School Funding Reform

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Key Announcements on Schools Spending

- School spending in England protected in real-terms between 2015-16 and 2019-20
  - Implies real-terms cut of 7.5% in spending per pupil

- Commitment to introduce a national funding formula for schools in England in 2017
  - Consult on details in early 2016
The current school funding system (and the problems)

• Central government allocates funds to local authorities, who in turn allocate funds to schools in their areas
• Results in wide variation in funding across schools and local authorities
  – Partly reflecting different characteristics of schools and areas, e.g. deprivation or cost of employing staff
• Schools with similar characteristics can receive different funding levels
  a) Discrepancy between needs and funding at local authority level
  b) Different priorities in local authority funding formulae
Significant variation in funding per pupil across similar local authorities

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Local authorities do make different choices
E.g. Differences in ratio of basic amount provided for pupils aged 11-14 and primary school pupils.

Notes and Source: Shows ratio of basic amount provided for pupils in Key Stage 3 to basic amount provided to pupils in primary schools. Taken from Local Authority Funding Formulae for 2014 (https://www.gov.uk/government/publications/schools-block-funding-formulae-2014-to-2015)
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  a) Discrepancy between needs and funding at local authority level
     - *No formula for allocating funds to local authorities for at least a decade*
     - *This type of variation is not desirable*
  b) Different priorities in local authority funding formulae
     - *Good use of local discretion and information?*
     - *Or, unjustifiable variation between similar schools in different areas?*
Plans for national funding formula from April 2017

• Already topped up most ‘under-funded’ local authorities in April 2015
• Two main options for 2017 formula:

1. **Local-Authority Formula**
   – Ensures local authority funding reflects differences in needs and costs
   – *If April 2015 formula chosen, would imply largest cuts to inner London*

2. **School-Level Formula** – single formula for all schools in England
   – Equalise differences across similar local authorities
   – *Plus* effects of harmonising 150 different funding formula into one
   – Creates significant numbers of winners and losers
   – Loss of local discretion
Summary

• Total school spending protected in real-terms, but still likely to be real-terms to schools spending per pupil of 7.5%

• Plans for a national funding formula for schools
  – Lots of options; effects will depend on precise formula chosen
  – How much local discretion is desirable?

• Government consultation in early 2016 should set out implications of different options and make plans for transitional arrangements