



**Confederation
of School Trusts**

School Funding Policy Paper

School Funding Policy Paper

The Confederation of School Trusts (CST) is the national organisation and sector body representing 90% of the national trusts and one in five academy schools. This places CST in a strong position to consider the issue of school funding from the viewpoint of the system's leaders in self-governing organisations. CST is completely apolitical. We represent our members to advance education in the public interest.

1. Introduction

As a first principle, CST believes that schools should be funded in a sufficient, equitable and sustainable way. The future of our society and our economy depends on the knowledge, skills and qualities of our children and young people.

In the 2018 annual report on education spending in England, the Institute for Fiscal Studies (IFS) confirms that education spending is the second-largest element of public service spending in the United Kingdom behind health, representing about £90 billion in 2017-18 in today's prices or about 4.3% of national income. The level of UK education spending has risen significantly in real terms over time, growing particularly fast from the late 1990s through to the late 2000s, before falling in real terms from 2010.

The IFS concludes that:

- **Primary and secondary school spending per pupil rose by over 50% in real terms between 2000-01 and 2010-11 and was largely protected in real terms after 2010.**
- **The average level of spending per pupil by primary and secondary schools rose by around 5% per year in real terms during the 2000s and was then largely protected in real terms under the coalition government. Spending per pupil fell 4% in real terms between 2015-16 and 2017-18 but will be held constant in real terms up to 2019-20. This will still leave spending per pupil more than 60% higher in real terms than in 2000-01**
- **Total school spending per pupil fell by 8% in real terms between 2009-10 and 2017-18 and will only be about 14% higher in real terms in 2017-18 than in 2003-04. This adds on the additional effect of a 55% real-terms cut in local authority service spending and a real-terms cut of more than 20% to school sixth form spending per student between 2009-10 and 2017-18. Spending per pupil by individual schools was partly buttressed by transfers of responsibility and funding from local authorities to schools. This total measure is probably the most comprehensive measure of public spending on schools over time.**

We expect a Comprehensive Spending Review to be announced this year. It is important that we make an evidence-based case for investment in education, and importantly in school and college funding.

2. The case for the National Funding Formula

The existing school funding system allocates money inconsistently across English schools. Inconsistent distribution is masking and possibly distorting the case for an increase in the quantum of school funding. It is undeniably the case that a low-funded school in a low-funded local authority may not have sufficient funds to deliver a curriculum of sufficient breadth and depth. Variations in local authority funding and formulae are contributing to the view that there are insufficient funds.

CST believes there is a strong case for introducing a new national funding formula. We recognise the political challenges in the context of public sector austerity. However, we believe the Department for Education should press ahead with change because more consistent funding is arguably even more important when budgets are under pressure.

As the Education Policy Institute (EPI) points out in their 2017 report, the national funding formula in its current form is based on how to share the existing pot, not about how much it costs to deliver education. Ideally, there would be a water-tight evidence-based case for the how much it costs to run a school, but this is extremely difficult to do given the variation in contexts of each school and the lack of consensus about what we think schools should deliver. The cost of running a school is likely to be highly contested. And, as EPI points out, crucially, a bottom-up costing might not be consistent with a politically realistic quantum of funding.

However, the full implementation of the National Funding Formula would mean we would be able to make truer comparisons and then to investigate specific cases where the cost of running a school in its specific circumstances may not be consistent with its funding allocation.

Recommendations

DFE should:

- **Set out a timeline for passing legislation to implement the National Funding Formula.**
- **Make the case through the Comprehensive Spending Review to make funding available to manage the transition to the new formula.**
- **Commission research into the basic costs of running a school, setting out the basic provision as a society we want schools to deliver.**

The strong case for the National Funding Formula does preclude us making the case for investment in education, CST believes that that we need to make an evidence-based case for investment in:

- Per-pupil funding
- Special needs funding
- Post-16 funding

In addition, there needs to be strategic investment to build sector capacity and to support all schools to be in a strong a sustainable group in a single governance structure. We cannot allow vulnerable schools to left behind.

3. The case for investment in per-pupil funding

Schools have absorbed significant cost-pressures since 2010, including teacher pay and pension costs.

