Background paper for presentation of English system of decentralized school finance.

Decentralizing and centralizing: the tensions between school autonomy and central government education policy initiatives in England 1988-2004

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Historical background to decentralization of school finance in England

The UK is a centralised state with no written constitution to safeguard powers for local government. It has different education systems in England, Wales, Scotland and Northern Ireland and here I shall concentrate on England.

State schools in England have been maintained by multi-purpose local authorities since the beginning of last century. From the late 1950s local education authorities have been financed by a block grant from central government, which covers three quarters of expenditure on local services. Until the mid 1980s general education was left largely to local authorities with little intervention by central government. Even when selection to secondary schools was removed in the 1970s not all local authorities were forced to have a fully comprehensive school system.

As education became increasingly treated as a national public good rather than a local one, due to concerns about the effect of low school standards on the productivity of the labour force, central government sought more powers over education. The 1988 Education Reform Act marked a significant shift in the relative powers of central government, local government and schools. It contained both decentralizing and centralizing features. The 1988 Act forced local education authorities to allocate a global budget to their schools by means of a funding formula approved by the Department for Education and Skills (DfES – the department has changed its name several times since 1988). The school governing body is responsible for the management of the budget and the appointment of staff, including most importantly, the head teacher. The 1988 Act also introduced the levers by which central government and its agencies hold local education authorities and schools to account. Parental choice of state school was extended so that local authorities could no longer allocate pupils to schools using administrative criteria and so protect unpopular schools. A national curriculum was implemented with national tests at the end each of four key stages – at ages 7, 11, 14 and 16. Schools’ test results are published in the press. A few years later the Office for Standards in Education was created which organises a regular cycle of inspections of all schools, with the open publication of inspection reports.

The implications of interventionist education policies for school financing

The current Labour government came into power in 1997 with a firm commitment to giving education a very high priority. They aim to tackle educational disadvantage, raise standards in every school and increase the proportion of national income spent on education (Labour Party, 1997). The Labour Government re-adopted the model of managing the education system developed by the previous Conservative Government and which is characterised by strong central direction of performance. It has also introduced a large number of education initiatives intended to raise standard either across the board or for particular groups. Initiatives include the National Literacy and Numeracy Strategies, the Key Stage 3 Strategy, Excellence in Cities (for socially disadvantaged areas),
National Grid for Learning, and many more, which the DfES seeks to promote through funding incentives for schools.

However, the long-established system by which local education authorities were financed for education via a block grant for all services continued in the face of increased decentralization of financial management to schools and increasing centralization of education policy initiatives. Tensions have therefore arisen between the increased directive powers of the Department for Education and Skills and the LEAs’ control of the allocation of funding to individual schools.

Revenue Support Grant to local authorities (LAs) is provided not by the DfES but by a Ministry for Local Government, which is currently called the Office of the Deputy Prime Minister. Revenue support grant (RSG) is based on a complicated formula by which central government determines the amount a LA needs to spend on each of its services and adjusts this for differences in the tax raising capacity of the LA. (There is a single source of LA tax revenue, which is a residential property tax). Thus, for many decades, the UK has operated fiscal equalisation between its four constituent countries and between local authorities within each country. RSG is a block grant which LAs can spend as they choose. The main problem for the DfES was that it secured from the Treasury considerable increases in education spending to back its education policies (see Figure 1) but had limited control of the channels by which the actual funds reached schools.

![Fig 1 Real terms public funding (£) per school pupil, England, 1996-97 to 2003-04 (2000-01 prices)](image)


Since the mid 1980s the DfES has been backing its increased interventions in school education with an increasing number and value of direct DfES grants to LEAs and schools. The DfES has sought to give its policies teeth by backing them with specific grants. In the last year of Conservative rule 2.6% of school expenditure was funded by
specific grants. By 1998/99 the percentage was 3.9% (West et al) and by 2000-01 7.7% (Audit Commission, p. 39). By 2004 this had reached just over 10%.

Thus the main issues currently facing the school finance system in England are:

- how to ensure that the increases in funding are spent cost-effectively to secure the improvement in standards sought by government;
- how to reflect the actual division of responsibilities for a cost-effective and improving school system between the DfES, the LAs and schools in the amount of funding allocated to schools and LAs and in who controls how it is spent.

After several years of intense debate, analysis and consultation, a new revised system of allocating central government grants to local education authorities and schools was introduced for the financial year 2003-4. The DfES proclaimed that:

- the new system is a substantial step forward from the old: it is evidence based, not backward looking; it reflects LEAs’ and schools separate responsibilities; it uses up to date data, that is relevant to the current needs of children; and it is simpler than the old system. We promised a fairer, simpler system, with rising budgets across the country, and I believe this has been delivered. (Minister of State for Education: DfES, 2002a).

The DfES also announced new powers for it to determine that the increase in a LEA’s education budget is inadequate and for it to require an increase.

The government had also given great publicity to the increases in funding per pupil that they were introducing. Revenue per pupil is planned to increase by 37% in real terms by 2004-06 compared to 1997/98. Between 2002-03 and 2003-04 it was due to rise on average by 4.7% in real terms (DfES Department Report 2003 page 32). The government announced that the cash increase for school budgets was 11.6%. Expectations were raised. However when LEAs announced delegated budget shares to schools at the beginning of the financial year 2003-04, outcries from schools up and down the country proclaimed that they were actually experiencing budget cuts.

Central and local government blamed each other for the fiasco. After more considered investigation, various reasons emerged for the expected increases not to materialise for some schools. The real increases announced by the government in its expenditure plans were based on the general rate of inflation which was around 2.5% but school costs actually rose by 10.5% due to increased salaries, national insurance and pensions increases and more teachers were reaching the top of the shortened pay spine. According to the Director of DfES Resources, Infrastructure and Governance (speaking at a CFL seminar in 2004) they were:

- a tight national budget settlement
- late information on teachers’ pay (including increased pension contributions by schools/LEAs)
- the redistribution in LA grants brought about by the new system
- passporting problems (LEAs not passing on increased government funding to schools)
reducing the number of earmarked grants to schools and rolling them in to Revenue Support Grant
disproportionate growth in LEA central expenditure on their own administration and services
schools’ expectations and poor financial planning.

