

# The true cost of £ducation

An evidence-based assessment of the level of  
funding needed by schools in England

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## SUMMARY

This report looks at how much it costs to educate pupils aged 5-16 in England. School budgets are under great pressure because government funding has failed to keep pace with rising costs. Total school spending per pupil has fallen by 8% in real terms between 2009–10 and 2017–18.<sup>1</sup>

To its credit, the government has undertaken significant work to address historic inequities in the distribution of funding to schools across England through the introduction of a National Funding Formula, albeit that the full implementation of the formula remains incomplete. However, this is quite different from the question of the overall level of funding that is required, and there is limited evidence available to determine what that figure should be.

Robert Halfon, Chair of the House of Commons Education Committee, raised this important question during an evidence session in November 2018. His question: “*How much do schools need?*” produced a number of different responses. This report is intended to provide an evidence-based answer. This is particularly important in the context of the forthcoming government spending review when it is essential that the sector is able to provide a clear and compelling case for a settlement that is sufficient in providing the quality of education that society expects and pupils deserve.

In reaching our conclusions, our starting point has been:

- We look at an education model based on entitlement, where consideration is given to both the children and young people in our schools and the teachers who deliver their education. What we mean by entitlement

is what the pupils and teachers in the state education system are reasonably entitled to expect. For pupils this is factors like maximum basic group sizes and the allocation of teacher time. For teachers this is the expectation of a reasonable workload. We have built these considerations into our modelling.

- Our approach is based on the premise of schools managing resources effectively and utilising a common-sense approach to linking curriculum provision with financial planning.

### Key findings

- Our modelling indicates a shortfall of £5.7 billion in the amount of funding needed by primary and secondary schools in England in 2019/20. The funding allocated through the schools block is about £34.5 billion. Our analysis finds that schools require £40.2 billion.
- Over the next 10 years we find that the total amount of government spending required for the education of pupils aged 5-16 is around £413.7 billion if we expect all pupils to be taught by a qualified teacher 100% of the time.

<sup>1</sup> **2018 annual report on education spending in England**. Institute for Fiscal Studies. 17 September 2018.

# THE TRUE COST OF EDUCATION

## Introduction

In 2019, the government intends to undertake a spending review that will determine the level of investment in education from 2020 onwards. Educational provision isn't a dry accounting exercise. It's about what society expects for its young people and how we give the next generation fulfilling and productive lives; it's about an investment in our collective future.

It is, therefore, time to set the tone for a national conversation about what is expected of our schools and colleges and to match our collective ambition with the resources which are necessary to deliver those goals.

The Department for Education's (DfE) vision is to:

*"Provide world-class education and care that allows every child and young person to reach his or her potential, regardless of background."*<sup>2</sup>

Put another way, it is about equity of opportunity and an education system that gives every child and young person access to the provision they need to succeed.

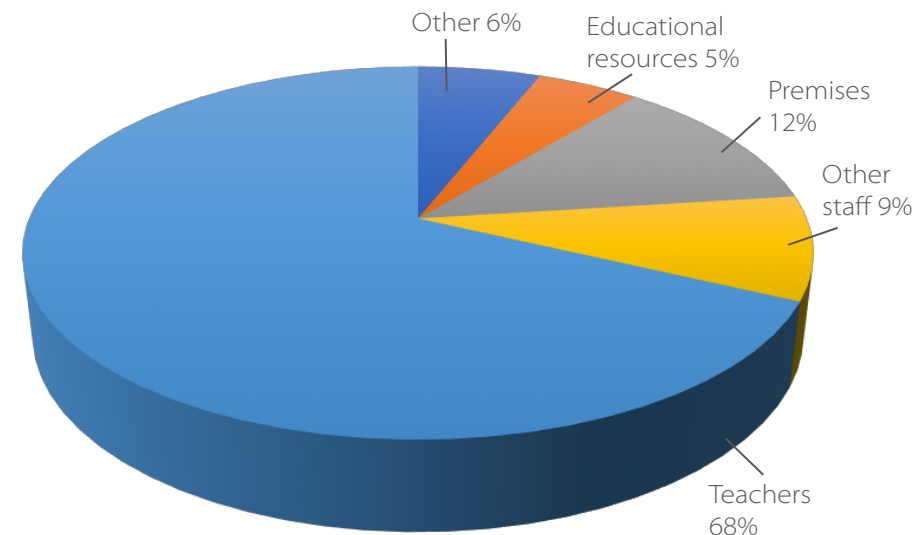
The principles set out by government to support this vision are:

