

# **Local Government Association Briefing**

## **House of Lords Debate: Impact on schools funding**

### **House of Lords**

### **29 November 2018**



#### **Key Messages**

- All children deserve access to the best possible education. Data shows that council-maintained schools receive better Ofsted ratings, and improve more quickly, than academy schools. Analysis undertaken on behalf of the LGA found that ninety-one per cent of maintained schools are now rated as either good or outstanding.<sup>1</sup>
- We were pleased that the Government recognised LGA concerns and announced in July 2017 that an additional £1.3 billion would be allocated to schools during 2018-19 and 2019-20, meaning that no school would lose out under the new National Funding Formula. We also welcome the Chancellor's commitment of £400 million for schools in England this year to spend on equipment and facilities, announced in the recent Budget.
- While introduction of the National Funding Formula will see the budgets of 22,000 schools set in Whitehall, we are pleased that until 2020 at least, councils and schools will retain some flexibility to agree a slightly different allocation to reflect local needs and circumstances.
- We remain concerned, however, that the introduction of the National Funding Formula, combined with changes to High Needs Funding, will exacerbate existing shortfalls in funding to support children and young people with SEND.
- Councils are telling us that pressures on the High Needs funding block is one of the most serious financial challenges that they are currently dealing with. We have therefore commissioned research to look at the scale of the issue and the initial findings show that councils are facing a funding shortfall of £536 million for the 2018-19 financial year, nearly double the shortfall for 2017-18.<sup>2</sup>
- The Government should take advantage of councils' position in the community in order to give them a clear and strategic role in school improvement and holding schools to account for education standards. Councils know their local schools best and are uniquely placed to offer up to date local knowledge. Local government must be empowered to help all schools improve where necessary, including academies and free schools. Councils should also have a clear role in decisions on the location of new academies and free schools.
- Over recent years councils have created an extra 800,000 new school places.<sup>3</sup> This is a demonstrable record that shows they are doing everything they can to rise to the challenge of ensuring no child goes without a place. Councils and schools work extremely hard to try and ensure that as many pupils as possible are allocated their first preference.

#### **Background information**

##### *Schools funding*

The funding pressures facing schools are well known, with teacher and parent-led campaigns continuing to receive extensive coverage in the media. The Institute for Fiscal

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Studies estimates schools will see a real terms cut of 4.6 per cent in schools funding between 2015 and 2019.<sup>4</sup> Given these funding pressures, it is vital that schools and councils are given certainty over future funding, to help them better plan for the spending pressures they face.

We welcome the Chancellor's commitment of £400 million for schools in England this year to spend on equipment and facilities, announced in the Budget last month. While a small amount of additional schools capital funding is welcome, the Government must go much further and replace the existing highly fragmented school capital funding system with a single local funding pot, bringing together existing programmes to create additional places, and rebuild, maintain and repair schools.

We support the principle of a NFF to ensure fairness of funding between different areas. However, we remain concerned that the NFF, which came into effect in April, will not address the significant budgetary pressures that schools are currently experiencing. As the new funding system takes shape, councils have a key role to play in helping schools with the transition. The current local flexibility allowed under the 'soft' implementation of the new NFF formula must continue beyond 2020 to allow councils to work with schools locally make sure that it addresses local needs and priorities.

Local government leaders are supportive of the national funding formula but are clear that setting 22,000 school budgets on a 'one size fits all' national formula decided remotely in Whitehall will not work. Councils work closely with their local schools and are uniquely placed with up to date local knowledge to ensure funding is distributed fairly. They must retain some flexibility to agree with schools a slightly different allocation of funding from that dictated by the national formula if that produces better outcomes for schools and pupils.

Councils are particularly concerned about the proposed changes to high needs funding which will reduce council and school flexibility to make additional funding available where there are rising demand pressures for special educational needs and disability (SEND) support. Since 2014 the number of children and young people with statements or Education, Health and Care Plans (EHC) increased by 21.1 per cent, from 237,111 to 287,290.<sup>5</sup> The proportion of pupils with SEND who attend special schools has increased from 5.6 per cent in 2012 to 8.8 per cent in 2017.<sup>6</sup>

### *School provision and oversight*

Data shows that council-maintained schools receive better Ofsted ratings, and improve more quickly, than academy schools. Analysis undertaken for the LGA showed that ninety-one per cent of maintained schools are now rated as either Good or Outstanding.

Everyone wants their child in a school where they can be happy, safe and reach their full potential. Since 2010, councils have created an extra 800,000 new places. The Government's school capacity figures for 2016/17 demonstrate that councils have an excellent track record of fulfilling their statutory duty to ensure every child has a school place available to them.<sup>7</sup> Councils and schools work extremely hard to try and ensure that as many pupils as possible are allocated their first preference.<sup>8</sup> If we are to meet the demand for school places, councils should be given back the powers to open new maintained schools and existing academy schools should expand where required.

