

Departmental Spending

Department for Education



Day-to-day Spending (Resource DEL)

DfE spends 21% of total Resource DEL

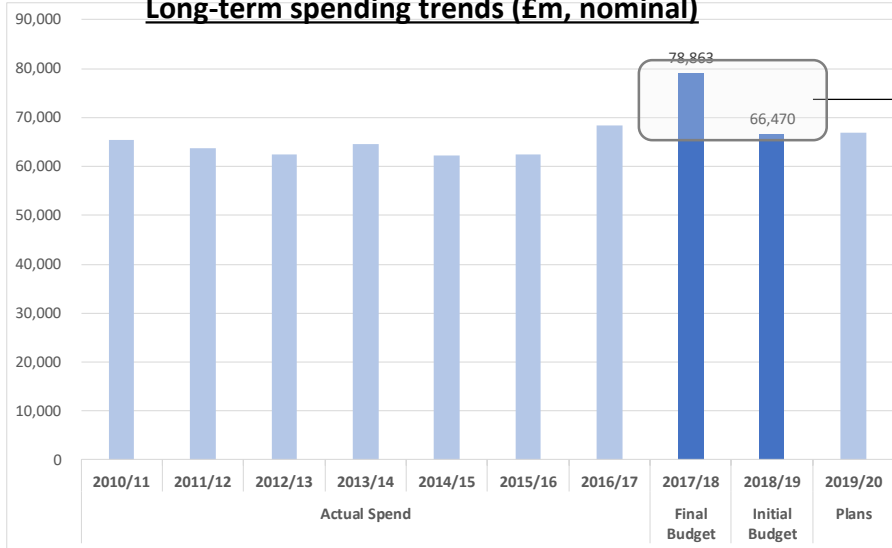
Spending Review 2015

- The Government committed to protecting the overall schools budget in *real* terms, enabling a *cash* per pupil protection for dedicated schools grant and pupil premium.
- Funding for Education Services Grant and supporting services was reduced by £600 million (over course of the SR period)
- Higher education (transferred from BIS in 2016) savings included phasing out maintenance grants and replacing with loans

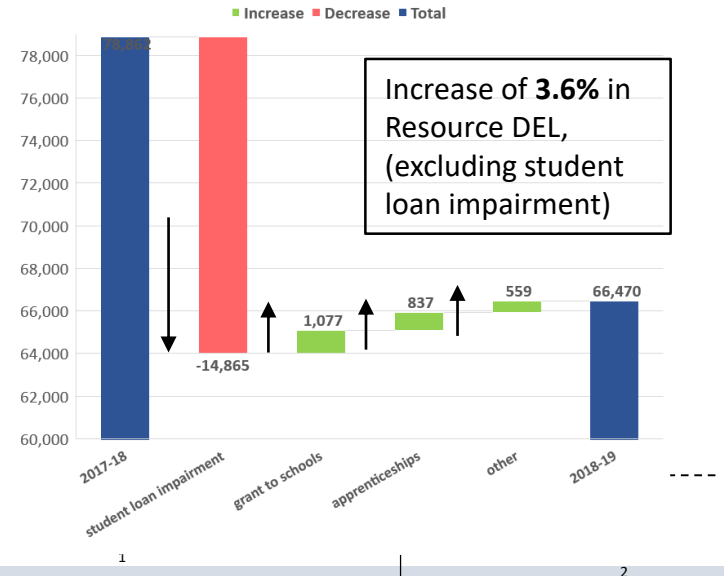
Trends

Overall funding has risen in recent years
To maintain pledges to protect schools budgets and to cope with growing pupil numbers reductions have been made to central budgets and education services grant.

