



Department
for Education

Government response to Education Committee report on school and college funding

October 2019

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Government response to Education Committee report on school and college funding

**Presented to Parliament
by the Secretary of State for Education
by Command of Her Majesty**

October 2019



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Contents

Introduction	2
Response to the Committee's conclusions and recommendations	4
Funding pressures	4
Core school funding	8
Post-16 education funding	12
Social justice and tackling disadvantage	13
Special educational needs and disabilities	19
Towards a solution – a ten year plan	21

Government Response to the Education Committee

Report: a ten-year plan for school and college funding

The Education Committee published its report, [A ten-year plan for school and college funding](#) on 19 July 2019. This document sets out the Government's response to the Committee's report.

Introduction

The Government is committed to ensuring the school and college system has sufficient funding to improve education outcomes for children and young people. This will boost productivity, improve social mobility and equip the next generation with the knowledge and skills they need to succeed. Education funding is a priority for the Government and the 2019 Spending Round committed to significant additional investment in schools of £2.6 billion in 2020-21, £4.8 billion in 2021-22 and £7.1 billion in 2022-23. We will also invest in our colleges, and have committed to a £400 million rise in 16-19 funding in 2020-21. We want to make sure this investment supports excellent educational outcomes for all and makes sure all young people have every opportunity to succeed.

We recognise that schools and colleges have faced cost pressures in recent years, which is why our recent funding commitments restore 5-16 funding to previous levels in real terms per pupil by 2022-23. We also need to provide certainty to the system where possible, which is why we have announced funding increases for 5-16 year olds in schools over a three year period. As part of our commitment to transparency about levels of funding we are developing a new official statistics report summarising the key data related to school funding. We hope this can foster informed public debate about school funding.

Beyond these increases to core funding, we have also made significant progress in several other areas highlighted by the Committee. We have reiterated our commitment to complete reform of the 5-16 school funding system through moving to a 'hard' national funding formula (NFF). This will put an end to funding disparities as a result of the historic decisions made in different local areas. It will make sure schools receive funding on a consistent basis, at levels that reflect their individual characteristics and the needs of their pupils. The £400 million increase in funding for 16-19 education – the biggest year-on-year cash injection since 2010 – will support our ongoing reforms to the sector. This includes the introduction of T levels.

The Government has maintained a focus on providing for disadvantaged pupils and students through the Pupil Premium in schools, and the funding directed to schools serving more disadvantaged communities through the NFF. We also provide additional support for colleges and school sixth forms for the cohort of 16-19 year olds in most need. Our additional investment of over £700 million next year for children with the most complex special educational needs and disabilities (SEND) reflects the continued importance the Government places in supporting these children and young people.

We will remain focused on delivering a sustainable, equitable funding system, and have launched a cross-government review to improve how children and young people with SEND are supported in the current system. The review will look at providing the highest quality support to children and young people with SEND across the country, helping parents to make decisions, and helping children and young people prepare for adulthood, including employment. We have also conducted a call for evidence on the financial arrangements for provision for children and young people with SEND, and a consultation on the financial transparency of local authority maintained schools and academy trusts. We also aim to improve our understanding of the costs schools face so the funding available is distributed in the most effective way.

The findings presented by the Committee and the evidence provided throughout the inquiry have been, and will continue to be, helpful in developing and delivering a world-class school and college funding system.

Response to the Committee's conclusions and recommendations

Funding pressures

1. **We are pleased that the Department is beginning to acknowledge the significant financial strain that schools and colleges are under. There is simply not enough core funding, and the capital funding landscape is becoming increasingly concerning. The Department's recognition of this problem now needs to be translated into significant funding increases. (Paragraph 18)**
2. ***The Department must make the strongest possible case to the Treasury for a multibillion pound funding increase in the next spending review, and ensure this is aligned with the requirements for a ten-year plan as set out in Chapter 7 of this Report. (Paragraph 19)***

(Response to recommendations 1 and 2)

In the 2019 Spending Round the Government announced cash increases to core schools funding of £2.6 billion in 2020-21, £4.8 billion in 2021-22, and £7.1 billion in 2022-23 compared to 2019-20 funding levels, including additional funding for children with special educational needs and disabilities (SEND). As a result, funding for schools will increase by 5% and high needs by 12% in 2020-21 compared to this year. This increase delivers the Prime Minister's pledge to increase school funding by £4.6 billion above inflation, levelling up education funding and giving all young people the same opportunities to succeed.

The additional investment ensures every secondary school will be allocated at least £5,000 per pupil next year, and every primary school will be allocated at least £3,750 – putting primary schools on a path to receiving at least £4,000 per pupil the following year.

