

Cynulliad Cenedlaethol Cymru | National Assembly for Wales

Y Pwyllgor Plant, Pobl Ifanc ac Addysg | Children, Young People and Education Committee

Cyllido Ysgolion yng Nghymru | School Funding in Wales

SF 31

Ymateb gan: Cymdeithas Genedlaethol y Prifathrawon

Response from: National Association of Headteachers (NAHT)

**NAHT welcomes the opportunity to submit evidence to the Children, Young People and Education committee.**

**NAHT represents more than 29,000 school leaders in early years, primary, secondary and special schools, making us the largest association for school leaders in the UK.**

**We represent, advise and train school leaders in Wales, England and Northern Ireland. We use our voice at the highest levels of government to influence policy for the benefit of leaders and learners everywhere.**

**Our new section, NAHT Edge, supports, develops and represents middle leaders in schools.**

The invitation to submit evidence to the National Assembly for Wales' Children, Young People and Education Committee for the inquiry concerning **School Funding** is very welcome, as is the focus upon:

- **the sufficiency of school funding in Wales; and**
- **the way school budgets are determined and allocated.**

The inquiry will focus specifically on:

**The sufficiency of provision for school budgets, in the context of other public service budgets and available resources.**

1. NAHT Cymru has previously called for a national audit / review of school budgets in Wales in order to clarify the sufficiency of school finances to meet the growing needs of all pupils.
2. In the current long-term and unprecedented large-scale period of educational reform in Wales, such a national audit is also necessary in order to adequately assess the financial capability of schools to successfully implement Welsh Government educational reforms. This is particularly pertinent given the history of well-intentioned, inadequately implemented policy within the Welsh education system of the past.
3. In terms of the scale of pupil needs, there is little sign that these are reducing, in fact, in terms of areas such as deprivation, Additional Learning

Needs and Mental Health and Wellbeing, evidence suggests that the demand is growing and outstripping available resources.

4. In reflecting upon the sufficiency of provision for school budgets in Wales, analysis of Welsh Government Main Expenditure Groups (MEG), via their own publicly available supplementary budget figures and draft budget figures, is relevant.
5. During the Welsh Government Draft Budget 2018-19 outline proposals process, the then Cabinet Secretary for Finance and Local Government, Mark Drakeford AM, stated,
 

*'I am setting this draft Budget against one of the longest periods of sustained austerity in living memory. The UK Government has consistently and persistently cut funding for public services as it has sought to reduce the deficit.*

*This has had a very real impact on our budget, which by the end of this decade will have fallen by 7% in real terms, compared to 2010-11. This means that we will have £1.2bn less to spend on vital public services. If spending on public services had at least kept pace with growth in GDP since 2010-11, the Welsh Government would have had an extra £4.5bn to spend in 2019-20.*

*Instead we are still facing the very real prospect of further spending cuts to come from the UK Government - £3.5bn of cuts to public spending are planned for 2019-20, which if they all fall in devolved areas, could mean up to £175m of further cuts to the Welsh budget.'* His statement clearly recognises the pressures upon public spending.
6. Figures show that the Education MEG budget in 2013-14 was approximately £2,170,491,000 and was subsequently approximately £2,101,219,000 in 2017-18 – circa a 3% reduction.
7. In the years in between 2013-14 and 2017-18, the Education MEG initially fell, then remained relatively steady in cash terms and then gradually increased back towards the 2013-14 figure by 2017-18.
8. In 2018-19, the Education MEG was £2,416,879,000 – this total included additional resource for projects such as a boost to the existing 21<sup>st</sup> Century Schools Building programme, a new schools as community hubs pilot and the 'Cymraeg 2050 - A million Welsh speakers' commitment made by Welsh Government
9. The figures show that for Local Government, over that same period, the MEG was at £4,728,084,000 in 2013-14 and at £4,254,156,000 in 2017-18 – approximately 10% less.
10. In 2018-19, the Local Government MEG is £5,405,117,000.
11. The figures show that for the Health and Social Services MEG over the same timeline, the totals were as follows – 2013-14 £6,382,118,000, 2017-18 £7,526,011,000 and 2018-19 £7,795,872,000.
12. In fact, every year since 2013-14, the figures for Health and Social Services have increased, albeit at varying rates, presumably in recognition of increasing demand upon the system.