The DfES reaction to the 2003 budget crisis was to increase central direction over the determination of school budgets. It introduced rules which specify how LEAs must pass on the increase in expenditure intended for schools which the government puts into Revenue Support Grant. The consequence is an even more complex school finance system. On top of the formula by which the LEA determines its schools’ budgets is an additional percentage increase per pupil related to the previous year’s budget allocation. In my view this is a retrograde step. LEAs cannot adjust their formula unless they are increasing their spending on schools by more than the national increase. Therefore relativities in school budgets have become more or less set in stone and the method of determining schools’ budgets is more complex and less transparent than it was.

In the rest of this paper I outline how school financing is determined in England, showing how funds flow from central to local government and to schools and the use of different funding mechanisms.

**The system of financing schools in England 1988 to 2003: How did it address adequacy, efficiency and equity?**

The finance received by schools is allocated in two stages. The first is from central government to local authorities mainly in the form of revenue support grant but also around 10% is now received from the DfES through categorical grants. There are two types of categorical grant. Schools Standards Grant was introduced in 2000 and is an amount that goes direct from central government into the school’s budget. The rest is in the form of Standards Fund which consists of many different grants for particular purposes such as the National Literacy and Numeracy Strategies, Excellence in Cities (a project to improve inner city schools), performance related pay for teachers and many more. These grants change yearly.

The second stage is the allocation of budgets by the LEA to individual schools. Prior to the 1988 Education Reform Act (ERA) schools had been directly resourced by LEAs which determined staffing establishments and paid directly for expenses such as heating and maintenance. The ERA required LEAs to delegate to schools a global budget for staffing and other major non-staff items. The governing body and head teacher determine how the budget is to be spent and inform the LEA. The LEA is required to allocate budgets to schools using a formula which has to meet DfES regulations. The LEA’s scheme of financial delegation has to be approved by the DfES. Over the years more resources were delegated including a regular allowance for capital expenditure. Only major capital works are allocated through a separate system of LEA Asset Management Planning.
Under the pre 2003 system the LEA set its total revenue budget and from this deducted non-school expenditure, debt servicing, retirement and redundancy costs. What remains is the called the Local Schools Budget. Of this the LEA retains a portion to fund central services and the rest is called the Individual Schools Budget (ISB). The DfES expected LEAs to retain no more than 15% of the Local Schools Budget and delegate at least 85% to schools. LEAs varied in the proportion retained and this was a bone of contention between ministers and LEAs and between schools and LEAs.

**School funding formula**

LEAs were required to allocate at least 80% of the ISB according to the number and ages of pupils. Of this 5% may be for special educational needs. This is to promote efficiency in the sense that funding follows the pupil as the ERA 1988 also introduced greater parental choice of school and abolished LEA administrative allocation of pupils to school places.

LEAs can also adjust the funding formula to reflect differences in schools’ unit costs, provided that these are reflected in the formula: it does not encourage efficiency if actual costs incurred by schools (e.g. for heating) are directly funded by the LEA. Differences in schools’ costs due to size or type and location of buildings are reflected in formulae having:

- a fixed amount regardless school size to supports small schools which have a higher proportion of fixed costs;
- indicators which relate to the costs of operating the school building and grounds (size, condition, split-sites, special facilities, etc).

Another principle reflected in the funding formulae is that of vertical equity. LEAs can fund schools in relation to indicators of learning needs of pupils or of family poverty. A popular indicator for this is the number of pupils at the school who are eligible for free school meals. Other indicators, such as base line tests, or English as an Additional Language are used. An example of a formula is shown below.

Only minor changes in the regulations governing funding formulae were made for in 2003 revisions.
### Example of a LEA funding formula

<table>
<thead>
<tr>
<th>Year group</th>
<th>Age Weighted Pupil Unit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nursery</td>
<td>£1,443.92</td>
</tr>
<tr>
<td>Reception</td>
<td>1285.87</td>
</tr>
<tr>
<td>Year 1 (5+)</td>
<td>1285.87</td>
</tr>
<tr>
<td>Year 2 (6+)</td>
<td>1285.87</td>
</tr>
<tr>
<td>Year 3 (7+)</td>
<td>£1,295.16</td>
</tr>
<tr>
<td>8+</td>
<td>£1,295.16</td>
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<tr>
<td>9+</td>
<td>£1,295.16</td>
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<td>10+</td>
<td>£1,295.16</td>
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<tr>
<td>11+</td>
<td>1459.73</td>
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<table>
<thead>
<tr>
<th>Pupil led SEN stated</th>
<th>Funding per unit</th>
</tr>
</thead>
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<tr>
<td>Nursery</td>
<td>197.71</td>
</tr>
<tr>
<td>Reception</td>
<td>201.87</td>
</tr>
<tr>
<td>Year 1 (5+)</td>
<td>161.07</td>
</tr>
<tr>
<td>Year 2 (6+)</td>
<td>161.07</td>
</tr>
<tr>
<td>Year 3 (7+)</td>
<td>161.07</td>
</tr>
<tr>
<td>8+</td>
<td>155.55</td>
</tr>
<tr>
<td>9+</td>
<td>154.06</td>
</tr>
<tr>
<td>10+</td>
<td>154.06</td>
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<tr>
<td>11+</td>
<td>220.88</td>
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<table>
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<tr>
<th>School size type</th>
<th>Funding per unit</th>
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<tbody>
<tr>
<td>lump sum</td>
<td>43,981.87</td>
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<tr>
<td>Designated nursery class</td>
<td>20,005.77</td>
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<tr>
<td>26 place nursery unit</td>
<td>4587.54</td>
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<table>
<thead>
<tr>
<th>Premises related</th>
<th>Funding per unit</th>
</tr>
</thead>
<tbody>
<tr>
<td>by floor area</td>
<td>76.2</td>
</tr>
<tr>
<td>grounds area</td>
<td>0.07</td>
</tr>
<tr>
<td>swimming pool - heated outdoor</td>
<td>17.68</td>
</tr>
<tr>
<td>school amalgamation allowance</td>
<td>13,180.99</td>
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</table>

<table>
<thead>
<tr>
<th>Non-pupil led SEN</th>
<th>Funding per unit</th>
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<tbody>
<tr>
<td>FSM</td>
<td>145.91</td>
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<tr>
<td>ESL</td>
<td>72.94</td>
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<tr>
<td>Turnover</td>
<td>72.94</td>
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</tbody>
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<table>
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<tr>
<th>Other</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Salary protection</td>
<td>school dependent</td>
</tr>
<tr>
<td>New schools initial allowance</td>
<td>school dependent</td>
</tr>
<tr>
<td>Transitional funding (for ex GM)</td>
<td>school dependent</td>
</tr>
<tr>
<td>Rates</td>
<td>school dependent</td>
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</tbody>
</table>

TOTAL SCHOOL BUDGET SHARE
Funding for post 16 pupils at school

Since 2002 post-16 or sixth form pupils in schools are funded by a national government body called the Learning Skills Council and not by LEAs. The LSC funds further education colleges and other providers for post-16 sub-degree level qualifications. Both schools and FE colleges teach advanced level and General National Vocational courses. Funding of schools by the LSC means that after a transition period schools and FE colleges should receive equivalent funding for post-16 students. The LSC operates its own funding formula (Learning and Skills Council (2001) School Sixth Forms: new funding arrangements, www.lsc.gov.uk/news_docs/6thforms.pdf).

