

School Funding Update: Written statement

Department for Education

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School Funding Update

Today I am confirming provisional funding allocations for 2021-22 through the schools, high needs and central school services national funding formulae (NFF). The allocations distribute the second year of the multi-billion school funding settlement that the Secretary of State for Education announced to Parliament on 3 September 2019. Core school funding is increasing by £2.6bn in 2020-21, and will increase by £4.8bn and £7.1bn in 2021-22 and 2022-23 respectively, compared to 2019-20. In addition, we continue to fund the recent increase in pension costs for teachers, worth £1.5bn a year.

These allocations, which are part of the annual funding cycle, will provide schools and local authorities with certainty of future funding. In addition to this core funding, schools can apply for exceptional funding to cover specific unavoidable costs incurred by schools due to coronavirus (COVID-19) between March and July that cannot be met from existing resources. Schools will also benefit from the £1bn 'catch-up' package for the 2020/21 academic year to directly tackle the impact of the disruption that COVID-19 has caused. This includes a 'Catch-Up Premium' worth £650m to support schools to make up for lost teaching time for all pupils, and a new £350m tutoring fund for disadvantaged pupils. Guidance on the allocation and use of that funding will be published today.

The funding factors used in the 2021-22 NFF remain the same, but we have made two technical changes, which are detailed in the NFF policy document also published today:

- Funding from the teachers' pay grant and the teachers' pension employer contribution grant, including the supplementary fund, has been added to the formulae from 2021-22. This will simplify the allocation of this funding – worth almost £2bn a year – recognising that these grants are part of schools' core budgets and providing reassurance to schools and local authorities that the funding will continue to be provided.

- The 2019 update to the Income Deprivation Affecting Children Index has been incorporated so that deprivation funding allocated through the formulae is based on the latest data.

School funding through the NFF is increasing by 4% overall in 2021-22. The NFF will distribute this funding based on schools' and pupils' needs and characteristics. The main features in 2021-22 are:

- The funding floor will ensure that every school is allocated at least 2% more pupil-led funding per pupil compared to its 2020-21 NFF allocation.
- The key factors in the NFF will increase by 3%, providing a significant increase to those schools already attracting their NFF allocations.
- The minimum per pupil funding levels will ensure that every primary school receives at least £4,000 per pupil, and every secondary school at least £5,150 per pupil, delivering on the Government's pledge to level up the lowest funded schools.
- Funding to cover additional teachers' pay and pensions costs, previously funded through separate grants, has additionally been reflected in all schools' allocations. This means that a further £180 and £265 respectively will be added to the minimum per pupil amounts above.
- Additional funding for small and remote schools will increase in 2021-22, with primary schools attracting up to £45,000, compared to £26,000 previously, as a first step towards expanding the support the NFF provides for such schools from 2022-23.

High needs funding will increase by a further £730m, or 10%, in 2021-22 – that follows the substantial increase this year and brings the total high needs budget to over £8bn. The high needs NFF will ensure that every local authority receives a further increase of at least 8% per head of population, compared to this year, with some authorities receiving up to 12%. This vital extra resource will help local authorities to manage their cost pressures in this area. The Government is continuing to pursue a cross-departmental review of the special educational needs and disability (SEND) system to see what further improvements are necessary to ensure that it supports children and young people with SEND as effectively as possible.

In addition, the Department will start negotiations with some of those local authorities with the highest Dedicated Schools Grant (DSG) deficits about supporting them to reduce their deficits over time.

Central schools services funding in 2021-22 will increase by 4% for the ongoing responsibilities that local authorities continue to have for all schools. In line with the process introduced for 2020-21 to withdraw funding over time based on the commitments local authorities entered

into before 2013-14, funding for historic commitments will decrease by 20% for those local authorities in receipt of this funding.

The provisional NFF allocations published today will be updated, based on the latest pupil data, to produce final allocations in December that local authorities will receive through the DSG.

Local authorities will continue to use that funding to determine final allocations for all local mainstream schools. In light of the need to focus efforts on meeting the challenges of COVID-19, we are not changing local authorities' role in the distribution of school funding in 2021-22. The Government will, later this year, put forward its proposals to move to a 'hard' NFF in future, which will determine schools' budgets directly rather than through local formulae set independently by each local authority. This will level up the school funding system so that all schools across the country are funded on a comparable basis. We will consult widely with local authorities, schools and others to make this transition carefully.