



BRIEFING PAPER

CBP 08419, 19 October 2018

School funding in England: FAQs

By Nerys Roberts

Contents:

1. Is there enough money going into schools in England?
2. What's the current position on the National Funding Formula?
3. Reports, press coverage and selected parliamentary material



Contents

Summary	3
1. Is there enough money going into schools in England?	4
1.1 What's the Government position on school funding?	4
1.2 What has the Institute for Fiscal Studies (IFS) said about education spending?	4
1.3 What is the situation with teachers' pay and pensions?	5
The 2018-19 teacher pay award	5
A new Teachers' Pay Grant	5
Teachers' Pension Scheme costs	5
1.4 What's happening with special educational needs funding?	6
How is SEND funding calculated currently?	7
Transferring funding between blocks	7
1.5 What has the UK Statistics Authority said about DfE school funding statistics?	7
2. What's the current position on the National Funding Formula?	9
2.1 When will the schools NFF be fully implemented?	9
A 'soft' formula and the continuing role of local authorities	9
The move to a 'hard' formula	9
Transitional protections and arrangements for 2018-19 and 2019-20	9
2.2 Where can I find information about how much funding an individual school/ local authority is receiving?	10
3. A short selection of press coverage and relevant parliamentary material	11
3.1 Press coverage	11
3.2 Parliamentary material	11
Statements and DfE news stories	11
Education Committee inquiries	11

Summary

Scope of briefing paper

This briefing paper aims to give a short, non-technical overview of issues around school funding in England and answer frequently-asked questions on this subject.

It points readers toward data on school funding and highlights recent commentary.

The overall amount of school funding in England

The Government maintains that there's more money going in to schools in England than ever before, and that core per-pupil funding is being protected in real terms for the remaining two years of this Spending Review period.

Despite the Government's assurances that funding for schools in England is at a record high, and that the way it's being distributed is being made fairer, concerns are still being expressed about the sufficiency of overall school funding and cost pressures faced by schools. In recent months, there have been particular concerns around funding for teacher pay rises, 16-18 provision and special educational needs provision.

The new national funding formulas (NFF) for schools and high needs

A new national funding formula is being used to calculate core school funding in 2018-19 and future years. There are separate funding formulas for high need (mostly special educational needs funding), services centrally provided by local authorities, and early years provision. Local authorities receive a block grant from the DfE, called the Dedicated Schools Grant, or DSG.

For the time being, the schools NFF is only being used to work out notional allocations for individual schools. These are then summed and passed on to local authorities, who then draw up local funding formulas for onward distribution. As such, the NFF is operating in a 'soft' format.

The Government has confirmed that similar arrangements will continue into 2020-21; there's no confirmed date for a move to a 'hard' schools NFF that would give core revenue funding directly to all mainstream schools.

1. Is there enough money going into schools in England?

1.1 What's the Government position on school funding?

The Government maintains that there's more money going in to schools in England than ever before, and that core per-pupil funding is being protected in real terms for the remaining two years of this Spending Review period. In a [Written Statement to Parliament](#) of 24 July 2018, Minister Nick Gibb said:

School funding is at a record high, and schools have already benefitted from the introduction of the national funding formula in April 2018. This is an historic reform, which means that, for the first time, resources are being distributed based on the individual needs and characteristics of every school in the country. The formula allocates every local authority more money for every pupil, in every school, in both 2018-19 and 2019-20, compared to their 2017-18 baselines.

The additional investment of £1.3 billion for schools and high needs across 2018-19 and 2019-20 announced last year, on top of the schools budget set at Spending Review 2015, means that per-pupil funding is being maintained in real terms between 2017-18 and 2019-20. In 2020 per-pupil funding will be more than 50% higher than it was in 2000, in real terms.

Despite the Government's assurances that funding for schools in England is at a record high, and that the way it's being distributed is being made fairer, concerns remain about the sufficiency of overall school funding and cost pressures faced by schools.

