

Rt Hon Justine Greening  
Secretary of State for Education  
Department of Education  
Piccadilly Gate, Store Street  
Manchester  
M1 2WD

22<sup>nd</sup> March 2017

Dear Justine,

### **National Schools Funding Formula- Stage 2 Consultation**

Further to the County Councils Network's (CCN) response to the consultation, we are writing to you on behalf of our member councils to set out our key positions relating to the proposed National Schools Funding Formula.

Prior to that we would like to thank you for agreeing to meet with the CCN on the 15<sup>th</sup> March to discuss the consultation in Marcus Jones' office. We greatly valued the opportunity to have direct engagement on the proposed funding formula with you. We would also like to pass on our thanks to Lucy Andrew from the Funding Policy Unit for attending our CCN meeting on the same day to discuss the consultation proposals with the Leaders of CCN Councils.

CCN welcomed the announcement by Government of a new 'fairer' schools funding formula to replace the existing 'unfair, untransparent and out of date' means of distribution.

The consultation and the principles contained within are well intentioned and something that counties can philosophically sign up to. However, implementing the formula in its current form could have negative implications on the quality of education for children in county areas. In particular, the proposals will put the financial viability of a number of small rural schools at significant risk and does not adequately address the existing funding differentials, for example the funding difference between an average secondary school and a school of a similar size in a deprived area can total up to £2m when the Pupil Premium is included.

However, we do not believe that the proposals should be rescinded as has been suggested by some parties in recent days and weeks. Instead we believe that significant changes are required to the weightings afforded to key factors, such as sparsity, in order to address the opaqueness and unfairness of the current and proposed formula. If these changes are delivered and the weightings adjusted intelligently, then we feel that a national funding formula can be delivered that hits all the right spots. This is something that CCN has consistently advocated through our communications and advocacy work, such as recent appearances on BBC News over the past week.

The CCN is extremely concerned that the Institute for Fiscal Studies has estimated that spending per pupil is expected to fall in real terms by 6.5% between 2015/16 and 2019/20. It is clear that without significant and ongoing investment in the national education budget by Government, that the delivery of a truly fair funding formula based on need will not be fully realised as a result of these reforms.

We acknowledge that without additional funding there is a need for some stability prior to schools fully realising what would represent their fair funding settlement, in particular those that will lose funding.

However, the proposed 'funding floor' will not redress the significant historical discrepancies that currently exist within the schools funding system. This is extremely concerning given that Inner London schools currently receive an average of 47% more per pupil funding (£6,414) than schools in CCN member councils (£4,366). This will mean that schools and pupils with similar characteristics will continue to attract funding at markedly different levels. In addition to this, the decision to cap the gains of those schools that are currently underfunded will also mean that slow progress will be made towards achieving a fairer level of funding.

In order to deliver a fair funding formula it is imperative that the building blocks are correct. At present, CCN are of the opinion that the proposed formula does not deliver the basic level of funding required to ensure that all county schools will be placed on a sustainable footing in the short, medium and long-term.

Firstly, Government should reconsider the level of funding allocated to additional needs within the proposed formula. It is imperative that the basic per-pupil funding is set at a level which is adequate for schools to maintain acceptable teacher pupil ratios and to operate sufficiently. The proposed percentage for basic per-pupil funding should be increased from 73%, back up to above 75%.

Secondly, the level of funding attributed to the lump sum and sparsity factors will be imperative to the financial viability of small rural schools, many of which are in county areas. The proposed lump sum level of £110,000 sits below that currently provided by the majority of councils to both primary and secondary schools. For those schools that fall within the existing sparsity factor definition, the proposed levels are too low to compensate for the loss of lump sum funding.

Further to this, those small rural schools sitting outside of the current definition of 'sparsity' will see no additional support to compensate for the loss of lump sum funding. Given the limited scope of such schools to deliver significant efficiencies without reducing the level and/or quality of teaching staff, this will only serve to increase the risk of closures at the detriment to local children. In order to ensure that small rural schools remain sustainable, Government must increase the current sparsity weighting in the formula from 0.08% and also revise the definition of sparsity to encapsulate a greater number of small schools.

As well as revisions to the proposed formula, clarity is required as to how and when schools can expect to achieve a 'fair' funding settlement in its purest sense. In light of this Government should publish target allocations and a clear journey towards these so that schools can move towards what would be a truly fair funding formula over a defined period of time.


The ideal solution would be for the Government to invest new and additional funding into the education budget, though we understand that such an approach is unlikely in light of announcements in the recent Spring Budget. Such additional funding would allow county schools to maintain standards and ensure that schools remain financially sustainable in the short, medium and long-term. This funding could also be used to accelerate the pace at which schools move towards their fairer per-pupil funding allocations as we have set out above. We would welcome clarity on how much additional funding would be required from the Treasury in order to pull the level of funding up to a 'fair' level without any schools becoming significant losers.

CCN would welcome the opportunity to work closely with you and your team, through ongoing dialogue, on the development of the final schools national schools funding formula prior to its publication.

Yours Sincerely



Councillor Paul Carter CBE  
Chairman  
County Councils Network



Councillor Ian Hudspeth  
CCN Spokesman Children, Young People & Learning  
County Councils Network