

Philip Glanville
Mayor of Hackney
Cllr Antoinette Bramble
**Deputy Mayor and Cabinet Member for
Education, Young People and
Children's Social Care**
Hackney Town Hall
Mare Street
London E8 1EA

Rt Hon Gillian Keegan MP
Secretary of State for Education
20 Great Smith St
London SW1P 3BT

24 March 2023

Dear Secretary of State

Schools' funding and falling rolls

You may be aware that we (along with other London Lead Members for Children) wrote to your predecessor, Nadhim Zahawi, on 24 September 2021, raising a number of concerns in relation to the government's proposals for funding of schools, whereby a new national funding formula risked a substantial cut in funding. We committed to working with the minister to build a stronger and fairer schools' system, in the light of pressure on the existing configuration of schools' provision as a result of the new formula and predicted falling rolls.



In his response, the then Secretary of State said ‘We recognise the pressures that falling rolls can place on school budgets, and my officials will arrange to meet with school leaders and local authority representatives in Hackney to discuss these issues further.’ He went on to note that ‘The 2021 national pupil projections show the primary population now flattening out and being projected to decrease steadily throughout the next period,’ and recognised education authorities’ ‘options for reconfiguration, including via remodelling, amalgamations, mergers or closures where this is the best course of action.’ He concluded by saying; ‘We recognise the removal of surplus places involves some difficult decisions.’ We are sure you will concur with this and, similarly, want to offer your department’s support throughout this process.

The London context

More recently, you will also be aware of the London Councils’ report ‘Managing Surplus Places in London Schools (published in January 2023) which opens:

‘London local authorities and schools are currently dealing with a significant and sustained period of reduction in demand for reception places, which has implications for school budgets and standards. The fall in demand reflects the decline in the birth rate since 2012 and changes in migration patterns in London.’

The report goes on to set out an analysis of borough four-year forecasts of demand, the current challenges facing schools and local authorities in relation to planning school places, and makes a number of recommendations setting out what local government, London Councils and the government can do to support the school system through this challenging period.

Without rehearsing the entirety of the findings of the report here, We would like to draw your attention to its most salient points as they relate to school place planning in Hackney:

‘Funding system

The majority of school revenue funding is allocated on a per pupil basis. Therefore, any decrease in pupil numbers will reduce the funding a school receives. Many primary schools in London are already struggling to balance budgets this academic year, due to a combination of factors including inflationary price increases, a shortage of teaching and support staff leading to increased spend on expensive agency staff, and a significant pay award for support staff. The government has committed through the Autumn Statement to increase core revenue funding for schools, which is welcome for the sector, but it is not yet clear whether the funding for London’s schools will be sufficient to cover increased costs. If a primary school is also struggling with falling rolls this will lead to a smaller government funding allocation which will put further pressure on the budget.

School mergers and closures

In the face of a combination of such increasingly difficult circumstances, primary schools with small rolls and that are forecast to remain low will find that the only option for the school and their local authority is to merge the school with another school or close it altogether to avoid negatively impacting on children’s outcomes.

Many one form entry primaries, including many Church schools, in London are particularly at risk. In some cases, there are liabilities, for example Private Finance Initiative (PFI) payments, that would continue even if the school closed. It is important that school and local authority leaders are supported when needing to consider school closures to make decisions in a timely and effective manner to benefit local children, whilst also being mindful of protecting the school’s estate ahead of a potential population increase in the future.

Academies

Local authorities rely on effective partnership with academies to manage the impact of falling rolls, for example by securing reductions in Published Admission Numbers (PANs) where there is a drop in local demand for places. The lack of statutory levers can make it difficult for local authorities to influence decisions made by academies in

relation to falling rolls, for example when an academy is resistant to changing its Published Admissions Number (PAN) despite a reduction in demand patterns which could destabilise other local schools.

Free schools

The DfE has shifted away from opening new primary free schools in London, in recognition of the lack of demand for new places and the impact that new schools can have on other local schools if there is no demand. Applications for new free schools must demonstrate that there is a clear need for new places in the chosen area before the DfE will support the bid.

However, some primary free school developments that were approved some time ago have been delayed and are still in the pipeline to open, despite demand patterns shifting dramatically in local areas. Opening a new school in an area where there are falling rolls can cause significant and unnecessary turbulence to the system. In some parts of London free schools in the pipeline have been withdrawn by sponsors in response to changing need, but it would be helpful if the DfE took a more proactive role in withdrawing applications in areas where needs have changed.'

