



Submission to Public Accounts Committee inquiry: Financial Sustainability of Schools

15 January 2017

Introduction

1. Fair Funding for All Schools is a national independent parent-led campaign group. We want the government to provide a fair and sustainable funding settlement that:
 - Protects per-pupil funding overall in real terms for the life of this Parliament
 - Provides the additional funding needed to implement a national funding formula which increases funding for maintained schools and academies in comparatively poorly funded areas of England without cutting funding per pupil for schools in any other part of the country.

What is happening to pupil funding?

2. The Department for Education tells us that “the 2015 spending review recognised that transforming education is central to the government’s commitment to extending opportunity and delivering social justice. It therefore protected the national schools budget in real terms for the duration of the Parliament”.
3. This line has been repeated by schools minister Nick Gibb MP in parliament. Responding to a parliamentary question in December 2016, he reiterated that “we have protected the core schools budget in real terms overall”. However, in the same answer he also admitted that schools were facing significant cost pressures, which amount to 8 per cent per pupil between 2016/17 and 2019/20.
4. This reflects previous findings by the Institute for Fiscal Studies¹ that forecast that “school spending per pupil is likely to fall by around 8 per cent in real terms between 2014/15 and 2019/20” as a result of funding not keeping up with the growing costs

¹ <https://www.ifs.org.uk/publications/8027>

facing schools and rising pupil numbers. As they note, this will be the first time education spending has decreased in real-terms since the mid-1990s.

5. The National Audit Office² report of December shows that “funding per pupil will, on average, rise only from £5,447 in 2015-16 to £5,519 in 2019-20, a real-terms reduction once inflation is taken into account”. They conclude that the government’s attempts to deliver educational excellence everywhere must be set “against a budget that provides little more than flat cash funding per pupil over the five years to 2019-20. This means that mainstream schools need to find significant savings, amounting to £3.0 billion by 2019-20, to counteract cost pressures” which “equates to an 8.0% real-terms reduction in per-pupil funding between 2014-15 and 2019-20”.
6. As Emma Knights³, Chief Executive of the National Governors Association puts it:
The organisations who speak for school leaders, including business leaders, are saying the same thing as we are: there simply is no longer enough money in the total pot to sustain adequately all schools in England.
7. This an on-going situation that has its roots in the squeeze on public spending dating back to the last parliament and rising costs associated with increased pension and NI contributions, cost of living and inflation pressures, staffing costs, uprating of the National Minimum Wage and the Apprenticeship Levy.
8. As a result, the number of Secondary schools spending more than their income doubled to over 60 per cent in the last five years.
9. It is therefore clear that every state school in the country is facing a worsening financial situation. As the Chair of this Committee, Meg Hillier MP⁴, stated in November that schools in England are facing a bigger funding crisis than the NHS.

What is the impact on schools, staff and pupils?

10. We recently attended an open day at our outstanding local Secondary school where we hope to send our daughter who is currently in Year 5 at a Primary school in Haringey. We were surprised to hear the headteacher there say that class sizes were due to increase this year as a result of the funding squeeze. Our surprise stemmed from the fact that we had been led to believe that pupil funding was protected and could not understand why this over-subscribed and very popular local Secondary was in such trouble.

² <https://www.nao.org.uk/wp-content/uploads/2016/12/Financial-sustainability-of-schools-Summary.pdf>

³ <http://www.nga.org.uk/Blog/January-2017/Financial-Challenges---we-need-to-remain-optimisti.aspx>

⁴ http://www.telegraph.co.uk/education/2016/12/14/schools-face-bigger-funding-crisis-nhs-select-committee-chair/?WT.mc_id=tmg_share_tw

11. We then heard other stories regarding schools in our local community. At least three schools used by local pupils had written to request termly cash donations from parents in order to address funding shortfalls. Through a teacher contact, we heard that a school in nearby Camden had recently laid off one teacher and had not replaced another teaching assistant who had left.
12. Last week, the headteacher at our daughter's Primary school called a meeting of all parents to spell out the financial difficulty that the school was in and is now in a process of dialogue with parents, through meetings and surveys, to identify what activities parents want to see preserved, what additional savings may be made and what other ways the school can raise revenue. The headteacher made it clear that doing nothing was not an option.
13. While we are confident that the school leadership, teaching staff and parents at our school will do everything that they can to work together to protect the excellent education offered to our children, we do fear for the future.
14. The NAO⁵ report shows that schools are increasingly cutting their spending on school staff:

