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Dame Meg Hillier DBE MP
Chair, Public Accounts Commitee
House of Commons
London
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PAC: School Funding in England

Dear Meg,

Tony Foot, Julia Kinniburgh, Warwick Sharp and I appeared before the Public Accounts Committee on 15 July 2021 to discuss school funding in England. During this hearing, my colleagues and I committed to providing the committee with written updates on various points. I am writing now to provide those updates.

Question 1 (Chair): PE and Sport Premium

I remain happy to look into the concerns that you raised about how the PE and sport premium is accounted for, used and assessed, and stand ready to consider any information that you wish to send through about these concerns.

Question 5 (Chair): List of local authorities who are part of the safety valve programme

Question 49-50 (Chair): How the Department is working with local authorities facing high cost pressures relates to SEND needs

The committee asked for the names of the local authorities that took part in the 'safety valve' programme, where local authorities drew up reform plans and agreed to implement them, and the Department agreed to provide extra funding to allow these local authorities, over time, to eliminate their accumulated Dedicated Schools Grant deficits if the reforms were successfully carried out. The Department entered into agreements with five local authorities – Bury, Hammersmith and Fulham, Kingston upon Thames, Richmond upon Thames and Stoke on Trent. The agreements, which set out the actions the local authorities must take to control and reduce their deficits, were published on 19 March 2021 and can be viewed here.

We have also published a commentary for all local authorities which sets out the main ways that these 'safety valve' local authorities from 2020-21 are going about reaching financial sustainability for their high needs budgets. This highlights two main goals that these local authorities have identified to focus on: appropriately managing demand for EHCPs, and use of appropriate and cost-effective provision.

Alongside this, we have provided a number of case studies demonstrating examples of particular methods for reaching sustainability. These have come from a broad spectrum of local authorities, including those involved in the first round of the 'safety valve' programme. For example, we have highlighted the review of EHCPs completed by Richmond upon Thames which allowed them to cease plans where children and young people's needs and outcomes had been met appropriately, in consultation with families.

Question 6 (Chair): Catch-up and recovery premium funding distribution

The committee asked how the recovery premium and catch-up premium are allocated locally, and specifically for SEND pupils. The £650m catch-up premium has been delivered in three tranches, across the 2020/21 academic year to all state-funded primary, secondary and special schools in England. Schools' allocations from the catch-up premium are calculated on a per-pupil basis. Across the three tranches, this has provided each mainstream school with a total of £80 for each pupil, and each special, AP and hospital school with £240 for each place. Special units in mainstream schools have also been provided with £240 per place. We have applied additional weighting to specialist settings to recognise the significantly higher per pupil costs they face. Schools should use their catch-up premium funding as a single total from which to prioritise support for all pupils, guided by the level of individual need.

The Recovery Premium is a new one-off grant worth over £300m for state-funded schools in the 2021/22 academic year. Building on the pupil premium, this premium will help schools to further deliver evidence-based practices to support the most disadvantaged pupils. Allocations will reflect pupil premium eligibility and will have additional weighting applied to specialist settings, again recognising the significantly higher per-pupil costs they face. All state-schools will receive some funding because we have included a 'floor' to ensure that no primary school will receive less than £2,000 and no secondary school less than £6,000. Details of the recovery premium allocations will be published in September ahead of the first payment.

Question 63 (Ms Olney): Falling Rolls in Richmond and Kingston

The committee raised the issue of falling rolls in London, and in Richmond and Kingston in particular. Local authorities continue to manage growth funding locally. Growth funding is provided to local authorities to help them support schools which are facing significant in-year pupil growth, and to support good schools with falling rolls, where currently unfilled places will be needed again in future. In 2021-22, the Department allocated £40.42m of growth funding to London Boroughs in the Dedicated Schools Grant (DSG); this included £1.01m for Richmond upon Thames and £0.75m for Kingston upon Thames.

It is up to local authorities, in agreement with their local School Forum, to decide both whether to set aside some of their overall schools block funding within the

DSG for a falling rolls fund, and if so, the value of the fund. Falling rolls funds support good and outstanding schools with falling rolls where local planning data shows that the surplus places will be needed within the next three financial years. The criteria for allocating falling rolls funding should contain clear objective trigger points for qualification, and a clear formula for calculating allocations. Further guidance for local authorities can be found in our Operational guide and we also publish best practice examples. Neither Richmond upon Thames nor Kingston upon Thames made use of falling rolls funding in 2021-22.