- children and young people first
- high expectations for every child
- outcomes, not methods
- supported autonomy
- responsive to need and performance

However, the current level of funding is insufficient to deliver these objectives and it is plain that schools are having to drain reserves and implement severe spending cutbacks in order to make ends meet. In January 2019, research by the Education Policy Institute<sup>3</sup> found almost one in three (30.3%) of local authority maintained secondary schools were in deficit in 2017-18 – almost four times that of 2014 (8.1%). Meanwhile, chartered accountants Kreston Reeves reported that 50% of academy trusts showed an in-year deficit for the year ended 31 August 2018.<sup>4</sup>

Our research suggests that over the past 20 years the breadth and scope of the responsibilities placed on schools has significantly grown. This is clearly demonstrated by a change in spending patterns which shows that schools are spending more on activities which are not directly related to teaching and learning, such as pastoral and safeguarding responsibilities, and regulatory financial burden. (Figure 1 and 2)

**Figure 1 Analysis of secondary school spending in 1998/99**



2 **DfE strategy 2015 to 2020: world-class education and care.**

Department for Education. 17 March 2016.

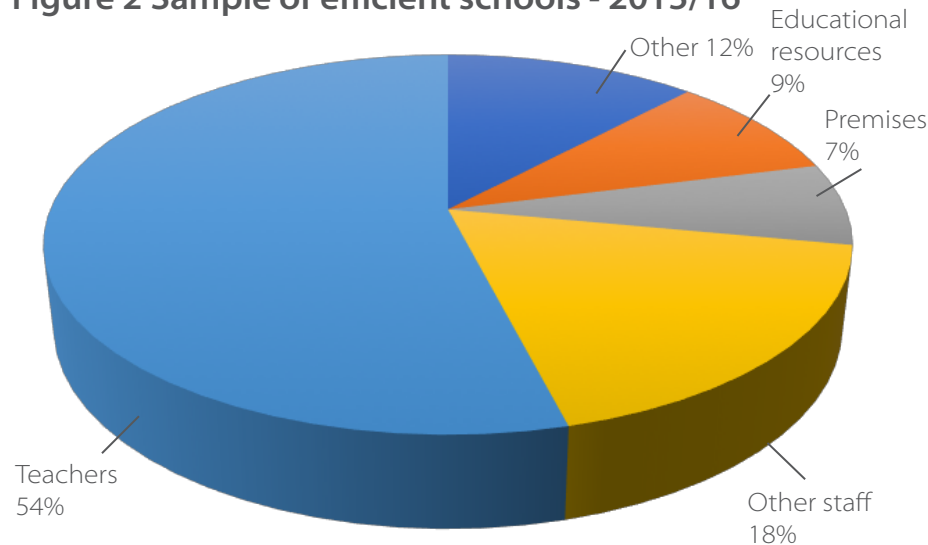
3 **School revenue balances in England.**

Education Policy Institute. 11 January 2019

4 **Kreston Academies Benchmark Report 2019.**

31 January 2019. Kreston Reeves.

**Figure 2 Sample of efficient schools - 2015/16**



**Figure 1 and 2 compare how school spending patterns have changed over time<sup>5</sup>**

In addition, schools have increasingly found themselves having to compensate for an erosion in local welfare and support services for vulnerable families. This has resulted in schools having to make increased provision to support children with complex needs at the same time as making cuts to their budgets because of prevailing funding pressures.

