

Date: 26th February 2016



London Borough of Camden
Post only:
London Borough of Camden
Town Hall
Judd Street
London WC1H 9JE.

Phone: 020 7974 1969
Angela.Mason@camden.gov.uk
camden.gov.uk

To all Camden headteachers and chairs of governors

Investing in London's schools: Changes to the 'Fairer Funding Formula'

Introduction

Camden is proud of the excellent standard of education offered by its schools and early years' services within the challenging inner London context of significant levels of deprivation and high costs of living. Camden Council and the borough's schools are deeply concerned about the impact of the government's spending plans and the introduction of a national formula.

The Chancellor in his autumn statement confirmed that the government would introduce a national 'fairer funding formula'. The Government considers that funding amongst schools in England and Wales is currently unfair with some areas receiving greater resources than other areas without there being an objective method of distribution. Rather than providing more money to those areas which they consider are underfunded, this could mean that Camden, as a relatively well-funded authority, could see a cash reduction in its funding for schools to pay for uplifts in the school budgets of less well funded authorities. This would be on top of a cash freeze in schools funding that Camden's schools have suffered since 2011/12. We know that across London thousands of schools could be hugely affected by both the DSG cash freeze and the national funding formula.

Overall it has been estimated that London schools could lose £260million which would amount to 6,253 full time teachers, with Camden schools potentially losing 5.2% of their funding, equating to £322 per pupil.

This could imperil all the incredible work that has made the London education system as strong as it is today. We are committed to working with all London boroughs to present to the government a compelling case for London's schools to be protected from the scale of reduction that is being contemplated.

The government have not yet consulted on these changes, but have indicated that they will do so after the Mayoral Election.

Camden's case

The Dedicated Schools Grant (DSG) is a ring-fenced grant provided by the government to local authorities to fund education. It is split into three funding blocks: mainstream schools, high needs (which funds special educational needs) and early years. The size of each council's DSG relative to one another is almost entirely due to historical decisions. Before the creation of the DSG in 2006/07, education spending was not ring-fenced and was treated in the same way as the rest of local government services. Each local authority determined the level of funding allocated to schools based on its own local decisions about relative priorities. Camden Council

gave high priority to education so along with other local authorities invested heavily in our schools. The size of each local authority's DSG was based on this level of funding so Camden continued to be well funded, but other authorities received less because they had invested less.

Nobody opposes more spending on education, but there is now a real fear that equalisation will be at the expense of London children and our very successful London schools should the funding be moved rather than further overall national funding provided.

I set out below our best estimates of what might happen for each of the three blocks of the DSG.

Mainstream schools

In July 2015, 94% of all Camden's schools were judged to be good or outstanding. There are strong relationships between the Council and the Camden family of schools and between schools. We are developing these relationships further through the Camden Schools Led Partnership (CSLP) to which all schools in Camden belong, and which will provide a strong basis for further collaboration and school improvement across the school system.

Successive Council administrations have prioritised education spending in Camden, leading to the position where overall dedicated schools grant (DSG) is one of the highest in the country. Our per-pupil funding for 2016/17 is the 6th highest in England. This level of funding reflected our view of the importance of education in transforming the life chances of children and young people and recognition of the higher costs of providing education in a central London borough with high levels of deprivation. Cost of living expenses mean funding education in Camden costs significantly more than the national average, whilst 46% of primary pupils in Camden are eligible for the deprivation-linked element of the pupil premium compared to just 26% nationally.

The cash freeze since 2011/12 means that Camden schools have already suffered a real terms' reduction in their spending power of 13% since then. Even without the introduction of 'fairer funding', the government's proposed further cash freeze to well-funded authorities will see schools' budgets eroded because of rising prices. Officers estimate that Camden schools will see a further 10% real terms' reduction in their budgets over the lifetime of the current parliament. This equates to an eventual £12m reduction in schools' spending power out of a total of £116m.