1.2 What has the Institute for Fiscal Studies (IFS) said about education spending?

On 17 September 2018, the IFS published their first annual report on education spending in England. This provides measures of spending per student across different phases of education since the early 1990s.

This concluded, according to the IFS's measure of school spending and 16-18 funding:

- **Total school spending per pupil has fallen by 8% in real terms between 2009–10 and 2017–18.** This was mainly driven by a 55% cut to local authority spending on services and cuts of over 20% to school sixth-form funding. Funding per pupil provided to individual primary and secondary schools has been better protected and remains over 60% higher than in 2000–01, though it is about 4% below its peak in 2015.
- **Funding per student aged 16–18 has seen the biggest squeeze of all stages of education for young people in recent years.** School sixth forms have faced budget cuts of 21% per student since their peak in 2010–11, while further education and sixth-form college funding per

student has fallen by about 8% over the same period. By 2019–20, funding per young person in further education will be around the same as in 2006–07: only 10% higher than it was 30 years earlier. Spending per student in school sixth forms will be lower than at any point since at least 2002.¹

1.3 What is the situation with teachers' pay and pensions?

The 2018-19 teacher pay award

The Secretary of State for Education, Damian Hinds, announced in July 2018 that the Government intended to raise the top and bottom of the main teacher pay scale by 3.5% for 2018/19. Minima and maxima for other elements of the school teacher and leadership pay framework would be subject to smaller percentage increases. These arrangements are formally set out in the statutory [School Teachers' Pay and Conditions Document for 2018-19](#).

A new Teachers' Pay Grant

In a [Statement to Parliament](#) on 24 July 2018, Mr Hinds said that the Government would fully fund the pay rise and would introduce a new Teachers' Pay Grant. This would provide £187 million in 2018-19 and £321 million in 2019-20. The money would come from the existing DfE budget. The Statement said that the funding would cover "in full, the difference between this award and the cost of the 1% award that schools would have anticipated under the previous public sector pay cap".²

The National Union of Head Teachers (NAHT), the Association of School and College Leaders (ASCL) and the National Education Union (NEU) welcomed additional funding, but challenged the claim that the pay award was fully funded:

The pay award is not fully funded. The Department for Education is still expecting schools to fund 1% of the cost from severely strained budgets, and is only funding the additional expenditure above 1%. The independent Institute for Fiscal Studies recently published analysis which shows that funding per pupil in England fell by about 8% in real terms, and about 5% in Wales, between 2009-10 and 2017-18.³

Teachers' Pension Scheme costs

In October, Shadow Secretary of State for Education, Angela Rayner MP, asked a series of PQs about Government estimates of increased teacher pension contributions in coming years, and whether there would be additional funding for these. Responding, Minister Nick Gibb said:

The estimated cost to state funded schools will be approximately £830 million in 2019-20 financial year and approximately £1.1 billion in each of the three following financial years until the next valuation

¹ Institute for Fiscal Studies, [landing page](#) for [2018 Annual Report on Education Spending in England](#), 17 September 2018.

² ['Teachers update'](#), Written Statement, HCWS912, 24 July 2018.

³ National Union of Head Teachers, Association of School and College Leaders, and the National Education Union, ['Joint union response on teachers' pay'](#), 24 July 2018.

of the Teachers' Pension Scheme, which is due in 2022-23 for implementation in financial year 2023-24.

The Department intends to fund state-funded schools and further education providers for these costs for financial year 2019-20, and will be consulting to understand the effects on other sectors. Funding from 2020-21 onwards will be considered as part of the next Spending Review.

The Department will also consult on whether any funding should be provided to other employers within the Teachers' Pension Scheme.

The Government Actuary's Department is finalising the valuation of the Teachers' Pension Scheme – based on the directions published by HM Treasury – and all figures are subject to change based on the final valuation.⁴

1.4 What's happening with special educational needs funding?

As noted above, In July 2017, the Government [announced](#) £1.3bn of additional funding for schools, including high needs provision, over 2018-19 and 2019-20.⁵ High need provision is largely for children and young people with special educational needs and disabilities (SEND).