The evidence also shows an increase over time in the prevalence of mental health disorders in 5 to 15 year olds, rising from 9.7% in 1999 and 10.1% in 2004, to 11.2% in 2017.<sup>6</sup> So, in a class of 27 we can expect that on average three children will suffer from a mental health disorder. However, many schools have had to reduce in-school support, such as counselling and other pastoral care, because of budget pressures, while also experiencing

significant difficulties in accessing Child and Adolescent Mental Health Services for pupils who require specialist treatment.

More work is needed to properly understand the costs of providing pastoral services across different types of schools and the extent to which the need may be greater in areas of high disadvantage where social pressures may be particularly acute.

### What are we trying to achieve?

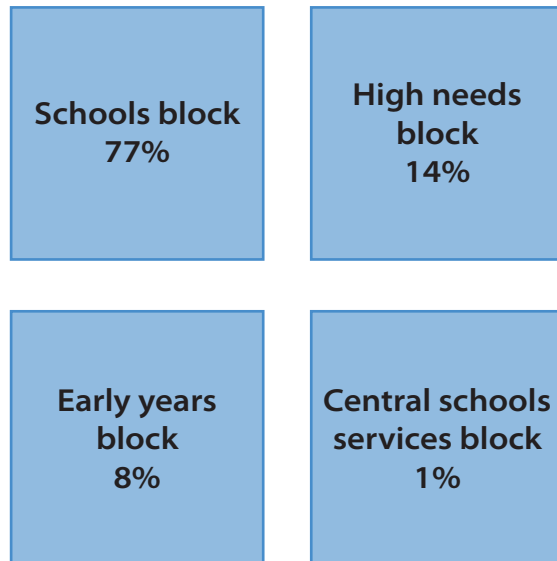
In this report we will take an evidence-based approach to determining the investment required at individual pupil level. It is then quite straightforward to multiply that by the number of pupils in the system now and projected numbers for future years.

This approach is concerned with the overall level of funding, and not with the way that it is distributed to schools in different areas of England. The recently introduced National Funding Formula attempts to address the issue of how funding is distributed<sup>7</sup>.

The intention is to determine the cost for a realistic level of provision at primary and secondary level in order to consider what basic entitlement looks like in the 21st century. Financial modelling is targeted at the schools block of the Dedicated Schools Grant (DSG)<sup>8</sup>. In 2019/20, the schools block represents £34.5 billion, which is around 77% of the DSG<sup>9</sup>.

- 5 **ASCL response to Education Select Committee inquiry into school and college funding**, 30 May 2018
- 6 **Mental health of children and young people in England 2017**. NHS Digital, 22 November 2018.
- 7 **National funding formula tables for schools and high needs: 2019 to 2020**. Department for Education, 24 July 2018.
- 8 **Dedicated schools grant: technical note 2019 to 2020**. Education & Skills Funding Agency, 17 December 2018.
- 9 **Dedicated schools grant (DSG): 2019 to 2020**. Education & Skills Funding Agency, 17 December 2018.

## Dedicated Schools Grant 2019/20



The schools block of the DSG is used to fund the basic revenue budgets of mainstream primary and secondary schools. This does not include additional money for things like the pupil premium grant.

Our approach is based on the premise of schools managing resources effectively and utilising the key performance indicators associated with ICFP (integrated curriculum and financial planning). ICFP is an approach to financial planning that links curriculum provision and budget planning as a joint exercise and is recognised as a key driver of effective resource management.

The key performance indicators considered will include, pupil-to-teacher ratio (PTR), the proportion of revenue funding available for expenditure on teachers, the average cost of employing a teacher, and the amount of time teachers spend teaching.

## Outside the scope of this phase of work

There are pressing funding issues and increasing demands across all phases of education which are impacting on pupils in general and those with special educational needs in particular. These pressures intersect with one another to the extent that total school funding is often affected by the low level of funding for sixth form provision, and special education needs provision is affected by the lack of sufficient funding in the high needs block. However, for the purposes of this report we have focused on mainstream primary and secondary schools, that is the provision for all pupils aged 5-16. This is the funding which is contained in the schools block of the DSG.

## High needs

The next phase of our work will focus on high needs. The demand for provision for children and young people with special educational needs has increased in recent years. This work will focus on the high needs block of the DSG.