Long-term spending trends (£m, nominal)



Breakdown of changes in budget from 2017-18 to 2018-19, £m



Changes from last year

- No write down in value of student loan book as yet this year. Annual revaluations take place in supplementary estimates. Last year, forecast macroeconomic factors and policy changes led to an impairment cost (forecast reduction in value) of £14,684 million
- Overall grant to schools in 2018-19 goes up by £1,077 million (+2.2%)
- “Soft” version of national schools funding formula introduced from 2018-19, but there is still local discretion over how money is distributed within local authority areas
- Apprenticeship funding boosted by apprenticeship levy
- Spending per pupil on dedicated schools grant now protected in *real* terms for 2018-19 and 2019-20

¹ Final budget at Supplementary Estimates 2017-18 (Feb 2018)

² Initial budget as at Main Estimates 2018-19 (April 2018)



Investment Spending (Capital DEL)

DFE spends 8% of total Capital DEL

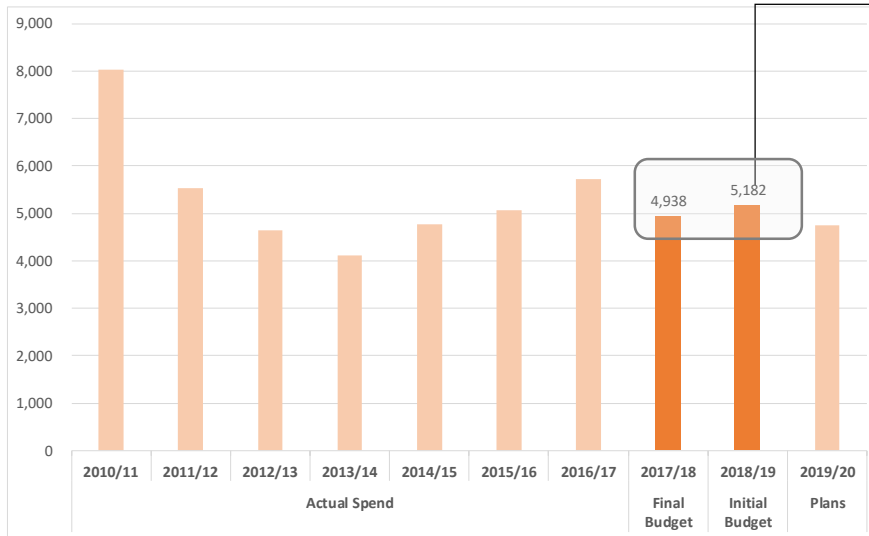
Spending Review 2015

- The Government promised £23 billion capital investment over 5 years to open 500 free schools, provide 600,000 additional school places and rebuild and refurbish over 500 schools.
- The spending pledge (including an extra year beyond SR up to 20-21) is likely to be met, but it is less clear how many new schools or school places have been created or the number of school refurbishments which have taken place.

Trends

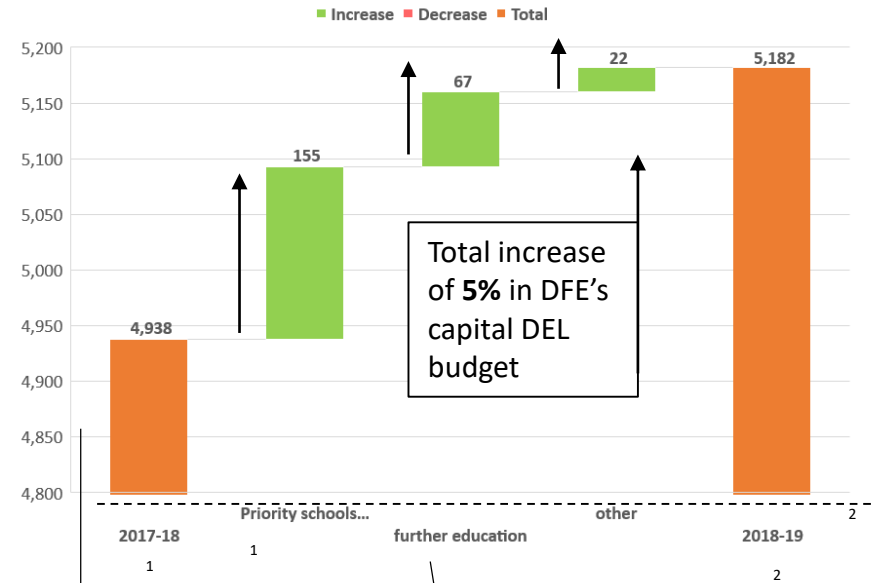
Capital spending was reduced substantially in 2010 under previous SR, as chart below shows.