Schools are able to vire money into and out of post-16 provision. The LSC funding goes direct to LEAs and is then distributed to schools: it is not part of Revenue Support Grant. LSC funding is differentiated by type of course. The LSC will fund up to four advanced level courses per student as well as Key Skills. Schools are funded for the number of students on courses and not per student enrolled as under the LEA formula. The number of students per course is based on the September count.

The formula has 5 elements:
1. National base rate reflecting length of programme of study and its cost.
2. Programme weighting: some courses have higher unit costs than others.
   3 Weighting bands: Band A = 1; Band B = 1.12; Band C = 1.3.
3. Achievement. 10% of funding from (1) and (2) depends on the student obtaining the qualification.
4. Disadvantage: an additional amount. To start with it will depend on FSM% at the school. LSC intends in the future to move to socio-economic indicators related to post code of students’ home address.
5. Area costs to reflect higher costs in London and related areas.
   Inner London 1.18 or 1.12; outer London 1.06; Fringe area: 1.03.
An assumed retention rate of 95% is built into the formula and is adjusted later against actual school records.
The LSC funding is not affected by the new system of allocating funding to LEAs.

Formula for distributing revenue support grant

Since the 1960s England has had a fiscal equalisation system for the distribution of central government grant to local authorities. The basic features of the system of equalization introduced in the 1980s have continued into the new system, if under different names. The spending needs of each LEA are determined separately for each service, Education being one of these. The Education block is then split up into several blocks which include under 5s, primary, secondary and youth + community. The spending needs of each sub-block are assessed separately.

The main spending driver for each sub-block is the number of clients (e.g. primary children aged 5-10). The number of clients is multiplied by a unit cost. This part ensures horizontal equity.
Then there are a number of further adjustments to allow for differences in LEAs’ costs due to:

(a) regional wage cost variations, which is known as Area Cost Adjustment (ACA). The pre 2003 ACA was calculated to take account of higher wage and accommodation costs in London and the south east of England.

(b) sparsity\(^1\) (density of population per square kilometre) which increases education costs due to smaller schools in rural areas and further distances to transport pupils.

Finally there is the important issue of vertical equity in relation to differences in LEAs’ needs to spend due to pupils’ Additional Educational Needs (AEN). The AEN indicator under the old system reflected the additional costs incurred by the LEA due to:

- provision of special school places;
- pupils with special educational needs (statemented and non-statemented) in mainstream schools;
- school support costs (education welfare officers, educational psychologists, etc).

The crucial issues here are how to identify and measure AEN with an indicator for formula funding that is not susceptible to LEA or school manipulation for additional funding and what are the additional costs of educating pupils with different types of AEN.

In the pre 2003 LA grant distribution formula AEN was a composite measure, using data from latest Population Census (1991), of:

1. proportion of dependent children living in \textit{lone-parent households};
2. average number of dependent children claiming \textit{Income Support} (a welfare benefit for the unemployed) as a proportion of residents under 18;
3. \textit{ethnicity}: proportion of household residents under 16 whose head of household was born outside the UK, Ireland, the USA or the Old Commonwealth, or whose head of household was born outside these areas. (i.e. not from white English speaking countries).

The composite AEN indicator was 2.4 times (lone parents plus Income Support claimants proportion) plus the ethnicity proportion.

Prior to 2003, the shares of spending allocated to AEN and sparsity were determined by regression analysis of past LEA expenditures on indicators of AEN and sparsity.

There was an additional allocation for the amount LEAs had to spend on providing free school means and that was based on expenditure in 1997/98.

**Critiques of the previous of school finance system**

The introduction of local authority schemes of school financial management from 1990 greatly increased transparency. LEAs were mandated to publish financial statements on the funding allocations to different types of expenditures and to their individual schools.

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\(^1\) Sparsity is a composite index consisting of two components:
- ordinary sparsity: proportion of LA population living in wards where density is 0.5 - 4 persons per hectare;
- super-sparsity: 0.5 or fewer persons per hectare; weighted twice ordinary sparsity.
How much each school got and how much a pupil of a given age or with given characteristics was funded in different LEAs and schools was revealed for the first time and sparked off intense debates about the adequacy and fairness of the funding system. The increased accountability for educational standards enforced on schools by successive governments made school leaders more concerned with the comparability of funding. The Secondary Head teachers Association was particularly vocal its criticisms of the funding system (Downes, 2000; West, 1994).

**Horizontal inequity**

The system was criticised (e.g. Downes, 2000, p. 34) for horizontal inequity because pupils of a given age without AEN were funded at different amounts in different LEAs even though the LEAs had similar costs. This is the inevitable result of having LA discretion on how much to spend on the Schools Budget and on the cash amount per pupil in the funding formula. The government also expressed concern that pupils with the same AEN are funded differently depending on the weight the LEA gives to compensatory funding in its formula (DfES, 2002d). The central direction of the schools system within a strong performance management framework of national learning targets, sat uncomfortably with the discretion of LEAs to determine funding levels. Schools complained that they were set common national standards but not given a common amount of funding.

The arguments of over adequacy spilled over into mutual recriminations between central and local governments about the proportion of the funding retained by LEAs. The DfES argued that more would be available for schools if LEAs passed on more and put increasing pressures on LEAs to delegate at least 85% of the Local Schools Budget.

