

School Funding 2020/21 Onwards

Report to the Schools Forum 19 September 2019

- 1.1 By this time of the year, the DfE have normally published the 'Guaranteed Unit of Funding' per pupil for each local authority. We are able to use this to begin modelling the following year's budgets, using estimated pupil numbers, deprivation levels etc. Such information has yet to be published this year, in the context of the turbulence in Government associated with a new Prime Minister and Brexit issues.
- 1.2 However, since the new Prime Minister took office, there have been a number of announcements concerning school funding. Education has been identified as a key priority for the new Cabinet. Given the uncertainty about Brexit and the short and longer-term stability of the current government, it is by no means guaranteed that these announcements will translate into policy and actual money to schools. However, we can summarise what has been announced, as an indication of the current direction of travel.

Overall School Funding

- 1.2 The government has said that the national schools budget will rise from £45.1bn in 2019/20 to £52.2bn in 2022/23. This £7.1bn increase over 3 years has been reported as £14bn by many media outlets as the DfE added up each year's increase to get to a £14bn 'cash boost'⁽¹⁾
- 1.3 The DfE describe this as delivering on the Prime Minister's pledge to "*increase school funding by £4.6bn above inflation*"⁽¹⁾ – so the real terms increase is presumably around this figure. This in turn approximates to the real terms decreases to overall school funding per pupil over the last few years. So in practice the additional funds will reverse the recent cuts.
- 1.4 We don't know the precise details of how the funds will be distributed, but the government has said that every secondary school will receive a minimum of £5,000 per pupil in 2020/21, with every primary school getting a minimum of £4,000 from 2021/22. Forum will note the different years for these two pledges, presumably because round figures are more memorable for the purposes of a government announcement. The current minimum funding levels are £3,500 for primary schools and £4,800 for secondary schools. The government has confirmed that the minimum funding level in 2020/21 would be £3,750 for primary schools, £5,000 for secondary schools, with a further increase to £4,000 for primary schools the following year.
- 1.5 We have carried out some initial modelling for T&W schools using these figures and 2019/20 schools data. This gives the following results for 2020/21 compared to current funding levels:
- Four secondary schools would benefit, with the increase ranging from £84K to £219K (average £155K);
 - Fourteen primary schools would benefit, with the increase ranging from £1K to £105K (average £56K).
- 1.6 For 2021/22, as no further increase has been announced for secondary schools, there would be no further increases attributable to minimum funding levels (there could be more funds, just not something that can currently be modelled). For primary schools, the number

of schools benefiting increases to 25, with a range of £2K to £210K and an average increase of £97K compared to 2019/20.

- 1.7 The selection of a minimum funding levels approach to distribute the funding, rather than just allowing the additional funding to flow through the overall funding formula, has significant distributional impacts. The greatest influences upon a school's level of funding per pupil are the levels of deprivation and low prior attainment in the school. Schools with a high proportion of pupils attracting funding due to either or both of these factors have higher funding per pupil. Such schools therefore stand to gain little or nothing from higher minimum funding levels. The increases are concentrated in schools with lower than average levels of deprivation and low prior attainment.
- 1.8 Perhaps with this distributional disparity in mind, the government has also announced a further protection in 2020/21, which is that "*The government will ensure that per pupil funding for all schools can rise in line with inflation (1.8%) in 2020/21*". Forum will note that this protection is only described as for 2020/21, and that the word used is 'can' rather than 'will'. This could mean that the approach will be to allocate sufficient resources to each local authority to enable them to deliver this guarantee, but without any explicit requirement that authorities ensure that this increase is delivered for all schools.
- 1.9 The government has also said that it will "*Progress the implementation of our National Funding Formula [NFF], delivering promised gains in full for areas which have been historically under-funded.*"⁽¹⁾ This implies that the remaining increase for T&W of around 1%, arising from the move to an NFF to fund local authorities' schools block, will be delivered.

High Needs

- 1.10 Part of the increase above relates to high needs. It "*includes £700 million extra for children with Special Educational Needs and Disabilities (SEND) in 2020/21*"⁽¹⁾. Details of how this would be distributed have not been published. However, we can extrapolate from the £250m announced in December 2018, i.e. the £250m resulted in additional funding for T&W of £836K, so the equivalent proportion of £700m would be £2.3m. Whether this reflects the actual sums distributed remains to be seen.

Funding for Employers Teachers Pension Contributions

- 1.11 The employers' pension contribution to teachers' pensions increased from 16.48% to 23.68% in September 2019. The government has said that the additional costs arising from this increase will continue to be covered for the next three years, at a cost of £4.4bn.

Cost Pressures

- 1.12 The government has pledged to increase salaries for new teachers to £30,000 by 2022/23. Based on the September 2019 starting salary of £24,373 and if we take 2.5% as the 'normal' annual pay increase that would have taken place over these years, then the 'as is' comparator for the £30,000 pledged for September 2022 would be £26,247.
- 1.13 Salaries for more experienced teachers will not increase as rapidly as "*the government's proposal to increase the pay of early career teachers fastest is in line with the evidence on where recruitment and retention challenges are greatest. Further detail will be set out in the government's evidence to the STRB later this year.*"⁽²⁾ It is not clear how the impact of

such pay awards has been factored into the DfE's calculations of what the 'real terms' increase in funding for schools is.

- 1.14 The government has also referred to the "*Early Career Framework....Backed by at least £130 million a year in extra funding when fully rolled out, this will provide a two-year entitlement to training and support for new teachers, including a reduced timetable to allow teachers to make the most of their training.*"⁽²⁾

Summary

- 1.15 The promise of additional funding for schools is welcome. It is also helpful to have a 3 year settlement which will aid budget planning. However, we await further details before being able to model accurately the impact of such funding upon T&W schools.
- 1.16 We also await the result of the general election which appears likely to take place this Autumn. Depending upon the timing and result of this election, the proposals described above could change and the information needed to model the school budget may be delayed beyond the normal date of release.

Tim Davis
Group Accountant
September 2019

Sources

- 1 DfE press release dated 30 August 2019: '*Prime Minister boosts schools with £14 billion package - New funding delivers on pledge to level up per pupil funding across the country and includes £700 million for children with special educational needs.*'
- 2 DfE news story dated 2 September 2019: '*£30,000 starting salaries proposed for teachers Plans to raise primary and secondary teachers' salaries by 2022*'