On top this, we will continue to fund the rise in the employer contribution rate of the Teachers' Pension Scheme (TPS) from 16.4% to 23.6%, with £1.5 billion each year from 2020-21. The TPS is one of only eight guaranteed by the Government; provides additional benefits linked to salary; is inflation-proof to offer teachers a secure retirement; and offers the typical teacher around £7,000 in employer contributions every year. This funding will ensure the scheme remains one of the most generous in the country, bringing the core schools budget to £52.2 billion in 2022-23.

This multi-year settlement for schools will help ensure every child receives a superb education – regardless of which school they attend, or where they grow up. It will give schools certainty over the next three years, allowing them to plan ahead. According to the independent Institute for Fiscal Studies, this settlement will also restore real terms per pupil funding to previous levels by 2022-23.

The Government has also announced additional investment for 16-19 year olds' education in 2020-21, with an extra £400 million in 2020-21 compared to this year. This is the single biggest year-on-year cash injection since 2010.

3. **We heard disturbing reports that the Department was spending millions on ‘school resource management advisers’ whose cost-saving suggestions included keeping money raised at charity events, cutting children’s food portions, and using spare staff to cover three simultaneous classes in a school dining hall. The Minister said these recommendations had been taken “out of context”. We call on the Department to release the full reports to us, to show the context in which the recommendations were made. (Paragraph 20)**
4. ***In response to this Report, the Department should provide us with the full documents described by Schools Week, a breakdown by category of the measures suggested by school resource management advisers across the country, how much the resource advisers cost, and an evaluation of the long-term value for money provided by their cost-saving recommendations. (Paragraph 21)***

(Response to recommendations 3 and 4)

School Resource Management Advisers (SRMAs) are sector experts who work collaboratively with schools and Multi-Academy Trusts in a range of financial situations. They provide taxpayers with value for money, spreading best practice in resource management and helping to ensure as much resource as possible is directed to the areas that have the greatest impact on educational outcomes.

While SRMAs prioritise supporting schools and trusts at greater risk of financial difficulty, they do not only provide suggestions for cost savings. SRMAs also work with trusts in good financial health to help them evaluate all aspects of their spending and optimise their use of resources to ensure as much money as possible is being spent on areas that have the greatest impact on educational outcomes. In light of the recent funding settlement, it is vital resources are deployed into a school system that can make best use of this funding, to ensure it is truly transformation.

Where an SRMA is working with a trust in financial difficulty they will help them look at ways they can return to a balanced budget. However, this will always be with a central focus on maximising educational outcomes. It is always up to a trust to decide which of an SRMA’s recommendations to implement, following conversations with the Education and Skills Funding Agency (ESFA) and based on their individual circumstances.

As the Minister for Schools Standards made clear, the recommendations of SRMAs reported in Schools Week were taken out of context and are all part of wider reports that are designed to include a menu of options trusts can consider to improve their approach to resource management. For instance:

- The recommendation around reducing lunch portions was made after the SRMA reviewed the trust's catering with the business manager and found a large amount of food waste. A number of recommendations were put forward to help reduce food waste, including monitoring portion sizes more closely or providing catering to the local business park to generate income. These recommendations were intended to support the trust to make best use of their catering facilities rather than make savings. Indeed, the trust in question, Chapeltown Academy Trust, has since informed the ESFA that the SRMA programme was invaluable. In the period since the SRMA's review, they have been able to run more classes in popular subjects by redirecting resource from areas that were not having a substantial positive impact on educational outcomes.
- The report that Leeds University Technical College (UTC) could save £205,000 by reducing the Key Stage 5 (KS5) offer is inaccurate. The recommendation was in fact that the trust explore whether to make changes to its KS5 offer, and did not have a cost attached. The £205,000 figure relates to the SRMA's recommendation to review the number of classes taught in the current timetable and bring the teacher contact ratio from 60% up to 72%. This is closer to the aspirational target of a 78% contact ratio advocated by the Association of School and College Leaders (ASCL). The SRMA believed this could be done without having any impact on the curriculum delivered.
- The report that Wootton Academy Trust could replace a retiring experienced teacher on the upper pay scale with 'a member of support staff on a term-time only contract' was also taken out of context. This recommendation does not refer to a teaching post – the retiring teacher provided behaviour mentoring. This was one of twelve recommendations made by the SRMA.
- The report that an adviser told Stratton Upper School to reduce its 52-week contracts for administrative staff was in the context of the school's high administration costs when compared to similar schools.

The Department does not routinely publish SRMA reports, which contain sensitive financial information relating to trusts. It is the responsibility of trusts to decide whether to share the contents of reports publicly. As the trusts in question have already released their reports we will share those reports with the Committee.