We found that across all maintained schools spending on teaching staff, as a percentage of total expenditure, fell from 56% to 51% from 2010-11 to 2014-15. Similarly, academies' spending on teaching staff, as a percentage of the total, decreased from 55% to 52% between 2011/12 and 2014/15.

15. From a small sample, the NAO found that ways that headteachers were typically finding savings included "increase teachers' contact time, class sizes and the amount of teaching undertaken by senior staff; and reduce supply teacher costs and the size of leadership teams".
16. In October last year, The Guardian⁶ reported schools being forced to make redundancies to support staff, increasingly cramped classrooms and many headteachers commenting that they had reached the limit of non-staff savings they could make.
17. Speaking in The Guardian in November, Geoff Barton⁷ a headteacher of a secondary school in Suffolk spelled out the stark choices facing his school:

I have been headteacher for more than 14 years in a rural comprehensive of 1,650 students, with a budget of more than £6m. Working with a brilliant business

⁵ <https://www.nao.org.uk/wp-content/uploads/2016/12/Financial-sustainability-of-schools.pdf>

⁶ https://www.theguardian.com/teacher-network/2016/oct/05/cramped-classes-and-staff-cuts-school-budgets-pushed-to-breaking-point?CMP=share_btn_tw

⁷ https://www.theguardian.com/commentisfree/2016/nov/30/nativity-play-financial-crisis-education?CMP=share_btn_tw

manager and governors, we are bracing ourselves for tough times. As staff leave, we look to avoid replacing them. We've reduced the curriculum because we know that in all schools something like 80% of the costs are the people we employ. We know that it's only by cutting the number of teachers and increasing class sizes that we'll be able to avoid compulsory redundancies and sustain anything like the currently quality of provision.

18. In January, Russell Hobby⁸ the General Secretary of the National Association of Headteachers warned that in 2017:

Parents will start to see staff being let go this year. They will see bigger class sizes, fewer subjects on offer. They will see the person looking after special education needs go, and all those other additional services disappear. Parents will see those cuts really start to bite.

19. This was borne out in a letter to Nick Gibb MP signed by 300 headteachers⁹ from West Sussex who told the schools minister that the options for achieving the scale of savings required of them would mean:

Staffing reductions, further increased class sizes, withdrawal of counselling and pastoral services, modified school hours, reduction in books, IT and equipment

20. Emma Knights¹⁰, Chief Executive of the National Governors Association has also stated that the funding squeeze on schools is threatening the quality of education:

Funding is now the biggest concern for governing boards across the country. Unless there is urgent reform an increasing number of schools will be unable to balance their budgets in 2017 without significant staffing reductions which will affect the quality of education provided to pupils.

21. There has already been significant growth in class sizes. The BBC¹¹ reported this month that the number of state secondary school pupils being taught in large classes had trebled in the last five years. Their report found that:

According to the latest school census, in 2016 there were 17,780 state secondary school children in 2016 being taught in classes with 36 or more pupils. This is the highest number for a decade.

⁸ <https://inews.co.uk/essentials/news/education/school-finances-will-fall-off-cliff-2017/>

⁹ <http://www.bbc.co.uk/news/education-38557843>

¹⁰ <http://www.nga.org.uk/News/NGA-News/Sept-16-Feb-2017/Unsupported-budget-cuts-puts-education-at-risk,-sa.aspx>

¹¹ <http://www.bbc.co.uk/news/uk-england-38506305>

What will be the impact of the National Funding Formula?

