

NEU Governors Network

Education funding briefing for governors and trustees

National Education Union
Autumn term 2019



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Foreword from Kevin Courtney and Mary Bousted



Governors,

Thank you for taking the time to read this briefing on education funding.

We must be clear from the beginning: we are facing the largest cuts to school budgets for generations.

As a result of these cuts we have seen parents, teachers, support staff, school leaders, governors and politicians of all political parties united around the need for more money for education.

We need schools, early years settings and post-16 placements that have the funds to afford to offer our young people the education they deserve.

As a school governor or trustee you are at the frontline of real terms cuts and will appreciate the impact they are having on schools. You will also know that these cuts are happening while the number and needs of all our young people are growing. Schools are not only getting less money in real terms, they are also having to do more with it.

It is vital that all schools have sufficient funding to:

- Employ enough staff so that class sizes are kept low and teacher workload is manageable.
- Recruit and retain dedicated teachers, teaching assistants and support staff by offering good pay.
- Provide a broad curriculum to pupils.
- Give all children the support they need.

We hope you find this briefing useful. Please feel free to share it with other governors you know.

We are always happy to hear from governors about education, so please do not hesitate to get in touch via governors@neu.org.uk.

Yours sincerely,

Mary W. Bousted. Kevin Courtney

Mary Bousted and Kevin Courtney
Joint general secretaries, National Education Union

Section A: Background to school cuts

School cuts: the headlines

We are facing real terms cuts:

1. Funding per pupil is being cut significantly in real terms – see schoolcuts.org.uk for the latest information on schools in your constituency.
2. The average primary pupil has had their funding cut by £245 since 2015.
3. The average secondary pupil has had their funding cut by £304 since 2015.
4. 83 per cent of primary schools have had their per pupil funding cut between 2015-2020.
5. 87 per cent of secondary schools have had their per pupil funding cut since between 2015-2020.
6. Funding allocated to 16-19 education fell by 17 per cent in real terms between 2013-14 and 2018-19.

How does school funding work?

With the introduction of academies and free schools, school funding has changed radically over the last 15 years.

Schools maintained by the local authority (as opposed to an academy trust) are funded by the Dedicated Schools Grant (DSG) and have their individual budgets allocated to them by their local authority (LA). The LA consults with the area's Schools Forum (made up of representatives of local schools) in order to reach financial decisions that reflect the interests of all involved. Academies, meanwhile, are funded by the Education Funding Agency (rather than the DSG).

Despite academies and LA maintained schools receiving their funding from different "pots", their Special Educational Needs and Disability (SEND) budgets are worked out in much the same way.

The DSG is divided into four notional blocks which are allocated to schools based on historical spending patterns:

1. **The schools block:** core funding for all pupils in all state-funded schools (including SEND and non-SEND pupils). It is worked out on a per pupil basis.
2. **The high needs block:** this is used to provide additional funding (on top of that already provided by the Schools Block) for children with additional, complex educational needs – i.e. those with a statement, Education, Health and Care Plan (EHCP) or attending a special school.

3. The early years block: this is used to fund education for pre-school age children, for instance in a nursery setting. It also funds additional support for children with SEND in early years settings.

4. The central school services block: this is for local authorities to utilise for the provision of centralised services for all schools and academies in their area, eg mental health services or external music lessons for pupils. Funding is allocated to LAs based largely on the number of pupils in their constituency, with ten per cent being allocated based on local levels of deprivation.

Prior to April 2018, LAs were free to move funds between blocks in order to make up for any shortfall in previous budgets. Although this essentially enabled a system of “robbing Peter to pay Paul,” it ensured gaps in funding could be temporarily patched up.

However, recent budget reform means that LAs are now only able to transfer up to 0.5 per cent of schools block funding to the high needs block, and only with the consent of their Schools Forum. This means that when funding issues arise within specific areas of the education budget (frequently these issues appear within high needs provision), LAs are now unable to subsidise costs by moving money from elsewhere.