Officials are currently working on producing a full evaluation of the pilot that will include the data the Committee has asked for. This will be published before the end of the year.

5. Publicly available data on school funding is extremely varied and subject to different calculations from a variety of sources. We are concerned this confusion can be exploited to portray a misleading picture. Having a single, reliable resource provided via an easily accessible official statistics publication would help resolve ongoing disputes over funding levels and how they are calculated. We are confident that the Department would welcome the additional

**transparency and public confidence that such a resource would bring.
(Paragraph 25)**

6. *The Department should develop an official statistics publication for school and college funding.* (Paragraph 26)

(Response to recommendations 5 and 6)

The Department for Education already publishes a wide range of information on school funding and on the funding of the wider education system. However, as the Permanent Secretary acknowledged in his letter to Ed Humpherson, Director General of regulation at the UK Statistics Authority, in May 2019, the Department recognises that there is more we can do to bring that funding information together and to help users navigate this complex landscape. Our website now includes a [new contents page for school funding](#) to help users navigate the existing set of publications. The Department is also developing a new official statistics report summarising the key data related to school funding, which we aim to publish in due course in line with the Code of Practice for Statistics.

Core school funding

7. **We fully support the intentions behind the National Funding Formula (NFF), and it is clear to us that maintaining a degree of local flexibility is important. We are nevertheless concerned that the so-called ‘soft’ formula continues to be based on local historical rates that perpetuate the anomalies it was supposed to remove. These historical factors hamper the NFF’s potential to act as a truly redistributive tool. (Paragraph 36)**
8. ***The Department should bring forward legislative proposals to implement a ‘hard’ National Funding Formula for schools as soon as a parliamentary majority is available. We encourage the Department to investigate how best to address outliers whose individual circumstances might not be accurately captured by even the best-designed funding formula. (Paragraph 37)***

(Response to recommendations 7 and 8)

We welcome the Committee’s support of the NFF, which since its introduction in 2018-19, has been distributing funding based on the needs and characteristics of pupils and schools across the country – not accidents of geography or history. This is directing resources where they are needed most, providing transparency and predictability for schools, and addressing historic disparities between areas.

The flexibility local authorities have retained over the distribution of funding locally, in consultation with schools, has allowed them to manage the transition towards the NFF. In the first two years of its operation, we have seen the majority of local authorities choosing to move their local formula towards the NFF, with 81 local authorities moving every one of their factor values in their own local formulae closer to the national formula this year.

The Government has confirmed we will move towards a ‘hard’ NFF as soon as possible, which will fund every school on an equitable basis – ensuring every child can benefit from a superb education no matter where they grow up. This will complete our reforms to make the funding system fair for every school in the country, and reassure school leaders and parents, wherever they are in the country, that they will receive the funding they need based on their needs.

As the Committee recognises in its report, there remain important issues to resolve in making this transition, such as where funding relies on local intelligence or is tied to local duties. We will work closely with local authorities, schools and other stakeholders in order to consider these issues carefully and make the transition as smooth as possible. Further detail on how we will begin this process will be announced in due course.

As a step towards a 'hard' formula, from 2020-21 the Government intends to make the use of the national minimum per pupil funding levels compulsory for local authorities to use in their own funding formulae. This will ensure that every secondary school receives at least £5,000 per pupil next year, and every primary school at least £3,750 – on the way to guaranteeing primary schools at least £4,000 per pupil in 2021-22, in line with the Prime Minister's pledge. We have recently concluded a consultation on how best to implement the mandatory minimum per pupil levels this year and will respond in due course.

9. Schools require an urgent funding increase. The age-weighted pupil unit (AWPU) funding in the NFF is set too low. (Paragraph 38)

10. *The Department must raise the AWPU for the next spending review period. The Department must also commit to revising the AWPU again following a comprehensive review of the real-world costs of school education, as recommended in Chapter 7. (Paragraph 39)*

(Response to recommendations 9 and 10)

The increases to school funding announced in the recent Spending Round allow for an increase to the minimum per pupil levels in the NFF in 2020-21, levelling up the lowest funded schools, to £3,750 for primary schools and £5,000 for secondary schools. The remaining factors will be increased consistently by 4%, including all age weighted pupil unit (AWPU) values. The precise factor values in the schools NFF were confirmed when we published provisional allocations on 11 October 2019.

The NFF continues to prioritise pupil-led funding, and the significant majority – over 70% – of schools funding continues to be allocated through the AWPU, which reflects views received during the extensive consultation process. We will keep all factors of the NFF under review, and we will continue to consider improvements to these in consultation with stakeholders.