Research commissioned by the Local Government Association estimates that between 2015-2016 and 2018-2019 nearly £700 million has been transferred into the high needs block from the schools block (estimated £450 million) and DSG reserves (estimated £240 million)<sup>10</sup>.

There are a range of contributory factors that have resulted in the crisis in high needs funding apart from the fact that the number of children and young people requiring support is growing. Some of these factors are beyond the control of local authorities, such as reduced budgets and limited staffing.

<sup>10</sup> **Have we reached a 'tipping point'? Trends in spending for children and young people with SEND in England.** Local Government Association & Isos Partnership. 12 December 2018

## 16-19 funding

ASCL continues to work with the Sixth Form Colleges Association, the Association of Colleges and other organisations to highlight the crisis in 16-19 funding.

The basic funding rate for all state-funded providers has been frozen at £4,000 per student since 2013/14. The Institute for Fiscal Studies found that school sixth forms have faced budget cuts of 21% per student since 2010–11, while further education and sixth-form college funding per student has fallen by about 8% over the same period<sup>11</sup>.

While additional investment to support the introduction of T-levels is welcomed, it is short sighted of the government to neglect academic education. The highly skilled economy envisaged in its Industrial Strategy<sup>12</sup> requires leaders, scientists, technicians, engineers and others that in many cases will have followed an academic path during their post-16 studies. Funding for 16-19 is not part of the DSG, but from a separate pot within the overall DfE resources budget.

## Our approach

Our aim has been to estimate how much funding needs to be allocated through the schools block on the basis of spending per pupil in order to deliver a basic level of entitlement in every school. In other words, how much we need to spend on each child and young person to deliver a quality of education which we can reasonably say is expected in our society.

This approach requires us:

- To determine the basic level of expectation on every school
- To consider what basic entitlement looks like in the 21st century, in terms of the proportion of time a pupil spends with a qualified teacher and the maximum basic group size.

To propose a set of assumptions upon which we can base estimates in three key areas:

- 1 National average pupil-to-teacher ratios in primary, KS3 and KS4, assuming that KS4 will include an element of option choice. We have assumed a three-year KS3 and two-year KS4.
- 2 Allocating a reasonable proportion of revenue on teaching staff. We acknowledge that estimating the allocation on teaching staff implies an assumption about the appropriate level of support staff and other staff in schools. More detailed work is needed to analyse the allocation of all staff spending and its reasonable range. In the modelling for this report we have used published data on school spending from 2017/18<sup>13</sup> and taken the value categorised as spend on teachers. We will assume that this data refers to teachers only and not to support staff in a teaching role.
- 3 The average cost of employing a teacher.

Given these three values the national average per pupil funding required can be calculated.

11 **2018 annual report on education spending in England.** Institute for Fiscal Studies. 17 September 2018.

12 **The UK's Industrial Strategy.** HM Government.

13 **LA and school expenditure: 2017 to 2018 financial year.** Department for Education. 6 December 2018.



## What is the basic expectation on schools?

It seems reasonable to us, and what we believe the public would expect, to define the basic expectation on a school as follows. It will deliver a core curriculum in a building that is safe and well maintained, put a teacher in front of every class, provide necessary resources and support staff, meet necessary pastoral and safeguarding requirements and provide the first £6,000 of special educational needs support for pupils with additional needs. These are the expectations on a school's basic revenue budget.

## Entitlement in the 21st century

As outlined earlier, the guiding principles that underpin the DfE's strategy are as follows: children and young people first; high expectations for every child; outcomes, not methods; supported autonomy; and responsive to need and performance. However, these principles cannot be delivered without adequate resources.

To consider what basic entitlement looks like in the 21st century, in terms of the proportion of time a pupil spends with a qualified teacher and the maximum group size we must determine:

- How much can we reasonably expect teachers to teach and be at least 'good' in every lesson? The consideration here is the proportion of the week that teachers spend teaching, as opposed to preparing for lessons or completing management tasks, taken as an average across all teachers in a school, including the headteacher. It is crucial to consider the significance of the workload and work-life balance of teachers and staff acting in a teaching role.