Long-term spending trends (£m, nominal)



1 2

Breakdown of changes in budget from 2017-18 to 2018-19, £m



Changes from last year

- Costs under priority schools programme through EFSA phase 2 rise as a growing number of projects reach construction stage.
- Further education capital costs rise as a result of increased planned spend on Institutes of Technology and extra funding to enhance and develop Apprenticeship service
- Local growth funding for skills transferred to MHCLG

¹ Final budget at Supplementary Estimates 2017-18 (Feb 2018)

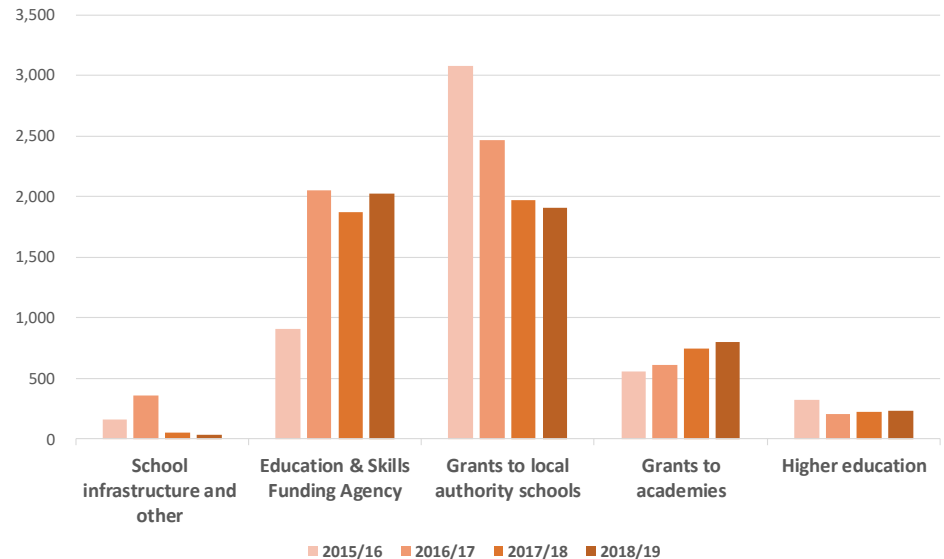
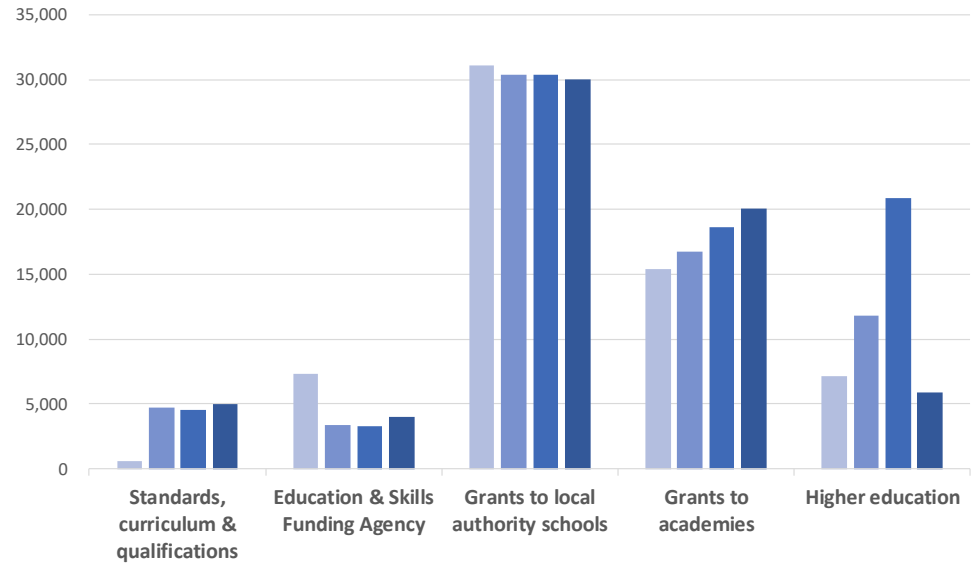
² Initial budget as at Main Estimates 2018-19 (April 2018)



