

## GROUP PUBLIC AFFAIRS BRIEFING

### What the 2020/21 spending round means for education & skills, justice and the north: 4<sup>th</sup> September 2019

Chancellor Sajid Javid has unveiled the Government's public spending plans for 2020/21 in a statement to the Commons today (Wednesday 4<sup>th</sup> September). He also announced that the Government will review its fiscal policy ahead of a Budget later this year. Rules restricting the structural deficit to below 2% of GDP may be relaxed. There will be a full Spending Review in 2020. Further information is available in:

- [The Chancellor's statement](#)
- [Spending round document](#)

#### Further education & skills

The Chancellor's speech and the spending round document contained less detail on FE spending than the announcements from DfE over the weekend. They have confirmed an additional £400m for FE in 2020/21. This comprises:

- £190m for a 4.7% increase in the base rate of funding per student (i.e. £4,188 for 16- and 17-year-olds and £3,455 for 18-year-olds)
- £210m in "targeted interventions". The DfE statements said this will be allocated as follows:
  - £120m for 'higher value' courses e.g. STEM
  - £35m support for Level 3 students who got less than a grade 4 in English and Maths GCSE
  - £25m for T-level development
  - £10m for the advanced maths premium
  - £20m for college workforce programmes to recruit and retain teachers
- The Ministry of Housing, Communities and Local Government is getting an additional £10m in ESOL funding to enable the "second wave of the Integration Areas Programme"
- The example outcome measures to ensure that spending round decisions on skills deliver public value are:

Improve the skills pipeline needed to support a productive economy, fit for the future - through excellent technical and higher education

Department for Education and Department for Business, Energy and Industrial Strategy (BEIS)

Average earnings 1, 3 and 5 years after graduation from Further Education or Higher Education (DfE)

Proportion of 19 year-olds who receive a grade 4 or above in GCSE English and Maths (DfE)

The UK's field-weighted citation impact (a measure of the quality of Higher Education research) (BEIS)

#### School & early years funding

- Schools will get a three-year settlement of £2.6bn extra in 2020/21, £4.8bn extra in 2021/22 and £7.1bn extra in 2022/23 compared with 2019/20 – £4.6bn above inflation. (The percentage increase is less than FE.)
- Secondary schools will get a minimum of £5,000 per pupil next year; primary schools will get a minimum of £3,750 per pupil next year and £4,000 the year after.
- £700m extra for SEND compared to 2019/20
- Teachers' salaries will rise to a minimum of £30,000 by 2021/22

- Early years funding will rise by £66m next year to increase the hourly rate for childminders

#### **Other funding for young people**

- Local authorities will get an additional £1bn for adult and children's social care – no detail on how this will be split
- The Department for Culture, Media & Sport is developing proposals for a youth investment fund (i.e. new and refurbished youth centres).

#### **Teachers' pensions**

- Schools will get £1.5bn to fund the additional costs of teachers' pensions in 2020/21
- Although there was no reference to similar funding for other sectors of education, we are awaiting further information on this

#### **Crime and justice**

The Ministry of Justice gets a 4.9% real-terms budget increase for 2020/21, including capital funding of £620m in 2020/21.

There will be:

- Funding "to begin delivery of the government's £2.5 billion commitment to create an additional 10,000 prison places" – no specific details on this
- £100m for prison security measures including airport-style security scanners, mobile phone detection and prevention technology, and anti-corruption and intelligence operations
- £55m for the MOJ (and £80m for the CPS) to support the work of the 20,000 additional police officers and manage the increasing complexity of crime
- Additional funding for probation reforms to help reduce reoffending and improve post-custody supervision – again, no specific detail on how much funding in 2020/21

#### **The North & regional economic growth**

The Chancellor announced a review of fiscal rules before a Budget later this year – he said fiscal rules need to reflect today's needs, not those of 10 years ago, and set it within the context of ongoing record low interest rates. He was clearly indicating the Government may relax its borrowing limits to enable investment in big infrastructure projects:

- Investment will be measured against strict criteria for value for money and deliverability, starting with the review of HS2
- The Chancellor pledged investment in the Leeds-Manchester part of Northern Powerhouse Rail (HS3) but there was no detail on timescales or funding levels.
- He said they will target investment at priorities including regional growth and decarbonisation
- The Ministry for Housing, Communities and Local Government will get £241m from the Towns Fund to support town centre regeneration – no detail on this
- Funding for the Northern Powerhouse will continue

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