

School Funding

I recently met with a number of constituents to discuss school funding. Following the meeting, I took the points raised up on behalf of those attending. I have now received the enclosed reply from the School's Minister:



2017-0055907POGibb

Rt Hon Nick Gibb MP
Minister of State for School Standards

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Rt Hon John Redwood MP
House of Commons
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7 December 2017

Dear John

Thank you for your letters of 25 October and 21 November, addressed to the Chancellor of the Exchequer, enclosing correspondence from your constituent,

regarding school funding. Your email was passed to this Department and I am replying as the Minister of State for School Standards.

The Government is determined to create a country that works for everyone. We are delivering on our promise to reform the unfair, opaque and outdated school and high needs funding systems, and introduce national funding formulae. This historic reform means that, for the first time, school and high needs funding will be distributed according to a formula based on the individual needs and characteristics of every school in the country. Resources will, therefore, be directed to where they are needed most, providing transparency and predictability for schools and local areas.

The introduction of the national funding formulae is supported by significant extra investment. The Government is investing an extra £1.3 billion in schools and high needs over the period 2018-19 and 2019-20, over and above the budget set at the Spending Review in 2015. Core funding for schools and high needs will rise from almost £41 billion in 2017-18 to £42.4 billion in 2018-19 and £43.5 billion in 2019-20. This will allow us to maintain school and high needs funding in real terms per pupil for the next two years.

We have undertaken wide ranging consultations which have allowed us to hear from, and carefully consider, over 26,000 individual respondents and representative organisations. As a consequence of the proposals in our consultation, and supported by our significant additional investment, the national funding formula will:

- Increase the basic amount of funding that every pupil will attract.

- Recognise the challenges of the very lowest funded school, by introducing a minimum per pupil funding level. In 2019-20, all secondary schools will attract at least £4,800 per pupil, and all primary schools will attract at least £3,500 per pupil. In 2018-19, secondary schools will attract at least £4,600, and primary schools £3,300.
- Provide a cash increase in respect of every school and every local authority area from April 2018. Final decisions on local distribution will be taken by local authorities, but every school will attract at least 0.5 per cent more per pupil in 2018-19, and 1 per cent more in 2019-20, compared to its baseline.
- Provide significantly larger increases in respect of previously underfunded schools, of up to 3 per cent per pupil in 2018-19 and a further 3 per cent per pupil in 2019-20. The minimum per pupil funding level will not be subject to this gains cap, and so will deliver faster gains in respect of the very lowest funded schools. In Wokingham, schools will gain 2.3 per cent in 2018-19 and 4.4 per cent in 2019-20 as the national funding formula is implemented.
- Protect the funding directed towards additional needs and distribute it more fairly, in line with the best available evidence.
- Provide a £110,000 lump sum for every school. For the smallest, most remote schools, a further £26 million will be distributed through dedicated sparsity funding.

We have published detailed data tables setting out the impact of the formula for each school and local authority in the country, which can be found at: tinyurl.com/v8gf39ee. Full details of the school and high needs national funding formulae are available at: tinyurl.com/yatr93an.

To provide stability for schools through the transition to the national funding formula, local authorities will continue to set their own local formulae which will determine individual schools' budgets in their areas in 2018-19 and 2019-20, in consultation with local schools. The school level allocations we have published are notional allocations only – final school budgets will continue to be determined by local authorities. Schools will be notified of their budgets for 2018-19 ahead of the financial year.

The independent Institute for Fiscal Studies (IFS) is clear that with our new investment the schools budget will now be maintained in real terms per pupil from this year to 2019-20. This means that the budget for schools will increase to meet both the expected increase in pupil numbers, and inflationary pressures.

The schoolcuts campaign claims that schools' costs are rising faster than their income, and is extremely misleading. It is based on a flawed calculation that takes school budgets in 2015-16, and then calculates the cost pressures on school budgets over four years. However, the website is not clear that this is what it is doing, and it does not reflect that most of these pressures have already been absorbed by schools, at the same time as standards have continued to rise. Schoolcuts has quoted the IFS as saying that schools will face real terms cuts of 4.6 per cent between 2015 and 2019. The IFS is clear that this figure relates to previous years. In line with the Public Account Committee's recommendations, we will be publishing our own estimate of the cost pressures on schools in due course.

With best wishes.

Tom Mearns
Neil

What kind of defence policy do we want?

Under Labour and the Coalition the UK made frequent use of its defence capabilities in the Middle East, alongside Presidents Bush and Obama. In the last couple of years the UK has been rightly more cautious about using military force in tense and difficult civil wars, as has the USA.

There has been a general shift in western thinking away from sending in troops to police war torn territory on the ground. Instead smart western weaponry has been used in support of other local and regional forces attempting to influence the outcome of these conflicts. The West has used a variety of manned aircraft, smart bombs, missiles and drones to kill people on the ground and damage property in support of ground forces provided by others.

This development of western policy towards the Middle East is leading to new

thoughts about what kind of forces the West will need in future, as the weapons designers and manufacturers are placing more emphasis on unmanned systems, remote control and robotics. I wish to explore how the UK can respond to these changes.

The first question to answer is what should be the UK's policy aims.

First and foremost must be home defence. By a combination of our diplomacy, foreign policy and military deterrence we wish to keep our islands from military threat. We also need to make sure we have the force needed to defend ourselves in the unlikely event of a threat materialising.

