



## **SCHOOL, EARLY YEARS AND 14-16 FUNDING CONSULTATION**

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**A RESPONSE FROM THE f40 GROUP**

**1 May 2007**

**Creating opportunity, releasing potential,  
achieving excellence.....everywhere!**

## 1. Introduction

The f40 aim is simply to achieve fairer funding for **all** children. This means that wherever they live, all children with the same needs should have the same access to:

- teacher and teacher assistant time and attention
- the national curriculum and a wide range of other activities
- up to date resources and equipment
- extra help for special needs to ensure inclusion and personalised learning
- well-managed and serviced schools.

We are grateful for the additional funding that has gone into education over the last ten years and acknowledge that much improvement has taken place. However, in spite of a simpler and more transparent formula, we still feel the current system is unfair and penalises children in the poorest funded authorities and schools. This has been fossilized by several years of spend plus. We feel the most pragmatic solution is a basic entitlement that is sufficient to raise standards, before other factors are taken into consideration.

## 2. The main problems with the existing funding arrangements

We believe the main problems in the current funding arrangements are:

- the size of the funding gap between higher and lower funded authorities and the funding difficulties experienced at the bottom of the league
- the method of allocating deprivation funding that so strongly favours big cities
- the impact of pupils moving across authority boundaries
- the fact that capital allocations follow the same pattern as revenue – ‘a double whammy’
- the lack of joined up funding to support an increasingly joined up agenda.

## 3. Previous submission of evidence

In October we provided written evidence from a wide range of our member authorities, of the impact of under-funding on:

- deprivation and SEN
- workforce reform
- unexpected policy changes and new initiatives
- falling rolls
- above inflation increases in costs.

This document is available on our website at [www.f40.org.uk](http://www.f40.org.uk) and further information is available if required.

## 4. School, early years and 14-16 funding consultation

We welcome this current stage of the consultation and are particularly appreciative of the efforts made by Ministers and the Department for Education and Skills in recent months to listen to our case and give us the opportunity to express our views.

This document gives our response to those areas of the consultation, which we believe directly relate to fairer funding. We hope all of our members and others will respond in much more detail to the wide range of specific questions raised.

Meanwhile, out of necessity, our members continue to work hard to:

- Improve local distribution of funds, using the f40 model and similar tools
- Tackle high balances where they exist
- Maintain high standards in spite of the continuing funding shortfalls
- Minimise the use of out of county placements as these are very expensive
- Increase the levels of co-operation and collaboration between schools in all sectors as a way of sharing resources, broadening options and accelerating development
- Support children suffering the effects of deprivation as well as possible, given the resources available
- Implement the broad raft of recent initiatives, the focus on personalised learning and the huge implications of Every Child Matters.

We accept there is much more that can be done and some authorities are moving faster than others, but there is no doubt that funding is a major brake on our rate of progress. It is appropriate that the Department for Education and Skills continues to challenge us on these areas to ensure that we deliver value for money and improved outcomes.

Our measures of success for this consultation are simple:

- Will it increase opportunity and attainment for **all** our children, especially those most in need, wherever they live?
- Does it narrow the funding gap between the highest and lowest funded authorities?
- Does it improve the sustainability of new initiatives such as extended services, Children's Centres and 14-19 Diplomas?

## 5. Some pleas from f40

- We understand that growth in the quantum is likely to tail off. We would urge the Department for Education and Skills to continue to lobby for the best possible settlement from the CSR07 as there is still such clear evidence of under funding in the lowest funded authorities, in spite of great improvements in efficiency. At current levels, for many of us there is very little scope for manoeuvre.
- We accept that predictability and stability are both important and this means that change cannot be rapid and floors and ceilings are inevitable. Given that we are struggling to meet our core costs, however, we would ask that any transition is made as quickly as possible in the name of equity.
- While the consultation covers revenue spending, there is still the big issue of the 'double whammy' of relatively low capital funding for f40 authorities. We recognise the huge increase in spending overall in recent years, but contend that this is far too biased towards the better-funded authorities in main urban areas. We urge the Government to urgently establish a fair and transparent method of distributing capital allocations. Just as f40 demands greater fairness and equity in the distribution of revenue funding, we contend with equal force that the same applies in respect of capital. We would like to see firm proposals from the Government for addressing this point.

- The main reason for the continuing financial pressures on low funded authorities is the ever-expanding list of expectations of what has to be delivered. We would urge the Government to work harder at identifying the implications of all initiatives, to make links with what is already happening and give us scope to stop doing things in order to create capacity.

## **6. Key areas**

On the following pages f40 gives its response to the key issues that impact on fairness in the consultation namely:

- The Minimum Funding Guarantee
- Spend plus versus formula
- More flexibility in central expenditure for joint working
- Strengthening the role of schools forums
- School balances
- Under 5s and 14-19
- Reflecting deprivation and pockets in less deprived areas.

