

Spending Review submission

Principles:

The majority of education funding is to be restored to the per pupil amount from 2015/16 taking into account school costs.

- Dedicated Schools Grant
 - Schools Block
 - Central Services Schools Block
 - High Needs Block
 - Early Years Block
- Pupil Premium

Restoration to 2010/11

- 16 – 19

Restoration to the average funding level for 2007 - 2011

- Capital

Costs projections are based on current Government policy. We have not anticipated policy changes even when the need is very evident, such as the crisis in special needs education.

The only additional funding added to current spending is the £500m the Government has committed for the introduction of T levels in 2020/21.

Use a school costs index to measure real terms pressures over the last three years.

Projected costs are based on the GDP deflator.

Implementation of the funding increase is phased over four years.

In addition, we costed separately a policy proposal:

- A qualified teacher for every lesson; class size limits of 30; and addressing historic underfunding (ASCL research)

School Costs

Our school costs index uses Department for Education costings and is composed of the following elements: staff pay, National Insurance, Teachers' Pension Scheme, Apprenticeship Levy and non-staff spending. The full methodology is available at bit.ly/school_costs_index_2015_19, we have drawn heavily on the DfE document, [Schools' Costs 2018-19 to 2019-20](#).

For forward projections, we have simply used inflation and the additional pension contributions to calculate school costs.

Early Years Costs

For Early Years provision we used a different costs index, predominantly because of the recent increase in the National Minimum Wage has had a much more significant impact of these centres than schools generally. We used the Government's study of Early Year centre costs, [Early years providers cost study 2018](#). This gives a three year index for 2015 to 2018, we extended this using the average pay rise for support staff.

Future projections are solely calculated using the GDP deflator.

Funding for 2019/20

The Government have supplemented the Dedicated Schools Grant with the Teacher Pay Grant and the Pensions Grant. We have incorporated these monies into the allocations for this year, because we believe would be politically impossible for the Government to tell schools that they will lose these grants in the future.

Necessary funding:

	Actual funding for 2019/20	Necessary funding by 2022/23	Additional funding by 2022/23
Schools & Central Services block	£36.1bn	£41.9bn	£5.8bn
High needs	£6.3bn	£9.4bn	£3.1bn
Early Years	£3.5bn	£4.1bn	£0.6bn
Pupil premium	£2.4bn	£3.0bn	£0.6bn
16 - 19	£5.7bn	£8.3bn	£2.6bn
Basic entitlement additional cost			
Total revenue	£54.0bn	£66.7bn	£12.6bn

Implementation

We propose that the increase in funding to eliminate cuts is phased over four years. We are asking for an immediate uplift of £3bn followed by an increase of 2.8% above inflation and increased pension contributions. We then propose that for 2023/24 and 2024/25 funding is increase by 4.4% above inflation so that the

Year	Phased increase in revenue funding to cancel cuts and then fund basic entitlement	Additional funding required on actual 2019/20 allocation
2019-20	£57.0bn	£3.0bn
2020-21	£60.4bn	£6.4bn
2021-22	£63.7bn	£9.7bn
2022-23	£66.7bn	£12.6bn

We propose that funding continues to rise in real terms for two further years so that the Schools Block increases to the level proposed in *The True Cost of Education*.

	Actual funding for 2019/20	Necessary funding by 2024/25	Additional funding by 2024/25
Schools & Central Services block	£36.1bn	£43.1bn	£7.0bn
High needs	£6.3bn	£10.2bn	£3.9bn
Early Years	£3.5bn	£4.3bn	£0.7bn
Pupil premium	£2.4bn	£3.1bn	£0.7bn
16 - 19	£5.7bn	£9.1bn	£3.4bn
Basic entitlement additional cost		£5.4bn	£5.4bn
Total revenue	£54.0bn	£75.1bn	£21.1bn

The final two years of phasing is set out below:

Year	Phased increase in revenue funding to cancel cuts and then fund basic entitlement	Additional funding required on actual 2019/20 allocation
2023-24	£70.8bn	£16.7bn
2024-25	£75.1bn	£21.1bn

Schools Block

We calculated the additional funding required to restore per pupil funding to the level of 2015/16 in real terms.

We used our school costs index to calculate the costs for the period 2015/16 to 2019/20. The costs index incorporates staff pay rises, increases in National Insurance and the Teachers' Pension Scheme, the Apprenticeship Levy, and inflation on non-staff spending. When we projected forward, we used the GDP deflator and include the increase in costs created by the increase in Teachers' Pension Scheme employer costs.

