

Update on Proposals for 'fairer school funding'

Update published on 20 December 2016

This note provides background on the planned introduction of a national funding formula for schools in England, now due to be implemented from 2018-19.

What is the issue?

The average amount of per pupil school funding individual local authorities in England receive from the Government varies considerably. Funding is distributed onwards to schools using local funding formulas, which give different weights to different factors, meaning that different schools, even within the same area, receive different levels of per pupil funding.

Critics argue that these disparities are unfair, and that funding should more closely reflect area, school and pupil characteristics.

What is the current Government proposing?

The Government is proposing the phased introduction of a new national funding formula from 2018-19. Originally, the intention was to introduce the formula from 2017-18.

The Coalition Government began reforms, holding a number of consultations and allocating some additional funding to the 'least fairly funded' areas. However, they stopped short of introducing a national funding formula.

First stage consultation – March 2016

In March 2016 then-Education Secretary Nicky Morgan announced the first of two major consultations on further funding reform. This proposed a national school funding formula to include a basic per-pupil amount, and factors reflecting pupil characteristics, school and areas costs. The precise composition of the formula, and weighting given to the different factors is the subject of a second consultation –see below.

The Government intends that most funding – with the exception of high need funding – will eventually be given directly to schools and not routed through local authorities, as now (in the case of maintained schools).

'High need' funding largely supports special educational provision. For this funding, the Government is also proposing the introduction of a national formula which will be used to allocate money to local authorities. However, for at least the next five years,

funding allocations would continue to be calculated, in part, on the basis of LAs' planned high needs spend in 2016-17 and not solely on assessed area needs, in order to ensure stability.

There was widespread welcome for the principle of moving toward a more transparent distribution of school funding. Some expressed concern about the detail and implementation of the proposals, and the potential for areas that are now comparatively 'well-funded' – including much of London and some other urban areas – to lose funding.

Delay to introduction of national funding formula announced July 2016

Again, reaction to the announced delay has been mixed. Some commentators have welcomed the fact that the Government has listened to sector feedback on proposals, but others have argued that schools in 'low funded' areas cannot afford any delay and need extra interim funding.

Second stage consultation of December 2016

On 14 December 2016, the DfE published the second stage of its consultation on school funding reform. This confirmed the intention to introduce a 'soft' national funding formula from 2018-19, and a 'hard' formula from 2019-20. The DfE has proposed limits on gains and losses in 2018-19 and 2019-20.

Impact for individual schools, constituencies, and local authority areas

Alongside the consultation documents, the DfE has published tables of figures illustrating potential impacts for schools and local authorities. The DfE is clear that these are not actual allocations for schools or local authorities in any particular year, and are for illustrative purposes only, to inform the consultation.