A September 2017 DfE [consultation response](#) stated that this had the effect of maintaining the schools and high needs blocks of the Dedicated Schools Grant in real terms per pupil up to 2019-20.⁶

In response to a PQ of 10 September 2018, Minister Nadhim Zahawi said:

High-needs funding for children and young people with complex special educational needs, including those with autism, is £6 billion this year—the highest it has ever been—and an increase from £5 billion in 2013. We have increased overall funding allocations to local authorities for high needs by £130 million in 2017-18 and £142 million in 2018-19, and we will increase this further, by £120 million, in 2019-20.⁷

However, there continue to be reports of a 'squeeze' on SEND funding. In September 2018, the press reported that groups of parents had brought or were seeking to bring legal action against local authorities on the issue of their SEND budgets; local authorities have specific statutory responsibilities in relation to children and young people with SEND.⁸

On 6 September 2018, the National Association of Head Teachers (NAHT) published the results of a survey on SEND funding. This found:

⁴ [PQ 176324](#), 15 October 2018.

⁵ Department for Education, [£1.3bn for core schools budget delivers rise in per pupil funding](#), 17 July 2017

⁶ Department for Education, [The national funding formula for schools and high needs Executive summary](#), September 2017, p35

⁷ [HC Deb 10 September 2018](#), Vol.646, c459

⁸ See, E.g.: 'SEND funding cuts trigger wave of legal action' in the *TES*, 26 September 2018; 'Call for action over SEND funding following legal ruling', in *Children and Young People Now*, 8 August 2018.

- Only 2% of respondents said that the top up funding they received was sufficient to meet individual education health and care plans (EHCPs) or statements for pupils with SEND.
- 94% of respondents are finding it harder to resource the support required to meet the needs of pupils with SEND than they did two years ago.
- 73% of respondents said it was harder to resource support for pupils with SEND due to cuts to mainstream funding, as cuts to teaching assistants and pastoral staff have had a major impact on schools supporting their most vulnerable pupils.⁹

How is SEND funding calculated currently?

Alongside reforms to core school funding and the introduction of the schools NFF, the DfE is also implementing a new national funding formula for high needs – largely, this is funding for children and young people with special educational needs.

From 2018-19, local authorities are receiving high needs funding calculated according to a national formula derived from, among other factors, a basic unit of per-pupil funding for pupils in specialist SEN provision, historic spend, and also proxy measures such as population, school attainment, and numbers of children in bad health. More detail on the high need formula, and transition arrangements, is provided in chapter 4 of the [Policy Document](#).

Transferring funding between blocks

Prior to 2018-19, the Dedicated Schools Grant was split into 3 blocks: the schools block, the high needs block and the early years block. These blocks were notional, with local authorities free to move funds between them.¹⁰

Following the formula changes, this position is now more restricted:

131. The second stage of the consultation recognised that a degree of flexibility between the DSG funding blocks would be needed to ensure that local authorities could manage their high needs budget. Local authorities will therefore be able to transfer up to 0.5% of their schools block funding into their high needs budget, with the agreement of their schools forum.[...] [T]here will be a process for considering any reasonable requests for exceptions to these rules.¹¹

These formula arrangements apply in 2018-19 and 2019-20, with future spending decisions subject to future Spending Reviews.

1.5 What has the UK Statistics Authority said about DfE school funding statistics?

On 8 October 2018, Sir David Norgrove, Chair of the UK Statistics Authority, [wrote](#) to Education Secretary, Damian Hinds, raising “serious concerns”

⁹ National Union of Head Teachers, ‘[Empty promises: the crisis in supporting children with SEND](#)’, 6 September 2018, p2.