Subsequently, if the high needs block is unable to cater for pupils with additional needs, this could lead maintained schools to push pupils into special schools, as they may not be able to afford to provide the additional support SEND

pupils are legally entitled to within their own mainstream setting. With budgets squeezed so tight, schools will simply not be able to justify taking money from one underfunded group of children to give to another.

How does SEND funding work?

The schools block is used to fund the education of all children in mainstream schools and covers core, premises (PFI, split sites), mobility and growth funding. It makes up the majority of the DSG (80 per cent).

Every child with an EHCP is entitled to an extra £6,000 of school block funding on top of the per pupil amount already allocated to their school. If more funding is needed, extra costs are covered by the high needs block. However, as schools are required to find the first £6,000 from their own budgets before being allowed access to additional high needs funding there is concern that this could decrease inclusion for SEND children in maintained schools.

NOTE: not every child with SEND has an EHCP. This means that many children who need additional support in school are not entitled to money from the high needs block, or additional schools block money. Consequently, their extra needs must be met through the per pupil funding allocated to their school via the schools block, creating additional financial pressure.

SEND and the high needs block

The high needs block is intended to cater for pupils with severe or complex additional needs. It is divided into:

- 1. Core funding:** money used to fund special school places and additional costs for children with EHCPs/Statements (beyond the initial £6,000 provided by the schools block). This is paid by LAs to maintained schools and Pupil Referral Units (PRUs) or by the Education and Skills Funding Agency to academies.
- 2. Top-up funding:** covers the cost of additional provision, beyond that already funded through the schools and high needs blocks, to an institution to enable a pupil or student with severe needs to participate in education and learning.

Current challenges and pressures include a growing school population, rise in pupils diagnosed with SEND, increasing severity and complexity of SEND cases, limited special school places, pressure on wider local authority budgets (for example social care), and the extension of EHCP provision to the age of 25 without adequate additional funding.

¹ [thetimes.co.uk/article/schools-failing-8-500-special-needs-children-201dj8hz0](https://www.thetimes.co.uk/article/schools-failing-8-500-special-needs-children-201dj8hz0)

Why has SEND funding hit a crisis point now?

- Although the underfunding of the SEND sector has been a longstanding issue within LAs, until recently councils and schools have been able to balance the books through transferring funds from the schools block to the high needs block. In April 2018 this practice was limited to restrict transfers to a maximum of 0.5 per cent between the blocks. This has exacerbated the crisis in SEND funding.
- The funding crisis is hitting children and young people with SEND especially hard, as SEND provision is often very expensive and caters to the most vulnerable children in society.
- As a result of funding cuts to SEND education, LAs and schools have seen a drastic decrease in SEND provision, a rise in exclusion rates and over 8,500 children and young people with SEND having no access to schooling at all.¹ Waiting times for assessments and diagnoses have increased exponentially, leaving more pupils needing additional support in school but without any additional funding.
- Responding to the cuts to SEND provision the School Cuts Coalition and 39 LAs wrote an open letter to the DfE in June 2018. This initial action prompted widespread publicising of the crisis in SEND in schools, with the School Cuts coalition group working with governors, teachers and parents to highlight the scale of the

problem. Pressure from these different stakeholders working together has delivered some important victories.

- In October 2018, a well-attended march saw activists deliver a petition signed by more than 34,000 people demanding an increase in LA and school funding for children and young people with SEND. As a result of this united action, the then Children and Families Minister Nadhim Zahawi wrote to the NEU and School Cuts to announce an additional £250 million of high needs funding, and an additional £100 million of capital funding for LAs for specialist provision and improved facilities.
- Despite this fantastic win, even the DfE acknowledged that this extra funding was a “partial response” and “more needs to be done.”²
- The National Audit Office subsequently launched an investigation into the effectiveness of current funding and support for children and young people with SEND. The recently released report vindicates those who have been highlighting the SEND funding crisis, finding that the SEND system is “not financially sustainable” on current trends and that “many local authorities are failing to live within their high-needs budgets and meet the demand for support”
- The NEU continues to work with stakeholders in the ongoing SEND funding campaign, including grassroots and parent-led campaigns such as SEND National Crisis. The NEU supported SEND National Crisis’ widely publicised national action

in May 2019, when simultaneous demos across 28 areas were staged to call for more investment in SEND provision, coupled with a petition with over 14,000 signatures being delivered to 10 Downing Street.

