to work out the basic cost of educating a pupil as the DfE does not know. (It had been suggested by a few different sources, including two people in the room that it was: £4000 primary/ £5000 secondary per pupil, per annum). Emma called for collaboration between all representative organisations as there is a real need for more data and analysis to ensure the case for increased total funding is based on evidence that the Secretary of State can use to persuade the Treasury.

Due to the adverse weather and travel conditions caused by Storm Doris, several people travelling were unable to attend on the day. Below is a summary of their written comments sent prior to the meeting.

Andy Mellor, headteacher of St Nicholas Church of England Primary School and branch secretary of Blackpool NAHT, collected evidence from local schools to provide a snapshot of the "school funding crisis" in Blackpool. The Blackburn Diocese's assessment of NFF outlines that "of the 190 schools, 138 will receive less under the new formula. Of these, 90 schools will have a budget reduction of at least 2%. In real terms, this means that 49 of primary schools see a budget reduction of at least £15,000 per annum. Only two of ten Secondary Schools are forecast to see an increase in funding in the new formula. The cumulative real terms loss of funding to their schools is £634,400 per annum."

Andy writes: "In summary we have a ridiculous situation where Government Ministers are claiming to be investing in Blackpool through the Opportunity Area funding but then not funding schools properly. It's putting money in through the front door whilst taking it out of the back door!"

Janet Myers, chair of Cheshire West and Chester Governing Body Association, wrote that whilst she agrees in principle with NFF, she believes that there is not enough funding in the system. She writes that "any formula that results in some of the 40 historically lowest funded local authorities, of which Cheshire West is one, losing even more funding is flawed." On average, Janet's schools stand to lose 2.2% of funding and the primary school at which she governs stands to lose 2.6%. This will take their per pupil funding down to £3,732 per pupil and is a total loss of £27,000. Janet outlines that there is no surplus in their school budget, so this means that her governing board is now "making the impossible decision of which services to take away from children."

Duncan Haworth, treasurer of NGA and representative of Cheshire West and Chester Governing Body Association. He wrote to say that Cheshire West and Chester was already a lower funded LA but their schools now stand to lose an average of 2.2% by 2019. To illustrate the situation in 2016/17, he contrasts the average schools block unit of funding (SBUF) for Cheshire West and

Chester of £4344.87 per pupil with the £6982.07 for Tower Hamlets. By his calculation, the adjusted figures for 2019, according to the consultation, are £4249.28 and £6793.55. Duncan wrote, "That means each pupil in Tower Hamlets gets on average £1894.14 more or put it another way, for my 420 pupil primary school the equivalent of an extra £795,539 per annum."

On the NFF, Duncan writes that the "simple fact is that the basic funding per pupil block is too low." He suggests that if the government increased basic funding per pupil by 3% that would be £697M, which could "be removed from the additional needs funding across deprivation by FSM data deprivation via IDACI data and low prior attainment which has a current level of funding of £5379M (12.9%)." That would, he believes, correct most low funded LAs to at least having funding equivalent to what they have now.

Gary Cunningham, headteacher of Oakwood Avenue Community Primary School, Warrington, sent a summary of comments from a delegation of Warrington education professionals. Warrington is one of the lowest funded authorities and they welcome a new funding formula. They write that "a new formula is most definitely required however the one proposed is not fit for purpose." They believe that the proposed NFF does not address the issues of unfairness and a postcode lottery. They write that "the proposed formula retains the inequalities by building in protections (3% when inequalities far outweigh this percentage) and an arbitrary area cost adjustment (with little or no explanation)."