11. *The Department must ensure that multi-academy trusts (MATs) are properly held to account over their internal operations, the way they fund themselves, and how they distribute funding to schools within their trust. We are not convinced that the current framework is adequate. The Department should confirm in response to this Report whether, under a hard funding formula, MATs would continue to maintain discretion over allocating funds to schools within their trusts. If they would, the Department must explain how it intends to ensure this system does not undermine the NFF's core aim of providing equitable and consistent funding across schools. (Paragraph 45)*

Academy trusts are accountable for the education their pupils receive and for using the public funds with which they are entrusted. Within the current framework, the ESFA sets out clear parameters for academy trusts to operate within and, together with the Regional

Schools Commissioners (RSCs), provides scrutiny and oversight of academy trusts' performance and robust intervention when concerns arise.

The framework for requirements relating to trusts' financial management, and the ESFA's oversight of this, is set out in the [Academies Financial Handbook](#), [academies' funding agreements](#) and guidance on the accounts return. Among other things, these require that:

- Trusts must account properly for their money – maintaining accounting records and publishing annual accounts, which provide the primary means by which they report on their stewardship of funds and show accountability to the public. Trusts must have adequate internal financial controls and reporting processes to ensure funding is accounted for correctly and can be reported in their accounts for each constituent academy.
- Trusts must be transparent where they top slice, disclosing in their annual accounts information on the services they deliver centrally and the charging policy they apply. They must also identify the share of funding allocated to each academy within their trust.

Additionally, where General Annual Grant funding (GAG) is pooled, trusts consider the funding needs of each constituent academy and must have an appeals mechanism in place. We will consider, in consultation with stakeholders, whether any amendments to the current rules are required in future to ensure the smooth introduction of a 'hard' NFF.

As this approach shows, governance and oversight of academies has been tightened over the last three years, and the academies programme is now one of the most transparent public education systems in the western world. We now want to ensure that our approach with local authorities has a comparable level of transparency.

12. Ofsted should be granted the powers and resources to conduct inspections at MAT level. The Department should also require MATs to publish detailed, accessible data on their website showing how they fund themselves, where this money comes from, and a breakdown of what it is spent on. These publications should be combined with performance indicators to support oversight by authorities and parents. (Paragraph 46)

Ofsted already plays a vital role in holding trusts to account by providing independent judgements on the educational performance of individual academies within a trust. The Department has also worked with Ofsted to develop its process of trust summary evaluations. Summary evaluations draw on both the inspections of individual academies in a trust and meetings with trust leaders to review how well a trust is delivering a high quality of education and raising standards for pupils. We are continuing to work with Ofsted to understand the impact of the first round of summary evaluation letters. On 1 September 2019 we announced our intention to work with Ofsted to provide clearer information about financial management in order to ensure best practice is shared across

the sector. This will include the publication of a measure of the effectiveness of financial management in schools, trusts and colleges.

The [School Financial Benchmarking Service](#) already allows users to compare school and academy spending with similar schools that are achieving the most in terms of pupil progress, as well as detailed accessible financial data about trusts. For trusts, this data includes detailed breakdowns of income – including whether income is grant-funded or self-generated – and provides similarly detailed breakdowns of what the trust spent its money on. The tool also allows the public to compare school, academy and trust spending in a wide range of spending categories with that of similar schools. The tool can now be accessed through a direct link from the trust performance tables on gov.uk.

In addition, all trusts must have an external audit of their annual accounts by a registered statutory auditor. The Department requires auditors to give an opinion on whether the accounts are true and fair. They must also provide an opinion to us on regularity and compliance by the trust, reporting any transactions they have identified which have breached our requirements. These annual accounts must also be published along with audit reports each year.

As part of their annual report and accounts, trusts must also publish details of their objectives, achievements and future plans, and also set out what they have done to promote value for money in support of those objectives.

Post-16 education funding

- 13. Post-16 education has been cut to the core. We note the Minister's position about post financial crash difficulties. Other sectors have however moved on. The continued underfunding of this pivotal stage in education is longer justifiable. These budget pressures are the result of political decisions that have had enormous impacts on young people's educational opportunities and undermined attempts to tackle social justice. The Department must act urgently to address the damage that has been done. (Paragraph 59)**
- 14. *For the now overdue spending review, the Department must make the case to the Treasury for a post-16 core funding rate raise from £4,000 to at least £4,760 per student, rising in line with inflation. This is needed to ensure pupil services can be provided at minimum acceptable levels, and prevent institutions from having to cut back still further on the breadth of subjects offered. The Department must additionally commit to revising this figure following a comprehensive bottom-up assessment of cost requirements as outlined in Chapter 7. (Paragraph 60)***

(Response to recommendations 13 and 14)

In the recent Spending Round, the Government announced a £400 million increase in funding for 16-19 education in 2020-21 – an increase of 7% in overall 16-19 funding and the biggest year-on-year boost since 2010. In 2020-21 16-19 funding will increase at a faster rate than 5-16 funding. This will allow us to raise the base rate of funding for the first time since the current funding system was introduced – from £4,000 at present, to £4,188 next year – a rise of 4.7%. Part-time and T level rates will also increase by the same proportion.