Breakdown of DEL spending: DFE

Resource DEL

- Grants to academies continue to rise as the numbers of academies rise, and the number of local authority schools falls
- The spike in higher education funding last year relates to accounting for future write downs in the student loan book
- From 2018-19 the Teaching Regulation Agency absorbs functions and funding of former National College for Teaching and Leadership
- A new arms length body, Social Work England is due to be formed later in the year, with £4 million additional funding, regulating social workers in England
- Extra £81 million for Strategic School Improvement fund



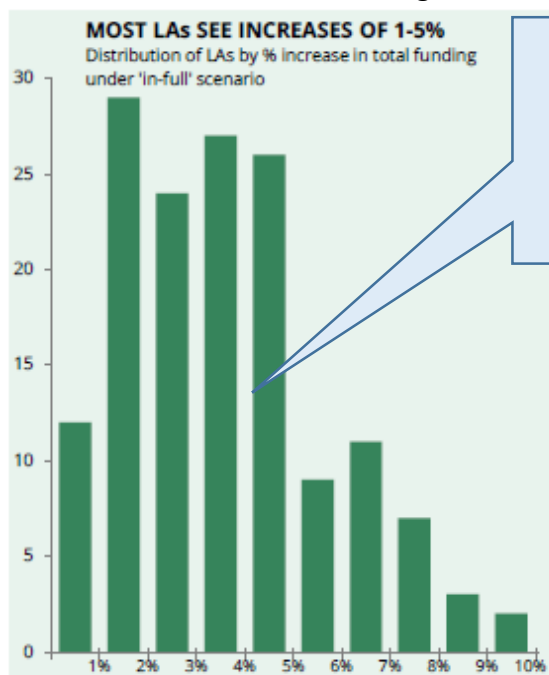
Capital DEL

- Capital grants to academies also rise as the share of schools which are academies rises
- Additional money in 2018-19 to enhance the apprenticeship service and for Institutes of Technology.



Introduction of National Funding Formula for schools

- A new National funding formula for schools is introduced in “soft” form from April 2018. The national formula at present only allocates aggregate sums to local authorities (for all schools in their areas)
- Local authorities can still distribute the funds they receive for schools between schools using a locally determined formula, which must follow DFE guidelines. All figures quoted by Government for individual schools are therefore indicative only.
- There is no definite date as yet for the introduction of a “hard” version of the National Funding formula (if and when central government will determine funding for each school individually.)



Transitional arrangements for 2018-19, in reality, **generally limit rises to between 0.5% and 3% per pupil**

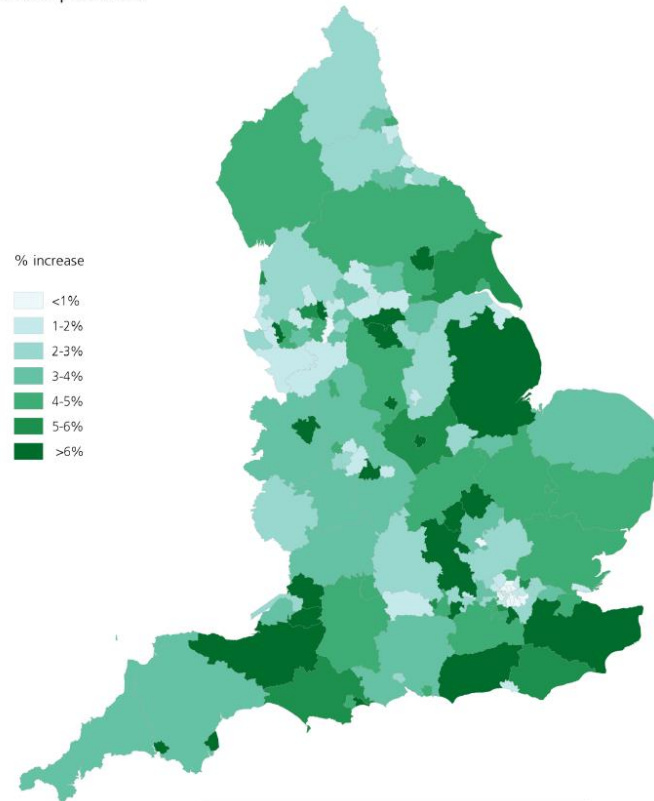
For further information see House of Commons Library briefing on [new national funding formula](#)