13. The above is especially significant as schools are reporting difficulties in accessing resource to implement the type of growing support for pupils that could legitimately be expected to come from other sectors, particularly health. Some schools have had to use their own budgets to put this support in place for pupils. This is particularly prevalent in the special school sector, although mainstream are having to pay more particularly to support mental health and wellbeing.
14. It is also worth noting that between 2013-14 and 2017-18 overall pupil numbers have slightly increased by 0.4% and within that pupil total, figures for those with Additional Learning Needs have also remained fairly steady with a slight increase of 0.3% from 105,303 in 2013-14 to 105,625 in 2017-18
15. The overall level of reserves held by schools in Wales was £50 million at 31 March 2018. The overall level of reserves increased by 10% compared with the previous year. Reserves in primary schools accounted for £49 million or 97% of the total reserves. However, this followed a 28% drop the previous year.
16. The increase in overall reserves is driven by primary schools where reserves increased in the latest year. Reserves in secondary schools decreased, as they have done in recent years, and are now in deficit (by £2.4 million) for the first time since the series began.
17. Since the economic downturn and the introduction of austerity measures there has been an increasing number of schools with negative or lower level of reserves and a decline in the number of schools with reserves over 10% of expenditure.
18. 146 primary, 79 secondary, 8 special, 1 nursery and 7 middle schools in Wales had negative reserves totalling £25 million. The remaining 1,328 schools had positive reserves, 171 of which had reserves in excess of 10% of their total delegated expenditure.
19. One of the challenges facing primary schools in particular is their relatively small economies of scale i.e. the ability to absorb potential shortfalls in funding are significantly reduced.
20. In addition, many schools with reserves have generated income throughout the year, via use of premises, school leaders taking additional regional strategic roles (Challenge Adviser, NQT support etc) in order to offset budget shortfall in core funds. Therefore, it would be inaccurate to describe such reserves as underspends.
21. Finally, with uncertainty in terms of future school budget levels, prudent financial management would dictate some degree of caution.
22. It is, therefore, NAHT Cymru's assertion, that Education funding within Welsh Government has not been afforded the same protection / ongoing review as other areas such as health. When one considers that Local Authority funding has also been cut over the same period, it is clear school funding has been negatively affected both directly and indirectly. This is despite the evidence clearly illustrating that pupil support needs have risen over the same period.

**The extent to which the level of provision for school budgets complements or inhibits delivery of the Welsh Government's policy objectives.**

23. Welsh Government have set an agenda for “ambitious learning” in Wales which now requires a more profession-led use of pedagogy and adaptive teaching.
24. This approach has been broadly welcomed by the profession because it is widely recognized that there are benefits in, for example, making provision for increasingly reflective learners and making use of authentic learning contexts to build skill capacity. However, whilst this type of progressive teaching for learning builds capacity for Wales to compete with international standards, it cannot be seen as a ‘cheap’ option – it requires investment and appropriate resourcing at a time when class numbers are rising and the amount available for capital expenditure is not.
25. The ‘New Deal for the Education Workforce’ announced by the previous Minister for Education, Huw Lewis AM, sought to offer all practitioners, support staff, teachers, leaders and FE Lecturers in Wales an entitlement to access world class professional learning opportunities to develop their practice through their career. The New Deal was intended to support practitioners to develop their practice in the most effective ways to improve outcomes for their learners. The introduction of this professional learning model was supposed to include the following characteristics:
  - Coaching and mentoring
  - Reflective practice
  - Effective collaboration
  - Effective use of data and research evidence
  - A range of high quality online professional learning material
26. In reality, the ability of schools to meet the commitment required to deliver the above staff entitlement was inextricably linked to their available resource for training. The limited available funding left for schools, once they had committed to their statutory obligations, meant that the New Deal was unlikely to be successful in this original form
27. Clearly, the knock-on effect for wider reforms, such as the new curriculum, are significant and this is why NAHT Cymru welcomed the additional funding recently announced by the Cabinet Secretary for Education, Kirsty Williams AM to deliver the ‘National Approach to Professional Learning’ (NAPL) as it was an acknowledgement that current and previous funding levels had been inadequate in order to deliver a previously unfunded commitment to professional learning.
28. The fact that the (NAPL) funding has been ring-fenced specifically for professional learning purposes suggests that Welsh Government are fearful it might simply be absorbed into other funding pressures – either at Local Authority level or at individual school level – an acknowledgement that school budgeting is either under pressure or not transparent or both.
29. The new Additional Learning Needs and Education Tribunal (ALNET) (Wales) Act 2018 has brought in a number of significant changes and the principles

behind the Act, including child-centred planning and a single Individual Development Plan, appear to make sense. However, the financial implications for schools have been seriously misunderstood and underestimated by policy makers.

