

Report to the Schools Forum 18 November 2021

Budget and Spending Review 2021: Implications for Schools

1 Introduction

- 1.1 The government's recent budget and spending review included commitments relating to future spending on schools. This short paper summarises the main points of this. It should be emphasised that at this stage these are 'broad brush' national commitments and it remains to be seen how these translate to funding for T&W schools.

2 Announcements

- 2.1 The Treasury has committed an additional £4.7 billion for the core schools budget in England "*over and above*" the spending commitments made in 2019. This results in the core schools budget increasing from £49.8 billion this year to £56.8 billion in 2024-25. This equates to an average annual 'real-terms' rise of 2.5 per cent from 2019 to 2024.
- 2.2 The spending review includes an additional £1.8 billion for education recovery within which is a £1 billion "recovery premium" for the next two academic years "*to help schools to deliver evidence-based approaches to support the most disadvantaged pupils*". Primary schools will continue to receive an additional £145 per eligible pupil, while the amount for secondary schools will "*nearly double*" meaning that in "broad terms", an average secondary school "*could attract up to £70,000 per year*". This seems to be an extension of the current school-led tutoring fund, but the DfE has said that the funding could also be used for after-school provision and summer schools.
- 2.3 The remaining £800 million of the funding will be allocated across the spending review period to "*ensure all 16-19 students will benefit from an additional 40 hours of education across the academic year – the equivalent of one additional hour a week in school or college*".
- 2.4 The spending review also includes £2.6 billion over the next three years to create school places for pupils with special educational needs and disabilities. This amounts to a tripling of current capital funding levels to over £900 million a year by 2024-25.
- 2.5 The removal of the School Improvement and Brokering Grant over 2022/23 and 2023/24 (see separate Forum paper) will reduce funding for maintained schools by £50m.

3 Comments

- 3.1 The budget committed substantial additional resources to schools and once again offers a three year commitment. This helps considerably with financial planning.

3.2 However, the reference to a 'real terms increase' does not necessarily represent how this settlement will impact upon schools budgets. For schools a general inflationary measure is less relevant than the level of likely payroll costs, as employee costs account for the vast majority of school expenditure.

3.3 The level of pay awards in coming years is not yet known and even the support staff pay award for this year has yet to be agreed. However, given:

- the level of general inflation currently;
- that (with the exception of staff earning less than £24,000) there was no pay award for teachers in 2021;
- the ending of the government pay freeze;

it seems likely that there will be a significant teachers pay award in September 2022. In addition the government has still committed to raising new teacher starting salaries to £30,000 by the end of this parliament. This will have a direct impact on the cost of new teachers and a further indirect effect further up the teachers pay scale, if differentials are to be maintained.

3.4 The national minimum wage will be increasing next April and locally the Council and maintained schools (and academies that choose to do this) currently pay the somewhat higher 'real living wage', which impacts upon support staff costs.

3.5 There will also be extra costs for schools arising from the increase of 1.25% in employers national insurance contributions for the Health and Social Care Levy from April 2022.

3.6 In summary, it is therefore not clear to what extent schools will have net additional resources given the level of cost pressures likely to arise over the next few years.

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