- What are the acceptable maximum class sizes in different teaching situations given health and safety requirements and the physical size of the majority of teaching spaces?
- How much of the budget do we expect to spend on teachers and therefore how much should we spend on everything else? This calculation must take into account the reality of the modern education system with an exacting accountability system and ever-increasing compliance and financial regulatory requirements.

## The entitlement model: seven assumptions

On the basis of these considerations we have built a funding model – which we call the entitlement model – based on seven assumptions. These are the assumptions which we believe best reflect the basic expectations on a school. They are:

### 1 Percentage of timetable with a qualified teacher

We considered modelling two options:

- a) primary pupils are only entitled to be in a classroom with a qualified teacher for 90% of the teaching week. We know from our work with primary schools that this is a reality in some schools but does not meet our expectations on basic entitlement and therefore we have not presented this option.
- b) primary pupils along with secondary pupils should have a qualified teacher for 100% of the teaching time. This is in line with our definition of the basic expectation on a school.

Our entitlement model therefore reflects option (b) above.

## 2 Maximum group size

What maximum class sizes are acceptable in different teaching situations given health and safety requirements and the physical size of the majority of teaching spaces? It would be reasonable to consider the maximum basic group size as determined by Building Bulletin 103<sup>14</sup>. General teaching spaces are designed to accommodate no more than 30 pupils. Within any setting the actual class size will vary according to pupil numbers, health and safety requirements, and timetabling. So, we will make an assumption based on a maximum group size at national level. At individual school level some classes will be smaller and some larger.

## 3 Teacher time

We have taken into consideration that the workload on teachers is affected by a number of additional demands on their time, and we have made an allowance for these factors in our modelling so that overall workload is not excessive. While these factors alter between phases of education, they are broadly:

- Learning support for pupils who require more help and extension work to provide challenge to more able students
- Smaller group work, for example in technology subjects, thus creating timetable limitations and impacting on the number of teachers required overall
- Option choices for KS4 where there are smaller groups of students, creating the same demand as noted above.

- Subject setting where students are taught in groups of different abilities which impacts on the number of teachers required

## 4 Teacher time for additionality

We have also included in our modelling an allocation of time for support to pupils who attract deprivation funding within the basic revenue budget allocation. We have not included income streams that sit outside of the schools block, the pupil premium grant for example. Our assessment is that the proportion of funding allocated for additional needs factors in the National Funding Formula represents 20% of the total funding allocation, and so we have mirrored this figure in our modelling.

## 5 Teacher contact ratio

The teacher contact ratio is the amount of time that teachers spend in classes teaching pupils. In assessing the appropriate average teacher contact ratio we have taken into account all teaching staff including leadership roles regardless of whether or not they teach. We have kept in mind what we can reasonably expect of teachers to ensure they are able to deliver good lessons and maintain a reasonable work-life balance. This is an important consideration because excessive workload makes it more difficult to attract teachers into the profession and to retain good teachers.

ASCL uses a notional average contact ratio for 11-16 secondary schools of 0.78. This means that teachers spend 78% of their time teaching in classes with the remainder allocated for other duties. This assessment is based on 10% of time being allocated to planning and preparation, 10% to management activity, and a contingency of 2% to allow for flexibility in how time is spent.

<sup>14</sup> **Mainstream schools: area guidelines.**  
Education Funding Agency. 24 April 2014.



However, we do not expect this to be achievable across all secondary schools which is why in our modelling we have used an average contact ratio of 0.75. In primary settings, we can expect the contact ratio to be slightly higher to reflect the fact that the range of subject options and timetabling requirements are less complex.

## 6 Average teacher cost

We have assessed the average teacher cost by using data in the most recent school workforce census in 2017 on average salaries and applying a 2% cost to schools in 2018/19 to meet increases in teacher pay<sup>15</sup>. We have then applied on-costs – employer pension contributions and National Insurance contributions – of 28%. This figure does not include the increase in employer contributions to the teachers' pension scheme in 2019 which the government has committed to funding for the first year.