30. For example, following on from analysis undertaken by our school leaders, the full process of producing an Individual Development Plan (IDP) for a child (including meetings and paperwork) should, on average, take approximately 3 hours per plan. For a small school of 100 pupils, with the national average of about 23 children on the ALN register, the amount of non-teaching time required to simply complete the IDP paperwork will take at least 14 working days per year (ignoring the possibility that the IDP could be updated more frequently according to pupil need). In the many small primary schools, the ALNCo will have at least a part-time teaching commitment, therefore, the 14 days will need to be covered largely through supply-cover release, which is an additional significant cost to the school. The £20 million announced to support the reform does not include the time needed for person centred planning and IDP writing. Given the time we have outlined above and that there are circa 130,000 learners in Wales (Stats Wales figures) with an ALN that requires school action, school action plus or statementing then we estimate a cost of circa £10million to fulfil the obligations for the act at school level (not including any conflict resolution).
31. In its recently published review of Information and Communication Technology, 'Delivering Digital', Qualifications Wales stated that most schools faced serious challenges in updating both hardware and software. *'Some told us that limited financial resources were a primary reason for using outdated hardware and software..... this was identified as a significant barrier to the successful teaching and assessment of ICT qualifications.'* Pupils also cited the outdated resources as a reason why they did not engage so effectively with the subject and why the subject appeared so detached from the modern world of ICT beyond the school gates.
32. The Welsh Government's 'Cymraeg 2050: A million Welsh speakers - Action plan 2018-19' sets ambitious targets for the education sector. The success of achieving the action plan objectives rests upon the ability of schools, in both the Welsh-medium sector and the English-medium sector, to fully engage with the steps required to meet the overall objectives. School leaders are committed to trying to deliver the objectives but there is a tension being created through lack of resource. It is unhelpful that LA WESPs are uncoded at present.
33. Looking at Objective 3.2 from the above Action Plan, for example - *'Develop one continuum of teaching and learning Welsh to be introduced as part of the new curriculum in all schools in Wales and ensure that assessment and examination of Welsh skills and knowledge are inextricably linked to teaching and learning'* - it is clear that this has implications for all schools in Wales.

34. The challenge facing many schools, particularly in the English-medium sector, is in securing the level of Welsh-language expertise and competence within their staffing to be able to deliver the above objective whilst at the current time having to prioritise basic staffing provision against a backdrop of reducing core budget i.e. – enough staff to deliver the whole curriculum to all pupils in classes of acceptable size.
35. Developing and supporting good mental health and wellbeing is also acknowledged by Welsh Government as an important policy issue for schools. However, with the challenges faced by increasing numbers of families as a result of current public sector pressures this frequently means that schools are the place where significant issues concerning mental health first become apparent. Schools know that children and young people cannot learn as effectively if they have poor levels of mental health and wellbeing, however, the ability of schools to meet this growing need can be seriously inhibited by lack of funding. Without appropriate training and resources, many schools will find themselves ill-equipped to support their pupils effectively and the cost in both human terms and ultimately to the Welsh Government, when addressing issues further down the line, are significant.
36. NAHT Cymru believe it is clear, therefore, that any policy that reforms education practice in schools, must be properly resourced. In addition, unless new policy fully replaces existing policy and it can be proven that a reconfiguring of existing budgets is all that is required to deliver it, ‘new’ funding is essential and must be provided at the outset and ongoing.

### **The relationship, balance and transparency between various sources of schools’ funding, including core budgets and hypothecated funding**

37. NAHT Cymru school leader members have told us in increasing numbers and with an ever-growing frustration that the core budgets in their schools are becoming more inadequate in order to maintain or continue to raise standards. For many schools the critical role of both the Education Improvement Grant (EIG) and the PDG in recent years has been to mitigate against the disproportionate negative effect upon the most vulnerable pupils that their reducing core school budgets create.
38. The Education Improvement Grant (EIG), established in April 2015, aimed to provide financial assistance to schools, local authorities and regional education consortia to improve educational outcomes for all learners.
39. However, it should be noted that when the EIG (an amalgamation of 11 previous grants) was first introduced this represented a 10% cut on the overall level of the aggregation of the previous 11 grant funding streams. In 2016/2017 there was a further 5% cut followed by a 0.62% cut in 2017/2018. It is clear that the overall EIG has shrunk over time and the flexibility in the school-level use of the grants, provided by Welsh Government at the time, appeared to be a response to an expected pressure on wider budgets.

