



The Rt Hon Justine Greening MP
Secretary of State
Department for Education
Sanctuary Buildings
Great Smith Street
LONDON
SW1P 3BT

20 March 2017

Dear Secretary of State

SUBMISSION TO SCHOOLS NATIONAL FUNDING FORMULA CONSULTATION STAGE 2

As MPs representing West Sussex constituencies, we are writing in response to the Stage 2 Consultation on the Schools National Funding Formula.

West Sussex is historically the fourth lowest funded local authority, and the worst funded county. We therefore welcome the principle of a national fair funding formula, and we recognise that when fully implemented there will be an overall uplift of funding in the county of 2.9 per cent, increasing it from £489.5 million, an average of £4,200 per pupil, to £503.8 million, an average of £4,322 per pupil. This is an increase when fully implemented of £14.3 million, or £122 per pupil – although, since transitional rates are proposed before full introduction of the new formula in 2019/20, the increase in the first year will only be £7.8 million, or £67 per pupil.

However even in those schools that benefit from a funding increase, the full uplift, when delivered, will be insufficient to compensate for known rising costs. We recognise that overall school funding has been protected, that school funding is at a record £40 billion despite the need for reductions in public spending to reduce the deficit, and that funding per pupil will rise from £5,447 in 2015-16 to £5,519 in 2019-20. However, schools are facing incremental budget pressures, including increased pay, pension and national insurance costs. Funding per pupil at Key Stage 3 and 4 (KS3/4) has been frozen since 2010 and sixth form funding has been cut over the last five years from £5,800 per student to £4,000 per student. Further additional cost pressures on schools are likely through the impact of changes to the Education Services Grant and the introduction of the Apprenticeship Levy.



For example, Steyning Grammar School in West Sussex, a non-selective secondary school, will eventually receive an overall increase in funding of 4.6 per cent, or £314,000, or around £205 per KS3/4 pupil; but in the last two years the school has seen increased costs of £532,600, or around £363 per pupil. Even when the funding formula is fully implemented, the school will have lost £218,600, or £158 per KS3/3 pupil; but until then the loss will be higher, at £343,600, or £174 per KS3/4 pupil, in the first year of transitional rate funding.

This is a similar circumstance to The Weald School in Billingshurst. It is expected to receive on full implementation of the formula an uplift of £311,000 (5.3 per cent) however this contrasts with known incremental cost increases between 2015-16 and 2019-2020 of over £700,000. The Weald as is typical has already made significant efficiencies over time. This includes running staffing on an extremely tight

basis: in 2009 the school had 95 teachers and a senior leadership team of nine, including two deputy heads and a school roll of 1,440 pupils. Since then the number of pupils has increased by 14 per cent to 1,650 however the number of teachers has remained the same and the senior leadership team has been cut by a quarter and now contains only one deputy head.

What is worse, under the new Formula, a third of the schools in West Sussex will actually lose funding, despite the County's starting point as the worst funded in the country. According to the Education Policy Institute, while 167 schools in West Sussex will gain funding, 2 will receive no change, while 94 will actually lose funding. This includes many rural primary schools which provide an effective education and are greatly valued by parents.

Taking as an example one rural West Sussex Primary School with 210 pupils, its staffing costs currently account for 88 per cent of its budget. The £114,000 spent on Teaching Assistants is targeted on Reception, Year 1 and Special Educational Needs. In addition to the general cost increases outlined above, this school will receive a cut in its funding under the proposed national funding formula of 2.5 per cent.

We are therefore deeply concerned that, despite the introduction of the new National Funding Formula and the overall uplift of funding for West Sussex, all of our schools in the county, which started on a relatively low-funded basis, will see effective losses in funding over the next few years. As the Education Policy Institute (EPI) has said: "There are unlikely to be any schools in England which will avoid a real terms cut in per pupil funding by 2019-20, even in areas benefiting from the new formula".



Schools in areas which have historically had significantly better resourcing are far better placed to deal with these funding pressures. Even when the proposed new 'fair' Funding Formula is fully implemented, the difference between the funding of schools in West Sussex compared with schools in many cities is startling. According to the EPI, all 83 schools in the London Borough of Tower Hamlets – the best funded in the country – will lose funding, and the average loss will be 2.7 per cent. Yet the funding per pupil will still be £6,718, compared to £4,257 in West Sussex. Of course, the level of additional need is greater in Tower Hamlets; but with an overall budget which approaches £250 million, and the Borough's financial starting point, the impact of the savings will be far less severe.

