

SCHOOL FUNDING BULLETIN

Additional school funding following the 2022 Autumn Statement

The headline announcement by the Chancellor of the Exchequer of additional funding of £2.4bn for both 2023/24 and 2024/25 is really £2bn in each year.

The Government has formally announced that they will be reducing the total funding to schools by £400m as they had already received additional funding for a planned increase in employer National Insurance Contributions (NICs), which was subsequently withdrawn following changes in Prime Ministers during the summer of 2023. The planned increase to NICs was also referred to as the 'Health and Social Care Levy'.

There is not sufficient time to incorporate the additional funding into the National Funding Formula for 2023/24 or 2024/25. The £2bn per year will be paid directly to schools and academies in the form of a grant to be known as the *Mainstream Schools Additional Grant*.

This grant is NOT ringfenced for any specific form of expenditure. It is for each school to determine how this money should be spent.

Both maintained schools and academies will receive the additional funding from 1 April 2023.

Funding through this new grant equates to a 3.4% increase in funding for mainstream schools, on top of the Dedicated Schools Grant (DSG) allocations previously announced in the Autumn of 2021, following the Comprehensive Spending Review which set the departmental budgets for the next three years.

This resulted in an increase to schools' budgets of 3% for each of the three years 2022/23, 2023/24 and 2024/25.

For the avoidance of doubt, the £2bn for both 2023/24 and 2024/25 is in addition and *DOES NOT* include any additional funding for early years providers or sixth-form provision.

Research by the independent Institute for Fiscal Studies (IFS) shows that school spending per pupil in England fell by 9% in real terms between 2009/10 and 2019/20.

This represents the largest cut in over 40 years. No overall real-terms growth in 14 years represents a significant squeeze on school resources. Total spending on education was about 2% lower in 2021 than in 2010. [1]

Employee cost pressures 2022/23

The 32nd STRB report recommended an unfunded average pay increase of 5% for teachers pay from 1 September 2022, which was accepted by the Secretary of State, and the unfunded increase of between 8% and 9% for support staff pay which is to be backdated to April 2022.

This has created a huge cost pressure to schools as their budgets only increased by the 3% outlined above. It is highly probable that the additional funding announced in the Autumn Statement will be used to support these unfunded budget pressures.

Pupil premium

In addition, funding rates for the Pupil Premium in the financial year 2023 to 2024 will increase by 5%. Eligibility to the Pupil Premium will also be extended to children who were adopted from state care outside of England and Wales.

Early years

Reflecting the recently announced National Living Wage increases, the DfE is investing an additional £20 million into early years entitlements. This is on top of the £180 million for 2023/24 announced at the Comprehensive Spending Review.

Taken together, this will mean at national level, early years providers are supported with the additional National Living Wage costs associated with delivering the free childcare entitlements next year.

Local authorities will receive average funding increases of 3.4% for the three- and four-year-old free childcare entitlements and 4% for the two-year-old entitlement compared to their 2022/23 rates.

In line with the protections policy set out in the Government response document, all local authorities will benefit from at least a 1% increase in their funding rates in 2023/24, with increases for some up to 4.9% for three- and four-year-olds and up to 10% for two-year-olds.

Sixth-form colleges

In the 2019 and 2021 spending reviews, the Government announced extra funding for colleges and sixth forms. As a result, overall per-student spending in 16-18 education is set to rise by 9% in real terms between 2021/22 and 2024/25.

The *Fifth Annual Report on Education Spending in England: 2022* from The Institute for Fiscal Studies, December 2022, identified that college spending per pupil in 2024/25 will still be around 5% below 2010/11 levels, while school sixth-form spending per sixth-form pupil will be 22% below 2010/11 levels.

Local authority and special needs funding

The Autumn Statement allocated a 4.6% uplift to the high needs allocations announced in July 2022.

Local authorities are required to pass a portion of this additional funding to maintained special and alternative provision (AP) schools and special and AP academies in 2023/24. Through a 3.4% increase in funding per place, the remaining additional funding will be distributed by decisions by schools forums at individual local authority level.

Energy, food and other inflationary pressures

The Autumn Statement also included the withdrawal of the Energy Supplementary Support Grant for schools which will cease on 1 April 2023.

This will mean that all schools will have to meet any increases in energy costs from the additional funding provided via the Mainstream Additional Support Grant, along with any additional inflation costs associated with food and other consumable items used in schools.

Footnote

[1] Source: IFS: Annual report on education spending in England: 2022
<https://ifs.org.uk/publications/annual-report-education-spending-england-2022>