40. In reality, many schools have had to utilise their EIG provision in its entirety (often in addition to greater proportions of their core budgets) simply to sustain adequate staffing levels. The Foundation Phase principles, in relation to the initially recommended staffing ratios for example, have been seriously diluted over recent years due to falling funding.
41. In our evidence to the CYPE committee during the previous inquiry into 'Targeted Funding to Improve Educational Outcomes' we cited the published 'Evaluation of the Pupil Deprivation Grant - Final report - December 2017' undertaken by Ipsos MORI, WISERD and the Administrative Data Research Centre - Wales on behalf of Welsh Government. The report indicated that pooling of resource was a fairly common feature - *'as a part of the full suite of funding provided to schools the impact of the PDG is reliant on the existence of other funding streams with similar or complementary aims.....evidence shows that schools top up the funding used to run PDG activities from their own budgets and/or other funding streams by substantial amounts'*.
42. This suggests that where schools have to undertake cuts to their core budgets, the impact can also be felt within the provision provided via the use of additional grants too - often badly affecting our most vulnerable children and young people.
43. In response to the NAHT Cymru school funding campaign, the Cabinet Secretary for Education stated that the *'Welsh Government fully supports fair funding for schools and we have a long-standing commitment to schools with successive efforts to prioritise funding and protect schools from the level of challenge experienced by public services across the UK.'*
44. However, the response goes on to state that Local Authorities are responsible for schools funding in Wales and they have a duty to ensure suitable educational provision is available for all learners. This begs the question as to how the Welsh Government can ensure it remains committed to 'fair-funding' when responsibility to allocate actual funding sits with 22 different Local Authorities with 22 different funding formulae and little evidence of consistency in terms of criteria used or delegation rates. Clearly, there is additional funding added to the Local Authority education pot, which is generated by rates of council tax income, and these also vary significantly across Wales.
45. Therefore, whilst the Welsh Government provides additional significant levels of grant funding for schools, the vast majority of the funding provided for schools is directed to Local Government through the Local Government Settlement.
46. There is also the added layer of the Regional Consortia in Wales. They oversee the school improvement role on behalf of Local Authorities, but they also take the lead in distributing both the EIG and PDG.
47. Currently, school leaders are expressing an increasing lack of belief in the benefits of the middle tier, in general, questioning whether it can drive genuine improvements at school-level and, as a result, confidence in the middle tier is at an all-time low.

48. The perception of school leaders is that the middle tier lacks the same levels of accountability, particularly in terms of delivery (value for money), that is expected of schools.
49. The question must be asked whether a country with a population similar to that of Greater Manchester requires, or can financially sustain, three layers of governance?
50. There appears to be a degree of uncertainty on behalf of schools as to how the grants are used in their entirety within each Regional Consortium, particularly in terms of the EIG.
51. The Welsh Government state that close to 100% of the Pupil Development Grant and more than 80% of the Education Improvement Grant is delegated to schools. However, just as schools are required to show evidence that their grant spending is making a demonstrable impact upon the achievement of children and young people, demands for evidence should be stronger for Regional Consortia to justify retaining any of the EIG or PDG centrally. How this retained grant money is spent by the Regional Consortia should be transparently published on an annual basis and measured by outcome impact upon pupils.
52. It is generally accepted that there are budget pressures facing schools in Wales, however, it is also worth noting that the middle tier is particularly congested – and that each organisation requires funding to exist.
53. In Wales, the educational middle tier includes the Regional Consortia, Local Authorities, Estyn, Education Workforce Council, Qualifications Wales, Diocesan Authorities and others.
54. This congestion lends further weight to NAHT Cymru’s call for a comprehensive review of education spending in Wales, particularly when the child-facing settings that are supposed to be supported by the above organisations – the schools themselves – are struggling to provide the provision our children and young people need and deserve. It would be useful to understand the full extent and level of funding resource being absorbed by the middle tier in Wales.