While we acknowledge this is less than the £4,760 base rate level recommended by the Committee, we are making additional targeted funding available in other areas.

We are also following through on our plans to provide funding to colleges and other organisations delivering T Levels to reflect the more stretching requirements of these new programmes. As announced in 2017, additional funding will be provided, rising to an additional £500 million a year when T Levels are fully rolled out.

Our commitment to the 16-19 sector has contributed to the current record high proportion of 16 and 17 year olds who are participating in education or apprenticeships, the highest amount since consistent records began. Furthermore, as a result of the changes by the Government and thanks to the efforts of students, schools and colleges more than 70% of 19 year olds now hold a Level 2 qualification in both maths and English.

The settlement for 16-19 is for one year only. Funding from 2021-22 onwards will be considered in the full Spending Review next year and we will continue to look closely at the funding needs of this stage of education.

Social justice and tackling disadvantage

- 15. It is clear that Pupil Premium is being used to plug holes in school budgets rather than being directed at disadvantaged children. This is concerning but sadly unsurprising, given the financial pressure schools are under. Schools should not have to choose between running their core operations and supporting disadvantaged pupils. Ringfencing Pupil Premium spending, or subsuming it under the National Funding Formula, will not fix the underlying problem that there is simply not enough money in the system. (Paragraph 70)**
- 16. *The Department should confirm that it does not intend to ring-fence the Pupil Premium or subsume it within the National Funding Formula. Additionally, the Department should investigate how the Pupil Premium distribution could be made fairer so that allocations match more closely the child's level and duration of deprivation. (Paragraph 71)***
- 17. *The Department should review and revise the Pupil Premium compliance system, and in particular Ofsted's role and oversight, to improve accountability whilst allowing flexibility for local-level innovation—for example via a more detailed measure of the performance of children from disadvantaged backgrounds. The Department should set out its proposed timetable for doing so in response to this Report. (Paragraph 72)***

(Response to recommendations 15, 16 and 17)

The Department has no plans to ring-fence the Pupil Premium or integrate it into the NFF. We do however always keep the school funding system under review.

Pupil Premium is paid to the pupil's school throughout the time the child receives a free school meal and beyond. Our approach to allocating Pupil Premium funding stems from an understanding that a child's circumstances do not normally transform immediately when a rise in household income means they are no longer eligible for free school meals. We continue to award Pupil Premium to the school for the six years following a child's last eligibility for free school meals. We provide schools with this ongoing support to drive better outcomes for those who are or have been economically disadvantaged.

Schools already have significant flexibility over how they use their overall Pupil Premium allocation. They can tailor the amount they spend on support for individual pupils to match their level of need, which may or may not be related to the length of time that they have been eligible for free school meals.

While the Department recognises the Committee's desire to enforce greater accountability on schools to drive improved outcomes, we believe that there are clear and sufficient measures in place already to hold schools accountable for their use of the Pupil Premium. Schools are required to make information available about their Pupil Premium strategy, which is usually done via their school websites. Earlier this year we [updated guidance on gov.uk](#) to improve understanding of the funding to drive evidence based decisions for its use.

The latest [Ofsted School Inspection Handbook](#) maintains a strong focus on the progress and attainment of disadvantaged pupils. As well as taking account of academic performance, inspections will include assessment of the school's plans for spending the Pupil Premium, the rationale for these plans, and the impact of past Pupil Premium expenditure. The school performance tables include progress and attainment metrics for disadvantaged pupils, at the end of Key Stage 2 and Key Stage 4.

Increasing regulation or direction of Pupil Premium funding, or introducing brand new compliance measures, would curtail the freedom given to school leaders over their allocated funding. This underpins the Government's objective to foster a largely autonomous, self-improving schools system. We believe that schools which seek to improve their practices learn best from other schools – and success with disadvantaged pupils is evident across the regions of England, in schools such as The Shirestone Academy in Birmingham, Harrison Primary School in Fareham, Dixon's Trinity Academy in Bradford, and Madani Girls' School in Leicester.

18. The Department should review options for an enhanced incentive system to systematically reward schools making good use of the Pupil Premium for evidence based interventions that close the attainment gap whilst improving school results. The Department should set out the options and implementation plan in response to this Report. (Paragraph 73)

We do not believe schools need financial incentives to focus on enabling all pupils, irrespective of their background or characteristics, to realise their potential. The Department's role is to assist schools in their efforts to deliver these outcomes.

