October 2017

Lord Watson of Invergowrie
House of Lords
London
SW1A 0AA

I am writing in response to questions you raised in the House of Lords on 14 September following the statement made by my predecessor, Lord Nash, on the national funding formula.

You asked about the extra investment of £1.3bn across 2018-19 and 2019-20, announced by the Secretary of State for Education in July. This additional funding is over and above the budget announced at the 2015 spending review. This is £416 million more than was set aside at the last spending review for the core school budget in 2018-19, and £884 million more in 2019-20. Taking account of this extra investment, and the increase already included in spending plans, core funding for schools and high needs will rise from almost £41 billion in 2017-18 to £42.4 billion in 2018-19 and £43.5 billion in 2019-20. This will allow us to maintain school and high needs funding in real terms per pupil for the next two years.

This additional funding represents a significant investment in education - reflecting our manifesto commitment to increase funding for schools substantially over the course of this parliament. This funding is across the next two years. Spending plans beyond 2019-20 will be set in a future Spending Review. Naturally, we cannot pre-empt the decisions that will be taken in future Spending Reviews. Through this additional funding and the introduction of national funding formulae for schools and high needs, we have ensured that for the first time school and high needs funding will be distributed according to a formula based on individual needs and characteristics, directing resources where they are needed most.
You also asked about the amount we are spending on the high needs formula. The government is providing over £6 billion in 2018-19 specifically to support children and young people with high needs, mainly those with high levels of special educational needs and disability. Overall, on top of the 2017-18 spending levels we are providing an extra £124 million in 2018-19. Every local authority will see a minimum increase of 0.5% in 2018-19 and 1% in 2019-20 over their 2017-18 planned spending levels from the dedicated schools grant, assuming their 2-18 population does not fall, and many authorities will see increases of up to 3% per year.

As Lord Nash confirmed in the house, the total spend on additional needs through the national funding formula for schools will be £5.9 billion. Additional needs spending refers to spending through the deprivation, low prior attainment, English as an additional language and mobility factors and is separate to funding for pupils with high needs which is allocated through the national funding formula for high needs.

I hope this letter addresses your questions and is helpful in understanding the impact of the national funding formula. I will place a copy in the House Library.

Yours sincerely,

Theodore Agnew

As I understand you will be one of the most important others that I will be dealing with at the House of Lords and I look forward to working with you.

Thank you.