### **The local government funding formula and the weighting given to education and school budgets specifically within the Local Government Settlement**

55. Within the Welsh Local Government Revenue Settlement 2018-2019 – ‘Green Book’ it states, that, *‘The data used to calculate the distribution of Standard Spending Assessments (SSA) across the service areas are collected from various sources, mostly on an annual basis. The exceptions are the settlement and dispersion data, which are based on the 1991 and 2001 Censuses and selected indicators derived from the 2001 and 2011 Censuses.’*
56. Thus, it appears that the Welsh Government formula uses 1991 census data to drive the distribution of sparsity funding and a special education formula based on numbers of pupils eligible for free school meals, which appears to have remained unchanged since 2003.



57. Elements used to calculate the funding distribution to Local Authorities, as outlined in the 'Green Book', therefore, appear to run contrary to the commitment made by Welsh Government to regularly review the mechanism. In three years' time, for example, the sparsity data will be 30 years out of date. Irrespective of the potentially small variations in such data year-on-year, it would appear more transparent, and be increasingly accurate, if such figures were the latest available for each year.
58. It should also be noted that elements such as sparsity are included in the 'Green Book' calculations and are also funded again through grants. This partly explains the disproportionate differentials between rural and urban funding levels.
59. In addition, it should be noted that, the total of £4.214 billion of un-hypothecated funding through the Aggregate External Finance (AEF) for 2018-19 was a 1.3% decrease in real terms from the 2017-18 figure. With increasing costs impacting upon schools for inflation affected areas such as energy and water, as well as the increasing costs deferred to schools via more expensive Service Level Agreements from Local Authorities, the overall effect upon school budgets is clearly negative.
60. In terms of the weighting given to education within the Local Government Settlement, it is relatively unclear, and the fact is that actual spending levels vary between Local Authorities.
61. This lack of clarity is exacerbated by the hugely differing relationships between individual Local Authorities and their respective Regional Consortia, how they were set up and structured and their governance arrangements appear very inconsistent.
62. The school services and other education elements appear to be the greatest proportion of each Local Authority spend, but not all reach their Indicator Based Assessments (IBAs) and as they are not set as targets there appears little incentive for IBAs to be met by Local Authorities.
63. Other than the per capita spending on school services in the 'Green Book', which show variations of approximately £100 or more, it is difficult to gauge exactly the weighting given to education and school budgets specifically within the overall Local Government Settlement
64. By factoring in that delegation rates to schools also vary hugely across the Local Authorities, the picture becomes increasingly difficult to compare. For example, the funding delegated to schools is budgeted to be £2,160 million. The amount of funding that local authorities delegate directly to schools ranges between 75% and 90% of overall gross school budgeted expenditure.
65. NAHT Cymru believe that the local government funding formula must utilise the most up to date data every year and the weighting given to education and school budgets specifically within the Local Government Settlement should be needs led and not set on the basis of the overall total available. It is also pointless creating IBAs if Local Authorities choose not to at least meet them.

**Welsh Government oversight of how Local Authorities set individual schools' budgets including, for example, the weighting given to factors such as age profile of pupils, deprivation, language of provision, number of pupils with Additional Learning Needs and pre-compulsory age provision**

66.The gross spending (Council spend) per pupil in Wales is published as follows:

Council	Amount spent per pupil (2018-19)
Vale of Glam	£5,107
Newport	£5,232
Bridgend	£5,306
Flintshire	£5,401
Wrexham	£5,499
Swansea	£5,506
Monmouthshire	£5,552
Carmarthenshire	£5,573
Caerphilly	£5,660
Torfaen	£5,687
Cardiff	£5,724
RCT	£5,731
Pembrokeshire	£5,768
Neath Port Talbot	£5,772
Anglesey	£5,801
Merthyr	£5,830
Conwy	£5,956
Denbighshire	£6,041
Gwynedd	£6,081
Ceredigion	£6,249
Blaenau Gwent	£6,355
Powys	£6,456

However, gross figures are not necessarily useful when scrutinising school budgets.

67.NAHT Cymru gathered a number of pieces of information via surveys, research and freedom of information requests, one line of inquiry focused upon more specific Age-Weighted Pupil Unit (AWPU) figures.