As such, we do not intend to move away from a system that allocates Pupil Premium funding on the basis of the number of eligible pupils, towards one in which schools are retrospectively rewarded for their disadvantaged pupils' performance. Allocating the Pupil Premium grant on current and historic roll numbers enables schools to have financial certainty that a 'payment by results' arrangement would lack. Our approach also recognises that attainment is influenced by a range of factors and can fluctuate from one year to the next. This stability helps schools plan their support for disadvantaged pupils – and we are now, in response to sector feedback, encouraging schools to consider a longer-term strategy for their Pupil Premium use.

There is already a powerful incentive for schools to use proven approaches, as they are judged by Ofsted, in part, on the progress and attainment of their disadvantaged pupils – and their provision for those pupils is also a factor considered by inspectors.

We are always looking at how we can help schools to use their Pupil Premium funding more effectively; this means adopting approaches that have been proven through rigorous trials to improve disadvantaged pupils' outcomes. The Department continues to encourage school leaders and teachers to use the internationally recognised evidence produced by the Education Endowment Foundation (EEF). We also actively promote the EEF's '[Pupil Premium Guide](#)' to schools and it supports school leaders to make effective choices on how they prioritise their spend.

19. The intention behind Pupil Premium is laudable. However, the lack of take-up of free school meals means that too many deserving children are not receiving the support to which they are entitled. The Department must ensure that all eligible pupils attract Pupil Premium. (Paragraph 76)

20. *The Department should outline in response to this Report whether it supports the principle of automatic enrolment for free school meals to ensure all eligible pupils receive Pupil Premium. It should additionally confirm what actions would be needed to introduce automatic enrolment, what action it has taken to overcome data-sharing concerns, and what actions it will take to ensure all eligible students receive their Pupil Premium allocation. (Paragraph 77)*

(Response to recommendations 19 and 20)

We aim to make sure that as many eligible children as possible are claiming their free school meals. To support this, we are making it as simple as possible for schools and local authorities to determine eligibility, including through our eligibility checking system. Schools and local authorities have worked hard over recent years to encourage all eligible families to register for free school meals, ensuring that eligible children are able to receive a free, nutritious meal each day. For example, we know that the vast majority of schools and caterers make use of cashless systems and other methods to ensure that children who are eligible for free school meals are not identified separately, removing any stigma for receiving the benefit.

We also provide schools with a model registration form and guidance and will continue to look at what the most effective schools do, and highlight and disseminate best practice. We are prepared to consider any further steps we can take to improve the take-up of free school meals.

We understand the rationale for an automatic enrolment approach to free school meals. This of course needs to be considered alongside the legislative and delivery implications of such an approach. It is a statutory requirement under the Education Act 1996 that in order to be eligible for free school meals, a request must be made on behalf of the child. This approach is consistent with eligibility criteria for wider welfare benefits provided by the Government. In terms of data sharing, the Government must of course safeguard individuals' personal and financial data. Careful consideration would need to be given to any approach that would involve sharing an individual's sensitive data not only between Government Departments but also with their child's school and/or local authority. Some families may choose not to claim free school meals, and may not wish their local school to automatically receive personal information relating to their household's financial situation.

It is important to note that free school meal numbers are used as a proxy to determine Pupil Premium allocations to schools. It is a way to allocate additional funding to schools to support disadvantaged children and is not a personal budget for individual pupils.

21. In the meantime, the Department should publish detailed estimates of the amount of unclaimed Pupil Premium money, and the Treasury should pay this amount into a separate fund to be spent on disadvantaged students. (Paragraph 78)

Since the Pupil Premium was introduced six years ago we have counted the number of free school meals claimants and used this as a proxy for the level of economic disadvantage experienced by school populations. This in turn is used to allocate additional funding to schools.

It is not a personal budget for pupils and, legally, cannot be allocated where a claim for a free school meal has not been made. The Pupil Premium budget is set based on a forecast of the number of pupils who will claim Pupil Premium according to this measure. Therefore, there is no 'unclaimed' Pupil Premium money in respect of pupils who do not claim free school meals.

