

## Department for Education

Table 2.2: Department for Education

	£ billion	
	2019-20	2020-21
Resource DEL excluding depreciation	64.0	67.8

2.5 This Spending Round delivers on the government's commitment to increase the schools budget by £7.1 billion (£4.6 billion above inflation) by 2022-23, compared to 2019-20 funding levels. To fulfil this commitment, the Spending Round exceptionally sets budgets for schools until 2022-23.

2.6 The schools budget will rise by £2.6 billion in 2020-21, £4.8 billion in 2021-22 and £7.1 billion in 2022-23, compared to 2019-20 funding levels. Separate to this, each year the government will provide almost £1.5 billion of funding to compensate schools for the increased cost of employer pensions contributions. Table 2.3 sets out the schools budget for each year.

2.7 The government will use part of this funding to continue to implement the schools National Funding Formula. The government will ensure that per pupil funding for all schools can rise in line with inflation (1.8 per cent) in 2020-21. For schools already on their National Funding Formula allocation, the per pupil values in the formula will increase by at least 4 per cent in nominal terms in 2020-21. The minimum per pupil amount for 2020-21 will increase to £3,750 for primary schools and £5,000 for secondary schools, with the primary schools minimum then rising to £4,000 in 2021-22 in line with the government's commitment.

2.8 This settlement also provides over £700 million more in 2020-21 compared to 2019-20 funding levels to support children and young people with special educational needs to ensure all receive a high-quality education and reach their potential.

Table 2.3: Schools settlement

	£ billion			
	2019-20	2020-21	2021-22	2022-23
Schools Resource DEL excluding depreciation	44.4	47.6	49.8	52.2
<i>of which pensions funding<sup>1</sup></i>	0.9	1.5	1.5	1.5
<i>of which Spending Round 2019 cash uplift compared to 2019-20 funding levels<sup>2</sup></i>	n/a	2.6	4.8	7.1

<sup>1</sup> The rise in pensions funding from £0.9 billion in 2019-20 to £1.5 billion from 2020-21 onwards reflects that in 2019-20 the government begins paying pensions compensation from September 2019, when the costs start to accrue. From 2020-21 the funding covers the full year cost.

<sup>2</sup> The core 5-16 schools budget, excluding pensions compensation funding, in 2019-20 is £43.5 billion. *Spending Round 2019 cash uplift compared to 2019-20 funding levels* is calculated by comparing the schools resource DEL for years 2020-21 onwards, excluding the pensions compensation funding, to this baseline.

2.9 The government is also making a £400 million investment in Further Education in 2020-21, recognising the vital role of this sector in delivering the skills needed for our economy. This package includes £190 million to increase core funding for 16-19 year-olds at a faster rate than core schools funding, and £210 million of funding in targeted interventions such as high-cost programmes, English and Maths resits, T Levels, the Advanced Maths Premium and workforce investments.

2.10 The government will also increase early years spending by £66 million to increase the hourly rate paid to childcare providers through the government's free hours offers.

2.11 The Department for Education settlement, taking into account the schools, Further Education and early years funding, represents a 3.3 per cent increase in real terms to the overall resource budget from 2019-20 to 2020-21 and also includes:

- funding to deliver high-quality apprenticeships;
- funding to support world-class higher education;
- funding to develop the National Retraining Scheme to equip people with the skills they need for the future; and
- funding for programmes supporting local authorities to deliver high-quality children's social care services to support and protect children. The local government settlement includes an additional £1 billion for adult and children's social care to help local authorities meet rising demand in social care services and continue to help stabilise the system.

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## School Funding Update :Written statement - HCWS1828

WS Department for Education

Made on: 09 September 2019

Made by: Nick Gibb (The Minister of State for School Standards)

Commons HCWS1828

### School Funding Update

Today I am confirming detailed aspects of schools and high needs funding arrangements for 2020-21. This follows a statement by the Secretary of State for Education on 3 September, which confirmed to Parliament that the funding for schools and high needs will, compared to 2019-20, rise by £2.6 billion for 2020-21, £4.8 billion for 2021-22, and £7.1 billion for 2022-23.

In 2020-21, this funding will be distributed using the Schools and High Needs National Funding Formulae (NFF). We will be publishing provisional NFF allocations at local authority and school level in October, including local authorities' final primary and secondary units of funding for the Schools Block. Alongside this, in the usual way, we will publish technical documents setting out the detail underpinning the formulae. We will then publish final schools and high needs allocations for local authorities in the Dedicated Schools Grant (DSG) in December.

The Schools NFF for 2020-21 will continue to have the same factors as at present, and we will continue to implement the formula to address historic underfunding and move to a system where funding is based on need. The key aspects of the formula for 2020-21 are:

- The minimum per pupil funding levels will be set at £3,750 for primary schools and £5,000 for secondary schools. The following year, in 2021-22, the primary minimum level will rise to £4,000.
- The funding floor will be set at 1.84% per pupil, in line with the forecast GDP deflator, to protect per pupil allocations for all schools in real terms. This minimum increase in 2020-21 allocations will be based on the individual school's NFF allocation in 2019-20.
- Schools that are attracting their core NFF allocations will benefit from an increase of 4% to the formula's core factors.
- There will be no gains cap in the NFF, unlike the previous two years, so that all schools attract their full core allocations under the formula.
- As previously set out, we will make a technical change to the mobility factor so that it allocates this funding using a formulaic approach, rather than on the basis of historic spend.
- Growth funding will be based on the same methodology as this year, with the same transitional protection ensuring that no authority whose growth funding is unwinding will lose more than 0.5% of its 2019-20 schools block allocation.

The Secretary of State confirmed on 3 September the government's intention to move to a 'hard' NFF for schools – where budgets will be set on the basis of a single, national formula. We recognise that this will represent a significant change and we will work closely with local authorities, schools and others to make this transition as smoothly as possible.

In 2020-21 local authorities will continue to have discretion over their schools funding formulae and, in consultation with schools, will ultimately determine allocations in their area. However, as a first step towards hardening the formula, from 2020-21 the government will make the use of the national minimum per pupil funding levels, at the values in the school NFF, compulsory for local authorities to use in their own funding formulae.

In addition, two important restrictions will continue:

- Local authorities will continue to set a Minimum Funding Guarantee in local formulae, which in 2020-21 must be between +0.5% and +1.84%. This allows them to mirror the real terms protection in the NFF, which is the Government's expectation.
- Local authorities can only transfer up to 0.5% of their School Block to other blocks of the DSG, with schools forum approval. To transfer more than this, or any amount without schools forum approval, they will have to make a request to the Department for Education, even if the same amount was agreed in the past two years.

The High Needs NFF for 2020-21 will also have the same factors as at present. With over £700 million of additional funding, the formula will:

- Ensure that every local authority will receive an increase of at least 8% per head of 2 to 18 population through the funding floor. This minimum increase in 2020-21 allocations will be based on local authorities' high needs allocations in 2019-20, including the additional £125 million announced in December 2018.
- Above this minimum increase, the formula will allow local authorities to see increases of up to 17%, again calculated on the basis of per head of population.

The teachers' pay grant and teachers' pension employer contributions grant will both continue to be paid separately from the NFF in 2020-21. We will publish the rates that determine the 2020-21 allocations in due course.

This statement has also been made in the House of Lords: [HLWS1791](#)