68.In focusing upon the AWPU figures at Local Authority level, NAHT Cymru gathered figures for the four years 2013-14 up until 2016-17. The figures show that the variation between the lowest Local Authority AWPU and the highest in 2016-17 were as follows - for Year 2 pupils there was a £956 difference (£2812 was the highest, £1856 the lowest), for Year 6 it was £904 and Year 11 it was £1181.

69. The various AWPU figures across all age ranges vary year-on-year – essentially, it appears that Local Authorities have to calculate the AWPU simply based upon how much in total, they have to allocate to school budgets, once various other criteria have been included.

70. For example, one Local Authority responded by stating the AWPU value includes the following in their calculations:

- Salary Costs (i.e. Teaching Staff, Supply Cover, Nursery Nurses, Midday Supervisors etc.);
- General Allowance & Exam Fees;
- Premises (i.e. Water, Refuse etc.);
- Various Service Level Agreements (i.e. Catering, Building Maintenance etc.);
- Teacher Recruitment & Advertising;
- Music Tuition;
- Sickness Compensation Scheme;

48. Another Local Authority simply told us that, *'The AWPU is calculated by dividing the funding available by the number of pupils'* whilst a third included the following in their calculations:

- Pupil Teacher Ratio (PTR)
- Supply Cover
- Pupil Number Allocation
- Furniture, Equipment and Materials Allocation
- Examination Expenses

71. Therefore, it is clear that there is no consistency across Wales and the current system produces a picture that is inequitable and not transparent. This means that the monitoring role of Welsh Government is made unnecessarily complex.

72. It should also be noted that, in previous evidence to the committee, NAHT Cymru showed that data used to identify deprivation is far from perfect. School leaders become frustrated when key pupils from disadvantaged backgrounds unfairly miss out simply if they do not take up FSM even if they might be eligible. However, when disadvantage is identified, it is often addressed in multiple ways for the same pupil due to the way money is delegated to schools (e.g. an element through delegated core budget, a second element through PDG and a third element through ALN budgets). Is this the fairest and most effective way of addressing additional risks for pupils created by deprivation?

73. Local level leadership should allow allocation of resources where they are most needed, however, there needs to be consistency in the criteria that is used for calculating the Local Authority formula for distributing to schools in order to provide clarity, increased equity and transparency. This is desirable for schools, for parents (knowing that their child has a fair share of funding) and the wider public as well as to enable more robust monitoring by Welsh Government.

**Progress and developments since previous Assembly Committees' reviews (for example those of the Enterprise and Learning Committee in the Third Assembly)**

74. The Education Minister, Jane Hutt AM's, response to the Enterprise and Learning Committee in the Third Assembly contains a number of specific answers to recommendations. It is worth reflecting upon a number of them.
75. The first recommendation of the committee was, *'...that the Welsh Government should review school funding mechanisms to reduce obscurity, complexity and disparity within the current system, to improve its responsiveness to current and future need, and to focus on desired outcomes. We also recommend that new approaches to funding distribution should be subject to robust scrutiny and a timetable for implementation published so that progress can be monitored'*
76. The response is deeply unsatisfactory in stating that the then Welsh Assembly Government was not prepared to undertake a fundamental review of funding mechanisms as it was deemed unnecessary. Given the growing complexities in the bureaucratic layers within the Welsh education system (including the more recent establishment of the Regional Consortia) and the growing pressures on the public purse, such a response now would be indefensible.
77. The Minister goes on to state that regulations were clear and consistent and ensured that all local authorities took account of important drivers like pupil numbers or deprivation and sparsity, for example. However, we have found evidence to suggest that the data driving some of the funding allocations are out of date.
78. The report also refers to commitment from the Welsh Government to reducing the bureaucracy of administering grants, but school leaders tell us that for many grants, Regional Consortia often demand excessive paperwork for delivery in schools.
79. Another recommendation stated, *'We recommend that the Welsh Government should improve the transparency, comparability and consistency of published information on school funding in Wales, both on the funding distributed to local authorities and in turn to schools; also the requirements for reporting on education expenditure'* Unfortunately, in allowing Local Authorities to continue diverging in terms of their individual funding formulae, together with the role of the Regional Consortia, particularly in allocating grants such as the EIG and PDG, transparency appears to have worsened greatly as has consistency and the ability to adequately compare.
80. The fourth recommendation is very telling as it reflects our current view of the need for a full review of school funding, *'We recommend that the Welsh Government commission an independent review of schools' revenue needs which would form a basis for agreement between the Welsh Government and local authorities on a recommended minimum funding requirement in respect of local authorities' education spend..'* The

response is wholly unacceptable – in refusing to accept an independent review, the Minister suggests that such an approach would cut across local democratic responsibilities. However, by dismissing the need to establish a minimum level of funding, the assumption is that schools have adequate levels of funding to deliver Welsh Government improvement policies – our evidence suggests that this is simply not the case and in order to ensure all schools can implement current education reform, a minimum level of funding requirement is absolutely essential – hence our call for an independent audit / review.