**Adequacy and needs related funding**

A further complaint was the lack of a rational basis to the funding provided. A national curriculum had been introduced by the ERA 1988 but the government had not costed the implementation of the national curriculum ((NUT -Coopers, 1992). The unit cost amount used for the LA education spending assessments was not rationally based but derived from dividing up a politically determined pot of money amongst the number of clients. For example, Downes (2000: p2) argued that ‘the method of creating the budget should be based on the needs of children and the activities which schools are expected to perform’. West and Pennell (2000 p. 531) made a similar point; ‘there is no objective assessment of the type and amount of provision to meet pupils’ needs’

**Vertical equity and compensatory funding**

Vertical equity is addressed in three different funding streams. First is by the Additional Educational Needs assessment of LEA spending need by central government. There were particular criticisms of the way the AEN spending assessment was derived for funding LAs. Some of the indicators used became out of date because they were based on the ten yearly population census. It was also argued that evidence showed that the AEN indicators actually used were not as well correlated with pupils’ educational attainment as alternative indicators (West et al 2000). A further problem was that the amount to allocate via the AEN indicators was determined by a regression of LEAs’ past
expenditure on education and the AEN indicators and so reflected historical patterns of expenditure in a period in which London authorities had been particularly well funded (DfES 2002; West et al.: 2000). The Local Government Finance Green Paper (Department of Environment, 2000) stated that “the level of the enhancements would be decided following analysis of evidence about variations in pupil characteristics, cost and achievement, rather than as in the current system by regression analysis against past expenditure”.

However, the actual compensatory finance received by schools depends largely on the LEA’s funding formula. There is no direct link between the amount the LEA gets for AEN via RSG and the amount per pupil that a school obtains. The vertical equity element of the funding formula varies with LA policy, with Labour Councils more inclined to fund this part of the formula more generously than Conservative councils. The latter tend to be in power where the locality is generally affluent but may well have pockets of social deprivation. These differences in local policies result in horizontal inequity in funding between pupils with the same form of AEN but in school in different LEAs.

The third strand is some of the grants within Standards Funding, which are targeted at schools in socially disadvantaged areas or pupils with learning difficulties or behaviour problems. Standards Funding and local authority funding for AEN are not necessarily well co-ordinated and this lack of co-ordination has increased disparities between funding of similar schools in different LEAs.

Tensions between school autonomy in financial management and central government specific grants

1996 Education Act, as amended by the School Standards and Framework Act 1998, allows Secretary of State for Education to make regulations governing eligible expenditure under the Standards Fund. This is the government’s main channel for targeting funding to national priorities, such as Literacy and Numeracy Strategies, Excellence in Cities, National Grid for Learning, New Deal for Schools, capital support, etc. Standards Funds grants are mainly matching, closed-ended, categorical grants. The grant rate varies from 100% to around 50%. Standards Fund (including LEA contributions) was £3.6 billion in 2002/03 of which LEA matching contributions were £880 million. Prior to 2001/02 LEAs had to put in bids for each type of grant giving rise to complaints about the amount of staff time spent this way. There were also a large number of separate ring fenced grants which schools were supposed to manage and account for separately from their LEA school budget shares. Head teachers complained of the inflexibility of this in contrast to the principles of devolved school funding for the main element of the budget. The government responded in 2001/02 by using formulae to determined the allocations of most grants, though some are agreed by negotiation with LEAs when they are for projects restricted to certain authorities. The number of grant categories was reduced to six broad headings (as shown in the box below) instead of over 50 ring-fenced grants. Head teachers were also permitted to vire (i.e. to switch) between SF categories, except for devolved capital budgets, ethnic minority achievement, school
achievement awards and recruitment and retention. Also schools do not need to spend all the money by end of the financial year but end of the school year.

Despite these changes, head teachers and state bodies such as the Audit Commission still argued in favour of a reduction in the complexity of standards funding and for more of the DfES money to be allocated to schools within the main school budget.

<table>
<thead>
<tr>
<th>Standards Grant categories in 2001-02</th>
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</thead>
<tbody>
<tr>
<td><strong>1. School improvement</strong></td>
</tr>
<tr>
<td>To enable schools to raise standards of achievement and for LEAs to provide schools with challenge and support.</td>
</tr>
<tr>
<td><strong>2. Inclusion</strong></td>
</tr>
<tr>
<td><strong>3. Standards and curriculum,</strong></td>
</tr>
<tr>
<td>Part for national literacy and numeracy and KS3 strategies must be allocated to schools for support and training. LEA music services. Ethnic minority achievement and traveller children. Playing for Success. Early Excellence Centres, Nursery Schools Project.</td>
</tr>
<tr>
<td><strong>4. Diversity and excellence</strong></td>
</tr>
<tr>
<td>E.g. Excellence in Cities, specialist and beacon schools.</td>
</tr>
<tr>
<td><strong>5. Teachers and support</strong></td>
</tr>
<tr>
<td>Induction of newly qualified teachers (NQTs)</td>
</tr>
<tr>
<td>Teacher recruitment and retention</td>
</tr>
<tr>
<td>Early professional development for teachers</td>
</tr>
<tr>
<td>Advanced Skills Teachers</td>
</tr>
<tr>
<td>Performance management and threshold assessment</td>
</tr>
<tr>
<td>Teaching assistants</td>
</tr>
<tr>
<td>Small schools fund</td>
</tr>
<tr>
<td><strong>6. Capital and infra structure</strong></td>
</tr>
<tr>
<td>NGfL: to ensure baseline ICT provision in every school. Ring-fenced. Allocated to schools by formula.</td>
</tr>
<tr>
<td>Reduction in infant classes to 30</td>
</tr>
<tr>
<td>New Deal for Schools Devolved Capital Formula: set by formula. £7,500 per school plus £18.74 per primary pupil and £28.11 for secondary pupils; £56.22 for pupils with SEN. LEAs must replicate this formula when allocating to schools. See dfes.gov.uk/cap2001 for more details.</td>
</tr>
<tr>
<td>Seed Challenge Capital: £50,000 per LEA plus a share of the total budget based on pupil nos. Primary and special schools can apply for 50% funding and secondary schools for 33% if raise other funds, of which at least 75% must be new money.</td>
</tr>
<tr>
<td>New Deal for Schools Condition Funding. Revised allocations announced July 2001. 40% based on pupil numbers and 60% on the needs based element (regarding condition of buildings).</td>
</tr>
<tr>
<td>Key Stage 2 class size funding: LEAs applied in Autumn 2001 for grants to provide additional teachers and classrooms</td>
</tr>
<tr>
<td>Fresh Start</td>
</tr>
<tr>
<td>Capital funding for Nursery provision in disadvantaged areas.</td>
</tr>
</tbody>
</table>
**Transparency and accountability**

A further set of criticisms was that the funding system taken in its entirety was too complex and impossible for most people to understand. Transparency is assisted by simplicity. The DfES has urged LEAs to have simpler funding formulae especially for the relatively small amounts allocated for different types of premises costs. The local government funding formula has always been condemned for excess complexity. It was also argued that there should be a clearer delineation of the relative responsibilities of central government, local government and schools, and the funding they allocate and receive for undertaking them.

