

Where has all the money gone?



Introduction

The NASUWT believes that there is a clear moral purpose for publicly provided education. Education should meet the needs of all children and young people on a fair and equitable basis, irrespective of where they happen to live. Education should contribute to the achievement of the country's local, national and international needs and aspirations, whilst also enhancing the lives and life chances of all children and young people.

The mechanism by which state schools are funded is critical to securing an inclusive and world-class education system, operating in the public interest and contributing to the maintenance of a democratic, just and inclusive society.

NASUWT funding principles

The NASUWT believes that the funding mechanism for schools must:

- a. contribute to raising educational standards for all pupils and narrow the achievement gap;
- b. provide equality of opportunity for all learners;
- c. secure value for public money in relation to educational provision and reduce the burdens on, and risks to, the public purse in the short, medium or long term;
- d. ensure the provision of high-quality education and related support services for children and young people, including those currently provided by local authorities;
- e. provide for the operation of the national pay and conditions frameworks for teachers and headteachers and enable schools to recruit and retain a high-quality workforce; and
- f. enhance democratic participation and accountability.

To ensure fairness and equity of entitlement for all pupils, the NASUWT believes that the funding mechanism for schools must:

- i. provide equality of opportunity and equitable access for all learners, including through the provision of a broad and balanced curriculum, and contribute to raising educational standards for all pupils and narrow the achievement gap;
- ii. ensure that all schools are funded on the same basis, irrespective of their legal or governance status, which should not result in anomalies between schools where their needs and circumstances and the expectations upon them are the same;
- iii. reflect the additional costs related to pupil deprivation, socioeconomic circumstances, school location and setting;

- iv. ensure the provision of, and access to, high-quality education and related support services for children and young people, including vulnerable children;
- v. provide equality of entitlement for all learners to be taught by qualified teachers and for the recruitment, retention and development of a world-class workforce in every school or setting as critical components in delivering better outcomes for all children, and to ensure that these entitlements must not be based on parents' ability to pay;
- vi. be clear and transparent so that school budgets are based upon clearly identified and agreed sets of expectations about what work schools should do and the performance expectations that will apply to them;
- vii. enable fair, open and easy comparisons to be made with regard to the income and expenditure of different institutions or sponsors;
- viii. be fit for purpose, taking account of local circumstances and needs and the expectations on schools and local authorities, while promoting public and professional confidence in the system;
- ix. be sufficient in ensuring that the global amount available for the funding of schools takes full account of education priorities and needs and promotes fairness, equity, inclusion and social cohesion;
- x. ensure that changes to the funding for schools do not result in detriment to colleges or early years provisions, which are also essential in providing education for school-aged pupils;
- xi. be responsive to changing needs and circumstances;
- xii. be predicated on consultation and democratic involvement at national, local and institutional levels, including full recognition of school workforce trade unions;
- xiii. promote stability for schools and enable schools to plan and organise their priorities in the longer term, and help to minimise turbulence;
- xiv. support the best use of resources, through arrangements for strategic planning of local provision, institutional collaboration, economies of scale and the pooling of resources to meet locally identified educational needs; and
- xv. ensure that schools in receipt of state funding should not be able to make a profit and that they demonstrate the provision of good value for money.

Funding mechanism in Wales

Education, including the curriculum and responsibility for the funding of schools, has been devolved to the Welsh Government since its inception following devolution in the 1990s.

The pay and conditions of the schools workforce was devolved in 2018.

The majority of Welsh Government funding flows from the UK Government in the form of the Welsh Block grant. The Welsh Block grant is calculated using the Barnett formula, which is the mechanism used by the UK treasury to determine the amounts of funding allocated to Wales.

For this reason, the Westminster Government's policy of public sector austerity has meant that this is imposed on Wales also, despite much of the public sector being devolved to the Welsh Government.

In Wales, the Welsh Assembly decides on the allocation of money to the various areas for which it is responsible. Welsh local authorities are given a block grant, called the Rate Support Grant (RSG) to pay for all local services. The RSG is calculated using the Standard Spending Assessments (SSA), which are notional calculations of what each council needs to spend to provide a standard level of service, and are calculated to reflect the differing costs of providing services in each authority area because of their different demographic, physical, economic and social characteristics.

The other main sources of funding for local authority education budgets are council tax income and non-domestic rates income.