Government Commitments

- per pupil funding maintained in real terms for 2018-19 and 2019-20
- spending per pupil funding provided to local authorities will be **minimum** of **£4,600** per secondary school pupil and **£3,300** per primary school pupil in 2018-19.
- a 0.5% increase in per pupil funding for all schools in 2018/19 to 2019-20
- Ministers have acknowledged individual local authorities still have discretion on how they pass on funding (using local formulae)

Change in funding by local authority

Illustrative NFF funding compared to baseline if formula implemented in full without transitional protections

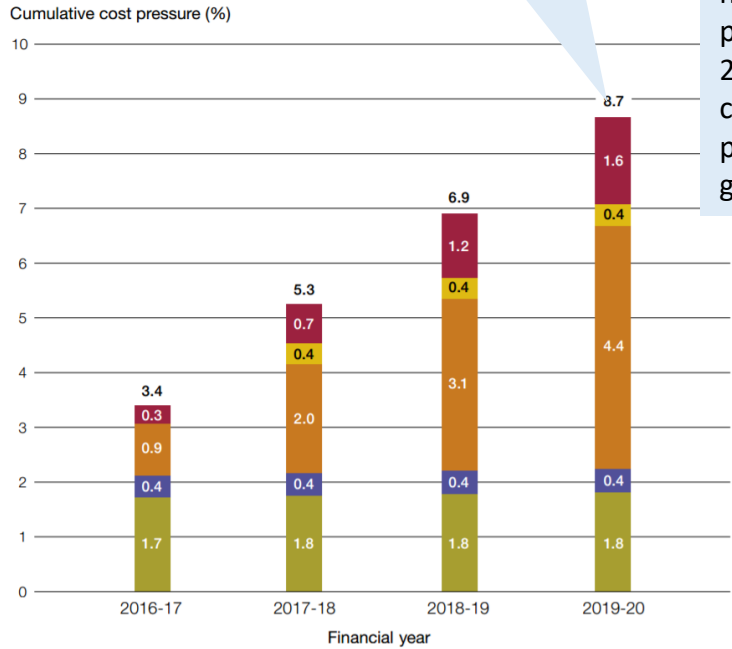


Cumulative cost pressures, growing school rolls

DfE's own estimates of cumulative cost pressures on schools of 3.4% in 2016-17, rising to **8.7%** by 2019-20, are quoted in the NAO report. The NAO report was written before DfE diverted some additional money into schools

Actual cost pressures will vary between area and school.

DfE's decision on national teachers' pay from September 2018 will be a crucial factor in cost pressures nationally going forward

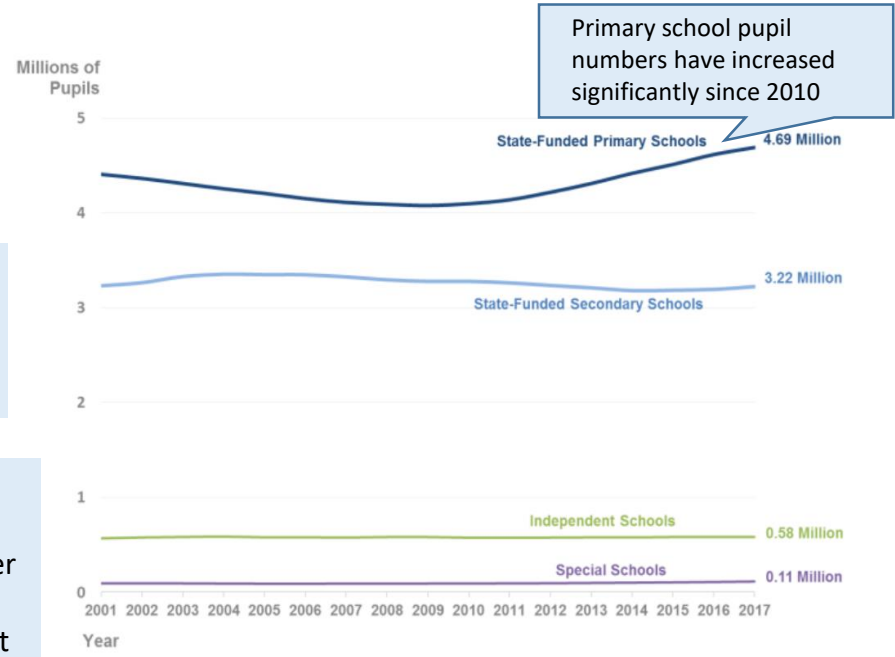


- Inflationary pressures on non-staff spending
- Apprenticeship levy
- Annual pay award and salary increases
- Teachers' pension scheme
- National insurance

