

# Statement to Parliament: Justine

## Greening statement to parliament on

### school funding

This Government believes that all children should have an education that unlocks their potential and allows them to go as far as their talent and hard work will take them. That is key to improving social mobility. We have made significant progress: nine out of ten schools are now good or outstanding, and the attainment gap is beginning to close. We have launched twelve opportunity areas to drive improvement in parts of the country which we know can do better. But all this has been against a backdrop of unfair funding. We know that the current funding system is unfair, opaque and out of date – and this means that, whilst we hold schools to the same accountability structure whatever they are, we fund them at very different levels. In addition, resources are not reaching the schools that need them most.

School funding is at a record high. Ensuring that school funding is both adequate and fairly distributed is clearly an issue of great importance to people across England and today I am confirming our plans to get on with introducing a national funding formula in 2018-19. I can announce that this will additionally now be supported by significant extra investment into the core schools budget over the next two years. The additional funding I am setting out today, together with the introduction of a national funding formula, will provide schools with the investment they need to offer a world-class education to every child.

There will therefore be an additional £1.3 billion for schools and high needs across 2018-19 and 2019-20, in addition to the schools budget set at Spending Review 2015. This funding is across the next two years as we transition to the NFF. Spending plans for years beyond 2019-20 will be set out in a future Spending Review.

But as a result of this investment, core funding for schools and high needs will rise from almost £41 billion in 2017-18 to £42.4 billion in 2018-19. In 2019-20 this will rise again to £43.5 billion. This represents £1.3 billion in additional investment: £416 million more than was set aside at the last spending review for the core school budget in 2018-19, and £884 million more in 2019-20. It will mean that the total schools budget will increase by £2.6 billion between this year and 2019-20, and per pupil funding will now be maintained in real terms for the remaining two years of the Spending Review period to 2019-20.

For this Government, social mobility and education are a priority. Introducing the national funding formula – something shied away from by previous Governments – backed by the additional investment in schools we are confirming today, will be the biggest improvement to the school funding system for well over a decade. I said when I launched the consultation last December that I was keen to hear as many views as possible on this vital,

long standing reform. I'm grateful for the engagement on the issue of fairer funding and the national funding formula. We received more than 25,000 responses to our consultation, including from members from across the House. We have listened carefully to the feedback we have received.

We will respond to the consultation in full in September, but I can today tell the House that the additional investment we are able to make in our schools will allow us to do several things, including:

- Increase the basic amount that every pupil will attract in 2018-19 and 2019-20;
- For the next two years, provide for up to 3% gains a year per pupil for underfunded schools, and a 0.5% a year per pupil cash increase for every school;
- Continue to protect funding for pupils with additional needs, as we proposed in December.

Given this additional investment, we are able to increase the percentage allocated to pupil led factors, something I know our honourable members were keen to see happen, and this formula settlement to 2019-20 will provide at least £4,800 per pupil for every secondary school, something which I know Members in some areas will welcome in particular.

The national funding formula will therefore deliver higher per pupil funding in respect of every school, and in every local area. I believe that these changes, building on the proposals that we set out in December, will provide a firm foundation as we make historic reforms to the funding system, balancing fairness and stability for schools. It remains our intention that a school's budget should be set on the basis of a single, national formula, but a longer transition does make sense to provide stability for schools. In 2018-19 and 2019-20, the national funding formula will set indicative budgets for each school, and the total schools funding received by each local authority will be allocated according to our national fair funding formula and transparently for the first time.

Local authorities will then continue to set a local formula, as they do now, for determining individual schools' budgets in 2018 19 and 2019-20, in consultation with schools in the area. I will shortly publish the operational guide to allow them to begin that process. To support their planning, I am also confirming now that in 2018 19, all local authorities will receive some increase over the amount they plan to spend on schools and high needs in 2017-18. We will confirm gains for local authorities, based on the final formula, in September.

The guide will set out some important areas that are fundamental to supporting a fairer distribution through the national funding formula. For example, we will ring-fence the vast majority of funding provided for primary

and secondary schools although local authorities, in agreement with their local schools forum, will be able to move some limited amounts of funding to other areas, such as special schools, where this better matches local need.

As well as this additional investment through the national funding formula, I am also today confirming our commitment to double the PE and sports premium for primary schools. All primary schools will receive an increase in their PE and sports premium funding in the next academic year.

The £1.3 billion additional investment in core schools funding which I am announcing today will be funded in full from efficiencies and savings I have identified from within my Department's existing budget, rather than higher taxes or more debt. This of course requires difficult decisions, but I believe it is right to prioritise core schools funding, even as we continue the vital task of repairing the public finances. By making savings and efficiencies, I am maximising the proportion of my Department's budget which is allocated directly to frontline headteachers – who can then use their professional expertise to ensure that it is spent where it will have the greatest possible impact. I have challenged my civil servants to find efficiencies, as schools are having to.

I want to set out briefly the savings and efficiencies that I will secure:

Efficiencies and savings across our capital budget can release £420 million. The majority of this will be from healthy pupils capital funding – from which we will make savings of £315 million. This reflects reductions in forecast revenue from the soft drinks industry levy. Every pound of England's share of spending from the levy will continue to be invested in improving child health, including £100 million in 2018-19 for healthy pupils capital.

We remain committed to an ambitious programme that delivers choice, innovation and higher standards for parents. In delivering the programme, and the plans for a further 140 free schools announced at the last Budget, we will work more efficiently to release savings of £280 million up to 2019-20. This will include working more collaboratively with local authorities to provide free schools to meet basic need – so that 30 of the 140 schools are delivered through the local authority route rather than the central free schools route.

Across the DfE resource budget – which is over £60 billion per year – I will also reprioritise £250 million in 2018-19 and £350 million in 2019-20 to fund the increase in core schools budget spending I am announcing today. I will, for example, seek to identify £200m that I can redirect from the Department's central programmes that support schools on relatively narrow areas of their work. While these projects are useful, I believe strongly that this funding is most valuable in the hands of head teachers.

Finally, alongside this extra investment in our core schools budget, it is vital that school leaders strive to maximise the efficient use of their resources, to achieve the best outcomes for all their pupils and best promote social mobility. We already provide schools with support to do this, but we will now go further to ensure that support is effectively used by schools.

We will continue our commitment to securing substantial efficiency gains over the coming years. Good value National Deals, that procure better value goods and services on areas all schools spend money on and purchase goods in, are available: for example, under the deals, based on our existing work, schools can save on average 10% on their energy bills. We will expect schools to be clear if they do not make use of these deals and have higher costs. Across school spending as a whole, we will improve the transparency and usability of data, so that parents and governors can more easily see the way funding is being spent and understand not just educational standards, but financial effectiveness too. We have just launched a new online efficiency benchmarking service which will enable schools to analyse their own performance much more effectively.

We recognise that many schools have worked hard up to this point to manage cost base pressures on their budgets, and we will take action this year to provide targeted support to those schools where financial health is at risk, deploying efficiency experts to give direct support to these schools.

The significant investment we are making in schools and the reforms we are introducing underpin our ambition for a world-class education system. Together, they will give schools a firm foundation that will enable them to continue to raise standards, promote social mobility, and give every child the best possible education and the best opportunities for the future.