Funding in the local government settlement is unhypothecated, meaning local authorities decide themselves how to spend it.

The SSA calculation is broken down between the different services provided by local authorities. These different elements are called service Indicator-Based Assessments (IBAs). The Welsh Government says that an authority's IBA is not a spending target; it is for each local authority to determine its own spending priorities from its overall funding allocation and what it can raise from council tax. However, these are useful benchmarks to identify how much should be spent on education.

Funding for post-16 provision in schools is by specific grant from the Welsh Government to local authorities, for distribution to schools with sixth-forms. Other grants include the Education Improvement Grant and Pupil Development Grant.

The council determines the size of the local education authority (LEA) budget, which is the amount appropriated by the council for meeting all expenditure relating to the service.

The schools budget is the amount appropriated by the council for meeting all expenditure relating to schools and may include expenditure incurred otherwise than in respect of schools.

The council is able to retain central funding for purposes defined in regulations made under section 46 of the School Standards and Framework Act. The amount to be retained is determined by the council, subject to any limits and/or conditions prescribed by regulation.

The centrally retained funds are to cover specific council responsibilities:

- a) strategic management;
- b) access - school places, buildings and facilities;
- c) council support for school improvement;
- d) provision of a specialised nature, e.g. Additional Learning Needs (ALN);
- e) health and child protection.

The local authority sets the Individual Schools Budget (ISB) according to its own formula and is the amount delegated to schools.

Budgeted Funding for 2020-21

Schools expenditure is expected to be £2,822 million, an increase of 6.2% over the previous year. The funding delegated to schools is budgeted to be £2,362 million.

Schools expenditure per pupil is budgeted to be £6,192, a year-on-year increase of 5.7% or £335. This is a real terms increase of 3.7% and the largest real terms increase per pupil since 2007-08.

For 2021-22, under the Barnett formula, the Welsh Government will receive an additional £1.3 billion, with £560 million of core funding and £770 million in relation to COVID-19.

NASUWT funding statistics¹

The NASUWT has undertaken analysis based on a high-level broad comparison of local authority maintained school revenue expenditure in Wales and England, utilising official Welsh Government and official DfE data.²

¹ The figures are net of self-generated income to provide a more accurate representation of actual government funding spent on schools. These calculations have followed discussions between Welsh Government officials and the NASUWT.

The NASUWT acknowledge that comparing levels of government-provided school funding between England and Wales has become increasingly complex following the delegation of budgets to schools in England and the impact of the academy programme. Whilst it could be considered to include data covering all publicly funded schools in England, thus including the academies sector, this would add an additional layer of complexity to identify figures that are directly comparable to local authority maintained schools. Making such a comparison is further complicated by the fact that the DfE no longer publish the sector-wide income and expenditure data reports for academies in England.

It is no longer possible to produce overall and per pupil funding figures for England and Wales that match exactly the same education budget areas, since local authority education spending and individual school/academy responsibilities for spending differ greatly between England and Wales.

² www.nasuwt.org.uk/WalesFunding

Funding	2015-16	2016-17	2017-18	2018-19	2019-20
Maintained schools in England	£5,352	£5,417	£5,392	£5,488	£5,760
Maintained schools in Wales	£4,578	£4,663	£4,720	£4,773	£4,970
Funding gap (per pupil)	£774	£754	£672	£715	£790
Shortfall on schools budgets	£349	£341	£304	£324	£359 m

School Reserves	2015-16	2016-17	2017-18	2018-19	2019-20
Schools in England	£2,086 m	£1,702 m	£1,560 m	£1,541 m	£1,456 m
per pupil	£433	£373	£368	£386	£382
per school	£124,460	£105,677	£103,704	£110,630	£111,000
Schools in Wales	£64 m	£46 m	£50 m	£46 m	£31 m
per pupil	£142	£102	£111	£102	£69
per school	£40,756	£29,739	£33,132	£31,071	£21,139

Pupils and Teachers in Wales	Pupil numbers	Teacher numbers
2010	467,141	25,287
2020	469,176	23,594
Change	+2,035	-1,693

Education in Wales

The Welsh Government has followed a very different path to the Westminster Government in its strategy to deliver and fund education, in particular from 2010 onwards. The Welsh Government has avoided privatisation and marketisation, including the English academisation experiment.

