



**HOUSE OF COMMONS  
LONDON SW1A 0AA**

25 January 2017

Dear Colleague

Ahead of today's opposition day debate on school funding, I wanted to write to you to set out the Government's position – and also respond to claims made by teaching unions who may have written to you.

***We are consulting to end the unfair post code lottery of school funding***

The current system for school funding is unfair, opaque and outdated. Schools facing the same challenges, and for which we set the same expectations, receive wildly different resources. Coventry and Plymouth have the same proportion of their pupils eligible for the pupil premium, but Coventry currently receives £500 more for each pupil. The funding system is standing in the way of schools supporting every child to succeed, which is why we will deliver on our manifesto commitment to tackle this postcode lottery.

The first stage of our consultation on a new, rational system of funding, which ran during 2016, saw significant levels of support for the principles, overall design and factors of the funding formula that we proposed. Our proposals for funding reform will mean that schools and local areas will, for the first time, receive a consistent and fair share of the schools budget, so that they can give every child the opportunity to reach their full potential.

We are now consulting on these proposals, which mean:

- ***Per-pupil funding.*** The great majority of funding for schools – 72.5% – would be distributed through the basic unit of funding: £2,712 for every primary school pupil, £3,797 for every 11-14 year-old and £4,312 for every 14-16 year-old.
- ***Funding for pupils' additional needs.*** A further 18.1% of schools' funding would address pupils' additional needs: predominantly based on free school meals and area-based measures of deprivation (9.3%) and low prior attainment, for those pupils who did not reach the expected standard at age 5 or 11 (7.5%), plus support for those with English as an additional language.
- ***Lump sum payments for schools.*** Each school will also receive a £110,000 lump sum. Small and remote schools will receive up to £25,000 (primary) or £65,000 (secondary) on top of that. These, along with specific premise costs (like rates) and funding to support growing schools, account for the remaining 9.4% of the total schools budget.

Within all these amounts, schools in London and other areas of higher labour costs will receive top-up funding to reflect the higher costs they face.

These proportions are similar to the average weightings being used today. We have used an aggregate of the current decisions made by local authorities as our starting point for designing the national funding formula, and proposed changes where there is a good evidence base to do so.

In this context, we have protected the total funding directed towards deprivation. However, we have proposed its redistribution so that it is spread fairly and consistently across the country. We have also proposed channelling more funding to deprived or low attaining pupils that do not currently benefit from sufficient support, for example those in deprived areas who are not eligible or claiming for free school meals – encompassing families that are just about managing.

### ***We have protected the schools budget, and are helping them to get the most from this***

Since 2010, this Government has protected the core schools budget. This year, it is the largest ever on record, totalling over £40 billion. And it will continue to rise for the rest of this Parliament, as a result of the overall, real terms protection that we have provided. We do recognise that schools, like other public services, are facing broader cost pressures. There have been estimates of an 8% cumulative pressure, per pupil, between 2016 and 2020. It is important to note that this is not an estimate of pressures still to come – over the next three years, per pupil pressures will average 1.5-1.6%, a year. That's why we are helping schools to spend the record investment efficiently and effectively.

We have already published a wide range of tools and support. This includes support for schools to review their level of efficiency, so that they can compare themselves with similar schools across 32 categories of spend; to develop a plan to improve efficiency; and to take action to make savings in practice – for example through access to good value national deals on things like energy supply. We recently launched a school buying strategy to support schools to save over £1bn a year by 2019-20 on their non-staff spend.

### ***Unions are making misleading claims about schools funding***

You may recently have received a letter from the NUT, ATL and other unions, purporting to set out the future funding prospects for schools in your constituency. The unions' analysis is fundamentally misleading; in part, because it blurs the two separate issues of the distribution of funding between schools, and the total level of funding for schools. Despite the real terms protection, some unions persist in claiming almost all schools are facing real terms cuts. Their analysis, however, misrepresents the true situation, in particular because it ignores the fact that pupil numbers – nationally, and in many schools – are rising, and will continue to rise until 2020. The funding that each school receives relates directly to the number of pupils it educates. The facts are that – taking per pupil funding and rising pupil numbers together – the overall school budget will be protected in real terms in this parliament.

School funding reform is necessarily complex, and we are determined to take the time to ensure that we get this once in a generation opportunity right. The consultation is running for 14 weeks, until 22 March, and illustrative national funding formula allocations for schools and local authorities, can be found at <https://consult.education.gov.uk/funding-policy-unit/schools-national-funding-formula2/>. In the consultation, I am keen to hear from as many colleagues as possible. If you would like to discuss the proposals, and their impact on your constituency, please contact Alex Badrick my on 0207 340 7157 or [gibb.ps@education.gov.uk](mailto:gibb.ps@education.gov.uk).

With best wishes.

A handwritten signature in black ink that reads "Nick Gibb". The signature is written in a cursive style with a large initial 'N' and 'G'.

**Nick Gibb MP**  
**Minister of State for School Standards**