

SOUTHEND HIGH SCHOOL FOR BOYS

ACADEMY GRAMMAR SCHOOL

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Headteacher: Robin M Bevan MA MEd PhD FRSA

Dame Meg Hillier MP
House of Commons
London SW1A 0AA



23 November, 2021

Dear Dame Meg

Public Accounts Committee: Financial Sustainability of Schools

On Wednesday 8th December, as a member of the Public Accounts Committee (PAC), you will be in attendance at an 'oral evidence' session on the Financial Sustainability of Schools. The invited experts – from the Department for Education (DfE) with the Education and Skills Funding Agency (ESFA) – will, no doubt, give a good account of themselves, of funding levels and the increased approaches to efficiency that have characterised the schools sector in recent years.

There is no indication, however, that the PAC intends to take evidence from individual school leaders, governors or auditors who would – presumably – be able to demonstrate a great deal of insight and knowledge on this issue. I am writing, with the support of our governors, to provide evidence from one highly successful school, not in your constituency, but typical in many ways in terms of the financial journey that we have experienced. You may wish to cite our example at the PAC or obtain comparable figures from your own local schools. **In our view, these are stories that do need to be told if the DfE and ESFA are genuinely to be held to account on issues of school's financial sustainability.**

Our experience is best summarised by considering the levels of funding we have received, per pupil, since 2012. Different rates apply for pupils at different stages of their education: for simplicity, we have combined these to give a rate for those aged 11-16 and one for those in the Sixth Form.

	INCOME per pupil	
	11-16	post-16
2012/13	£ 4,958	£ 4,000
2013/14	£ 4,775	£ 4,000
2014/15	£ 4,718	£ 4,000
2015/16	£ 4,688	£ 4,000
2016/17	£ 4,587	£ 4,000
2017/18	£ 4,562	£ 4,000
2018/19	£ 4,800	£ 4,000
2019/20	£ 4,800	£ 4,000
2020/21	£ 5,000	£ 4,188



These figures cover the periods for which we have filed audited accounts. You will notice that in six of the last eight years, the income has either remained static or declined.

This is rendered even more apparent, when overlaid with measures of inflation across the same period. For the purposes of direct comparison, totals are also provided in the next table. The totals have been generated assuming that our pupil numbers have remained constant: in fact, there have been both natural fluctuations and structured growth.

	ACTUAL (NOR modelled as fixed)			CPI	TRACKING INFLATION (from 2013)			REAL-TERMS	
	INCOME per pupil		TOTAL INCOME (NOR: 900 + 400)		INCOME per pupil		TOTAL INCOME (NOR: 900 + 400)	TOTAL (GAIN/LOSS)	
	11-16	post-16			11-16	post-16			
2012/13	£ 4,958	£ 4,000	£ 6,062,200	2.78%	£ 4,958	£ 4,000	£ 6,062,200		
2013/14	£ 4,775	£ 4,000	£ 5,897,500	2.03%	£ 5,096	£ 4,111	£ 6,230,729	-£ 333,229	-5.3%
2014/15	£ 4,718	£ 4,000	£ 5,846,200	0.86%	£ 5,199	£ 4,195	£ 6,357,213	-£ 511,013	-8.0%
2015/16	£ 4,688	£ 4,000	£ 5,819,200	1.86%	£ 5,244	£ 4,231	£ 6,411,885	-£ 592,685	-9.2%
2016/17	£ 4,587	£ 4,000	£ 5,728,300	3.70%	£ 5,342	£ 4,309	£ 6,531,146	-£ 802,846	-12.3%
2017/18	£ 4,562	£ 4,000	£ 5,705,800	3.31%	£ 5,539	£ 4,469	£ 6,772,798	-£1,066,998	-15.8%
2018/19	£ 4,800	£ 4,000	£ 5,920,000	2.68%	£ 5,723	£ 4,617	£ 6,996,978	-£1,076,978	-15.4%
2019/20	£ 4,800	£ 4,000	£ 5,920,000	0.79%	£ 5,876	£ 4,741	£ 7,184,497	-£1,264,497	-17.6%
2020/21	£ 5,000	£ 4,188	£ 6,175,200	2.40%	£ 5,922	£ 4,778	£ 7,241,255	-£1,066,055	-14.7%

These figures are compelling. In our last accounting year, the school has been funded over £1m less than it would have been had funding rates kept pace with inflation. To restore funding levels to 2012 rates would require an overall uplift of almost 15%.