On top of this, the national funding formula could mean a reduction in the actual cash given to Camden's schools which would clearly be enormously damaging to education in the borough. Camden in 2016/17 will receive around £6,233 per pupil from the government into its schools block, compared to a national average of around £4,600 per pupil. London Councils recently estimated that the national funding formula could result in a cut to Camden's schools block of 5.2% which would equate to a further cut in the budget received by Camden for all its mainstream schools of £6m. This could mean that the borough's mainstream schools could lose the equivalent of £18m of spending power over the lifetime of the parliament.

The real impact on schools' budgets over the next three years can be seen in the anonymous example of a secondary school budget, attached to this letter. The budget assumes a freeze in DSG allocations subject to anticipated movements in pupil numbers but has not included the London Councils' estimated 5.2% drop in per pupil funding for Camden, so the final position could be worse than that shown. Total expenditure budgets in the example have been increased in line with recommended inflation figures provided by the Council and any anticipated changes in activity levels. The result is the growth of an in year deficit which quickly absorbs the school's reserve balance leaving it with a significant deficit by the end of the three year period.

Special educational needs

We are aware that the government has also been contemplating changes to the high needs block that funds special educational needs (SEN) in special and mainstream schools. The previous government completed a 'call for evidence' as part of its work to establish a funding formula for the distribution of high needs funding. We also know that some councils are arguing for a formula-driven approach for SEN.

Designing a funding formula to take account of the various different needs of different local authority areas will be extremely challenging for the government, as the distribution of pupils and young adults requiring support does not match any particular index. From a calculation based on funding per head of the school population, Camden has one of the highest levels of funding. If the government were to try to make SEN funding more equal across the country, our working assumption is that we may eventually lose some £5m per annum out of a total of £32m high needs block funding. For mainstream schools this would be in addition to the cuts set out in the mainstream section above. With levels of complexity in SEN growing across all sectors of education and a growth in the numbers of young adults accessing post-16 education, this would represent a huge challenge for our entire school system and those neighbouring boroughs that use Camden's provision.

Early years

Camden has a proud history of investment in early years from our full-time nursery provision for three and four year-olds in schools and children's centres to our Camden Sure Start children's centres, which provide a wide range of services for parents to help them give their children the best start in life.

Like other parts of London, Camden receives funding for early years at a high level compared to authorities in other parts of the country. Our experience from the disadvantaged two year-old provision, introduced by the previous government, is that the cost of provision at £9 an hour far exceeds the £6 an hour that London authorities receive from the government. We anticipate that if Camden were to meet the government's target of two year-old places, we would have a shortfall of £1.4m in the DSG. If a similar per pupil allocation system were to be used for the allocation of funding for three and four year-olds, including the government's proposal for 30 hours nursery provision for working parents, Camden's total funding gap could be as much as £7.4m out of a total early years funding in the DSG of £18m. This could have a disastrous impact on the borough's proud tradition of investment in early years' education.

Our case to the government

As Cabinet Member for Children, I am working with governors, headteachers and others with an interest in education, to ask for the following from the government:

- No cuts to education funding in Camden across schools, SEN or early years
- Recognition in any new formula of higher costs in Camden due to the cost of living and higher levels of deprivation than most local authority areas
- Gradual phasing in of any changes from the national government to minimise disruption to Camden's schools

We need to urgently make the case to maintain the investment we need in our schools and to ensure that our young people continue to get the opportunities they need and deserve.

I would like to encourage teachers, parents, carers and students to:

- Obtain further information about this issue from organisations active in the funding debate: 'Keep London Schools Great' (<http://keeplondonschoolsgreat.org>) and the F40 group (<http://www.f40.org.uk>) set up by those authorities that receive less funding.
- Write to the Secretary of State for Education to express your views about these proposals at ministers@education.gsi.gov.uk
- Participate in the consultation exercise when it begins in the Summer - we will have details of how to participate on our web site when the government announces the start date
- Please also come along to a meeting at Camden Town Hall on 16 March that the Council is organising with teachers, governors and parents to hear more about the affect these proposals will have on our schools, SEN and early years.

I would also be grateful if you would circulate the enclosed letter to your parents. It draws their attention to the issue.

Yours sincerely,

A handwritten signature in black ink that reads "Angela Mason". The signature is written in a cursive style with a long, sweeping underline.

Councillor Angela Mason CBE
Cabinet Member for Children
Camden Council