- In June 2019 a group of three families, supported by the parent-led campaign group SEND Action, took the Secretary of State for Education and the Chancellor of the Exchequer to court over failing to provide adequate provision for their children’s additional needs, as specified in the Education Health and Care Plans (EHCPs). The action rested on the fact that these children are legally entitled to a certain level of SEND provision as specified in their EHCPs, which the local authority is obliged to provide and fund. As a result of central government cuts to LA funding, the local authorities had been unable to provide this support and were therefore in breach of their statutory duties. This court case argued that as central government are responsible for providing enough funding to LAs to ensure they can carry out their duty of care, responsibility ultimately lies with central government (specifically, the Secretary of State for Education and Lord Chancellor). Although the Court did not find in favour of the campaigners, the NEU will continue to stand in solidarity with SEND Action and fight to ensure that all children with SEND have access to the provision they deserve.

² neu.org.uk/sites/default/files/2019-04/Letter%20to%20NEU%20.pdf

Maintained nursery schools (MNS)

There are 392 MNS schools in England, educating around 40,000 children. Sixty-four per cent of MNS are in the 30 per cent most deprived areas of England, and because of the quality of education they offer, they help close the gap between disadvantaged children and their peers.

MNS have higher fixed costs than private settings in the sector because they have to employ graduate level staff. They deliver high quality (all 392 MNS are rated good or outstanding) focused early years education. They are required to meet the standards and regulations for schools as well as for early years provision. Their proven value is such that instead of closing nursery schools, we should be investing in them.

MNS deliver more than just childcare. They provide valuable training placements, boosting skills in the early years sector as a whole; they work closely with health and social care to meet the needs of vulnerable children and families; they offer integral family support within the nursery school and support many children in need who are increasingly not picked up by other hard-pressed services. If nursery schools close, the cost of looking after children in need will fall upon other services. It is also widely acknowledged that access to high quality early education, as provided by MNS, makes a substantial, positive difference to a child’s start in life and future educational achievement.

Maintained nurseries have a unique pool of expertise in supporting children with SEND, both in taking children whom other settings do not have the resources or expertise to support and in helping local settings to build their expertise and successfully support more children with SEND. There are currently 392 MNS in England with more than 40,980 children enrolled, of which 13.8 per cent have SEND. Only 6.3 per cent of three- and four-year-olds in the general population have SEND, so MNS have over twice as many children with SEND than the national average.

One third of MNS in England have closed since 1980. As a result of continued chronic underfunding, many more face imminent closure unless the government changes course. The government’s reluctance to properly funding MNS is an existential threat to these establishments. Supplementary funding arrangements expire after 2020 and there is no guarantee of funding beyond that. The government must keep to its commitment that maintained nursery schools’ funding should remain constant relative to 2016-17, without which we will see staffing reductions, loss of qualified staff, further changes to provision and in some cases closure.

How does SEND funding work in post-16 education?

- For funding purposes, a high needs student is defined as:
 - A young person aged 16-18 who requires additional support costing over £6,000; and
 - Any young person aged 19-25 subject to a Learning Difficulty Assessment (LDA) or, from September 2014, an EHCP who requires additional support costing over £6,000.
- Students with support costs of less than £6,000 will be funded through the **disadvantage pot** within an institution's 16-19 funding allocation.
- High needs funding for 16- to 25-year-olds consists of placement funding and top up funding. In all instances, **top up funding has to be agreed by the local authority** with an institution, and a contract must be in place between the two parties. If the local authority does not agree to pay top up funding for a student, then they are not counted as high needs for funding purposes. Providers **must not charge fees** for those aged 19-25 with LDAs or EHC plans.
- **For high needs students over the age of 25**, the Skills Funding Agency (SFA) assumes the responsibility for commissioning and contracting provision. However, EHC plans can be extended until the end of the academic year in which a young person turns 25 (the local authority's decision) in which case they remain within the remit of the EFA.³

Post-16 education faces additional pressures as further education (FE) does not have access to Pupil Premium funding available to schools, therefore the 'disadvantage pot' has to cover a variety of social and learning needs.