The Hackney context

Within this wider analysis, Hackney Council is currently consulting on closing or merging six primary schools, as a direct result of the significant decrease in pupil numbers, and which has caused some schools to face serious and irreversible financial pressure. The key dataset underpinning this decision is as follows:

Snapshot 2022-2023

58: number of primary schools in the borough

2,900: overall number of reception places in Hackney, the equivalent of 97 classes

634: number of **vacant** reception places in 2022/23, the equivalent of 21 classes

589: 'missing' number of reception-aged children compared to 2014 - the equivalent of 20 lost classes

5%: healthy reception vacancy rate

More than 20%: current overall reception vacancy rate

£6,484: the amount each primary school in Hackney loses per pupil vacancy this school year

£4.11m: funding missing this year from school budgets in Hackney as a result of vacant reception places

More than £30m: this school year's overall loss in funding for the 58 primary schools in Hackney across all year groups, compared to what they would receive if running with all classrooms full

While the impact of our 'doing nothing' in these circumstances will be well understood to yourself (and is clearly not an option), it is worth setting out the material financial and educational risks of this:

- State-maintained schools lose money for each empty school place, every single year.
- It means less money for staff; less money for resources and equipment; less money to pay bills and to carry out maintenance work; and less money for extracurricular activities.
- This income loss means it is no longer practical for some schools to function properly, and means that in time the education and offer to their pupils and staff will suffer as a

result. It is our duty, as a Council, to ensure all pupils receive the very best education, and that all schools in Hackney remain strong and stable.

Therefore, the Council is now considering closing two schools and carrying out two further mergers of two schools each to mitigate this loss, and maintain the highest possible standard of primary education for Hackney children. We would, however, like to place on record here, that the changes we are considering are in no way a reflection on the work of the schools' staff and leadership, or on the quality of teaching in those schools. Indeed, more than 90 percent of the borough's schools are Ofsted-rated 'outstanding' or 'good' and are considered some of the best in the country. We are justifiably proud of our children, who are among the first in the country for reading, writing and maths.

We have therefore established an evidence-led process, driven by a number of factors to be considered by the Council when considering possible alternatives and solutions, and which include:

- Schools most financially at-risk
- Number of vacant places
- Physical size of schools and suitability of sites to host a merger
- Geographic partnership options (such as the existence of other schools within walking distance)
- Whether new neighbourhoods and new-build estates will create significantly more need for school places in the future
- Current Ofsted grading and projected outcomes of pupils
- Community impact.

We are also cognisant that merging schools that have seen large decreases in pupil numbers can bring significant benefits (and would seek to maximise these) including:

- Creation of one new, stronger school community, maximising the funding available to it
- Increased specialist expertise from a wider teaching team
- Stronger finances
- Increased resources
- Increased potential for school improvement

These closure and merger plans are a very last resort. However, they are a direct result of the significant decrease in the number of local reception-aged children. Factors that account for this decrease include falling birth rates, families relocating outside London (as a result of the pandemic and other factors including housing costs, the return to Europe of families as a result of Brexit), and competition from free schools. The Greater London Authority (GLA) projects the decline to continue until at least 2028. The key numbers for Hackney are as follows:

- In autumn 2014, there were only 10 unfilled reception places out of the 2,865 available in Hackney (0.35%). By 2022, this number rose to 634 unfilled reception places out of the 2,900 available in Hackney (21.86%).
- The six schools that the Council is currently looking at saw their total number of unfilled reception places go from 6 out of 270 in 2014 (2.22%) to 101 out of 225 (44.88%).
- This year alone, primary schools in Hackney are therefore set to lose more than £30m in funding compared to what they would be entitled to if they were running with all classrooms full.

As you will appreciate, significantly smaller class sizes might sound like good news, but the opposite is true, because this reduces the amount of money the school receives from central government. Therefore, some schools are facing a significant income loss. This means they have less money to:

- Pay salaries
- Provide the good quality of education that we expect for our children
- Provide extracurricular activities

- Access the most modern equipment and resources.

Additionally, small schools on larger sites can no longer afford to continue to pay for maintenance, and meet escalating heating and lighting costs.