## **7. Minimum Funding Guarantee**

It is important that locally our members have some flexibility to ensure the best possible use of resources and a fair local distribution, particularly given the work that has gone into developing the f40 model and others.

We would therefore agree that the MFG should be reduced, as in the absence of an increasing quantum, this is the only way to achieve any re-distribution that it is agreed locally is needed.

We would favour an Autumn pupil count to allow maximum time for local authorities and forums to discuss these options and priorities in the light of known budget availability.

While we would wish the 1% margin between MFG and DSG to continue, again to give some local flexibility, we recognise that the impact of a lower MFG would be to free resource nationally to target specific needs. We would demand that these resources are used to support the specific needs of lower funded authorities with more dispersed deprivation.

We will support the removal of the asymmetry in the calculation of MFG as this reflects more fairly the impact on schools.

## **8. Spend plus versus formula**

Our ideal solution would be a revised formula that ensures a base entitlement per child that is sufficient to meet base needs, before additional factors such as deprivation and sparsity are added in. We appreciate, however, that it would take time to develop and agree something meaningful, and once agreed it would take several years to implement.

For these reasons, we are prepared to accept a short-term continuation of spend plus in order to buy time for the necessary development work. However, we would expect the funding thus available for 'ministerial priorities and policy pressures' to be allocated in a way that truly reflects the needs of the less deprived and lower funded authorities focusing on an amount per pupil or per school.

f40 is determined to ultimately see a modern, fair formula based on transparent needs and what it actually costs to provide high standards of education.

## **9. More flexibility in central expenditure**

We would support this as the Every Child Matters agenda is forcing local authorities and Schools Forums to take a wider view of needs and priorities. While funding will continue to arrive by separate streams, there should be some flexibility to support the widening agenda and this is a practical step in achieving this.

## **10. Strengthening the role of Schools Forums**

We believe that Schools Forums are proving to be very constructive, collaborative bodies that can have an extremely positive impact on raising standards and making the best possible use of resources if they take a strategic and holistic view.

We are conscious that under Children's Services legislation authorities are setting up Children's Trust Boards or Forums with representation from of all the main agencies. It is very important that the government avoids duplication of structures and services between Schools Forums and Children's Trusts, but that there are clear links between the two to ensure effective use of resources across the wider agenda.

Before making any changes to the remit of Schools Forums it is essential to clarify the future relationships between them and local authorities, including the legal and other arrangements for enabling full accountability, transparency and proper working of any Local Area Agreement.

## **11. School balances**

f40 is very clear that the existence of high balances can be inappropriate and that, in such cases the issue needs to be tackled. Our view is that revenue funding is for the benefit of today's children. Our October submission gave several examples of what f40 members are already doing to reduce balances where they are felt to be excessive.

Many authorities have tightened the criteria and reduced the thresholds, and some have already clawed back funds for re-distribution.

We believe that the government should provide central guidance on tackling high balances, including a levy on balances above a given threshold. However, we are adamant that much of the detail should be settled locally by the local education authority and Schools Forum, in consultation with school communities and other stakeholders. Hence any central guidance should allow for the maximum local flexibility consistent with seriously addressing this issue.

f40 would support a scheme for clawing back money from schools that fail to prepare or meet an agreed plan for the use of balances.

## **12. Under 5s and 14-19 funding**

We would not wish to comment on many of the detailed proposals here, other than to say that it is important that these developments are fully funded.

The opening of Children's Centres is already placing great pressure on authorities and schools and it is not clear to us that they are sustainable given the current funding arrangements. This is particularly true in rural areas.

Similarly, we feel that the assumption that 14-19 diplomas will be self-funding once established, is wrong, again particularly in rural areas where the transport issues are significant, and for schools where the take-up is likely to be low.

While such difficulties encourage creative solutions, it is simply not acceptable to 'rob Peter to pay Paul' in order to meet statutory obligations and cover transition costs.

We would want local authorities to take a pragmatic approach to local market needs rather than implementing expensive 'blanket' solutions.

## **13. Reflecting deprivation and pockets in less deprived areas**

We welcome the focus on the funding of deprivation in the consultation as we feel this is an area of great unfairness currently.

We support the use of data that enables funding to be much more closely targeted to the child. If a child then moves across an authority boundary to go to school, the funding should follow them, so their needs are met.

We would support the proposal to target funding at authorities with more dispersed deprivation and would support a per pupil grant based method.

We would ask that Children's Services Directors be asked to resolve the detail of exactly which data is to be used.

We can see the point of top slicing DSG nationally for exceptional, unexpected additional needs and have no objection to the principle. These, however, would need to be very clearly defined, the amount retained relatively small and a guarantee given that unused funds would be added to the DSG for the following year.