However, local management of schools is still a hallmark of the Welsh education system. The NASUWT considers this currently to be to the detriment of teachers

and therefore to the education of pupils throughout Wales. Before 1988, when, for maintained schools, spending was under the control of the local authority, teacher redundancy was virtually unknown. Since 1988, with the proliferation of much smaller school-based cost centres, teacher redundancy is an annual fact of life.

Inequity in teachers' pay decisions, disparity in promoted posts based on gender, and the value and the awarding of teaching and learning responsibility (TLR) points are just some of the negative impacts as a result of the wrong kind of school autonomy and the weaknesses of school governing bodies

The recent devolution of teachers' pay and conditions has, however, brought recent benefits. The Independent Welsh Pay Review Body (IWPRB) is currently consulting over its 3rd Remit. The IWPRB has delivered ground-breaking improvements to teachers' pay and conditions in Wales since its inception, meaning that teachers now receive annual pay awards and receive automatic annual incremental progression on the main pay scale, that teachers' pay progression is not linked to performance, and that there has been a return to statutory national pay scales and, for September 2021, the restoration of pay portability.

Progress and developments in school funding in Wales

In 2009, a Welsh Government Report, *Arrangements for School Funding*, recommended that *'the Welsh Government should continue to make progress on developing a sustainable and symbiotic relationship between education policy objectives and the school funding system that delivers them.'*

The NASUWT fundamentally agrees with this principle but notes that this is far from the case and no progress has been made to bring about such a relationship.

In July 2019, the Welsh Assembly's Children, Young People and Education Committee released a new report on School Funding in Wales. It stated that:

'There has been an overwhelming consensus in the evidence provided during this inquiry that there are insufficient resources being made available to schools. Most stakeholders feel that the primary problem is with the overall size of the pot, rather than how it is divided up.'

The Committee noted that there had been:

- a 1.5% real terms decrease to the revenue funding for local government between 2017-18 and 2018-19;
- an 8.4% real terms decrease to the total gross budgeted expenditure on schools between 2010-11 and 2018-19 (see paragraph 24); and

- an 8.0% real terms decrease in spending per pupil between 2010-2011 to 2018-19.

The committee recommended that the Welsh Government commission an urgent review of how much funding is required to fund schools sufficiently in Wales, particularly given the level of reform currently being undertaken.

The Welsh Government published a *Review of School Spending in Wales* in October 2020. The terms of reference of the review were altered so that the report focused on how schools **spend** their money rather than how they should be **funded**. It also reported on the future cost pressures on schools and offered an analysis of how the school funding system can be adapted to best support Welsh Government policy goals.

This review therefore attempted to illustrate how spending per learner and resources had changed over time and how they vary across schools facing different costs and needs. It highlighted that:

- spending per learner grew rapidly over the 2000s to reach a high point in 2009-10. It has since fallen by about 6% in real-terms;
- extra funding for more deprived primary schools has not grown over the last 10 years;
- extra funding for deprived schools in Wales is also lower than it is in England;
- spending per learner can vary by up to £1,500 between schools with similar levels of deprivation.

The NASUWT is aware that according to Stats Wales the gap between the highest and lowest per pupil funding local authorities in Wales on delegated school expenditure in 2019-20 was £1,394, ranging from £4,529 per pupil in Neath Port Talbot to £5,923 per pupil in Blaenau Gwent.

Whilst supporting the role of local authorities within education policy and the democratic involvement and accountability that results, the Union finds it difficult to understand how such variations exist.

The NASUWT has warned that the insufficiency of funding threatens the delivery of the Welsh Government's education priorities, as set out in *Education in Wales: Our National Mission*, and successful implementation of substantial reforms including the new curriculum and new ALN system.

The NASUWT believes that, amongst other potential pitfalls, the success of the new curriculum framework will be predicated on sufficient funding in the right places for the right purposes.

The Union maintains that the current funding system, which is based primarily on pupil numbers rather than the needs of the curriculum and the designated

needs of specific groups of pupils, does not enable either schools or local authorities to retain staffing complements to ensure that these needs are catered for effectively.

The NASUWT will continue to campaign for a fair and appropriate funding system, and sufficient resources for all schools and teachers to be able to do their job and support the aims of the Welsh Government, the needs of pupils, and the prosperity of wider society.



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