Second comes our contribution to NATO. NATO remains the West's prime mutual defence alliance. The UK wishes to contribute properly to this, and to benefit from the protection the offer of mutual support gives us.

Third, the capability to go to the aid of territories and countries within the UK family, as we had to for the Falklands in the 1980s.

Fourth should be the ability to join international coalitions of the willing in pursuit of UN aims. There will be times when the UK should join forces to resist an invader or to counter the illegal use of force somewhere in the world. As a member of the Security Council the UK has to be willing to contribute to missions where we have the resources and interest to do so.

What is money?

There is active discussion of what is money with the advent of crypto currencies. There are also those who see gold and silver as money, given the ability to convert these metals into coins and to trade them.

Money has three main characteristics. It is a means of exchange. It is a unit of account. It is a store of value. Most of our money today takes the form of an entry in an electronic ledger at a bank. We accept transfer of electronic money to our account as payment for our work or pension. We pay for many items by offering an electronic transfer from our bank account to the account of someone selling us the good or service.

Most of us rely on the monopoly fiat currency of the country where we live. We know that we can draw money out of our bank account in the form of bank notes, which are accepted as payment universally in our domestic economy. A bank note or a bank account credit possess the three characteristics of money. We can pay for anything with them. We can keep the notes or ledger entry as a store of value for future purchases. We use the value of the money we own to assess the prices and values of goods and assets we might buy or own. Assets, goods and services are all priced in the local money.

Money depends on trust. We trust UK banks to hold our money because they are large businesses with substantial reserves. We know that the Bank of England regulates them and stands behind them. The Bank of England has the power to create additional money if the system needs more liquidity. Our deposits in commercial banks are backed not just by the bank we use, but by the Bank of England standing behind that bank, and by the UK state and taxpayers who stand behind the financial system. There is a deposit insurance scheme for deposits up to the stated limit.

In some overseas countries trust has been badly damaged in their local money thanks to gross mismanagement. A country which manages its economy and banking system badly can end up with a run on its currency, lowering the external value of it too much. This in turn can lead people to want to be paid in foreign currencies, and even to trade in dollars instead of their local money to create some stability of values. A hyperinflation coupled with a collapse in the external value of money in a country is a destructive process.

Those who distrust all fiat currencies look for some other store of value. Gold has often been their choice. This precious metal has had a volatile past, with periods of large gains in value against paper currencies interspersed with periods of decline. Holding gold entails costs of storage and insurance. To use gold as a payment system normally requires selling the gold and using the proceeds in a paper currency to complete a purchase. Like paper currencies, the efficacy of gold rests on confidence and its popularity with users. It is not widely accepted as direct payment and is not normally used as a unit of account for valuing items.

Better animal welfare

THE GOVERNMENT HAS PUBLISHED A DRAFT BILL TO STRENGTHEN ANIMAL WELFARE

The Government has published a draft bill which would increase the maximum prison sentence for animal cruelty tenfold, from six months to five years, in England and Wales. The draft bill also sets out that the government “must have regard to the welfare needs of animals as sentient beings in formulating and implementing government policy”. Subject to consultation on the draft bill, the government will legislate to deliver both aims.

The plans underline the government’s commitment to raising animal welfare standards, ensuring there will be enhanced protections for animals as we leave the EU.

Many constituents will be pleased that we will strengthen protections for animals.

What might a UK/EU Agreement look like?

Early next year we should begin talks about trade and the future relationship with the EU. Until we do so the language developed over money and the Irish border is parked. Both sides confirmed "Nothing is agreed until all is agreed".

There may be continuing misunderstandings on the EU side about what the UK has in mind once the proper talks begin. The UK offers a full free trade agreement covering goods and services, with zero tariffs and no new barriers to trade. The EU sometimes seems to be suggesting they want the UK to sign a leaving agreement and implement it prior to 29 March 2019, to leave, and then engage in more detailed talks on trade. The first thing to clear up is the phasing of the talks. The UK needs to stress the urgency of getting on with the free trade talks. It is accepted we only sign a free trade agreement with them after we have left, but we need to know the details of such an agreement before we leave to judge the rest of the Agreement and the phasing of implementation.

The second thing to sort out is the possible Transitional arrangement. The PM always stressed this would be an Implementation Agreement. It would be as short as needed. We would only need one if there is an Agreement on our future trade and partnership to implement. The idea should not be to create a further two years in the EU under the guise of a Transitional Agreement, in order to have another two years of uncertainty and more talks about trade. Business and consumers need to know where they stand. They want to know as soon as possible if we are en route to a free trade agreement, or if we will be trading under most favoured nation WTO terms.

The third necessity is that once we have left in March 2019 with or without an Implementation Agreement, the UK will be free to sign trade deals with other countries and to pursue its own overseas trade agenda. There are various misunderstandings about regulatory alignment and convergence. Of course when you trade with another country or trading bloc you need to meet their requirements and product rules to sell to them. The UK accepts US law and rules when selling into the US, and will accept EU rules and laws when selling into the EU. What you do not do as an independent country is also accept all the rules and laws to govern all the rest of your trade. You have your own national rules based on an understanding of world standards instead. Alignment or equivalence means you have regulations with the same purpose but they may be different in the areas where this matters. The US sells services into the EU based on acceptance of equivalence for its regulations compared to EU regulations. It does not have to enforce EU rules on its domestic businesses or foreign trade outside the EU.