According to the IFS, schools' costs increased more slowly than inflation between 2010-11 and 2015-16 but grew faster than inflation afterwards. Squeezes on public sector pay between 2010-11 and 2015-16 meant that public sector pay per head grew more slowly (6%) than overall inflation (8%). Between 2015-16 and 2019-20, additional employer costs and the ending of the 1% public sector pay cap mean that we expect public sector pay per head to grow faster (11%) than inflation (7%).

The 55% real terms cut in local authority service spending means that schools are now supporting pupils with very high levels of needs without the support of local authority or community services. In many cases, schools are now commissioning services where local authorities previously did. This alongside rising levels of child poverty is a significant additional cost-pressure on schools.

Recommendations

DFE should:

- Through the Comprehensive Spending Review, consolidate the teacher pay and pensions grants into the Schools Block of the NFF.
- Through the Comprehensive Spending Review, commit to keep per-pupil funding in line with inflation and cost-pressures.
- Initiate comprehensive research into the impact of the reduction in local authority funded services for vulnerable children and then consult on how such services should be funded and commissioned in the future.

4. The case for investment in special needs funding (high needs block)

According to the Education Policy Institute:

- **The prevalence of pupils with special education needs and disabilities (SEND) is increasing – there are more pupils with SEND in schools and colleges than before, some with more complex needs.**
- **A large proportion of funding allocated through the High Needs Funding Formula is based on historical spending patterns, meaning that if needs go up or down from year to year, this isn't fully reflected in local budgets. This also means that a pupil in one local authority could attract significantly more or less funding than a pupil in another authority, despite having similar needs.**
- **For a range of reasons (including relating to funding and accountability), mainstream schools are struggling to provide adequate support for pupils with SEND. As a result of that and because of increased parental preference, more pupils with SEND are being placed in special schools, including those outside of the state sector. Those placements are more expensive and costs are increasing, but authorities have little leverage over pricing in the independent and non-maintained sectors in particular. This rigidity of the high needs block is particularly difficult in a context where, as demonstrated above, there are rising needs and pressures on the budget.**
- **Funding for Alternative Provision is creating further pressures on high needs budgets.**
- **Funding pressures on health and social care are also having an impact on services.**

Recommendations

DFE should:

- Commission research into the prevalence of pupils with SEND and the complexity of their needs.
- Research regional and sub-regional patterns of SEND provision and best values in commissioning.
- Based on this research, through the Comprehensive Spending Review make the evidence-based case for increasing the quantum of the high needs block.
- Initiate comprehensive research into the quality of alternative provision and consult on how such services should be funded and commissioned in the future.