81. Finally, the tenth recommendation - *'We recommend 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.'* – was accepted, however, once again our evidence suggests that Welsh Government did not learn the lessons of well-intentioned, inadequately funded and poorly implemented policy of the past. Many current reforms are welcomed in principle by the profession, including school leaders, but agreement and consensus does not, in isolation and without adequate resource, implement successful reform.

### **The availability and use of comparisons between education funding and school budgets in Wales and other UK nations.**

82. The 2018 Institute for Fiscal Studies (IFS) report, 'Comparing schools spending per pupil in Wales and England', provided a powerful picture. The report noted:
- Higher levels of school resource / spending can improve later life outcomes;
  - Previous Welsh Government statistics suggest spending per pupil was about £600 lower in Wales than in England in 2009-10. IFS figures suggest it was probably closer to £300
  - Academies programme in England caused previous difficulties in comparing as their figures were missing from Local Authority outturns but these have now been included from 2013-14 onwards
  - Spending per pupil was only about £100 lower in Wales than in England in 2017-18
  - However, both Wales and England per pupil spending has fallen since 2009-10
  - In England, the decrease has occurred more swiftly over the same time period – 8% cut in England, 5% cut in Wales
  - Faster fall in funding influenced by direct allocation of spending to schools in England, reduction in wider Local Authority services and School Sixth Form cuts also being greater (but still severe in Wales) – 25% and 22% respectively

- In simple terms, funding has fallen in both England and Wales but pupil numbers have grown in England but remained fairly static in Wales
83. The IFS report essentially paints a picture of gradual erosion of school funding, under a range of influences, over a significant period of time. Both Wales and England have experienced overall cuts over time, but England has caught up with Wales in recent years – although both appear still to be on a downward trajectory.
84. In terms of Scotland, when looking at their own fair funding principles, the Scottish Government describes a startlingly familiar picture, *'The system for allocating funding to schools is complex, opaque, and varies widely between local authorities. While the local government settlement uses a series of defined methodologies for allocating money to local authorities which take account of a wide number of needs-based factors, there is little transparency over the method of allocating funds from local authorities to education, and then to individual schools. There appears to be substantial variation in how local authorities spend and allocate their education budget, and how they record that spending. Those differences make it difficult for teachers and parents to understand what level of funding their school receives and why, and for local authorities to understand the differences between them and other local authorities. Addressing these issues is important.'*
85. The principle of value for money is also cited by Scottish Government, not as a cost cutting exercise but as a way of maximising the impact of each pound spent to improve the outcomes for all children. This principle should be applied not just to schools, as it is already within Estyn inspections, but also to all middle tier organisations to ensure that their function, activity and spending ultimately deliver the best for children and young people.
86. The principles upon which Scotland wish to base future funding plans should also be noted – the approach is centred around children and young people, is school and teacher-led, focusses on the quality of teaching and learning; supports leadership; and has a relentless focus on improvement. It does not focus upon top down mechanisms to enforce this approach in schools but instead seeks to equip schools themselves with the resources to bring the principles to fruition – *'School funding needs to reflect and support the greater devolution of responsibility to headteachers'*
87. NAHT Cymru believe that the whole sector needs to establish an honest, open dialogue when analysing school budgets in Wales.
88. We need to establish how the true funding picture is affecting children and young people within individual schools in 2018.  
We need:
- an independent review into school funding in order to move forward and establish a sufficiently resourced school system;
  - clear principles of equity for all (irrespective of location)

- a consistent approach to the criteria used in every Local Authority school funding formulae and
- to properly scrutinize the middle tier, the effectiveness of regional working and the affordability of such a structure for Wales given the pressures on budgets
- a commitment to transparency in order to ensure that the shared goals outlined in ambitious reforms can be realised in our schools.

Rob Williams – Policy Director NAHT Cymru  
December 2018

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