As there is no data collected at LA level for such students in FE, HE or adult social care outcomes, it is impossible to see the proportions of or make comparisons between learner need as they move from sector to sector.⁴

Data that is available suggests that FE has around one million SEND learners with around 25 per cent of those in apprenticeships.⁵

To tackle the chronic funding shortfalls post-16 education is enduring, the NEU recommends:

- Post-16 is included in data intelligence gathering at LA level.
- The Pupil Premium is extended to post-16 colleges.
- That cuts to the sector are reversed and adequate funding is given to the sector for the high needs of its learners.
- That staff pay is increased to attract specialists in SEND, student support and teaching.
- That the base rate of funding is increased across the piece to reverse the car crash that the austerity programme is delivering around social care, learner need and education.

Teacher pay rise

In July 2019 the Government finally announced the school teacher pay rise for September 2019.

The teacher pay rise for NQTs amounts to 23 per cent over three years or 7.2 per cent a year. To determine the cost of this, we have made some assumptions:

- Teachers on the Upper Pay Range and the Leadership Pay Range will receive 3 per cent a year.
- Teachers on M6 will receive 3 per cent a year.
- Teachers on M2 to M5 will receive a tapered increase which will narrow differentials.

These aren't the pay rises we think are necessary, which would be higher. But it would not be credible to increase starting pay by 7.2% per annum without at least 3% on upper and leadership spines. These are therefore, in our view, minimum pay rises. They lead to conservative estimates of the number of schools that will continue to face financial difficulties. We look forward to seeing the Government's assessment of how much schools can afford to increase teacher pay in the Secretary of State's remit letter to the School Teachers Review Body.

| Year | Annual pay rise | Cumulative pay rise |
|------|-----------------|---------------------|
| M1 | 7.2% | 23% |
| M2 | 6.3% | 20% |
| M3 | 5.5% | 17% |
| M4 | 4.7% | 14% |
| M5 | 3.9% | 12% |
| M6 | 3.0% | 9% |

This gives the following average awards:

| Pay range | Annual pay rise | Cumulative pay rise | Share of total pay |
|-----------|-----------------|---------------------|--------------------|
| MPR | 5.1% | 16.1% | 32% |
| UPR | 3.0% | 9.3% | 45% |
| LPR | 3.0% | 9.3% | 23% |
| Average | 3.7% | 11.5% | |
| Cost | £0.88bn | £2.67bn | |

³ neu.org.uk/media/7021

⁴ assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/804374/Special_educational_needs_May_19.pdf

⁵ See FE and Skills participation by learning difficulty or disability, and level or age (2015 to 2016 academic year, to 2017 to 2018 academic year) at: gov.uk/government/statistical-data-sets/fe-data-library-further-education-and-skills

Section B: What some governors have already done

Together for Education

On 22 June, governors joined parents, councillors and education professional at a mass rally in London to talk about the future of the education funding campaign.

This included an excellent contribution from Emma Knights OBE, chief executive of the National Governance Association (NGA), about the work of governors campaigning around education funding, including the lobby of parliament in February 2019.

Governors have played a prominent role in many NEU and School Cuts led initiatives, including the 2019 LGA Conference and the Together For Education rally.



Section C: Actions you and other governors can take

As part of the School Cuts campaign, the NEU aims to ensure that school funding is kept in the public eye and the Government is forced to act on the concerns of staff, governors and parents. All data regarding cuts to your local area are available via: bit.ly/school_cuts_data

We encourage you to undertake as many of the following as a next step to highlight this crucial issue:

- 1 Get in contact with other governors who are against the school cuts via governors@neu.org.uk
- 2 Join the NEU Governors' Network via neu.org.uk/governors and encourage other governors you know locally to join too.
- 3 Through your local governors' network (formal or informal) write a collective letter on behalf of different governing bodies to Gavin Williamson, Secretary of State for Education, encouraging him to lobby the Treasury on behalf of schools in your local area (example letter is available in Appendix 1). Copy in your local MPs and councillors.
- 4 If you sit on your local Schools Forum, raise the issue of funding and ask what the local authority is doing to highlight it at a national level.
- 5 Raise school funding with your local MP. Plan a lobby to visit your MP with governors from various schools.
- 6 Along with other governors keep a record of how funding cuts are impacting local schools.