We have used the resulting assessment of cost in our modelling for the funding that is required in 2019/20. However, it is important to note that this figure does not include any additional impact on school finances resulting from the pay award in September 2019. It is ASCL's position that pay awards must be fully funded by government or otherwise the additional cost to schools represents a real-terms cut. It is crucial that the government also commits to fully funding the increase in employer contributions to the teachers' pension scheme in future years.

## 7 Proportion of revenue available for teacher cost

According to government data<sup>16</sup> in 2017/18, around 45% of gross expenditure in primary schools was on teachers and in secondary schools this was around 54%. Our modelling assumes all schools should have at least this

proportion of schools block funding available to spend on teachers. So, we have allocated an amount for non-teacher costs in our calculations accordingly, ie 55% in primary and 46% in secondary.

However, it should be noted that the breadth and scope of society's expectation on schools is growing. Schools are increasingly having to deliver services which they may have neither the time nor financial capacity to provide, such as counselling services and breakfast clubs. As these demands increase, schools have less revenue available to spend on teachers. More work is required to understand the detailed cost to schools of providing these additional services.

Our modelling cannot and does not attempt to take all these factors into account. What we have done is to base our assessment on all schools at a national level.

## A reasonable value for pupil-to-teacher ratio (PTR)?

The pupil-to-teacher ratio is the relationship between the number of pupils and the number of teachers in a school. The value of the PTR is not the same as the number of pupils you would expect to see in each class because all staff paid as a teacher will not be teaching all of the time. In this report we are considering a reasonable value for PTR at national level.

We have looked at PTR in two ways:

- Using the published trend in national PTRs and school spending data available in the most recent school workforce census.<sup>17</sup>
- Using reasonable assumptions about entitlement, in terms of teacher time allocations, to derive an estimate for PTRs.

<sup>15</sup> **School workforce in England: November 2017.** Department for Education. 28 June 2018.

<sup>16</sup> **LA and school expenditure: 2017 to 2018 financial year.** Department for Education. 6 December 2018.

<sup>17</sup> **School workforce in England: November 2017. Department for Education.** 28 June 2018.

# WHAT DOES THE MODELLING TELL US?

## 1 Using published trend PTR

In our first model, we have used published PTRs in state-funded schools, and applied our assessment of teacher costs and the proportion of school revenue which needs to be available for teacher costs, to derive the per pupil revenue required. In other words, this is the amount of funding that is needed simply to achieve the published PTR without any other factors being considered about basic expectations on schools.

The PTRs we have used relate to the period 2014/2015. This has been chosen on the basis that schools are likely to have made all reasonable savings since 2010 when real-terms spending on schools began to fall. The actual pupil-to-teacher ratio has in fact risen since 2014.<sup>18</sup>

**Table 1** (note that published data only reports at primary and secondary level). The per pupil revenue value is calculated by dividing the average teacher cost by the product of PTR and proportion of revenue available.

Drivers	Primary	Secondary
Pupil to teacher ratio	20.5	15.0
Average teacher cost	£48,046	£50,396
Proportion of revenue available for teacher cost	0.45	0.54
<b>Per pupil revenue required</b>	<b>£5,208</b>	<b>£6,222</b>

**Table 2** This is the simpler of the models and gives the following results.

Schools Block Year	2019/20
Required revenue for primary age (5-11) (per pupil revenue x number of pupils)	£20.5 billion
Required revenue for secondary age (12-16) (per pupil revenue x number of pupils)	£18.2 billion
<b>Total</b>	<b>£38.7 billion</b>

In December 2018, the DfE published the 2019 Dedicated Schools Grant allocation tables<sup>19</sup> for the financial year 2019/20. The schools block total is £34.5 billion. This represents a shortfall of £4.2 billion in one year against what is required in this model.

Using DfE national pupil projections in 2018<sup>20</sup> we have calculated that the cost of a ten-year schools block from 2019 to 2029 is £399 billion. This is at 2018 prices and assumes no inflation. It is ASCL's view that school budgets should always be inflation proofed and that any inflation factors, pay awards and changes in cost resulting from policy changes are fully funded.

