



Institute for Fiscal Studies

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## Introduction

Over the past year, the government has allocated about £160 billion in additional funding for public services.<sup>1</sup> Most of this has been directed towards the health service, with large sums allocated for personal protective equipment (PPE) and the Test and Trace scheme. The government is due to spend about £4.3 billion on education in England in response to the pandemic over the two years 2020–21 and 2021–22, covering the early years, schools, further education and universities. However, about £1.3 billion of this is currently due to be funded from underspending or from existing budgets, so the net increase in government spending is likely to be about £3.0 billion. This represents about 2% of total expected spending by the Department for Education over the two years.

This briefing note describes the range and level of COVID-related spending on education in England. The figures are based on Budget documentation, National Audit Office analysis of the total costs of different policies (as published in May 2021) and figures provided to parliament by the Department for Education. A downloadable spreadsheet provides the precise sources and figures.

With the government expected to announce new plans for education catch-up in the next few weeks, these figures provide a benchmark against which to judge any new spending.

## Overall spending

Total COVID-related spending on education in England across 2020–21 and 2021–22 is currently due to be about £4.3 billion. This includes about £1.7 billion on catch-up for schools and colleges, £1.5 billion on supporting schools during the pandemic, £280 million on the early years and families, £450 million on further education and skills, and £370 million on higher education.

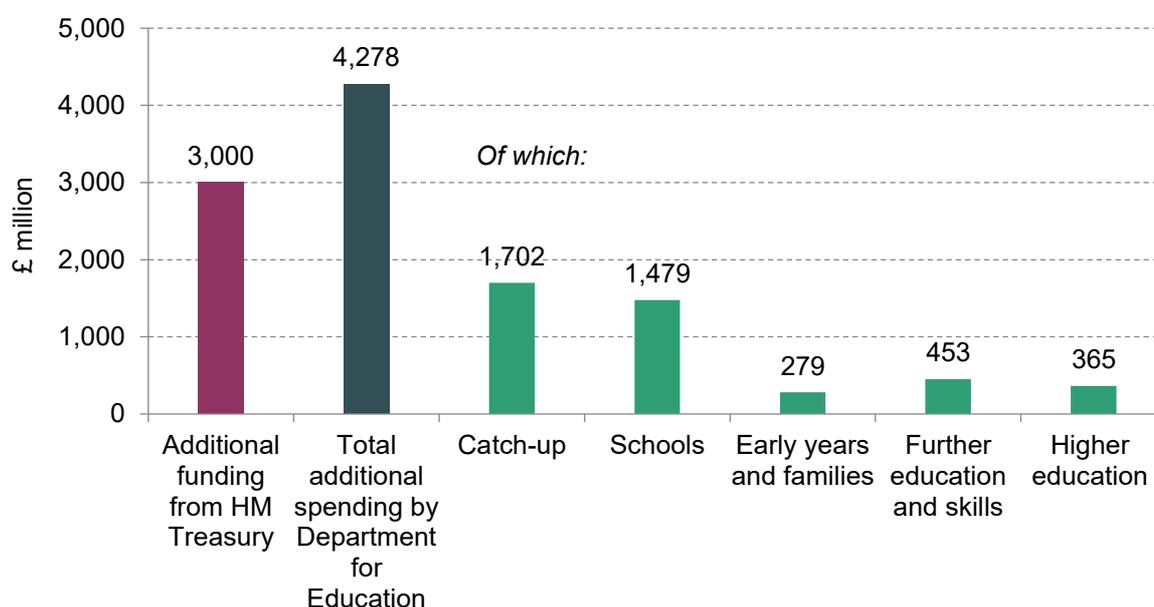
This covers additional spending by the Department for Education (DfE) on day-to-day and capital investment. However, the DfE is currently due to receive only about

<sup>1</sup> Chart 1.8 of <https://obr.uk/efo/economic-and-fiscal-outlook-march-2021/>.