We appreciate that all schools are facing increased costs. However, the resilience of schools' budgets and their ability to manage the increased costs depends on their financial starting point and the extent of efficiencies that have already been taken. In the case of West Sussex, schools are facing the cumulative effect of relative underfunding over many years so, in general, savings have already been taken. School budgets are tight: non-staffing costs have benefited from group procurement and significant scrutiny; staffing costs generally exceed 80 per cent of school expenditure and are often in excess of 85 per cent; senior leadership teams per pupil have already been reduced significantly, as has teaching assistant cover and, where savings can be made by not replacing teaching staff, these have in many cases been implemented. Most schools in West Sussex would approach any further cost increases from a position of having already absorbed significant efficiencies. The regrettable delay of the introduction of the National Funding Formula by a year has exacerbated the pressures. Despite our request for some form of interim funding for West Sussex as an authority with amongst the lowest levels of funding, this was not made available. We recognise that there was a general uplift of £390 million for all schools in 2015/16 which was baselined, but this was of little help in West Sussex which received less than £1 million, or around £10 per pupil.

We believe that there are three key problems with the proposed National Funding Formula:

- 1. The 3 per cent funding floor – the limit set for any reduction in funding – entrenches the same regional inequities that the formula was intended to remove.**

This mechanism was a well-intentioned measure to maintain stability through the transition, but we believe that it undermines the entire purpose of the reform. Instead of redressing the funding disparity, this floor bakes the historic inequality into the new Formula.



2. The data factored into the new Formula gives an inaccurate account of local operating costs.

The crude use of regional averages masks the local economic realities of securing staffing and service provision beyond the London fringe. The proposed Formula lacks clarity over the funding required by schools' operating costs in West Sussex, which would be better addressed by a bottom-up, needs-driven model. The area costs multiple (which is applied to the whole of the funding settlement) is a hybrid formula which attempts to reflect relevant local employment costs rather than area costs more generally – notwithstanding the impact these have on recruitment and retention of staff. The extent of the 'London Fringe' has not been actively reviewed for many years, and wage data does not take into account the local impact on cost pressures of local residents working out of area. Despite local housing and other costs being impacted by the county's proximity to London this is not reflected, for most of the county, through a local area costs adjustment. Towns such as Horsham, Burgess Hill and Haywards Heath (and all other communities in West Sussex, outside Crawley) receive no area cost adjustment, putting most of West Sussex in the same 'area costs' bracket as Doncaster, Sunderland and West Devon.

3. Additional needs is given a disproportionate weight relative to core funding.

Disproportionate funding is allocated on the basis of deprivation. Aside from the risk of initial double counting in which deprivation, English as a Second Language and Low Prior Attainment are all allocated severally, this cumulative amount is allocated additionally to the Pupil Premium. This creates a double-counting effect for some schools, tying up funds that may be needed to maintain essential operability elsewhere. As the f40 group of local authorities has observed, "The basic funding percentage under the existing proposed formula – approximately 72.5 per cent – is simply too low. It creates distortions which risk replacing one unfairness with another." This unfairness can in some circumstances be compounded by the application of the Area Cost Multiple.

We must make it clear that we do not object to the principle that extra resources should be deployed to assist pupils with additional needs, since these negatively impact upon likely attainment. However it is important that every school, including those with very limited additional need funding, should secure the necessary appropriate level of resources to deliver the curriculum in an effective way to all pupils. To secure this **we propose that the existing Formula is redesigned to provide a minimum level of funding for schools in each specified category, ensuring that all**



schools secure the necessary funding required to deliver the curriculum regardless of the level of additional needs.

Despite our concerns about the proposed new Formula, we strongly reaffirm our support for fair schools funding and a national formula to redress the historic inequity in schools funding. From the many representations we have received, we know that we have the full support of parents, teachers and governors in West Sussex for fair funding. With the new pressure on school budgets there is a strong and justified feeling that the unfair treatment of our schools must now be properly remedied. We commend the Government for introducing a fair funding policy, but urge that the Formula is reconfigured to address the issues which we have set out.

With best wishes.

Yours sincerely

Sir Peter Bottomley MP (Worthing West)
The Rt Hon Nick Herbert CBE MP (Arundel & South Downs)
Tim Loughton MP (East Worthing & Shoreham)
Jeremy Quin MP (Horsham)
The Rt Hon Sir Nicholas Soames MP (Mid Sussex)
The Rt Hon Andrew Tyrie MP (Chichester)