## 2 Using reasonable assumptions about entitlement to derive an estimate for PTRs

Now we look at a model in which we have introduced the other factors set out in our seven entitlement assumptions in order to establish a more reasonable PTR which better meets the basic expectation on schools. This gives us a much more complete picture of the level of funding that is required.

18 Ibid

19 **Dedicated schools grant (DSG): 2019 to 2020.** Education & Skills Funding Agency. 17 December 2018

20 **National pupil projections: July 2018.** Department for Education. 12 July 2018

In order to run this model, we needed a reasonable set of sample data that would be typical of the numbers of pupils in individual schools in primary, KS3 and KS4. We tested the model using the publicly available school census dataset of the underlying data for Schools pupils and their characteristics: January 2017 (SFR28/2017)<sup>21</sup>. Our results are in table 3.

Assumptions made have been used to derive an estimate for a reasonable PTR in primary, KS3 and KS4.

The assumptions that we propose for entitlement in terms of:

- the amount of time that pupils are taught by a qualified teacher
- maximum group size
- the amount of time that we expect those teachers to teach, and
- how teachers spend their time

will enable us to calculate the number of teachers that are necessary to deliver a reasonable PTR given the number of pupils in the system.

The entitlements have been applied to estimate the number of classes a school would need to operate at any one time.

For example, a primary school with 210 pupils where the entitlement is 100% qualified teacher and maximum group size 30 will need seven basic classes. Teacher time will be increased for learning support, extension and additionality. This will increase the number of classes needed overall. In our assumptions we have proposed 20% additional

teacher time for additionality. This will increase the overall number of classes in this example to 8.4. It is then possible to determine the number of teachers required. Taking account of the proposed contact ratio. 8.4 classes will require 10.5 teachers (where the average contact ratio is 0.8).

We have run the entitlement assumptions through the typical schools sample to derive a PTR that we think is reasonable at national level. The sample has considered over 20,000 primary and secondary schools and their pupils according to the January 2017 school census.

The reasonable assumptions for average teacher cost and proportion of revenue available for spend on teachers remain the same as in Table 1 above. These are based on published data.

<sup>21</sup> **Schools pupils and their characteristics: January 2017.**  
Department for Education

**Table 3** Note that all assumptions do not apply to all key stages. This is intended to reflect how the demands of the curriculum, and therefore timetable complexity impact on different key stages.

<b>Entitlement assumptions</b>	<b>Primary</b>	<b>KS3</b>	<b>KS4</b>
Percentage of timetable time with a qualified teacher	100.00	100.00	100.00
Maximum basic group size	30.00	30.00	30.00
Percentage of additional teacher time: Learning support and extension	2.00	2.00	2.00
Percentage of additional teacher time: Small group work e.g. Technology	0.00	8.00	8.00
Percentage of additional teacher time: Option choices	0.00	0.00	15.00
Percentage of additional teacher time: Subject Setting	0.00	5.00	5.00
Percentage of additional teacher time: Additionality	20.00	20.00	20.00
Teacher contact ratio for work life balance	0.80	0.75	0.75
Bottom Lines			
FTE teacher total	195606	103516	72560
Pupil total	3,661,009	1,679,409	1,043,626
Schools	14,136	3,285	3,174
PTR determined by entitlement assumptions (rounded for presentation)	18.7	16.2	14.4
Average Teacher Cost	£48,046	£50,396	£50,396
Proportion of revenue available for teacher cost	0.45	0.54	0.54
<b>Per pupil revenue required (full calculation, PTR value not rounded)</b>	<b>£5,705</b>	<b>£5,752</b>	<b>£6,489</b>

It must be noted that the per pupil value is an average national value and informs the total value of the schools block. A distribution methodology (not the subject of this report) will reflect the characteristics of individual schools.