We included the Teacher Pay Grant in the Schools Block funding for 2018/19 and 2019/20. We included the Pensions Grant in the funding for 2019/20.

We merged the Central Services Schools Funding into the Schools Block because they were only disaggregated in 2018.

We used the Department for Education's Pupil Projections for pupil numbers 2019 – 2023.

Year	Schools Block + Central School Services Block (actual)	Schools Block Pupil Numbers (1,000s)	School costs index (2018-19 = 100)	Schools block (2015 baseline)	Additional funding required
2015-16	£32.2bn	6503	93.0	£32.2bn	£0.0bn
2016-17	£32.7bn	6625	96.2	£33.9bn	£1.2bn
2017-18	£33.1bn	6741	97.8	£35.1bn	£2.0bn
2018-19	£34.3bn	6870	100.0	£36.5bn	£2.2bn
2019-20	£36.1bn	6961	103.8	£38.4bn	£2.3bn
2020-21	£37.2bn	7033	106.9	£40.0bn	£2.8bn
2021-22	£37.8bn	7090	108.7	£41.0bn	£3.2bn
2022-23	£38.4bn	7120	110.6	£41.9bn	£3.4bn

High Needs Block

We calculated the additional funding required to restore the high needs block per pupil with an EHC Plan or a statement to the level of 2015/16 in real terms.

We used our school costs index to calculate the costs for the period 2015/16 to 2019/20. When we projected forward, we used the GDP deflator and include the increase in costs created by the increase in Teachers' Pension Scheme employer costs.

We included the Teacher Pay Grant in the Schools Block funding for 2018/19 and 2019/20. We included the Pensions Grant in the funding for 2019/20.

We projected expected high needs numbers for the 2019 – 2023.

For under 5s, we used a simple linear projection to predict future numbers.

For primary and secondary students, we looked at the identification rates for each year. We observed a clear trend to earlier identification of special needs at primary school. We applied the projected identification rates to projected pupil numbers.

For 16 – 19s, we do not expect any further significant increases, because of the increase in provision contained in the Children and Families Act 2014. We kept the number constant for the next four years.

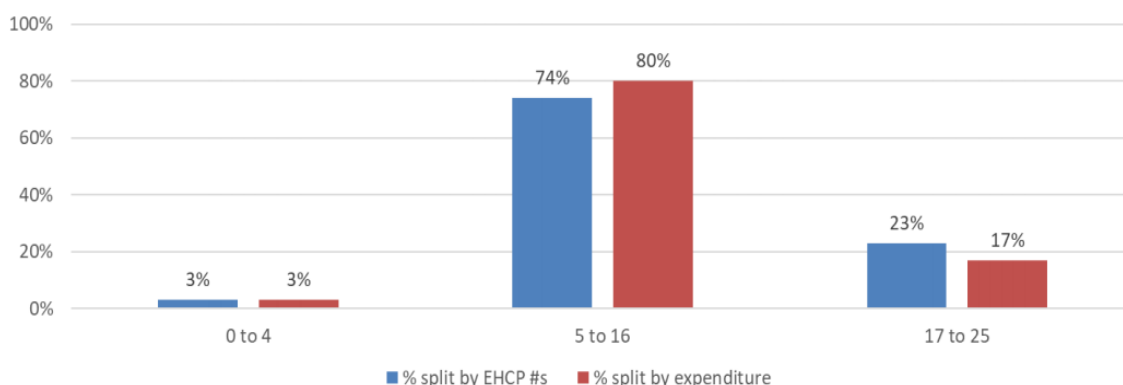
For 20 – 25 year olds, we anticipate that the number of pupils will continue to increase in a linear progression for the next four years. This is a consequence of the increase in provision contained in the Children and Families Act 2014.

Projected EHC Plan numbers

Year	2019	2020	2021	2022	2023
Under 5 years of age	14,094	14,457	15,202	15,813	16,699
Aged 5-10	117,222	119,945	125,222	130,077	134,073
Aged 11-15	126,332	129,994	134,604	139,260	143,932
Aged 16-19	77,587	77,587	77,587	77,587	77,587
Aged 20-25	18,760	22,742	25,882	28,182	29,640
Total	353,995	364,725	378,498	390,918	401,931

The Local Government's report *Have we reached a tipping point?* Looks at the average cost of provision for different age groups.