A school that is running at a deficit is an unstable learning environment, and will almost inevitably see performance and standards fall over time. If we do not act now, the future quality of education some children receive may start to suffer. We need to ensure all our schools continue to provide excellent education for our children, with the very best resources and facilities. Therefore, to best respond to the challenges that a changing pupil population brings, Hackney Education has put in place an Education Sufficiency and Estate Strategy, which sets the 2021-2031 priorities for the Council.

The Council - alongside other London councils - asked the government for help by giving schools additional one-off funding to manage their falling rolls while numbers stabilise. We also asked for greater powers to manage school places in free schools and academies, which are independent of the Council, in order to pool pupil place-planning resource. The government, in response, increased funding per pupil nationally - by around 2 per cent per pupil - but that is simply not enough to sustain schools with large vacancy rates.

We are proud to note that there are numerous good or outstanding Hackney primary schools with vacancies within walking distance in all directions of schools that may close. Should the closures go ahead, the Council will work closely to support families to make a planned transition to a new school for the start of the new academic year in September 2024. Of course, families may also seek to secure a place at an alternative school via the 'in-year' admissions process at any time.

According to the numbers published by The Greater London Authority, the decrease in the number of primary school aged children will continue until at least 2028. When looking at the proposed solutions to respond to this trend, we took into account any planned development work that could impact the number of families with young children in the areas affected.

Should future demand for reception places unexpectedly increase, there is existing physical capacity within schools to absorb additional children, and additional places could always be added if needed. It's also possible for additional accommodation to be built in the future on some school sites that have potential, in order to add more capacity.

It is worth noting that there are no plans to close or merge secondary schools. There is currently a small surplus in secondary schools, which is set to peak in September 2025, before falling again.

No closure or merger would take place before September 2024. This would only follow in-depth discussions as well as formal, statutory consultations with parents/carers, teaching staff and leaders, and governors of the affected schools. We will also seek to speak to the children and young people affected by the potential changes.

Our asks of Government

Given the forecast decrease in demand across London and in Hackney in particular, it is imperative that schools, local government, and central government work together to strengthen the places planning and admissions system to ensure that all children have access to a high-quality school place, in the face of falling demand for school places. We support the London Councils' report's recommendations to government to strengthen the places' planning and admissions system, i.e. to:

- *Ensure school funding levels keep up with inflationary increases, which will help schools to be more resilient in the face of changing demand patterns*
- *Work with local authorities and schools to promote more inclusion in schools, including reviewing funding allocations to ensure that schools receive consistent and appropriate levels of funding to enable more children with SEND to access mainstream*

school places

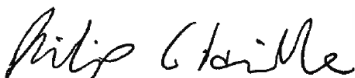
- *Enable local authorities to open their own special provision, where there is no strong MAT willing to sponsor a local special school and there is clear demand for more provision, and make capital funding available to support this*
- *Give local authorities the power to manage an academies' reduction of PAN or closure, where there is clear evidence locally of a significant drop in demand and a need to act to ensure that a school remains financially viable. Local authorities already have stronger powers in this area in relation to maintained schools, working in consultation with headteachers and governing bodies.*
- *Give local authorities the responsibility for in-year admissions, as set out in the Schools White Paper, and powers to direct all schools to accept local children on to their roll, where appropriate. Local authorities already have this responsibility in relation to maintained schools.*
- *Work closely with local authorities where there are still free schools in the pipeline, to ensure that they are still needed and withdraw applications where there is no evidence of need.*

Additionally, we have the following additional requests in relation to the specific scenario in Hackney described in this letter:

1. Pause the establishment of further Free Schools while the current challenge is addressed by the authority
2. Grant local authorities greater powers to manage school places in free schools and academies, which are independent of the Council, in order to pool pupil place-planning
3. Provide additional financial support sufficient to bridge any unplanned additional expenditure incurred by the implementation of the reconfiguration programme

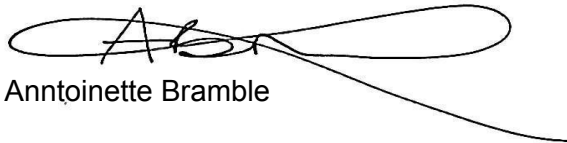
We are sure that you and your department will want to support the authority as it delivers this challenging but necessary reconfiguration, and look forward to receiving your detailed and considered response.

Yours sincerely



Philip Glanville

Mayor of Hackney



Anntoinette Bramble

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