**The process of agreeing reforms to the funding systems**

In 2000 the Government issued a green paper on Modernising Local Government Finance (Department of Environment, 2000). The Education section stated the government’s view that local authorities should continue to play the major role in determining school budgets but that more needed to be done to ensure that money the government intends for schools actually goes to them. The separate identification of budgets for schools and LEAs was mooted and options with respect to ring-fencing set out briefly.

The Education Funding Strategy Group\(^2\) was set up to commission and undertake background analysis and consultation about revisions to the school funding system. It produced over 100 papers (to be found at [www.dfes.gov.uk/efsg](http://www.dfes.gov.uk/efsg)). These papers covered most of the issues raised above with respect to the funding system:

- Activity Led Funding
- Additional Educational Needs
- separation of school and LEA funding
- Area Adjustment Costs (for wages)
- Sparsity.

The EFSG produced a final report (EFSG, 2002). This was followed by a consultation document from the Office of the Deputy Prime Minister (Office of the Deputy Prime Minister, 2002). The final decisions, which had to be agreed between the DfES and the OPDM, were announced in December 2002 (DfES 2002; DfES 2002; DfES 2002; Office of the Deputy Prime Minister 2002).

**Key features of the new system**

The new system has a new set of terms for very similar feature of the old system. The *Education Formula Spending Share (EFSS)* for each LA is the amount central government notionally considers that the LA needs to spend, where this calculation takes account of the factors that are deemed to determine each need to spend, in particular the client population, social disadvantage and additional costs due to high wage costs in the area or population sparsity.

\(^2\) The membership of the group drawn from central and local government, unions, schools and governors' organisations, and the churches.
The major innovation is that the EFSS is split into two blocks - a Schools Block and a LEA Block to reflect their respective responsibilities and each block is further split into sub-blocks as shown below.

The School Block consists of sub-blocks for:
- Under 5s
- Primary pupils (aged 5-10)
- Secondary pupils (aged 11-15)
- High cost pupils (in maintained and independent special schools, pupil referral units, and with statements of special educational need in mainstream schools).

The LEA Block consists of sub-blocks for:
- LEA central functions
- Youth and community services.

Each of the under 5s, primary and secondary sub-block has its own formula but these have largely the same structure. Each consists of a basic entitlement per pupil with top ups for:
- Additional educational needs (due to social deprivation)
- Area costs - for areas where it costs more to recruit and retain staff
- Sparsity – for primary sub-block only.

The high cost pupils block

It is inappropriate to fund high cost pupils on basis of actual numbers as LEAs differ in how they identify these pupils and such an indicator would be inflated over time by LEAs seeking extra funding. Measures of low achievement – pupils 2 and 4 national curriculum levels below that expected for their age - were highly correlated with a range of SES factors – income support in particular followed by children with limited illnesses and low birth weight (PricewaterhouseCoopers, 2002). The index adopted for the proportion of HC pupils has high explanatory power for low achievement. It is:

\[
\text{Proportion of HCP} = (0.01 + 0.07*IS +0.21*LBW)
\]

where:

LBW is proportion of births under 2500 grams 1998-2000 (ONS).
The HCP proportion is then multiplied by the number of 3-15 year olds in the LA to obtain the assumed number of HC pupils in each LA. On average this is about 4% of pupils.

**Increased funding**

The increase in total funding for Education Formula Spending announced by the DfES is shown in Table 1.
Table 1 Increase in Education Formula Spending

<table>
<thead>
<tr>
<th></th>
<th>2002-03</th>
<th>2003-04</th>
<th>Increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>Education Formula Spending £m</td>
<td>22,502.7</td>
<td>23,929.3</td>
<td>6.3%</td>
</tr>
<tr>
<td>Grants £m</td>
<td>409.0</td>
<td>500.0</td>
<td>n/a</td>
</tr>
<tr>
<td>Pension Adjustment £m</td>
<td>571.6</td>
<td>585.9</td>
<td>2.5%</td>
</tr>
<tr>
<td>Total £m</td>
<td>23,483.4</td>
<td>25,015.2</td>
<td>6.5%</td>
</tr>
<tr>
<td>Total 3-15 pupil numbers</td>
<td>7,446,589</td>
<td>7,542,123</td>
<td>1.3%</td>
</tr>
<tr>
<td>National Average Funding per pupil £m</td>
<td>3,154</td>
<td>3,317</td>
<td>5.2%</td>
</tr>
</tbody>
</table>

Source:
I will now examine each of the criteria against which the old system was criticised in order to assess how well the new system addressed these.

**Horizontal equity**

Horizontal equity has been improved by the definition of a basic per pupil entitlement or unit cost for the schools block. This now makes transparent what the basic amount is. However, the basic amount is not as simple as one might at first suppose, as it consists of two parts: the minimum entitlement and the AEN basic entitlement which pays for the threshold proportion of AEN pupils. So a pupil with no AEN is not being funded at the basic entitlement but at the minimum entitlement.

Table 2 Basic entitlement per pupil

<table>
<thead>
<tr>
<th></th>
<th>Minimum entitlement £</th>
<th>AEN in basic £</th>
<th>Total basic entitlement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Under 5s</td>
<td>2389.91</td>
<td>158.92</td>
<td>2,548.83</td>
</tr>
<tr>
<td>Primary</td>
<td>1,847.22</td>
<td>158.92</td>
<td>2,006.14</td>
</tr>
<tr>
<td>Secondary</td>
<td>2,496.7</td>
<td>162.46</td>
<td>2659.16</td>
</tr>
</tbody>
</table>


While the minimum entitlement sends a clear signal to LEAs of the minimum funding level per pupil expected by the government, there can be no guarantee of horizontal equity without a national funding formula. If we wish to preserve local discretion in school funding we cannot at the same time have complete horizontal equity.