22. We do not think Pupil Premium should stop at 16. We appreciate that there are some disadvantage funding pots available, but these are too small and spread too thinly. Disadvantaged 16–19 year olds are not less deserving of support than under-16s. They should not be treated as a lesser priority. Nor is it clear why there continues to be such a lack of data sharing between schools and FE institutions, which has led to disadvantaged students falling through the gap. (Paragraph 86)

23. The Department should introduce a 16–19 Pupil Premium scheme. The Department should additionally develop a data-sharing system to ensure FE institutions can identify disadvantaged students automatically. (Paragraph 87)

(Response to recommendations 22 and 23)

The Government is determined to ensure that disadvantaged students are supported in their post-16 education. The Department provides additional funding for 16-19 colleges and school sixth forms so that they can attract, retain and support disadvantaged students. Over £500 million of disadvantage funding has been allocated through the 16-19 funding formula in the 2018/19 academic year and we expect this to continue at a similar level. All institutions and young people, including disadvantaged young people, will also benefit from the increase in the base rate announced as part of the recent Spending Round. We will continue to keep 16-19 funding rates and arrangements, including support for disadvantaged students, under consideration in the lead up to the next Spending Review.

The Department provides guidance to help institutions identify students moving into post-16 education that might have a financial need. General further education colleges and sixth form colleges can now check the [key to success](#) site to find out if new students were in receipt of Pupil Premium funding in year 11 or received special educational needs and disabilities (SEND) support. Colleges can use this information to identify students they could proactively approach to see if support is required.

24. We were disappointed at the lack of adequate support for transport to further education institutions and apprenticeship workplaces. It is deeply disappointing that a clear manifesto commitment has languished between two departments, with little discernible sense of urgency to address the problem. (Paragraph 88)

25. The Department should provide in response to this Report an outline of its plans and timetable to improve transport support for 16–19 education. (Paragraph 89)

(Response to recommendations 24 and 25)

We are working across Government to deliver on this important manifesto commitment. We welcome the Confederation of Passenger Transport's (CPT) 'Moving Forward Together' document which includes a commitment to support travel for apprentices and job seekers by expanding discounted ticketing to them by 2021, as part of a future bus strategy. We will continue to work with the Department for Transport and the CPT, which includes over a thousand of the UK's bus and coach operators, on future delivery. Progress towards this offer is testament to the strengthening partnership between Government and the bus industry, and the importance both place on supporting apprentices.

The Government, together with the rail industry, also launched the new 16-17 Saver in September 2019, guaranteeing half-price travel for all young people in England and Wales. This will be available to all those attending sixth form or further education colleges, beginning an apprenticeship or entering the world of work. It will save young people and their families an average of £186 every year.

The Department also allocates funding through the 16-19 discretionary bursary. Providers use the bursary to help students who can't afford the additional costs they face to participate in education, including travel costs. On 10 September 2019, we published our plans for the [future allocation of the 16-19 Bursary Fund](#), following a consultation earlier this year. In that response, we confirmed that we will include a travel costs element in allocating the Bursary Fund to institutions. This reflects the costs institutions face in supporting young people who travel further or live in disadvantaged rural areas. Transition to the new allocations will begin in the 2020/21 academic year, and should ensure that providers have an appropriate level of funding to effectively support the most financially disadvantaged students. We are continuing to work with stakeholders to address how we can best ensure that young people are not deterred from taking up apprenticeship opportunities due to travel costs.

Special educational needs and disabilities

26. Special educational needs and disability funding is completely inadequate.

There is simply not enough money in the system to provide for the scale of demand. Local authorities are expected to face a funding shortfall in excess of £1 billion by 2021. The post-16 sector in particular is having to deal with significant challenges in the context of enormous funding constraints. This is not sustainable. (Paragraph 105)

27. *The Department must make the strongest possible case to the Treasury for sufficient funds to finance the widening high-needs deficit, projected to be over £1 billion by 2021, and address the underlying drivers of spiralling costs at an early stage. The funding uplift must include a thorough assessment of the cost implications of local authorities' duty to maintain an Education, Health and Care Plan up to the age of 25.* (Paragraph 106)

(Response to recommendations 26 and 27)

The Government's ambition is that all children should have access to the education and support that is right for them. Next year we will be investing £780 million in additional high needs funding to support children with complex special educational needs and disabilities (SEND). This represents an increase of 12% on the funding available this year, bringing the total high needs funding budget to £7.2 billion.

Every local authority will see a minimum increase of at least 8% per head of 2-18 population to their high needs funding. We provided provisional allocations for individual local authorities in October.

The SEND system is delivered locally and the need for an Education, Health and Care (EHC) plan is dependent on what is ordinarily available in mainstream provision, which will vary across local authorities. We are aware that there is large variation between local areas in terms of rates of EHC plans and also in the quality of SEND provision, as assessed through Ofsted and Care Quality Commission inspections.

We want to ensure our investment is working as well as it can for young people and that we have a sustainable SEND system in future. That is why the Government recently announced a review of SEND – which includes a focus on local performance – with [further information available on gov.uk](#).