¹⁰ Department for Education, [School revenue funding: Current funding arrangements](#), March 2016, p4

¹¹ Department for Education, [The national funding formula for schools and high needs Policy document](#), September 2017, p38

about the Department for Education's "presentation and use" of statistics.¹² On school funding, he said:

My attention has also been drawn to a recent tweet and blog issued by the Department regarding education funding. As the Authority's Director General for Regulation has noted in a letter to the Department today, figures were presented in such a way as to misrepresent changes in school funding. In the tweet, school spending figures were exaggerated by using a truncated axis, and by not adjusting for per pupil spend. In the blog about government funding of schools (which I note your Department has now updated), an international comparison of spend which included a wide range of education expenditure unrelated to publicly funded schools was used, rather than a comparison of school spending alone. The result was to give a more favourable picture. Yet the context would clearly lead readers to expect that the figures referred to spending on schools.¹³

In a letter of response, Damian Hinds said:

We are looking into the precise issues that you raise, and the Permanent Secretary will write to the UKSA shortly with a more detailed response. It may be helpful though to respond on the points of substance, including for the public record.

Taking funding first – we need to be clear about different types of funding and spending. However, several statistics in the OECD's 2018 report comparing expenditure in 2015 (which as you know are the latest comparative data published by the OECD) demonstrate the UK as being among the higher spenders on education at primary and secondary level, whether you look at spend as a share of GDP, spend as a share of government spending or spend per pupil. It is true to say that the OECD has ranked the UK as the third highest for total education spending – the figure which includes tertiary and private education for every country. A more direct statistic about school spending specifically is that among G7 nations the UK government spent the highest percentage of its GDP on institutions delivering primary and secondary education.

On overall school funding, core funding is rising to £43.5bn by 2019-20. Of course, I recognise that pupil numbers are rising, we are asking schools to do more and schools are facing cost pressures. I am on record setting this out with a range of different audiences and agree that context is important.¹⁴

¹² [Letter](#) from Sir David Norgrove to Rt. Hon. Damian Hinds MP. 8 October 2018.

¹³ *As above.*

¹⁴ [Letter](#) from Rt. Hon. Damian Hinds MP to Sir David Norgrove, 8 October 2018.

2. What's the current position on the National Funding Formula?

A new national funding formula is being used to calculate core school funding in 2018-19 and future years. There are separate funding formulas for high need (mostly special educational needs funding – discussed above), services centrally provided by local authorities, and early years provision. Local authorities receive a block grant from the DfE, called the Dedicated Schools Grant, or DSG.

Although this block grant will be the main funding source for schools, they receive money from other sources as well:

- Pupil Premium funding.
- Sixth form funding – already distributed according to a national formula.
- Capital funding for maintenance, expansions and rebuilds.
- Self-generated income.

2.1 When will the schools NFF be fully implemented?

A 'soft' formula and the continuing role of local authorities

For 2018-19, 2019-20 and 2020-21, the schools NFF is operating as a 'soft' formula. This means that local authorities retain a role in distributing funding and deciding how much individual schools receive in their delegated budgets.

During this period, the schools NFF is being used to generate **notional** allocations for individual schools which are then summed up and passed to the local authority for onward distribution according to locally-determined formula arrangements. The DfE provides guidance on this, and it is encouraging LAs to reflect the design of the NFF in their local arrangements.

The move to a 'hard' formula

The Government has not confirmed when a 'hard' schools NFF will be introduced; this would largely cut local authorities out of the distribution process for core school funding, giving money directly to individual schools instead.

Transitional protections and arrangements for 2018-19 and 2019-20

The new school NFF arrangements are being phased in and there are complex transitional arrangements. These include caps on gains, minimum notional per-pupil amounts, and funding floors. These transitional protections are designed to deliver gains in respect of schools and areas considered underfunded, while maintaining system stability. All schools will attract a minimum 1% per-pupil cash gain to their local authority by 2019-20, compared to 2017-18 baselines. Further background on the operation

of the transitional arrangements can be found in a linked Library briefing paper, [Implementation of the national funding formula in England](#).