**Adequacy and needs based funding**

OFSTED (Office for Standards in Education) and the Audit Commission in a report commissioned by the EFSG (OfSTED with Audit Commission, 2001) recommended that:

- each LEA's share of the schools' block element of the Education Formula Spending should be determined by identifying and costing the activities needed to provide a full entitlement to education for each pupil; and
- in addition to identifying, and providing for, the core funding entitlement for all pupils, an additional factors element of the funding formula for LEAs should be developed using activity led approaches.
In order to ensure that the move to an activity led model retains integrity of purpose and application and supports real improvement at school and LEA level:

- existing specific and direct grants relevant to activities covered by the schools' block element of the ESS should be subsumed within it, and
- extensive modelling of activities and costs should be undertaken in consultation with representatives of local authorities and schools, commensurate with the reasonably rapid implementation of the new approach.

The OfSTED report based its findings on the inspection reports of six LEAs which had implemented Activity Led Funding for determining their formula. However the DfES took a dim view of activity led funding (Education Funding Strategy Group, 2001).

The approach to activity led funding identified by the [OFSTED] report is complex, and would undoubtedly be difficult to explain to all stakeholders. That is at odds with the principles of simplicity and transparency set out in the Local Government Finance Green Paper. Nor does the recommended approach – which would also involve identification of factors for premises costs, as well as the use of average values of teachers’ salaries – fit well with the approach proposed in the Green paper of a per pupil entitlement plus top ups for deprivation and area costs.

This last point is somewhat spurious since an ALF approach would determine the basic entitlement from a model of the costs of educating pupils of given ages at schools of minimum efficient size. The problem with the OFSTED report is that its technical appendices presented an unnecessarily complex model which it was easy to accuse of over-complexity. Other disadvantages cited by the DFES are the length of time it would take to agree an ALF model, the experience in LEAs that it leads to a cost per pupil that is greater than can be afforded and that it would undermine schools' freedom to choose their own resourcing patterns.

Despite Ministerial claims that the new formula is evidence based and is not backward looking by being based on historic funding, the basic minimum entitlement is not evidence based and is derived from past levels of funding. The unit cost of the basic entitlement is established by first setting the control total. This is the sum available for distribution within each sub-block. The starting point for the construction of the control totals is what LEAs collectively spent on the blocks and sub-blocks in the previous year. The next step is to apportion the increase in the Education Spending Share (ESS) for the next year announced in the Spending Review. The amount available to distribute as the basic entitlement is derived by subtracting the amounts for AEN, Area Cost Adjustment and sparsity from the ESS for each sub-block. Then the total available for the basic entitlement per pupil is arrived at by dividing the available total amount by the number of pupils. This gives the basic entitlements shown in Table 2 above. The control totals for each sub-block in 2003/4 are shown in Table 3 below.
Table 3 Allocation of control totals to the education sub-blocks 2003/4

<table>
<thead>
<tr>
<th>Service sub-block within Education Formula Spending Share</th>
<th>Control total (£m) (total government willing to allocate)</th>
<th>Share of control total</th>
</tr>
</thead>
<tbody>
<tr>
<td>SCHOOLS BLOCK</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Under 5 education</td>
<td>2,600.6</td>
<td>10.4</td>
</tr>
<tr>
<td>Primary education</td>
<td>8,242.2</td>
<td>33.1</td>
</tr>
<tr>
<td>Secondary education</td>
<td>8,835.3</td>
<td>35.5</td>
</tr>
<tr>
<td>High cost pupils</td>
<td>2,304.5</td>
<td>9.2</td>
</tr>
<tr>
<td>LEA BLOCK</td>
<td></td>
<td></td>
</tr>
<tr>
<td>LEA central functions</td>
<td>2,418.3</td>
<td>9.7</td>
</tr>
<tr>
<td>Youth and community</td>
<td>512.9</td>
<td>2.1</td>
</tr>
<tr>
<td>TOTAL EDUCATION Formula Share</td>
<td>24,913.81</td>
<td>100</td>
</tr>
</tbody>
</table>


The definition of adequacy applied by the DfES is somewhat odd. In the school finance literature adequacy is defined in relation to the amount it costs to provide a specified (possibly basic) standard of education to a pupil with specific characteristics. Under the new system the Secretary for State for Education has acquired the power to set the minimum size of a LEA’s Schools Budget. In deciding whether the LEA’s Schools Budget is adequate the single most important test is ‘the need to increase the Schools Budget by at least as much as the increase in the Schools Block assessment compared with the equivalent for last year’ (DfES, 2002c Annex B). This means that a local authority with high spending per pupil in the past is likely to find that it cannot reduce its education budget in order to shift funding to other services. A high spending authority clearly does not have an inadequate level of spending as the term is normally understood. In fact in 2003-04 two LEAs were required to increase their budgets one of which was a high spender on schools. This anomalous interpretation of adequacy arises from the desire of the DfES to ensure that increases in funding that it has secured for schools from the Treasury are passed on to schools when it has no direct control over school funding formulae.

These was a serious attempt to apply activity led funding to the determination of the formula for AEN. The AEN top up is derived from a study of the incidence and costs of AEN commissioned by the EFSG (PricewaterhouseCoopers, 2002). This study estimated that there are three main forms of AEN (excluding high cost pupils): that arising from social deprivation (15% of pupils), that due to different forms of learning difficulties (5%) and that due to English as an Additional Language (EAL). The study found that the average costs per pupil are similar for the three kinds of AEN and in primary and secondary schools and were estimated at £1280 per pupil in 2001-02. As 25% of the costs of AEN are funded from specific grants the amount to be funded from EFSS was reduced

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3 Regulations under s45B of the School Standards and Framework Act 1998
to £960. A further £250 was added to this total for the cost of estimated unmet needs and uprated to 2003-04 funding levels to give a per pupil cost of AEN of £1300.

It was decided to allocate part of the costs of AEN through the basic entitlement which includes funding for 12% of the pupils that having AEN. This is assumed be the threshold amount below which LEAs do not get a top up for AEN. Since 12% of £1300 is £156 this is the approximate amount for the basic AEN entitlement. Authorities receive £1300 per pupil for the number of pupils with AEN in excess of 12% of pupils.