Note
1 Percentages may not sum due to rounding.

Source: Department for Education

Source: NAO: Financial Sustainability of Schools, p. 15



Primary school pupil numbers have increased significantly since 2010

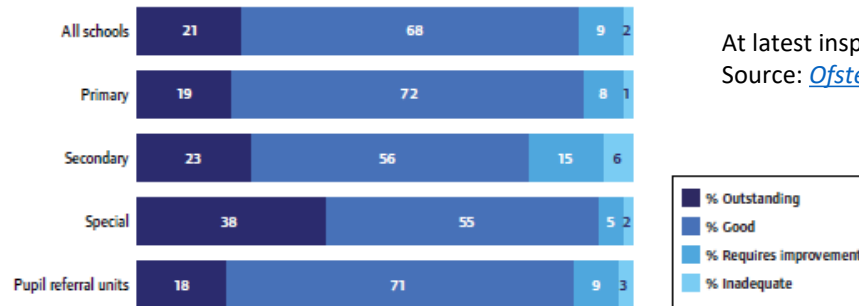
Source: DfE SFR 28/2017, school pupils and their characteristics

Since the NAO's report, the Government has provided some extra money for schools for 2018-19 and 2019-20 (totalling £1,300 million) from savings elsewhere within DfE's existing planned Resource DEL totals. Treasury did **not** provide any additional funding, on top of the Spending Review, for this. See ministerial statements of [17 July 2017](#) and [14 September 2017](#)



Overall effectiveness judgments at most recent inspection, 31 August 2017

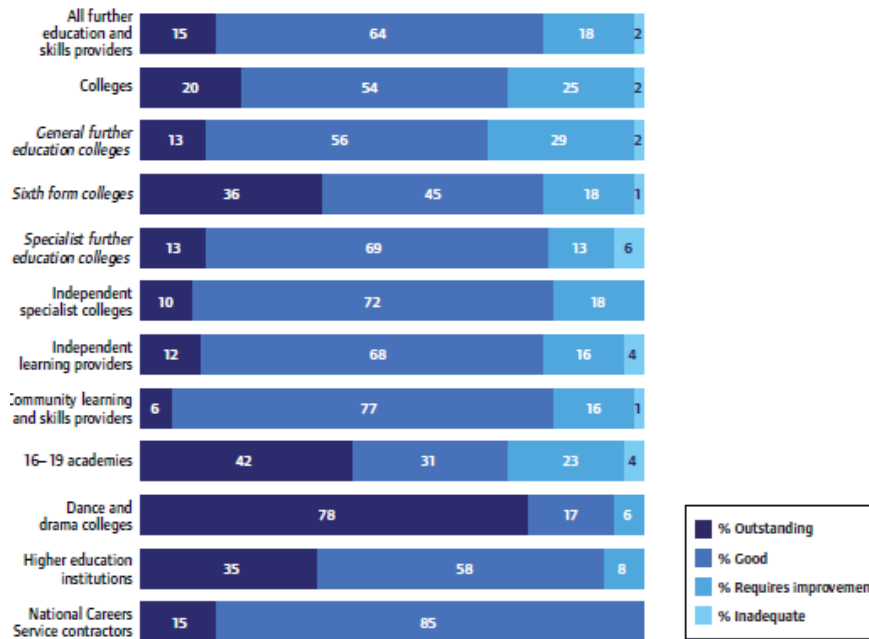
Schools



At latest inspections

Source: [Ofsted Annual Report and accounts 2016-17](#)

Further education and skills providers



Social care



Further information: see [Library briefing paper on Ofsted inspection framework](#)