The Government should take advantage of councils' unique position in the community, to give them a clear and strategic role in school improvement and holding schools to account for education standards. Local government must be recognised as an improvement partner. This means being empowered to help all schools improve where necessary, including academies and free schools. We have also called for councils to have greater powers over school places and a say on where new schools are built.

## *High needs funding*

Councils are particularly concerned about the proposed changes to high needs funding which will reduce council and school flexibility to make additional funding available where there are rising demand pressures for special educational needs and disability (SEND) support.

The proportion of pupils with SEND who attend special schools has increased from 5.6 per cent in 2012 to 8.5 per cent in 2016 and the proportion in independent schools has moved from 4.5 per cent to 6.3 per cent. By their very nature, these places are more expensive than mainstream provision.<sup>9</sup> Since the Children and Families Act became law in 2014, the number of children and young people with statements or EHC plans increased by 21.1 per cent from 237,111 to 287,290. The number of children being educated at home has been increasing.

If councils do not receive sufficient funding to cover high cost SEND, they will not have the resources to allocate extra funds to highly inclusive schools that take higher than average numbers of pupils with additional needs. Equally, mainstream schools may find it difficult to accept or keep pupils with SEND because they cannot afford to subsidise the provision from their own budgets, as they are already under significant pressure.

The LGA has commissioned the Isos Partnership, an independent consultancy, to undertake research looking at the high needs funding pressures facing councils. While the final report has yet to be published the initial findings show that councils are facing a high needs funding shortfall of £536 million for 2018-19 (this figure is a scaled net position which was arrived at by applying the population scalar (from population size of survey respondents to total population size) to the net position of those councils who responded to the survey). We are concerned that unless additional funding is made available, councils will not be able to meet their statutory duties to support children with SEND. We expect the final report to be published in December/January.

## *Music provision in schools*

We have concerns about the provision of music lessons in schools. In the summer the Government announced that it would fully fund the pay rise for all classroom teachers, however this will not apply to centrally employed teachers (CETs), the majority of which provide music tuition. These are teachers employed directly by councils.

We are asking that the Government clarifies that it will meet the cost of the additional 1 to 2.5 per cent salary rise for CETs – estimated to be £5.5 million – which councils will not have budgeted for.<sup>10</sup> Councils already face a £3 billion funding black hole in children's services.

## *Early help*

Recent LGA analysis shows that the Government's Early Intervention Grant has been cut by almost £600 million since 2013, and is projected to drop by a further £183 million by 2020.<sup>11</sup> Without this funding, councils have found it increasingly difficult to invest in early help services as resources are taken up by the provision of urgent support for the rising numbers of children and families already at crisis point. This is perhaps most starkly illustrated by the closure of 365 children's centres<sup>12</sup> since 2012 as local authorities are forced to make difficult decisions about the way in which they deliver these services.

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<sup>1</sup> Angel Solutions on behalf of LGA, [www.local.gov.uk/academy-maintained-schools](http://www.local.gov.uk/academy-maintained-schools)

<sup>2</sup> <http://ncasc.info/wp-content/uploads/2018/11/WW3ISOSLGASEND.pdf>

<sup>3</sup> School Capacity 2017: academic year 2016/17, Education and Skills Funding Agency, SFR 07/2018 15 March 2018, <https://www.gov.uk/government/statistics/school-capacity-academic-year-2016-to-2017>

<sup>4</sup> Reported in: 'School funding in England will have fallen nearly 5% in real terms by 2019, says IFS', The Independent, 18 July 2017

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<sup>5</sup> <https://www.gov.uk/government/statistics/statements-of-sen-and-ehc-plans-england-2017>

<sup>6</sup> <https://www.gov.uk/government/statistics/special-educational-needs-in-england-january-2017>

<sup>7</sup> Department for Education, School capacity: academic year 2016 to 2017

(<https://www.gov.uk/government/statistics/school-capacity-academic-year-2016-to-2017>)

<sup>8</sup> LGA media release, April 2018 (<https://www.local.gov.uk/about/news/councils-respond-number-children-securing-first-choice-primary-school-places-0>)

<sup>9</sup> <https://www.gov.uk/government/statistics/special-educational-needs-in-england-january-2016>

<sup>10</sup> <https://www.local.gov.uk/about/news/music-lessons-under-threat-unless-government-fully-funds-pay-rise>

<sup>11</sup> <https://www.local.gov.uk/about/campaigns/bright-futures/bright-futures-childrens-services/bright-futures-our-vision-youth-3>

<sup>12</sup> Parliamentary question, 06 December 2016