The AEN indicators for the new system have been revised on the basis of regressions of various indicators on measures of pupil attainment. The indicators are therefore no longer derived from a regression on past spending. The indicators and weights selected on the basis of ability to predict educational attainment are:

- income support (received by the unemployed) using data from Dept of Work and Pensions over last three years. Mid year estimates from 2001 based on a new 2001 Census were used to convert the Income Support numbers into a proportion.
- Working Families Tax Credit and Disability Persons Tax Credit from Inland Revenue: average of last 4 quarters data using new 2001 mid year estimates as a denominator.
- Pupils from ethnic background with below average achievement and EAL from the Pupil Level Annual Census of Schools.

These social indicator weightings were reduced so that when they are applied to the indicator data the overall proportion of pupils with social related AEN matches the PWC evidence.

AEN index is:

\[
\text{IS Index} \times 0.77 + \text{WFTC Index} \times 0.24 + \text{EAL/Ethnicity index} \times 0.4.
\]

This index is applied to the unit cost per AEN pupil to derive the LEA’s top up for AEN.

The DfES has urged LEAs to ensure that the AEN funding is allocated via the vertical equity element of their funding formula:

The Secretary of State believes that many LEAs, including some with relatively small pockets of deprivation would gain by increasing the proportion of funding which is distributed to the most deprived schools (DfES, 2002d Annex B).

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4 The threshold is derived by ranking LEAs by the AEN primary index and selecting threshold where a lot of LEAs have a very similar AEN index. This is at the 10th LEA. Below that the AEN index falls sharply. The 10th LEA has an AEN index = .12 and this is treated as being 12% of a possible 100 for the highest LEA. Therefore the basic entitlement is 12% of £1300 (the AEN unit cost which is £156. Thus an LEA with 12/100 pupils with AEN will get as much per AEN pupil (total number of pupils * £156) as an LEA which has 100% AEN pupils gets £1300 per pupil for 88/100 AEN pupils plus basic AEN for 100 pupils.)
Tensions between school autonomy in financial management and central government directives

In the 2001 White Paper on Local Government the government committed itself to diminishing the proportion of funding allocated to LEAs and schools through ring-fenced grants. It was announced that £500m of specific grant will be transferred into Education Formula Spending Share in 2003-04 and 2004-05 and a further £840m in 2005-06. In the third year schools will no longer be directly funded for the additional costs of teachers who have merited performance related pay (i.e. gone above the threshold) but will have to find it out of the school’s budget share allocated by the LEA.

The prime concern of the government is to ensure that the additional money allocated to schools both gets to schools and is used cost-effectively. The year on year increases in per pupil funding in the Education Formula Spending Share are;

- 2003-04: 5.2%
- 2004-05: 6.0%
- 2005-06: 7%.

Hence the powers noted above to force LEAs to increase their Schools Budgets to match the increase in EFSS.

Some of the additional funding announced for schools was conditional on reaching agreement with the trades unions on changing work practices of teachers and ‘remodelling’ the labour force by increasing the use of non-teaching staff as para-professionals in return for guaranteed non-class time for teachers to spend on preparation and assessment.

The DfES is also concerned at the growth in unspent school balances as ‘these have no clear purpose and are denying educational benefits to pupils’ (DfES, 2002d section 3). LEAs which commit themselves to giving schools three year indicative budgets will be able to introduce a scheme for clawing back unspent school balances in excess of 5% of secondary schools’ budget share and 8% of primary and special schools’ budget share. Unspent balances are surpluses carried forward from previous years which the governing body has not declared to be assigned for a specific purpose permitted by the authority. In all of these measures the government has expressed the clear view that its decisions on these matters will improve school’s cost-effectiveness rather than allowing these issues to remain determined at school level. It has moved further in overriding LAs’ independence to determine their own spending despite efforts to reduce ring fencing.

Transparency and accountability

The government has made strong claims for the improved transparency, accountability and simplicity of the system. Certainly the major innovation of splitting the Education Funding between the Schools block and the LEA block has improved transparency as to the amount of funding per pupil that should go to schools and clarified the accountability for delivering performance on the basis of this funding split. The separation of funding allocations for high cost pupils also provides a clearer indication of how much needs to be spent. However, it remains the case that so long as the government fights shy of implementing a national funding formula it cannot fully control the amount of funding
that individual schools receive. With the further amendments announced later in 2003 the government now controls the minimum increase in school budgets but from a historically and locally determined level. There is still therefore a blurring of accountability between local and central government for the resources schools receive in order to deliver the performance for which they are held accountable.

Simplicity in funding aids transparency and the cry has always been that the funding system is too complex. The government claimed that the system is simpler. It can be explained in simple terms if we just stick to the skeletal features of a basic entitlement per pupil plus top ups for AEN, area costs and sparsity. But one could explain the previous formula in such simple terms too. There was so much per pupil plus additions for AEN, free school meals, sparsity and area costs. However, once one examines the details for the new education funding scheme its complexity is revealed, as for example with the determination of the top up for AEN and how the basic entitlement is determined.

There are additional complications because of the arrangements to ease the transition from the old to the new system so to implement the guarantee that no authority’s schools should lose in real terms as result of new system. Ministers decided that floors and ceilings to funding changes must operate on a per pupil basis. The per pupil increase for 2003-04 is for each LEA is calculated as:

\[
\text{[Education FSS in 2003-04 per pupil aged 3-15 – the equivalent of EFSS per pupil aged 3-15 in 2003-03]} / \text{the equivalent of EFSS per pupil aged 3-15 in 2003-03}
\]

The minimum increase was set at 3.2% and the maximum at 7.0%. LAs with increases below 3.2% receive extra funding through ‘damping’ sub-blocks and those with above 7.0% per pupil increases get a deduction. Also an extra £100m was secured from the Treasury to fund the transition arrangement. Consequently there are two more ‘notional’ sub-blocks in both the Schools and LEA blocks for damping.

Another complexity is that, as with the previous formula, unit costs are rounded to two decimal places so scaling factors are used to ensure the sum of the sub-block formulae add up back to the control totals exactly.