The entitlement model gives the following results for 2019

<b>YEAR</b>	<b>2019</b>
Pupils aged 5 to 16 (in 000s)	6870
Pupils aged 5 to 10 - Primary age (in 000s)	3942
Pupils aged 11 to 16 - Secondary age* (in 000s)	2928
Primary Revenue	£22.5 billion
Secondary Revenue in millions (0.6 KS3 + 0.4 KS4)*	£17.7 billion
<b>Total revenue estimate of need for each year</b>	<b>£40.2 billion</b>

\*pupil number projections adjusted to reflect a three year KS3 and 2 year KS4.

This represents a shortfall of £5.7 billion in one year on the schools block total of £34.5 billion in 2019/20.

Using DfE national pupil projections 2018 we have calculated that the cost of a ten-year schools block using this method, from 2019 to 2029 is £413.7 billion. This is at 2018 prices and assumes no inflation.

<b>YEAR</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>	<b>2028</b>
Pupils aged 5 to 16 (in 000s)	6870	6961	7033	7090	7119	7132	7120	7111	7089	7089
Pupils aged 5 to 10 - Primary age (in 000s)	3942	3943	3946	3936	3900	3868	3847	3836	3825	3825
Pupils aged 11 to 16 - Secondary age* (in 000s)	2928	3018	3087	3154	3220	3264	3274	3275	3264	3264
Primary Revenue	£22,488	£22,493	£22,510	£22,453	£22,248	£22,065	£21,946	£21,883	£21,820	£21,820
Secondary Revenue (0.6 KS3 + 0.4 KS4)*	£17,705	£18,250	£18,667	£19,072	£19,471	£19,737	£19,798	£19,804	£19,737	£19,737
<b>Total revenue estimate of need (millions)</b>	<b>£40,193</b>	<b>£40,743</b>	<b>£41,177</b>	<b>£41,525</b>	<b>£41,719</b>	<b>£41,803</b>	<b>£41,743</b>	<b>£41,687</b>	<b>£41,557</b>	<b>£41,557</b>

## CONCLUSION

Our modelling effectively alludes to a gap which exists in the way in which our schools are funded. Instead of building a model of what is expected of schools and then funding them appropriately, our funding system is top down. Schools are funded according to prevailing Treasury decisions based on historical allocations and without taking into account what society expects from its schools. This has led to the current situation whereby schools are expected to deliver a quality of education which is not matched by the funding allocation.

We have attempted to take a rational and logical approach in which we have built a funding model from the ground up.

Our favoured model is the more expensive of the two options that we have presented, not because we are demanding a Rolls Royce education service, but because we think, frankly, that what we have mapped out is a reasonable reflection of what parents and wider society expect schools to deliver. Nothing in our modelling is unreasonable. If anything, we have erred on the side of restraint.

We have not, for example, built into our model the fact that schools are increasingly picking up increased expectation to deal with the complex needs of young people who struggle to access social and health support beyond the school gates. There is more work required to understand these pressures together with joined-up social and economic policies which deal with these issues. However, this is beyond the scope of this current report.

Neither have we built in the size of teacher pay awards which are required to address the erosion in the real value of teachers' pay which has taken place over the past few years, and the recruitment and retention problems which currently beset the education system.

Here we have simply set out the funding which is required to achieve the basic expectations on schools.

If the funding allocation is not improved as we have set out in this paper, we have to ask a question over whether it is reasonable to continue to expect schools to deliver an education service at the current level. It seems to us that it is inevitable that pupil-to-teacher ratios and class sizes will continue to rise, and that the level of support schools are able to deliver to vulnerable pupils will continue to decline. In many cases, it will be a straight choice between making these sort of unpalatable decisions or insolvency.

We are aware that there are elements within the government who believe this situation can be resolved by driving further non-staff efficiency savings. Our modelling makes plain the fact that this is an unrealistic and untenable position and that without additional investment there is a genuine risk to educational quality in England.



## THANKS TO THE CONTRIBUTORS TO THE REPORT

Sam Ellis<sup>22</sup> for building the modelling tools, without which this would not have been possible.

Sam Ellis, Susan Fielden, Richard Powell, Tony Thornley for their expert advice and bringing their experience of the sector to the discussion.

We would be pleased to discuss this work with interested parties with a view to improving the understanding of the results and the results themselves.

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