

Analysis: School Funding Allocations

Introduction and background

Just over a year ago, Boris Johnson campaigned for the leadership of the Conservative Party on an agenda to ‘get Brexit done’ and to address the ‘opportunity gap’ between different parts of the United Kingdom. Throughout the opening months of his premiership, there was a strong narrative that ‘talent and genius are uniformly distributed throughout the country [but that] opportunity is not.’ Along with the narrative was a commitment to significant additional spending on schools in England, particularly in those which had historically received lower levels of per pupil funding. The commitment was met with the September’s spending round announcing increases amounting to just over £7bn a year in cash terms by 2022-23.

In this report, Jon Andrews from the Education Policy Institute (EPI) analyses the funding arrangements for 2021-22 and examines to what extent they meet the needs of all pupils.

Key points

Funding arrangements for 2021-22

- Last month the Department for Education set out funding arrangements for schools for 2021-22 including notional allocations for individual schools under the National Funding Formula (NFF). The allocations are notional since the responsibility for determining actual allocations still rests with local authorities and local funding formulae. The so called ‘hard NFF’ – where funding for individual schools are set centrally by the DfE – is still at least a year away. Schools will therefore not necessarily see the amounts that have been announced, but they do illustrate where the government’s priorities are.
- In 2021-22, total Schools Block funding will be £38.8bn, representing a cash increase of £1.4bn on allocations for 2020-21, or 3.1 per cent on a per pupil basis – just over one per cent after allowing for inflation. This figure does not include the £7.9bn delivered through the High Needs Block nor the Pupil Premium.
- The government has reiterated a commitment to ‘level up’ funding, an approach about which the EPI has previously expressed some concern. Levelling up involves directing funding towards schools that have previously been funded at a lower rate. These schools will, on average, have fewer pupils who attract additional funding through the NFF – pupils from disadvantaged backgrounds, pupils with low prior attainment, pupils with English as a second language. It is therefore important to consider how the funding formula increases are affecting different pupils.
- The NFF sets out the amount of additional funding that a particular characteristic attracts – for example, pupils eligible for free school meals attract an additional £460 per year. But it does not show how different characteristics interact, nor how pupils without those characteristics benefit from being in schools with pupils that do. The funding is not ringfenced, meaning that, for example, the per pupil funding for a non-FSM pupil in a high-FSM school will be higher than for a non-FSM pupil elsewhere.
- It is, however, possible to use published school level allocations, linked with pupil characteristics data from the school census, to calculate the average funding per pupil by these characteristics and to then look at the increases for each group over the last year.
- The analysis of funding for 2021-22 funding shows that funding increases are greater for those without extra funding allocations. For example, at primary school, the increase in per pupil funding for non EAL pupils is 1.2 per cent, whereas for EAL pupils it is just 0.3 per cent. At secondary level, the increase for EAL pupils is 0.2 per cent, compared to 0.6 per cent of non EAL pupils. In primary schools, funding for White-British pupils will increase at over twice the rate of non-White British pupils.
- This trend of smaller increases for pupils with characteristics has existed for some time. For example, between 2017 and 2018 and 2021-22, pupils from non-White British backgrounds have received increases at just over half the rate of other pupils in both primary and



secondary schools. Pupils who are eligible for free school meals (FSM) have received increases at around two-thirds of the rate of non-FSM pupils.

- The NFF is built on the principle that no matter where they go to school, pupils with the same characteristics should receive the same level of funding. However, the approach to levelling up funding is having a distorting effect on that aim.
- In order to meet its commitment to achieve minimum levels of funding in both primary and secondary schools, the government includes an additional factor in the NFF to make up the difference if the pupil level allocations are not sufficient to certain minimums. In 2021-22 the minimum funding levels will be £4,180 for pupils in primary schools, £5215 for pupils in key stage 3 and £5,715 for pupils in key stage 4.
- Between 2017-18 and 2021-22, there will have been a squeezing up of the funding distributions. With a large number of schools receiving the minimum level of funding, around 1 in 5 schools will receive funding at, or close to, the minimum. Where funding has been increased to reach these levels, it means that pupils in these schools are receiving more than pupils with the same characteristics in otherwise more highly funded schools.

The crisis will have increased that risk and the government does not appear to be taking the challenge seriously.

Conclusion

- The school funding system in England is still progressive, with pupils from low income backgrounds continuing to attract more funding than their more affluent peers.
- However, the link between funding and pupil need is being weakened by a system of levelling up which directs a proportion of additional funding towards schools with historically lower levels of funding, which tend to serve schools in more advantaged areas.
- Levelling up is not the only way in which the link has been weakened. The Teacher Pay Grant, which will be used for the final time in 2020-21, has been linked to pupil numbers, not to the costs facing schools. This ignores the fact that schools operating in more challenging circumstances tend to employ more teachers and so will face higher costs from increased salaries. This situation will continue when the Teacher Pay Grant is incorporated into core schools funding.
- There are 3 ways in which The Department for Education will claim to be helping disadvantaged children. The first is an increase to the Pupil Premium from April 2020. This is, however, only an inflation level increase which is still well below historic levels in real terms. The primary pupil premium has in real terms lost 7 per cent of its value, and the secondary pupil premium 8 per cent of its value, since 2015. The second is the £650m of additional funding in the system by way of Covid19 catch-up funding, but again this is being linked with pupil numbers with no attempt to reflect the differing needs of pupils. The final way is the £350m allocated to subsidise the cost of tutors for disadvantaged pupils in response to the Covid-19 pandemic. Additional funding is welcome, but this is a subsidy, not additional funding to schools. Schools will only be able to access that support if they are able to meet their part of the cost.
- Prior to the Covid-19 pandemic, there was emerging evidence of a risk that the attainment gap would widen.

The full document can be downloaded from:

<https://epi.org.uk/publications-and-research/school-funding-allocations-2021-22/>