28. *The Department's assessment of the core school funding uplift requirements must include a thorough analysis of the role that sufficient core school funding plays in facilitating early intervention and avoiding more costly interventions later on.* (Paragraph 107)

The Department have recently undertaken a call for evidence on the financial arrangements that underpin provision for children and young people with SEND and those who need alternative provision. In that call for evidence we focused on how we

could improve the system of funding for mainstream schools to ensure that they were able to support their pupils with SEND. We were also interested more generally in how the financial arrangements could help to get the right support for children and young people at the right time so that outcomes could be improved and costs reduced at later stages. For example, this might be through effective early intervention. We will make sure that the evidence gathered and views expressed are fed into the Department's SEND review.

29. The Department should review and revise the high needs funding formula to ensure it is sufficiently responsive to changing needs. The factors and weightings in the formula should be amended to develop a more forward-looking approach that is less reliant on historical factors, and takes greater account of projected trends and requirements for financial flexibility. As part of this review, the Department should assess the extent to which notional budget allocations take sufficient account of future trends, and facilitate adjustments to the notional budget allocation methodology to make funding arrangements more forward-looking. (Paragraph 115)

As part of the call for evidence on the financial arrangements that underpin provision for children and young people with SEND we asked for views on the mainstream schools notional SEN budget arrangements. We are analysing the call for evidence responses and we will make sure that they inform both the SEND review and future development of the funding system. As advised when we introduced the high needs national funding formula, this will be subject to review, which we are planning to start in 2020. This will look at all the formula factors, including the historic spend factor, to ensure that the high needs formula is as responsive as possible to changing needs across the country.

Towards a solution – a ten year plan

30. A ten-year plan for education funding is essential. It would provide schools, colleges and the Department with much needed strategic direction and financial certainty. The short-termism and initiative-itis that characterises the Department's current approach cannot afford to continue. We are pleased that Ministers recognise the value of our proposal. (Paragraph 136)

31. *The Department needs to take political short-termism out of school and college funding by developing an ambitious ten-year plan. We suggest the funding model should involve a multi-billion pound settlement from Treasury, informed by a bottomup assessment of the cost of delivering a quality education for all children and young people. The Department should confirm in response to this Report its intentions and timeline for doing so. (Paragraph 137)*

32. *The Department needs to be transparent about how much money is needed for the education system. It must conduct and publish a comprehensive, bottom-up assessment of what services and support schools and colleges are having to provide, the real-world costs of delivering these activities and meeting attainment expectations, and how these costs relate to current school and college funding provision. The outcome of this assessment must inform the funding package for the ten-year plan. (Paragraph 138)*

(Response to recommendations 30, 31 and 32)

The Government has demonstrated its commitment to prioritising the long-term sustainability of school funding through the multi-year investment announced in the 2019 Spending Round. This funding was over three years, unlike the typical one-year settlement for most other budgets across Government and will provide schools with certainty that allows them to plan ahead.

We agree with the Committee about the importance of understanding the real costs and pressures schools and colleges face, so that their needs can be properly met. The Department publishes an annual [assessment of the cost increases schools are expected to face in the coming financial year](#), to help them plan their expenditure strategically. The additional real terms investment we have committed to over the next three years accounts for the need to support schools with these costs.

Understanding the costs schools face is also important for ensuring that the funding available is distributed in the most effective way. The NFF has been instrumental in addressing unjustifiable, historic differences in the funding between different areas. However, rather than directly being based on a bottom up cost estimate, the formula weightings in the NFF are based on the distribution of funding that local authorities used before the NFF was introduced. This represents the conclusions made over a number of years by local authorities and their schools forums. The weightings also take into account evidence on the impact of resources on outcomes, with significant funding being allocated for pupils who are likely to need the most support.

It is important to recognise that costs vary significantly between schools and there is no 'one size fits all' approach to running a school or college. Cost differences stem from reasons ranging from the age of the school building to differences in average staff salaries. Furthermore, head teachers rightly have the autonomy to make individual decisions about how they want their schools to operate – whether on staffing, curriculum or extracurricular activities – in order to best support the specific needs of their pupils. Bottom-up assessments of all the services and support schools and colleges are having to provide will never be able to capture all these differences. The varying and complex nature of pupils with additional needs makes any bottom up cost assessment in that area particularly difficult.

While we agree with the importance of continuously working to enhance our understanding of costs, we must recognise the limitations bottom-up cost assessments would have – and that we do not inadvertently compromise on schools and colleges' autonomy and ability to make their own decisions.

Nonetheless, we agree that bottom up cost modelling could provide a useful input – alongside others – to inform decisions on particular elements of the NFF. We will be taking that into account as we move towards the introduction of a hard NFF.