22. The implementation of the National Funding Formula from April 2018 will, according to the government's own figures, lead to 49 per cent of schools in England losing funding, with over 2 million children in schools losing the upper limit of funding in the region of 2.5 – 3 per cent in the first two years.
23. The impact of the NFF will be felt most obviously in large cities such as London – London Councils¹² report that 70 per cent of schools across Greater London will face budget cuts in a climate when school finances are already struggling.
24. The government's maximum income guarantee will cap losses but as Cllr Peter John¹³, Deputy Chair of London Councils says:

The Government's promise that no school will lose more than 3% in per-pupil funding will be cold comfort to London parents when that cut could mean the loss of a teaching assistant which might have made all the difference to their child's education.
- 25. But it is crucial that we do not see this as a problem isolated to those areas of the country most likely to lose from the National Funding Formula.**
26. The Times Education Supplement¹⁴ notes that the majority of those who are set to gain out of the NFF changes will still stand to lose out as a result of the funding reductions highlighted by the IFS and NAO.
27. Analysis by the NUT and ATL¹⁵ indicates that around 98 per cent of schools in England will be net losers as a result of the combination of real-terms reductions, additional costs, growing pupil numbers and the impact of the National Funding Formula.
28. The table below shows the teaching unions' analysis of the change in pupil funding by each area of the country, demonstrating that no area of the country is immune from real terms funding cuts, even with the implementation of a National Funding Formula.

¹² <http://www.londoncouncils.gov.uk/node/30956>

¹³ *ibid*

¹⁴ <https://www.tes.com/news/school-news/breaking-news/new-national-funding-formula-will-see-10740-schools-gain-and-9128>

¹⁵ <https://www.teachers.org.uk/news-events/press-releases-england/school-funding-cuts-worse-predicted>

Region	Schools	Pupils	Average percent of pupils from JAM families	Change in per pupil funding 2015/16 to 2019/2020
SOUTH WEST	2183	658,065	8	-£354
SOUTH EAST	3034	1,102,857	8	-£315
INNER LONDON	830	356,376	17	-£705
OUTER LONDON	1343	699,347	11	-£429
WEST MIDLANDS	2159	776,190	11	-£426
EAST MIDLANDS	1906	604,292	9	-£373
EAST OF ENGLAND	2343	787,009	9	-£376
NORTH WEST	2877	956,702	11	-£434
YORKSHIRE AND THE HUMBER	2054	704,847	10	-£379
NORTH EAST	1038	327,258	12	-£365

29. The West Sussex headteachers describe the NFF as “giving with one hand whilst taking away with two”, prompting them to ask the question “what has happened to the government’s commitment to protect per pupil funding in the lifetime of this parliament?”
30. Few can argue against adjusting what appears to be an unfair system. But this comes at a price for all schools at a time when funds are tight for all. We want fair funding, but it should not come from levelling down school spending in an already impossibly tight situation. Shifting money between schools while the entire budget is shrinking is doing no-one any favours.
31. This is a view that has been expressed to us by parents across the country, including parents in West Sussex and Wokingham, among the lowest funded areas who have been keen to stress that they, too, agree that fair funding must be achieved through a levelling up.
32. London Councils suggest that the cost of ensuring that no school loses funding through the implementation of the NFF is approximately £335 million. While this is a significant sum of money, it represents less than 1 per cent of the schools funding budget for next year. Given the Chancellor’s relaxation of previously held fiscal targets announced in the Autumn Statement of November 2016, it would seem that an increase to the schools’ budget of this order would not seem unachievable.
33. This is even more so the case when you compare this with the funding previously allocated¹⁶ for the conversion of all schools to academies or the expansion of grammar schools.
34. The funding is clearly there to further some of the government’s education priorities. We therefore ask that the government makes it a key priority to level up all school

¹⁶ <http://www.bbc.co.uk/news/education-35945542>

funding in order to ensure a National Funding Formula that does not require the loss of funding to half the schools in the country.

35. As John Dunford¹⁷, stated in the Times Education Supplement:

The level of funding for schools and other public services is an important indicator of a civilised society. Fairer funding of schools is a step in the right direction, but it can only be viewed in the context of school funding as a whole and the government is failing on this right across the public services.

¹⁷ <https://www.tes.com/news/school-news/breaking-views/spending-public-services-a-sign-a-civilised-society-school-funding>