The diagram taken from the Technical notes explaining the new system (DfES, 2002f) illustrates graphically that the new system is not simple, once one goes beyond the basic features. To expect a simple formula for allocating funding, which addresses vertical equity and adjusts for differences in school costs while ensuring that indicators correlate well with school costs and are not manipulable by the funding recipients, is unrealistic and to describe it as such is disingenuous.
Minimum guarantee to schools’ budgets introduced in 2003

The government’s response to the embarrassing situation that the much heralded increases to the national level of spending on schools was not reflected in the per pupil allocations received by a significant number of schools was to bring out further centralising measures. It has insisted that LEAs ‘passport’ increases in national funding to schools. The first minimum guarantee regulations were issued for 2004/5 and the DfES claimed they worked well to stabilise school funding and were received by about one third of schools.

The guarantee is in two parts: for pupil related expenditure it is x% of the previous year’s ‘baseline budget’ per pupil and for premises related (i.e. fixed cost) expenditure it is x% of the fixed cost part of the baseline school budget. This means that schools with falling rolls are guaranteed a more than x% increase in their budget compared with the previous year and schools with rising rolls get a less than x% increase. The minimum guarantee for 2005/6 is:

- 5% for primary and nursery schools (minimum is 4.9%);
- 4% for secondary schools and special schools (minimum is 3.9%)

The DfES did not raise the guarantee further in order to leave ‘headroom’ for LEAs to operate their own formula and/or assist schools in financial difficulty.

The costs of teachers’ threshold pay (for teachers who successfully apply for a performance related increment) continue to be fully funded by the government. To ensure that LEAs are able to fulfil this guarantee for every school the Schools Formula Spending Share floor increase was 5.5% per pupil for most LEAs and 5.8% per pupil for LEAs which pay outer London teacher salaries. The national average increase in SFSS was around 7% per pupil. LEAs must ‘passport’ its increase in SFSS into its Schools Budget.

Central expenditure limits

LEAs cannot increase their central funding by more than the increase in their Individual Schools Budgets in 2004/5 and 2005/6.

Regulations have been amended to allow LEAs to target spare money at schools with particular problems (whether because of unavoidable cost increases or setting a deficit budget in 2003-04). Targeted transitional grant is provided in 2004-05 and 2005-06 (half the amount for 2004/5) for cases where LEAs do not have funds to help schools in difficulties (51 LEAs). This is referred to as targeted funding for which applications have to be made. To qualify LEAs must have passported their full SFSS increase into the Schools Budget, be delegating resources to schools’ budgets as much as possible, target schools in difficulties, limit this to no more than the school’s accumulated deficit, agree a recovery plan with such schools, monitor then and prepare a plan for the use of transitional support. This will cease in 2005/6.
Conclusions

The English experience with decentralization of school funding shows clearly the distinction between decentralizing to schools and decentralizing to local government. In England the steady thrust since financial decentralization was introduced in 1988 has been to increase the proportion of schools’ total resources which are managed at school level, while the local education’s discretion on the amount and method of distributing funding to schools has been steadily diminished. The centralizing tendencies of central government in school finance are directly related to their interventionist education policies, which have been backed by significant increases in real funding per pupil and by the growth of central grants, some of them categorical, which are channelled directly to schools.

The annual list of DfES direct grants to schools (Standards Funds) and the conditions attached to them change year by year. A spurt in the growth of earmarked funds was cut back in response to complaints from schools and the Audit Commission about the consequent inflexibility, complexity, monitoring costs and inefficiency due to spending up before the end of the financial year. But the DfES’s subsequent attempt to roll more categorical grants into the LEAs’ block grant aroused complaints from those schools which lost out as a consequence.

The minimum funding increase guarantees have undermined formula funding by LEAs. A school’s funding is now determined by its historic ‘baseline’ budget, which depended on the LEA’s funding formula, plus the new minimum increase guarantee rules. A school now receives a budget first calculated by applying the LEA’s formula and then adjusted by the minimum guarantee. Only LEAs which can pay the minimum guarantee to all schools are able to revise their funding formula to redistribute funding between schools. So while the DFES wishes some LEAs to engage in a greater compensatory funding of schools for social disadvantage, LEAs find it difficult to adjust their funding formula.

There is general support in the education sector for school-based management of resources, which gives schools incentives to allocate resources efficiently. However, one problem that has emerged over time is the accumulation by some schools of surpluses, which means that current pupils are not benefiting from the funding intended for them. At the same time about 20% of schools run deficits which are more or less tolerated by LEAs as they can fund the deficits out of the surpluses of other schools. The latest DfES measures to enable LEAs to apply for additional funding to assist schools in chronic deficit positions does not send out the right efficiency signals. The DfES portrays schools running deficits as being poor financial managers and has commissioned KPM consultancy firm to run a programme of financial management training and advice for head teachers via the National College of School Leadership. However, in a deficit tolerating environment, running a deficit budget can be sensible tactics for school managers to adopt in order to increase their schools’ funding.
The experience in England shows that decentralization of school finance is does not evolve continuously in a decentralizing direction. The model of schools managing their own resources and responding to the efficiency incentives set up by being held accountable within a framework of national standards is vulnerable to flux and distortions emanating from the needs of an initiative-driven ministry of education to ensure that its policies are promoted via financial incentives. The whole period of school financial decentralization in England since 1988 has been marked by tensions between local and central government over control of the allocation of funding to the individual school.

**Post script: other UK countries**

Wales has the same education legislation as England until it took charge of education with the establishment of the Welsh Assembly in 1999. It has school-self management of resources. Scotland, which has always had separate education legislation, also has school self management of resources but with more LEA control. The DfES has been more interventionist in the last decade than the equivalent education departments in Wales and Scotland. Schools in Northern Ireland also have financial devolution but are managed by Library Boards and are directly administered by the NI Education Dept pending agreement on power-sharing.

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DfES (2002b) *New LEA Funding System Model* (London: DfES (www.dfes.gov.uk/efsg)).
Education Funding Strategy Group (2001) *Activity led funding and the new funding system* (London: DfES (www.dfes.gov.uk/efsg)).


Office of the Deputy Prime Minister *Revenue Support Grant for 2003-04 and Related Matters: Consultation Paper Issued by the First Secretary of State* (London: ODPM (www.dtlr.gov.uk/finance)).


**Websites for information on school finance**

www.teachernet.gov.uk (select management and then school funding)

www.audit-commission.org.uk

Learning Skills Council www.lsc.gov.uk

National College for School Leadership www.ncls.org.uk

ODPM (Office of the Deputy Prime Minister) www.odpm.gov.uk

www.dfes.gov.uk/vfm (Value for Money Unit)

www.dfes.gov.uk/efsg (Education Funding Strategy Group)