Funding is not distributed evenly between schools and that is right: higher rates are provided in those areas where there is the greatest need. However, the consequences of the real-terms reductions such as those illustrated in the table above have been profound. Funding rates directly impact pupil class sizes which have grown significantly in our school and across the system, to be at the highest average levels of any country in Western Europe. Funding rates impact teacher workload, which is now reported in England to be at the highest levels in the OECD. In turn, this has a profound impact on the capacity of schools to attract and retain teachers and leaders.

These sustained reductions in funding have also had a profound impact on governance and leadership. ***Twice in recent years our auditors have registered in our accounts a 'material uncertainty' as regards to 'going concern': that is to say, the independent expert opinion of qualified accountants is that funding levels for this school are so low that there has been a genuine risk of insolvency.*** I am sure you would agree that this is no position for a thriving state school and detracts very substantially from the capacity of governors and school leadership to fulfil their normal roles in strategic oversight, scrutiny and leadership.

Rest-assured this is not the consequence of financial mismanagement or the misdirection of resources. Our school has been commended, on many occasions, for the efficiency of its operations and skilled financial management.

Our story is not unusual. It should never have been allowed to happen.

There is good news on the horizon.

- ✓ Funding levels have increased for 2022/23 although we have yet to see if the rate of increase will offset any increase in the costs of employing staff, through any 'cost of living' pay rises.
- ✓ The Chancellor has confirmed a policy intention that school funding rates will return to 2010 levels.
- ✓ The development of the National Funding Formula (NFF) allows for the intelligent contextual adjustment, year on year, to the per pupil minimum funding rates that are crucial to school solvency.

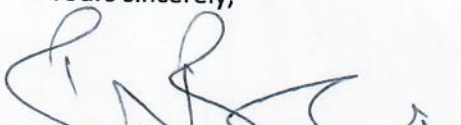
These encouraging signs suggest three questions that would be essential for the PAC to consider, at their forthcoming inquiry.

1. In light of the significant numbers of individual schools, academies and trusts that are on the verge of insolvency: can the DfE and ESFA assure the sector that increases in funding proposed for 2022/23 will exceed any increased costs arising from pay settlements? If not what steps will be taken to provide financial support for those schools unable to bridge that gap?
2. Can the DfE and ESFA shed any additional light on the Treasury announcement that school funding will return to 2010 levels? Clearly the announcement is welcome news when considering the financial sustainability of schools, so does this mean that schools which have seen real-terms cuts in excess of 15% will have that fully restored at institutional level? And if so, by when?
3. The DfE has never published any evidence to underpin its calculations of the 'per pupil minimum' funding level that forms part of the NFF. More recently, the value of £5000 was set – arbitrarily it would appear – by a campaign adviser during the Conservative Party leadership contest! The value of the 'per pupil minimum' is instrumental in determining whether schools are financially sustainable. Is the ESFA or DfE satisfied that there is sufficient evidence, and a sound basis, for setting this figure so low that some schools (with unavoidable higher costs) face year-on-year forecast deficits?

I hope these questions are helpful and serve to inform your preparations for the PAC meeting. I would be very pleased to amplify the points made, as required; or, indeed, to be asked to give evidence to the PAC itself.

This letter does not need a detailed reply; but we would welcome an acknowledgement and an indication whether you intend to use the information provided to inform your role on the Committee.

Yours sincerely,



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Headteacher