

Schools funding

a London Councils briefing



What's changing?

The government has launched the second stage of its schools National Funding Formula (NFF) consultation. It aims to address gaps in school funding between different geographical areas by using a new method to distribute cash.

London Councils, which represents the 32 London boroughs and the City of London, is keen to highlight the impact the NFF will have on London's schools and the wider economy.

If the government's proposals are brought into effect, **70 per cent of schools** in the capital will face budget cuts, on top of pre-existing funding reductions. London will also see larger reductions in funding than anywhere else in the country.

This comes on top of National Audit Office figures showing that educational standards across the country could plummet as schools in England face an **8 per cent real-terms cut per pupil** by 2019/20 thanks to wider cost pressures.

Taking everything into account, London's schools will need to make **savings of £360 million** in the first year of the new national funding formula in order to balance their books.

But at a time when UK schools are seen as underperforming by international standards, and when businesses based in London are facing massive uncertainty about recruiting skilled staff, there is an urgent need to invest in schools in London and across the rest of the country.

London Councils' key asks

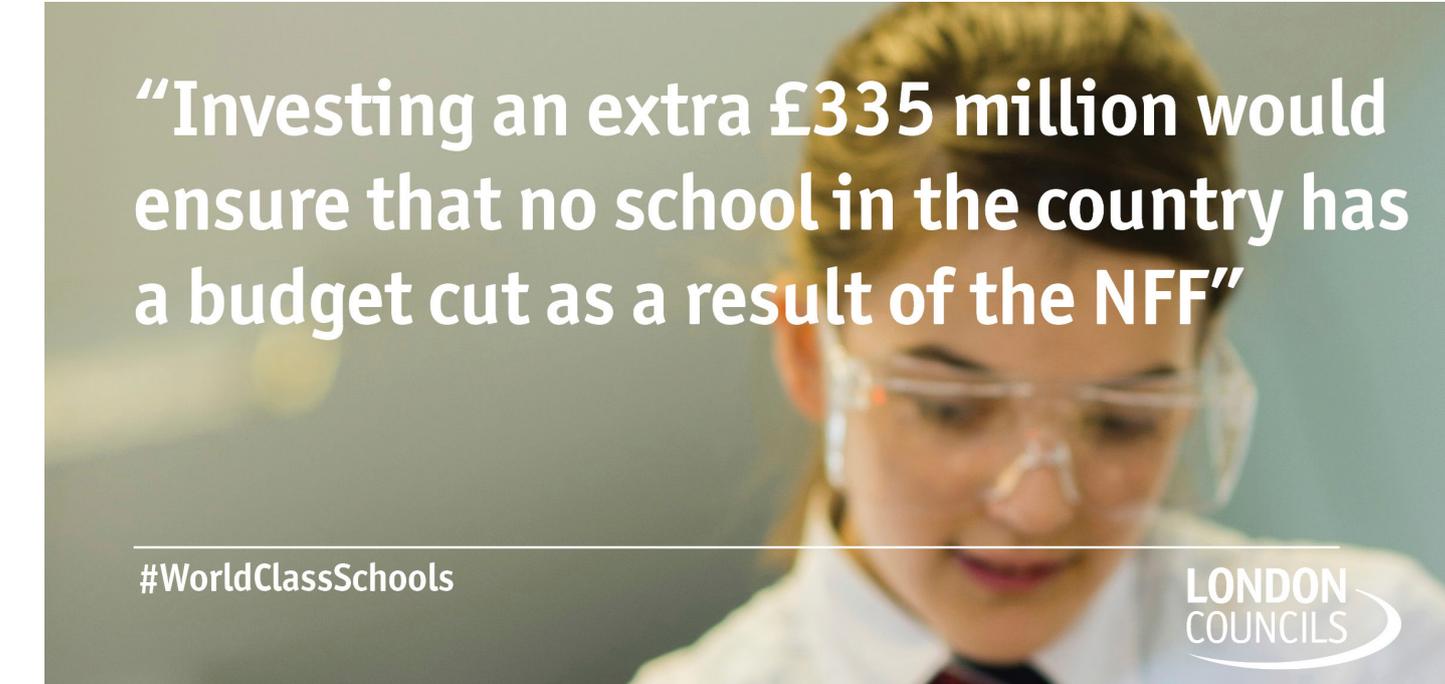
- That all children receive a great education – **every child** in the country deserves this.
- That the government **invest £335 million** to ensure that no school in the country experiences a cash cut as a result of the new funding formula. This is a vital investment that will pay dividends in improved national economic growth, productivity and innovation.
- That the government **revises the draft NFF** to better reflect London's needs and to avoid a decrease in educational standards.

How will London be affected by the National Funding Formula for schools?



◀ Every region has schools that lose funding under the proposed National Funding Formula.

The biggest proportional loss will be in London, where 70 per cent of schools stand to lose, followed by the North West (58 per cent) and the West Midlands (53 per cent)



“Investing an extra £335 million would ensure that no school in the country has a budget cut as a result of the NFF”

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The NFF will remove £19 million of funding from London’s schools.

Taking this into account as well as the increased cost pressures identified by the National Audit Office, London’s schools will need to make savings of £360 million in the first year of the new national funding formula (2018/19) to balance their books. No school will gain enough funding from the NFF to compensate for increased cost pressures due to factors such as inflation, pensions and national insurance.

As around 70 per cent of a school’s budget is spent on staff salaries, funding reductions are likely to result in **fewer teachers and support staff posts** in schools, as well as **increased class sizes**.

This is significant because top quality teachers who are motivated and highly skilled are the main reason that children make progress and achieve good results in their education.

Without the right qualifications and skills, London’s children will be unable to access jobs and contribute to the national economy. Over 60 per cent of jobs in inner London require a degree and around 45 per cent of jobs in the rest of the capital require a degree.

Analysis of the NFF shows that:

- **70 per cent of schools** (over 1,500) across the capital will face budget cuts.
- The impact is widespread – **802 schools in inner London** and **734 schools in outer London** stand to lose funding due to the NFF.
- At least one school in **every London borough** will experience a reduction in funding.
- **19 London boroughs** are set to lose funding, with losses ranging from 0.1 per cent to 2.8 per cent.

Combining the impact of the introduction of the NFF and wider cost pressures, headteachers at London schools will have to make savings totalling £360 million in the first year of the NFF (2018/19).

The savings required are equivalent to:

- **17,142 teaching assistant posts**, on an average salary of £21,000.
- **12,857 qualified teachers**, on an average salary of £28,000.
- This amounts to cutting 7.5 teaching assistant posts per school or cutting **5.6 qualified teachers posts per school**, given that there are 2,297 mainstream schools in London.

Key facts about London schools

London's schools are the best in the country

- In London **89 per cent of schools** are currently judged to be **good or outstanding** by Ofsted, the highest percentage of any region in England.
- Last year London's schools helped pupils to achieve **60.9 per cent five A* to C GCSEs** including Maths and English, the highest rate for any region and above the national average of 57.3 per cent.

London's schools promote social mobility

- London has the highest attaining cohort of pupils on Free School Meals in the country – **48 per cent of young people on FSM in London achieved five good GCSEs** as opposed to only 36.8 per cent of the same group nationally.

Recruitment and retention of teachers is a challenge in London

- Around **50 per cent of headteachers in London are approaching retirement**. Schools must act now to ensure teachers in senior leadership roles are ready to become headteachers.
- Living costs are higher in London. One example of this is **private sector rents, which are more than twice the national average** according to the Valuation Office Agency. Schools are therefore under pressure to ensure salaries reflect this reality.



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