Breakdown of expenditure by age group
%, 2018-19



Age	% pupils	% cost	% cost per pupil	% of 5 - 15 year olds cost per pupil
Under 5s	3	3	1.00	0.93
5 - 15 yr olds	74	80	1.08	1.00
16 - 25 yr olds	23	17	0.74	0.68

We used this index costs to calculate the number of age-weighted EHC Plans and statements there are and from we calculated necessary High Needs Block funding to restore the value of an EHC Plan in 2015/16.

Year	High Needs (actual)	High needs (2015 baseline)	Required additional funding
2019/20	£6.3bn	£8.0bn	£1.7bn
2020/21	£6.5bn	£8.6bn	£2.1bn
2021/22	£6.6bn	£9.0bn	£2.4bn
2022/23	£6.7bn	£9.4bn	£2.7bn

Early Years Block

We calculated the necessary funding for the Early Years Block by looking at the cost of restoring the value of the hourly rate to the 2015/16 in real terms.

We took the increase in costs for early years centres from 2015 to 2018 reported in *Early years providers cost study 2018*¹ and then added costs for 2018 to 2019. The increase in school costs for 2015 to 2018 was 13% and we calculated that the increase in costs for 2019 was 3.5%. This gives a cost increase of 17% over the last four years. The hourly rates for providers have only increased by 7% over the period (£4.51 to £4.77 for 3 & 4 year olds and £5.03 to £5.39 for 2 year olds).

For future cost rises we have assumed they will rise inline with the GDP deflator. We estimated the future population by extrapolating from the Government's pupil population projection.

Year	Early Years (actual then rising in line with inflation)	Early Years (2015 baseline)	Required additional funding
2019/20	£3.5bn	£3.9bn	£0.4bn
2020/21	£3.6bn	£4.0bn	£0.3bn
2021/22	£3.7bn	£4.0bn	£0.3bn
2022/23	£3.8bn	£4.1bn	£0.3bn

Pupil Premium

The Pupil Premium has not been increased with inflation since it's introduction five years ago. We used the School Costs Index to calculate the additional funding required to restore its per pupil value to 2015/16 levels.

We have assumed that the number of pupils receiving the Pupil Premium will be 24.5% of the pupil population, this is the average rate for the last four years. We used the Government's pupil population projections to predict take up over the next three years.

Year	Pupil Premium (actual then rising in line with inflation)	Pupil Premium (2015 baseline)	Required additional funding
2019/20	£2.4bn	£2.8bn	£0.3bn
2020/21	£2.5bn	£2.9bn	£0.4bn
2021/22	£2.5bn	£2.9bn	£0.4bn
2022/23	£2.6bn	£3.0bn	£0.4bn

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[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/782471/Frontier - Childcare Cost Study.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/782471/Frontier_-_Childcare_Cost_Study.pdf)

16 – 19 education

16 – 19 education has suffered the harshest cuts of any sector in education. Substantial cuts to funding were made between 2010 and 2015. We have calculated funding necessary for 16-19 education using 2010/11 as our baseline.

We have uprated the annual funding per student in line with the GDP deflator.

The Government no longer project pupil numbers for students in the 16-19 age range, so we have created an pupil population index for 16 & 17 year olds by summing the number of 15 year olds for the previous two years. We then calculated an 16-19 population index and increased or decreased the number of pupils in line with it, taking 2017/18 as the base year.

Year	16 - 19 (actual then rising in line with inflation)	16 - 19 (2010 baseline)	Required additional funding
2019/20	£5.7bn	£6.8bn	£1.1bn
2020/21	£5.8bn	£7.2bn	£1.3bn
2021/22	£6.4bn	£8.0bn	£1.5bn
2022/23	£6.5bn	£8.3bn	£1.7bn

Capital

The Education capital budget was cut deeply in 2011, so like with 16-19 education, we have made our comparison with 2010, however, to make that a fair comparison we have average the capital budget for 2007/08, 2008/09, 2009/10 and 2010/11. We have done this because many Building Schools for the Future projects feel behind schedule and so the funding for the projects was deferred. By looking at a four-year average we have sought to eliminate this effect. We have uprated the capital budget in line with the GDP deflator.

Year	Capital (actual then rising in line with inflation)	Capital (2010 baseline)	Required additional funding
2019/20	£5.1bn	£7.6bn	£2.5bn
2020/21	£5.2bn	£7.7bn	£2.4bn
2021/22	£5.3bn	£7.8bn	£2.5bn
2022/23	£5.4bn	£8.0bn	£2.6bn