

Good morning. And can I just repeat Nick and David's thanks for inviting us all along today.

It's great to be here at Church House as a guest of F40.

As you know, Ed spoke to the conference in Wakefield earlier this year, and responded to some of the concerns that F40 members had around funding.

And I'd like to do the same the thing today if I can - and hopefully reinforce the fact that we're making progress.

Because I know – both as an ex-teacher and as an MP whose own constituency is represented by F40 – that funding is a difficult issue, even with the unprecedented increase in investment we've seen over the last 12 years.

- With revenue funding per pupil increasing by more than £2,400 – an 83 per cent rise in real terms.

- And with the Dedicated Schools Grant increasing nationally by an average of around 13 per cent in just three years.

A rise that follows even larger increases in the grant between 2006 and 2007, when the figure rose by 6.4 and 6 per cent respectively.

So - taken with the capital settlement, funding for school running costs and buildings will have risen to £6,350 per pupil - in real terms - by 2010-11, more than double the funding we saw just 12 years ago.

This, I think, is the context in which we have to place today's conference.

Times have changed - and standards have changed with them.

And that means when we talk about funding formulas, we shouldn't really be talking about winners and losers.

We should be talking about what's fair – about which children stand to benefit the most from that increased investment we've seen over the years.

And behind all the complexity of formulas, funding mechanisms and finances – I think that's what really matters today.

And I know the Secretary of State feels the same way.

We want to work with F40 to make sure that that fairness I've talked about, is built into dedicated schools grant funding from design stage to distribution.

It's one of the reasons why we ordered the funding review last year – so that we can develop a single, transparent formula for the distribution of DSG, that's in line with relative need.

Whilst recognising the different costs of educating particular groups of pupils – and providing education in different areas.

Above all then – we know that the formula should be simple, transparent and stable;

That it should support schools and Local Authorities to raise the educational achievement of all pupils and narrow achievement gaps – particularly those from low income and disadvantaged backgrounds;

And that it should reflect the changing role of schools, particularly in context of the Children's Plan, and ensure that we align resources with agreed priorities.

Now – I, if I can, I just wanted to take a few seconds to look through some of F40s specific concerns that I know you wanted me to answer.

Firstly – can I commit today that the DSG review will give more funding to our members – and will it make sparsity as much of a priority as deprivation?

Well, I can't stand here today and give any specific commitments to what the proposals for DSG Formula Review may or may not look like.

But I can, and will, assure members that our aim is to develop a single transparent formula that will distribute resources in line with relative need, recognising the different costs of educating particular groups of pupils and providing education in different areas.

As you know, we've worked with partners to gather a wide range of evidence to make the review as strong as possible, and are currently working with them to develop proposals.

Secondly, are we going to tackle the funding gap between different authorities?

As I've already hinted at, I think it's right to invest resources where they're most needed, and we're determined to develop a formula that distributes money in line with need.

And I think it's right that there are different funding levels in different authorities – each one of which will be facing different pressures.

Thirdly, is the Government still committed to small schools?

Yes, we are.

We know that they're an important part of the rural landscape and an important factor in keeping rural communities alive.

And I'm pleased to say that the presumption against closing rural schools,

which we introduced in 1998, has reduced the number of closures from around 30 a year to an average of around 9 or 10 a year now.

And Finally, your concerns about relative funding.

Looking to the future, there will be, as we have discussed, a new distribution formula available for use from 2011-12 – that will ensure we have a school funding system ready for the priorities and challenges of the next decade.

But in the meantime, we will stay with Spend Plus until the end of 2010-11 – in the interests of stability in school funding, and to ensure that all local authorities receive additional funding to support the Government's key priorities.

So - how we do address some of those issues? And what are the specific proposals that are likely to be considered over the coming days and months?

Well, as you know, following work with F40 – we are now targeting pockets of deprivation in some of the better off areas.

With places like Leicestershire, Worcestershire, Gloucestershire, Solihull and Staffordshire all benefitting from increased investment.

But there are a number of other proposals that we are looking at very closely. So, for instance, is there a possibility of introducing a basic entitlement using an activity-led funding model?

This formed one of the four pieces of PwC research earlier in the year, and we commissioned SERCO to produce a model. I know that officials have recently taken delivery of this and will be studying the results carefully.

We're also looking at using Additional Educational Need funds to target those pupils who are under-achieving in schools.

As you know, we already provide a large amount of funding for AEN and deprivation - and in the new formula we want to make sure we capture the spectrum of additional needs, whilst at the same time continuing support for disadvantaged pupils.

We surveyed schools earlier this year as part of the PwC research in order to study the costs associated with different types of additional educational needs.

We are now analysing those results carefully, and considering how best to ensure that a wide range of needs is catered for, whilst also ensuring that we take account of need caused by disadvantage.

We are also committed, in the White Paper, to having all the money for deprivation passed on towards deprived pupils by the end of the next Parliament.

In addition, we're also considering how the area cost adjustment can better reflect actual costs of recruitment, retention and employment in areas where there are higher costs.

And we're looking at whether we could increase Recognition of the fact that 'high cost' pupils can be a burden on some authorities.

These are just some of the things we're looking at. And I've talked a bit about government's responsibility to make fairness part and parcel of school funding.

But I now also want to talk a little bit about the responsibility of local authorities and schools to play their part as well.

Because, as has already been mentioned today, it's no secret that we've got tough efficiency challenges ahead of us.

The Secretary of State spoke recently about the need to find greater efficiencies from the DCSF budget, and we're going to have to think about how we meet that challenge in the next spending review.

But it's only right, and proper, that we do have that conversation now. Not wait until a time that might be easier.

And it's vital that we think about how we get value for money.

For instance, when I was a deputy head in Nottingham, an important part of my role was showing how the school could be a catalyst for change in the community.

Because schools aren't in a bubble. They're at their most powerful when they work with local services, parents and young people.

And in exactly the same way, schools are at they're most efficient when they work together with other schools.

When they buy in goods and services together, when they share resources and when they share funding.

And this is just as relevant – if not more so – to rural schools as it is to inner city schools.

Because although rural schools often cost more to run, that doesn't mean to say there isn't a real case for greater partnership and federation work.

So, for example, sharing leadership and governance, and having shared posts such as school business managers, who play a critical role in freeing up funding and instilling an ethos of sound, professional financial management in schools.

And we also want to see local authorities using the money they invest in small school subsidies, to support small schools to work in partnership.

These are our responsibilities. And they're the ones we have to get right as we set budgets for 2011 and beyond.

To finish – I said at the start that we've made great progress over the last ten years.

But I know this hasn't been done alone – it's been done because we've worked closely with teachers, local authorities and partners like F40 to get the best out of our schools.

That's why England's education system has gone from below, to above, average in comparison with other advanced countries.

And it's why the UK now has the fourth highest quality of school life across all developed countries in the world.

But I know there's more to do. And I know F40 would like to see a school funding system that has fairness at its heart.

Let me reassure you now that both the Secretary of State and I want exactly the same thing.

Like F40, we want school to be the place where children's personal needs are met, to support their learning and their wellbeing.

Every child is different – so very often their funding requirements will be different.

But what they all have in common is the right to our support and encouragement – helping them to achieve to their best ability.

Thanks so much for challenging us, and working with us, to achieve that ambition.