5. The case for investment in post-16 education

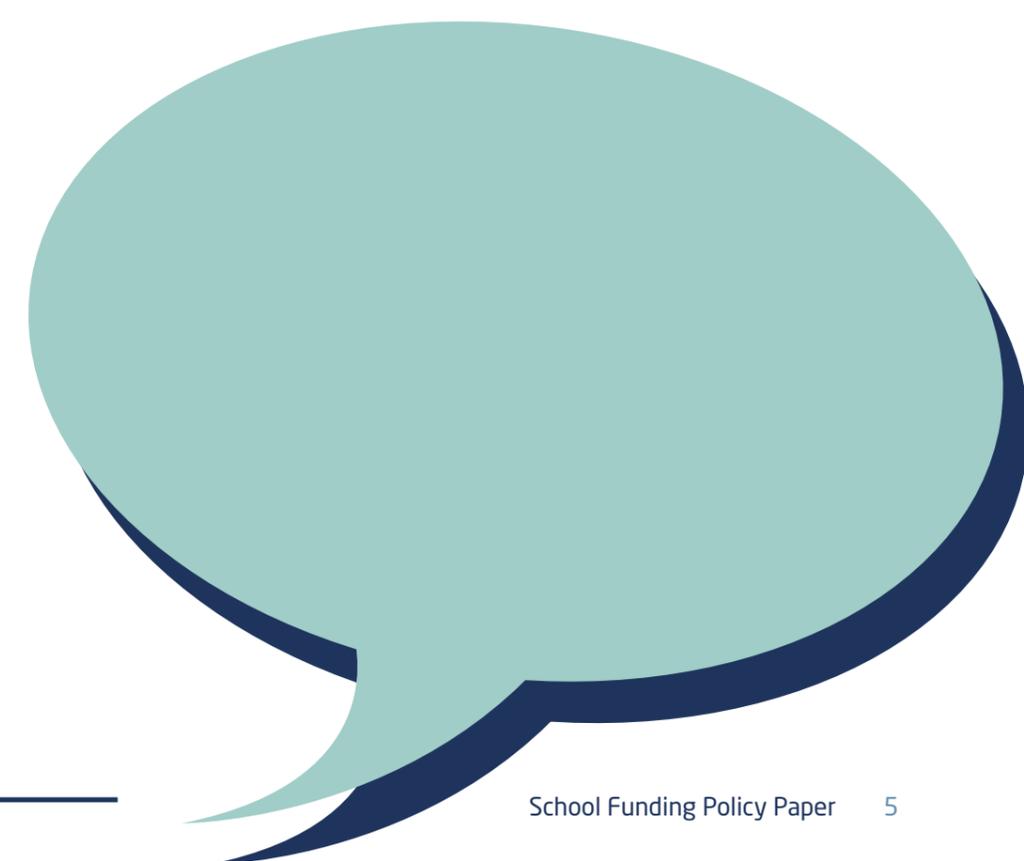
The IFS states that funding per student aged 16-18 has seen the biggest squeeze of all stages of education for young people in recent years. School sixth forms have faced budget cuts of 21% per student since their peak in 2010-11, while further education and sixth-form college funding per student has fallen by about 8% over the same period.

By 2019-20, funding per young person in further education will be around the same as in 2006-07: only 10% higher than it was 30 years earlier. Spending per student in school sixth forms will be lower than at any point since at least 2002.

Recommendations

DFE should:

- Through the Comprehensive Spending Review, raise the rate of post-16 funding



6. The case for strategic investment to build capacity

CST's position is that all schools should be part of a strong and sustainable group in a single governance structure.

A recent statistical analysis done in 2018 by the NFER, suggests that pupils in 'converter' multi-academy trusts tend to do better than pupils in comparable standalone maintained schools. Although the difference is not very big, it is statistically significant for all outcome variables that were considered across both primary and secondary phases.

This is not the same for sponsor-led trusts. But of course, as the Sutton Trust report clearly acknowledges, most trusts face a greater level of challenge in terms of their intake than the maintained state school average, and some (the sponsor-led trusts) a very much greater level of challenge.

School trusts also tend to have higher-than-average numbers of disadvantaged pupils – especially low-prior-attaining pupils. The authors of the Sutton Trust report conclude that this suggests that trusts have largely retained their original focus on pupils that need additional help and resources. This reflects the mission of school trusts to give children a better future.

At the end of 2017, only 1 in 10 sponsored predecessor schools were judged good or outstanding before they converted, compared to almost 7 in 10 after they joined a trust, of those who had been inspected.

Perhaps the more important consideration is the evidence from a series of studies on the power and potential of a group of schools working together on:

- Research-informed professional development that transforms the effectiveness and quality of education children and young people receive;
- Sharing practice and innovation;
- A relentless focus on the substance of education, with teachers reporting an increased motivation to engage in professional dialogue with their colleagues;
- Curriculum development; and
- Reductions and realignments in workload.

The proposal that all schools are part of a strong and sustainable group is particularly important as local authority education services retract and potentially leave smaller and isolated schools vulnerable. No school should be left behind.

Recommendations

DFE should:

- **Through the Comprehensive Spending Review, secure funding for strategic investment to build MAT capacity to grow the right school trusts in the right places and incentivise spin-out trusts.**
- **Consider financial incentives to local authorities to support them to help schools to group, including local authority 'spin-out' trusts.**

7. Conclusion

CST believes that schools should be funded in a sufficient, equitable and sustainable way. The future of our society and our economy depends on the knowledge, skills and qualities of our children and young people. Through the Comprehensive Spending Review, there is a considerable opportunity to secure strategic investment in schools and colleges that will create a legacy and ensure that we set the ambition and lead the way internationally.