Section D:

Appendix 1

Example letter to Secretary of State for Education, Gavin Williamson

The Rt Hon Gavin Williamson MP
Secretary of State for Education
Department for Education
Sanctuary Buildings
20 Great Smith Street
London
SW1P 3BT

Dear Secretary of State,

We are writing as governors of **[INSERT NAME OF SCHOOLS]** in **[LA area]** to express our deep concern about school funding. Schools in our local authority area have lost out on **FIGURE FROM SCHOOL CUTS SITE** because of the Government's real terms cuts to per pupil funding since 2015.

As governors, we are at the frontline of these cuts and are acutely aware of the impacts on our schools. These include:

EXAMPLES OF SAVINGS OR CUTS YOUR SCHOOL(S) HAVE HAD TO MAKE AND THE IMPACT ON PUPILS AND STAFF. The National Education Union, F40 group of local authorities and NAHT have calculated that we need an extra £5.2 billion per year by 2023/24 to reverse the impact of the cuts.

I am asking that you meet with me and other governors to discuss the urgent and pressing need for more funding for our schools, and how the DfE intends to secure the national figure schools across the country so desperately need.

We look forward to your reply.

Yours sincerely,

LIST OF GOVENING BODIES

Appendix 2

Glossary of terms

Academy trust – a school under the control of an independent trust or charity. Academy trusts vary in size and can consist of a single school, whilst the largest national trust includes over 60. Academies receive their funding from the Education Funding Agency.

DSG (Dedicated School Grant) – funding allocated to local authorities to be distributed to maintained schools in their area. The DSG also funds centralised services for local schools and academies.

Education Funding Agency – this body allocates funding directly to individual academy trusts to be distributed to their schools. This money bypasses the local authority which has led to increased financial pressures, as the LA is still obliged to provide certain services to all educational institutions within its constituency but receives less money via the DSG to do so.

Education Health and Care Plan (EHCP) – a legal document which establishes what additional support a child or young person with severe SEND is entitled to in order to fully access education. EHCPs replaced statements a number of years ago and cover a person from birth until the age of 25. However, the additional funding LAs have received to implement EHCPs has not proved adequate to cover the extended entitlement an EHCP provides, nor the complexity of need required for many young people living with SEND after the age of 18.

Maintained school – a school under the control of the local authority. Maintained schools have their budgets allocated to them by the LA via the DSG.

Pupil Premium – a grant provided by government to schools for children from lower

income families or subject to family upheaval, for instance by having a parent in the armed forces.

Pupil Referral Unit (PRU) – a specialist unit catering for children and young people who have not been able to remain within mainstream education, usually for reasons relating to SEND.

PVI – Private, Voluntary and Maintained nurse provider. PVIs usually charge a fee to parents and carers for their services.

Schools Forum – made up of head teachers and Governors from local schools and academies, the Schools Forum consults and decides on key educational funding issues within the constituency. Whilst the Schools Forum can rule on key areas of school funding, for example approving or halting proposals from the LA to transfer money between the different DSG blocks, the LA can appeal to the Secretary of State for Education have these decisions overturned. Councillors can request to attend School Forums as observers if they wish.

SEND – Special Educational Needs and Disabilities. SEND can range from mild learning difficulties to severe and complex disabilities. Every child or young person with SEND should have their needs assessed and catered for on an individual basis.

Special school – a school providing specialist education and care for children and young people with severe learning needs. Funding for children in special school settings is very expensive. There has been a significant increase in the number of children taking up places at special schools since 2013.

Notes

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NEU Governors Network

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National Education Union
Hamilton House
Mabledon Place
London
WC1H 9BD

www.neu.org.uk