Both Kingston upon Thames and Richmond upon Thames saw their overall DSG funding in 2021-22 reflect a decrease in the number of primary school pupils on roll and an increase in the number of secondary school pupils, compared to 2020-21 – the combined impact of these pupil number changes meant they saw their DSG schools block allocations increase by 2.8% and 2.3% respectively overall (excluding the introduction of the teachers' pay and pension employer contribution grants). This is in line with the wider demographic changes that are happening in cities across England. The latest national pupil projections (2021) show the primary population now flattening out and being projected to decrease steadily throughout the next period. This is due to the lower births seen since 2013, which are now working their way through the school system. This is after the last decade where we saw demographic pressure on school places, particularly in the primary phase. Between 2010 and 2020, the primary school population grew 17%.

All local authorities are looking to factor in these changes to ensure schools remain financially viable. This means that local authorities need to change the focus in some cases onto reducing or re-purposing high levels of spare capacity, to avoid undermining the educational offer or financial viability of schools in their area. Local authorities can consider a spectrum of options for the reutilisation of space, including for example co-locating nursery or SEND provision, as well as options for reconfiguration, including via remodelling, amalgamations, mergers or closures where this is the best course of action.

Question 74 (Ms Olney): Updated figures on per-pupil funding in Tower Hamlets and Blackpool

During our appearance before the committee, I discussed how the schools national funding formula (NFF) reflects changing levels of relative deprivation over time, using Blackpool and Tower Hamlets as examples, and I committed to provide updated figures for these two local authorities. Between 2005 and 2020, the percentage of pupils eligible for free school meals (FSM) fell from 57% to 33% in Tower Hamlets, but rose from 21% to 32% in Blackpool over the same period. From 2017-18 (the year immediately before the introduction of the schools NFF) to 2021-22, per-pupil funding increased by 6% in Tower Hamlets (from £6,965 to £7,407). Blackpool has seen a larger increase in per-pupil funding over the same period − a 17% increase (£4,493 to £5,269).

Question 94 (Chair): Look at whether there are more improvements which can be made to the school financial benchmarking website

At the session we discussed transparency with regards to Academy finances and I said that we would look at the Schools Financial Benchmarking (SFB) service to see where further improvements could be made.

You commented on the calls for school-level transparency in 2017, and since then the SFB service has vastly improved. It is now possible to examine Academy finances and Maintained school data comparatively and easily access both individual Academy-level and whole Trust-level data. The site's main view allows for easy access, and has been assessed and approved by the Government Digital Service as recently as April this year. In the first 6 months of this year, the SFB site has been accessed by an average of approximately 12,500 users per month.

There were a few points that were specifically raised that I would like to take this opportunity to clarify. You and Laura Brackwell asked if people can see the income per pupil broken down into different blocks of income in order to extrapolate whether the minimum per-pupil funding level is being allocated at a school level. People can examine individual schools' income in some detail; we have fourteen separate income categories that can be examined for Academies. However, we do combine some pots of funding to ensure comparability with the maintained sector. This is an area we will continue to examine, in tandem with the Academy Accounts Return (the financial return from which the SFB draws its data on academies' income), to ensure that the site can best represent how funding is allocated to schools – including in relation to the minimum per-pupil levels.

As a gov.uk "live" service the SFB website is constantly iterated and tested with users to ascertain if we can improve the service. Through the substantial user testing of our sites, we have found that our users are primarily concerned to be able to examine how funding is being spent at a per-pupil level. This can be done easily on the SFB site by examining expenditure figures for each Academy. Funding allocations go to the Trust and, in cases where they have agreed a general annual grant (GAG) pooling system with their constituent academies, can be reallocated. This is comparable to the situation in the maintained sector, where expenditure is the best thing to examine to see how much money is being spent on children, given income can be de-delegated with the approval of the Schools Forum to pay for local authority services, or can be kept in school reserves.

Question 109 (Chair): Commitment to make sure per-pupil figures are available

We recognise the importance of illustrating changes to school funding by giving per-pupil funding figures, as well as the overall funding quantum. For example, the Department recently published the notional schools national funding formula (NFF) allocations for the 2022-23 financial year, and in this announcement we were careful to highlight both the impact of our changes to the NFF at the level of overall funding, and the per-pupil funding. The Written Ministerial Statement confirmed that funding through the schools NFF is increasing by 3.2% overall in 2022-23, and by 2.8% per pupil. The statement then explained what this means for minimum per-pupil funding levels: in 2022-23 every primary school will attract at least £4,265 per pupil, and every secondary school at least £5,525. We provided further explanation of what the funding increases will mean at a per-pupil level in the announcement on the Department's gov.uk website: that from 2022-23, secondary schools across England will attract an average of £6,150 per pupil, an average increase of £160. Primary schools will attract an average of £4,800 per pupil, an average increase of £120.

I hope these clarifications are helpful. As ever, we are grateful to the committee for their attention and interest in the work of the Department.

SUSAN ACLAND-HOOD
PERMANENT SECRETARY