2.2 Where can I find information about how much funding an individual school/ local authority is receiving?

The DfE has published tables setting out the allocations of Dedicated Schools Grant (DSG) to for 2018-19 and also some provisional funding data for 2019-20:

- Education and Skills Funding Agency (ESFA), [National funding formula tables for schools and high needs: 2018 to 2019](#).
- ESFA, [National funding formula tables for schools and high needs: 2019 to 2020](#).

This data is published at individual school and local authority level although the school-level figures are **notional only**, for the reasons set out in section 2.1 above. The 2019-20 tables are subject to revision to take account of updated pupil numbers and other later adjustments.

The DfE's funding tables also provide information the percentage change between local authorities' 'baseline' 2017-18 funding and provisional 2019-20 funding.

In previous years the DfE has published a breakdown of how much individual institutions received via the Schools Block of the DfE – equivalent figures are not yet available for 2018-19. Figures for past years can be found on the Gov.uk website:

- [ESFA, Schools Block funding allocations 2017 to 2018](#).

Information on pupil premium allocations can be found on the Gov.uk website:

- [Education and Skills Funding Agency \(ESFA\), Pupil Premium: allocations and conditions of grant, 2018-19](#).

3. A short selection of press coverage and relevant parliamentary material

3.1 Press coverage

- [‘School funding: is the Government spending record amounts?’](#) in *BBC News* (online), 8 October 2018.
- [‘Thousands of head teachers march on Westminster over school funding ‘crisis’](#)”, in the *Independent* (online), 28 September 2018
- [‘Heads told school pension contributions to rise by over 40% from 2019’](#), in *Schools Week* (online), 25 September 2018.
- [‘Special needs funding at crisis point, say school leaders’](#), in the *Guardian*, 5 September 2018.
- [‘Special needs children ‘paying price’ for education funding crisis’](#), in the *Telegraph* (online), 1 April 2018.
- [‘Schools cry wolf when claiming they are underfunded’](#) in the *Times* (online), 16 November 2017.

3.2 Parliamentary material

Statements and DfE news stories

- DfE news story, [‘Education Secretary launches £24 million programme for North East’](#), 8 October 2018.
- DfE blog article, [‘Education in the Media: Funding’](#), 28 September 2018.
- [‘Schools Update’](#), Written Statement, HCWS911, 24 July 2018.
- [‘Teachers Update’](#), Written Statement, HCWS912, 24 July 2018.
- [‘Schools: Response to the Resolution of the House’](#), Written Statement, HCWS876, 25 April 2018

Education Committee inquiries

The Education (Select) Committee is currently undertaking two inquiries in this area – written and oral evidence is available on the individual inquiry pages:

- [Education Committee inquiry on school and college funding](#).
- [Education committee inquiry on special educational needs](#) – the terms of reference for which cover the level and distribution of funding for SEND provision.

About the Library

The House of Commons Library research service provides MPs and their staff with the impartial briefing and evidence base they need to do their work in scrutinising Government, proposing legislation, and supporting constituents.

As well as providing MPs with a confidential service we publish open briefing papers, which are available on the Parliament website.

Every effort is made to ensure that the information contained in these publicly available research briefings is correct at the time of publication. Readers should be aware however that briefings are not necessarily updated or otherwise amended to reflect subsequent changes.

If you have any comments on our briefings please email papers@parliament.uk. Authors are available to discuss the content of this briefing only with Members and their staff.

If you have any general questions about the work of the House of Commons you can email hcenquiries@parliament.uk.

Disclaimer

This information is provided to Members of Parliament in support of their parliamentary duties. It is a general briefing only and should not be relied on as a substitute for specific advice. The House of Commons or the author(s) shall not be liable for any errors or omissions, or for any loss or damage of any kind arising from its use, and may remove, vary or amend any information at any time without prior notice.

The House of Commons accepts no responsibility for any references or links to, or the content of, information maintained by third parties. This information is provided subject to the [conditions of the Open Parliament Licence](#).