



Effervesce Ltd
School Finance Specialists

A core funding level for schools

PROTECTING EDUCATIONAL AND FINANCIAL VIABILITY
THROUGH A NATIONAL FUNDING FORMULA

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Summary

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Abstract

A national funding formula (NFF) should adequately fund basic education provision in all schools. Failure to deliver this risks the financial and educational viability of good and financially efficient schools, especially those with low levels of deprivation or additional need. Moreover, failure to fund basic education provision adequately will require all schools to divert funding, intended for the disadvantaged and vulnerable, to meet core running costs. As such, a formula that does not have adequate basic funding at its heart has no integrity.

All primary schools with more than 250 pupils would face core running costs in excess of 5% of NFF basic funding proposals, even if they operate in the most efficient way

- Over half of primary schools over 160 pupils would face similar challenges

Three quarters of secondary schools below 800 pupils would face core running costs in excess of 5% of NFF basic funding proposals, even if they operate in the most efficient way

- Over half of secondary schools over 800 pupils would face similar challenges

The analysis of good or outstanding, financially efficient schools, in low funded areas of England, with low levels of deprivation and additional need, provides the parameters for modelling an efficient replacement to the lump sum and per pupil allocations proposed within the NFF consultation. This report provides evidence of a “de minimis” level of funding for schools, a Core Pupil Resource, built to support a basic curriculum, using the wisdom of headteachers.

The ‘de minimis’ level for a lump sum and per pupil amount funding methodology that ensures all schools can operate at this minimum ‘no frills’ curriculum level (a very basic curriculum with full classrooms, teachers working at the maximum teaching load and in primary schools all classes potentially formed from mixed age cohorts) requires around £4bn in additional funding. Providing for around 50% of schools to operate this very basic curriculum requires about £2.7bn additional funding in the lump sum and per pupil amount elements of the formula, as set out below:

Formula values (2016/17 prices)	Core Pupil Resource model		National Funding Formula	
	Lump sum	Per pupil funding	Lump sum	Per pupil funding
Primary	£61,769	£3,343	£110,000	£2,712
Secondary	£239,152		£110,000	
Key Stage 3		£4,093		£3,797
Key Stage 4		£4,143		£4,312
	Additional cost £2.7bn (at 2016/17 prices)			

A fixed lump sum is not an efficient method of allocating funding to schools. There is a better method of ensuring that all schools can operate a basic curriculum model which requires only an additional £2bn. However, it requires a step change from funding models of the past. There is also an approach that matches the policy landscape more closely, reflecting the local authority’s important responsibilities to secure sufficient school places in an area. These are practical alternatives that should be considered.

The current NFF proposals are only equitable in any sense by applying the same process to schools. The analysis provides evidence that the proposed formula approach, and the funding levels implied, would not allow good and efficient schools to remain viable.

About the authors

Susan Fielden is a qualified accountant with over 25 years' experience working with schools and education leaders. After many years as strategic finance lead for education and children's services in Somerset she joined the Department for Education to work on the national funding policy for schools. Establishing Effervesce during 2016 has given her the additional opportunity to work with individual schools and to improve the cost-effective use of resources for children.

Sam Ellis is a part time school finance and timetable specialist who works both freelance and for Effervesce Ltd. After working in secondary schools and teaching in Hull University Education department at both Primary and Secondary levels Sam joined the Association of School and College Leaders (ASCL) initially as a full time Regional Officer and subsequently as Funding Specialist. He retired from ASCL to do part time freelance work for both ASCL and other organisations in 2015

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Any inferences or conclusions drawn from data included in this publication are the responsibility of Effervesce Ltd and not ASCL, EPI or the Department for Education

About Effervesce Ltd

At Effervesce, we specialise in school financial planning and management, working with education leaders to connect vision to strategic financial planning so that dreams for children and young people can be realised.

Born out of working with headteachers and education policy makers since the early days of local management of schools, Effervesce combines accountancy expertise with a deep understanding of the education sector.

Website: www.schoolfinancespecialists.com

The full report can be found at:

<http://schoolfinancespecialists.com/publications%20and%20research.html>

Addendum

This report was prepared before the June 2017 election was called, set in a policy context of a fixed term government through to 2020, the implementation of a National Funding Formula and a school budget protected in real terms overall. The report identifies the core funding that schools need, at 2016/17 prices, and this analysis can form the basis of further work to forecast the overall budget requirement for educationally and financially viable schools through to 2022.