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Rt Hon Michael Gove MP  
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25 October 2012

**Open letter to Michael Gove MP: The impact of school funding changes on schools in Cambridgeshire**

As we work towards the development and implementation of the education funding reforms, I would like to set out our severe concerns about the likely impact on school budgets.

We remain acutely disappointed that Government have not progressed their fair funding proposals within the education reforms. The impact of not having honoured this commitment leaves Cambridgeshire as one of the lowest funded authorities in the country. It is the combination of a low level of base funding combined with the limited flexibility and shifts within the proposed funding arrangements which will cause the most damage to school budgets and invariably to children. We continue to call on the government to bring forward their fair funding proposals at the earliest possible time to enable all children to have an equal and fair start in life.

We have modelled the impact of the proposed formula changes against our schools' circumstances and are increasingly concerned about the scale of the potential impact at individual school level.

At the moment our modelling indicates that we expect to see some primaries face a 7.8% drop, or -£84k in budget against their 12/13 budget. Some small secondary schools will face a loss of -15.3% or £501k. These figures are pre Minimum Funding Guarantee but will be exacerbated in areas where pupil numbers are falling, such as in the north and east of our county.

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The key issues as we see them are:

- The serious impact of a fixed lump sum which must remain the same across secondary and primary. This is nonsensical - we have 40 place primary schools and 1500 place secondary schools. To set the same lump sum for both is bizarre and will impact particularly on small secondary schools.
- The limited targeting of funding against need or priorities in the county, exacerbated by the loss of some of the historical grants which schools have previously received.
- The lack of any protection for schools with falling rolls will threaten the viability of some of our smaller primary schools where the numbers fluctuate significantly from year to year including schools serving military bases.
- A lack of clarity about the interplay for schools with sixth forms against a scathing post 16 funding settlement. In addition there is a lack of clarity about the numbers which are to be used for funding purposes post 16 which is making modelling difficult.
- Serious concerns about the use of prior attainment as a formula factor for special educational need. This does not always reflect the profile of children in Cambridgeshire. Equally we are concerned about the impact of using the Early Years Foundation Stage data as a prior attainment measure as it is replaced.
- Concerns over the data quality to be used. At a recent eastern region event Department for Education representatives suggested that not all of the backing data would be updated, which could result in inaccurate outcomes when actually running 2013/14 budgets.
- Concerns about the notional inclusion of Age Weighted Pupil Unit in statements which could create unhelpful tension between parents of children with statements of Special Educational Need and schools.
- The removal of recoupment for statemented children means schools need to engage with a number of Local Authorities, creating bureaucracy and leaving them vulnerable to different local authority contracting and payment systems.

### **Funding for statements and specialist provision**

In Cambridgeshire, these changes will be further exacerbated by the way statements have been funded in the past. Other local authorities will be in a similar situation. The proposed changes will result in some schools seeing both a cash reduction and an increase in commitment to fund high needs pupils

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which have previously been funded in full by the local authority. Whilst this is a local issue we are concerned about its impact from April, which potentially could damage inclusion and lead to a rise in special school placements or placements in independent provision. We are reviewing what protection we can put into place in the first year, but the options are minimal. Once we have agreement from Cambridgeshire Schools Forum we will look at scaling/capping options.

We are concerned that the suggested approaches to the funding model for specialist providers and illustrative examples are too simplistic and do not reflect the complexities of funding and operating a Special School. As far as we can see the proposed approach provides little or no protection to Special Schools as it does not allow for the real time movement of funding following pupils. This will mean that highly skilled staff are lost to these schools.

We are aware of the incentives for higher funded local authorities (which include all seven of our neighbouring authorities) to place pupils in Special Schools within Cambridgeshire. This would be financially advantageous for the Special Schools but would mean fewer places for the growing number of children with statements in this county, with associated travel and service costs and very real impact on the numbers of children travelling away from home for school.

We are very concerned about how little communication there has been about the shift of responsibility for funding young people with LLDD (Learners with Learning Difficulties and or Disabilities) in post 16 settings up to the age 25. This has an enormous implication for these young people, the Further Education sector and local authorities whose role in post 16 education and training has been, at best, changeable in recent years.

