

# HOW MUCH MONEY DOES A SCHOOL NEED?

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*With so much in the news about school funding cuts and post-election promises, it is important to be able to separate fact from opinion.*

*Unless the total schools budget increases in line with the number of pupils, each and every school will experience a cut in funding.*

*Unless the values in the funding formula increase in line with unavoidable cost pressures, each and every school will feel the pinch.*

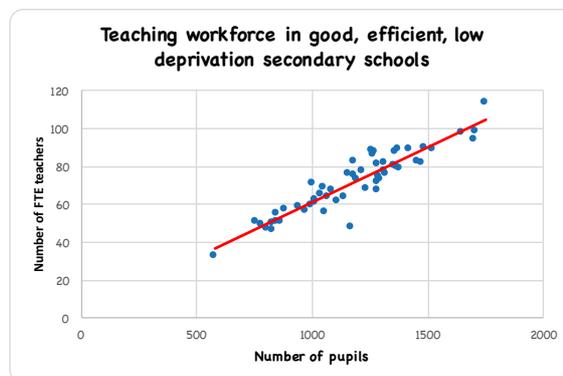
*Unless the core funding a school receives through the formula is adequate to support an educationally and financially viable school, money allocated for the support for the disadvantaged, vulnerable and those with SEND will need to be used to plug the gap.*

*Unless there is a radical shift in teaching styles, a funding formula that allocates money per pupil will not be efficient when schools generally teach children in classes.*

## SO WHAT ARE THE FACTS?

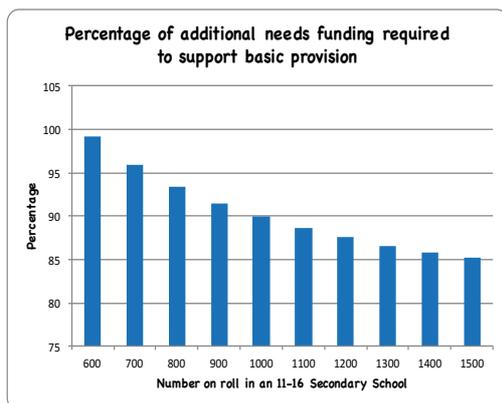
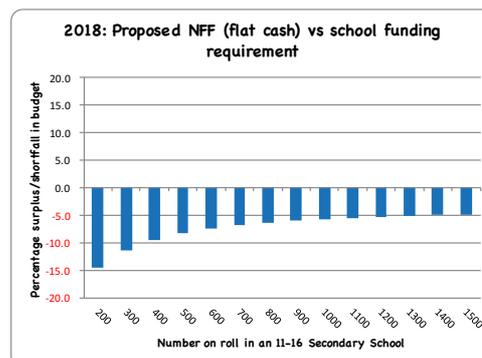
*When you look at what actually goes on in a sample of financially efficient, good and outstanding secondary schools, with low levels of deprivation, in low funded areas you uncover the following facts:*

- *There is a really clear consensus about the relationship between the number of teachers and the number of pupils – strong enough to build into a reliable model for school funding.*
- *The relationship is just as strong for primary schools, although the gradient and intercept are different.*
- *Average teacher cost varies, but the majority of the schools in the sample clustered around £47,000 (2015) – schools need to be able to pay at the right rate to recruit and retain good staff.*
- *Even the most efficient schools can only spend 50-60% of their income on teachers – the wide variety reflecting local circumstances and choices.*
- *An already financially efficient school with low levels of deprivation has little room for manoeuvre – core funding levels (the lump sum and the per pupil funding in the formula) will make the difference between survival and insolvency.*



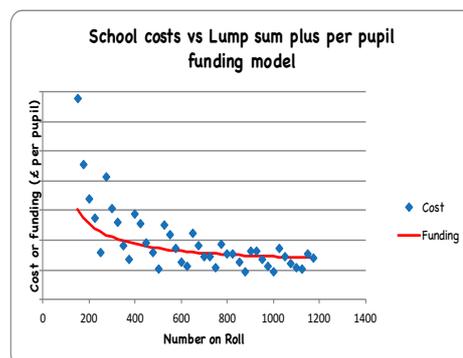
## AND WHAT ABOUT THE OPINION?

Using the evidence from the most cost-effective secondary schools, with an average teacher salary of £49,000 (2018) and 55% of the school's income spent on teachers, a school funding model can be used to look at the implications of the proposed national funding formula. Looking at the worst of all the political promises, flat cash funding per pupil set against cost increases averaging at 1.5%, the situation looks very bleak, with the prospect of worse to come.



Some schools might be able to draw on balances to survive one more year but with around two thirds of secondary schools already using reserves to balance the books, this is a risky assumption. Instead, funding intended for those pupils with additional needs, intended to improve the outcomes of the disadvantaged and support the vulnerable, will need to be used to fund basic educational provision. Assuming these schools have around 25% extra funding to support additional needs, the school funding model can be used to show how little would be left for its intended purpose.

Schools teach children in classes. Schools have some basic unavoidable costs if they are to be safe, well run organisations. The marginal cost of an extra pupil may be very small but the cost of a whole class is considerable. A lump sum and per pupil funding formula is not the most efficient way to share out a limited pot of money, although it is simple. Even if funding levels reflect real terms increases in costs, a simple funding formula could still be wide of the mark. But there is a better way to get the right amount of money to schools.



## EVIDENCE-BASED SCHOOL FUNDING POLICY COULD BE A REALITY

The facts about the cost of running a cost-effective school can be used to build a funding model that would ensure educational and financial viability. Funding basic core education provision adequately would bring an honesty to statements about funding targeted to meet additional needs, for the disadvantaged, those with limited English language skills, the vulnerable, those struggling with mental health conditions and those with special educational needs. It would bring an end to the hidden subsidy required to make ends meet.

The total size of the education budget is important, of course, but heads and governors, parents and pupils, will be worrying about the money coming into **their** school over the course of the next parliament. While the debate rages about how many billion will be promised over the next five years or where the “winners and losers” are, the lack of transparency around the cost of core education provision in English schools continues. A funding model that starts with the facts must be better.

Want to find out more – download the full report at:

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