

Written evidence from the National Association of Head Teachers

1. NAHT represents more than 29,000 school leaders in early years, primary, secondary and special schools, making us the largest association for school leaders in the UK. We represent, advise and train school leaders in England, Wales and Northern Ireland. We use our voice at the highest levels of government to influence policy for the benefit of leaders and learners everywhere. Our new section, NAHT Edge, supports, develops and represents middle leaders in schools.

Introduction

2. NAHT welcomes moves to a national funding formula for education. This is something we have campaigned for over the last few years and believe that a national formula can create greater consistency and clarity in how funding is allocated between schools, and ensure that funding reflects the characteristics of a school or academy's pupils. This is the right thing to do, but can only succeed if there is sufficient funding for all schools and academies – without that the introduction of the formula could deepen the financial disadvantage already faced by many schools.

Funding cuts

3. The DfE have set out their indicative allocation for each school and academy under the new National Funding formula. In addition, the National Audit Office's work has analysed the DfE's own recognition that by 2020, schools will face a real terms drop of £3 billion a year due to the impact of increased costs. Combining these sets of DfE data points to estimates of a £339 loss for every primary age pupil and a £477 loss for every child in secondary by 2019/20. 98 per cent of schools will see an overall cut, as highlighted by the School Cuts website, of which NAHT is a partner.

Education Services Grant

4. The government's £600 million cut to the Education Services Grant (ESG) for services that are still required by the education system will shift this additional burden to schools. Furthermore, the impact of cuts to ESG in academies betrays the basis on which schools converted, and creates significant cost pressures on academies. We believe that the Government must reverse its decision to cut the ESG.

High needs funding

5. The government's proposals for a new high needs funding formula, and the indicative allocation for the first year from September 2018, highlight a £124 million shortfall that means that local authorities in some of the most deprived areas of the country will

continue to be underfunded to support children with complex needs. The post code lottery will persist for children with SEND unless this is addressed.

Pupil premium

6. The pupil premium is critical to ensure that all pupils achieve their full potential, but the need for parents to register their children as eligible for free school meals means that many miss out. The government must share data with schools on those pupils living in households that are eligible for benefits in order to ensure that all children have the same opportunities through both free school meals and the pupil premium. Automatic registration of pupil premium would benefit pupils, and schools who receive the attached pupil premium. NAHT believes that the government can make this simple change through the Digital Economy Bill, which should be amended to explicitly make clear that data sharing provisions can be used for this purpose.

Costs faced by schools

7. School budgets have been protected in cash per pupil terms so that any increases to costs represent a cut in school funding in real terms. Recent and emerging additional costs have therefore hit schools hard, bringing them to financial 'breaking point'. In particular, increases in the cost of employer's contributions to national insurance and pensions of over 5.5% have had a big impact on schools, with a strong possibility of further increases as government shifts responsibility for future pension shortfalls to the education budget. These changes will have an enormous impact on school and academy budgets year on year as payroll costs typically represent 75-80 per cent of school budgets.
8. The further imposition of the apprenticeship levy of 0.5% on some academies and all maintained schools from April 2017 will have a significant impact. As a minimum, NAHT believes that small maintained schools should receive the same protections as small academies and be excluded from the obligation. All maintained schools will have to contribute to the levy, because their employer is the local authority whose payroll will exceed the £3m threshold, whilst the Department for Education estimates that only 47 per cent of standalone academies and 88 per cent of those operating as multi academy trusts will have to pay it. Whilst only 1% of employers nationally will have to pay this levy, the way that the government are implementing this means that all maintained schools and most academies will have to pay an extra 0.5% levy on their payroll costs.
9. The National Audit Office estimates that these additional cost pressures, plus additional inflationary pressures on non-staffing budget items, adds up to an 8% increase in the cost of running the average school. This is at a time when funding from the government is remaining static over the same period, resulting in a real terms cut.

What NAHT is calling for

10. The funding settlement for schools is insufficient to meet inflationary and policy costs on schools and must be uplifted. Without this, the national funding formula will not succeed.
11. The government must reverse its decision to cut £600 million through the ESG, and allow proper recognition of the services currently still being delivered by most local authorities.
12. The DfE must consider the impact of the planned apprenticeship levy on schools. As a minimum, small maintained schools should receive the same protections as small academies and be excluded from the obligation.
13. The government must allow local authorities to share data on benefit claimants in schools, allowing pupils to be auto-registered to receive free school meals, and schools the attached pupil premium funding. This would mean that all children would receive the support that they are entitled to, and all schools receive the appropriate level of pupil premium to support the attainment of our most vulnerable pupils.
14. The government's proposals for high needs funding highlight a £124 million shortfall that means that local authorities in some of the most deprived areas of the country will continue to be underfunded to support children with complex needs. The post code lottery will persist for children with SEND unless this is addressed.
15. The early years phase of education presents the best opportunity to close the attainment gap between children from disadvantaged households and their peers. In order to support this, the early years phase should be eligible for the same amount of pupil premium as the primary phase. Currently the sector receives 75% less.

17 January 2017