### **Funding for alternative provision**

The government's expert adviser on behaviour, Charlie Taylor, wrote a recent review highlighting the devolved model of alternative provision that Cambridgeshire operates as an example of best practice. In this model, the Local Authority devolves the budget to the school, who put on an alternative curriculum approach, keeping the majority of children in school rather than moving them into more costly Pupil Referral Unit provision. This has been very successful, dramatically reducing exclusions in the secondary sector and keeping unit costs down in Pupil Referral Units. We have received many accolades from schools, the press and the Department for Education about the model. The place plus model appears to us as a disincentive for schools to use flexible approaches to retain students. The model operating in Cambridgeshire encourages the schools to share the risk of higher need and

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potential cost through partnerships. This in turn can maintain collective responsibility for all pupils in an area. The new proposals may well be less cost effective. If we cannot resolve this it will certainly have perverse effects in terms of both cost and outcomes. We would very much like to discuss the implications of this with the Department

### **LACSEG**

Beyond the impact of the funding reform changes, we remain very concerned about the proposed successor grant to LACSEG (Local Authority Central Spend Equivalent Grant) and particularly the application of a national rate per pupil to determine levels of funding removed from the Local Authority. In low funded authorities with high numbers of academies such as ours this will hit local authority budgets – already under unprecedented pressure – incredibly hard. The impact may rebound onto schools and onto support for the most potentially vulnerable children as we consider which services are viable into the long run.

Lastly, the effect of the previous cuts applied to Devolved Formula Capital remains very concerning. Our condition surveys of the school estate indicate a high number of schools who need to renew their buildings and are not able to do so. The County Council has had to borrow funding to meet basic needs pressures, and cannot support more than the very urgent maintenance and condition issues.

### **In conclusion**

Sarah Healey, Director of Education Funding Group, wrote to all Directors of Children's Services on the 10<sup>th</sup> October to reassure them that the Department for Education will review the impact of these reforms within the next six months, in particular the simplification of local formulae. Whilst this is welcome, the obvious point is that by this time many schools will have had to make difficult and damaging adjustments to budgets which will be hard to reverse. The second reassurance was that they will retain the Minimum Funding Guarantee at some level. Again this is also welcome, but clearly Minimum Funding Guarantee does not protect schools with significant falling rolls, it does not protect for the movement of high needs pupils or changes in statement funding and it will not protect for changes in commitment as a result of simplification of funding factors – in particular for items which were once within the formula but will now need to be charged.

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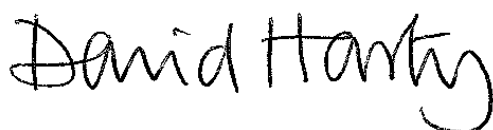
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We feel that the letter does not recognise that it is not one issue, but the sum of all the changes, which have not been considered collectively and together will have such an adverse impact on schools. It will be the low levels of base funding, set against inflexible formula factors, compounded in some cases by falling rolls, post 16 reductions and shifts in special educational needs funding which will place schools in very vulnerable positions and see them unable to cater for the needs of the children within them. On top of this, the information available from the Department for Education and the Education Funding Agency has been slow to be released and inconsistent. There appears to be a lack of understanding about the implementation consequences of reforms which have been reflected in the timescales and data supply.

We are fully aware of the national economic circumstances and the limitations on funding. However, we believe that the current funding changes have been rushed, do not consider the implementation challenges that they present and play insufficient regard to the needs of schools and pupils. As a consequence the changes will create unnecessary turbulence and instability when funding is already stretched.

Yours sincerely



Cllr David Harty  
Cabinet Member for Learning  
Cambridgeshire County Council

Cc Sarah Healey, Director of Education Funding Group, DfE  
The Rt Hon David Laws MP, Minister of State (Schools)  
Cllr Nick Clarke, Leader, Cambridgeshire County Council  
Adrian Loades, Executive Director: Children and Young People's Services  
and Adult Social Care