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£3.0 billion in additional funding from HM Treasury to pay for this extra spending. This means that about £1.3 billion or 30% is due to be funded from underspends or from existing budgets. The vast majority of the extra spending relates to day-to-day or resource spending, with about £670 million or 16% of the £4.3 billion devoted to capital or investment spending.

**Figure 1. COVID-related spending on education in England, by area of spending**



Note: See accompanying spreadsheet for further details.

Source: Department for Education, 'Supplementary estimate 2020-21', <https://committees.parliament.uk/publications/4771/documents/48189/default/>; Department for Education, Press Release, February 2021, <https://www.gov.uk/government/news/new-education-recovery-package-for-children-and-young-people>; National Audit Office, COVID-19 cost tracker, <https://www.nao.org.uk/covid-19/cost-tracker/>; Budget 2021, <https://www.gov.uk/government/topical-events/budget-2021>.

## Catch-up spending

The government currently expects to spend about £1.7 billion on catch-up, which includes:

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- **£650 million on a catch-up premium** allocated to schools in 2020–21, on a flat rate of £80 per pupil from Reception to Year 11 in mainstream schools (or £240 in other settings, such as special schools).<sup>2</sup>
- **£550 million in total for tutoring.** This includes the National Tutoring Programme, tutoring for pupils aged 16–19 and the Nuffield Early Language Intervention.
- **£300 million for a recovery premium** allocated to schools in 2020–21 and targeted at disadvantaged pupils eligible for the pupil premium. This equates to about £145 for each pupil currently eligible for the pupil premium in mainstream schools and £290 in other settings, including special schools.<sup>3</sup>
- **£200 million for summer schools** in 2021, mainly targeted at incoming Year 7 pupils. This is estimated to be worth about £600 per Year 7 pupil in mainstream schools for a two-week placement (or about £1,800 in other settings).<sup>4</sup>

The government has also appointed Sir Kevan Collins as Education Recovery Commissioner to develop a long-term plan for education recovery and catch-up. His report is expected to be published very soon and the Prime Minister has said the government will be ‘publishing a very comprehensive plan for educational recovery shortly’.<sup>5</sup> This follows on from a commitment that ‘no child will be left behind’ as a result of the pandemic.<sup>6</sup> It therefore seems highly likely that funding for catch-up will be increased. The figures in this briefing note are intended to help assess the scale of any new spending announced as part of the comprehensive plan for education recovery.

## Support for schools during the pandemic

The government has also allocated a range of additional funding to help schools, local authorities and pupils during the pandemic. Total support for schools during

<sup>2</sup> <https://www.gov.uk/government/publications/catch-up-premium-coronavirus-covid-19/catch-up-premium>.

<sup>3</sup> <https://schoolsworld.co.uk/22m-from-recovery-premium-to-accelerate-numeracy-and-literacy-progress/>.

<sup>4</sup> [https://epi.org.uk/wp-content/uploads/2021/05/Education-Recovery\\_EPI.pdf](https://epi.org.uk/wp-content/uploads/2021/05/Education-Recovery_EPI.pdf).

<sup>5</sup> <https://hansard.parliament.uk/commons/2021-05-12/debates/208947E3-6883-4425-AF8A-1AB661422CC8/Covid-19Update>.

<sup>6</sup> <https://www.bbc.co.uk/news/education-55924815>.

the pandemic is due to be about £1.5 billion and covers a range of different forms of support:

- **£520 million for a free school meals national voucher scheme** during the first and second national lockdowns. Importantly, this was additional spending by the DfE. Schools may have been able to save some money as a result of this scheme, because they would normally have had to cover the cost of free meals themselves from their standard budgets.
- **£410 million for digital devices and online learning.** This mostly represents additional capital spending on laptops, tablets and routers for disadvantaged pupils. However, it also covers online learning, such as the Oak National Academy.
- **£220 million for school transport and return costs** in Autumn 2020. This covered the additional costs of operating school transport for local authorities and a small amount of additional funding to support pupils' well-being on return to education.
- **£120 million for an extension of the free school meals supplementary grant.** This was put in place to cover the temporary extra costs of providing free school meals as a result of the transition to universal credit. In light of the pandemic, it was extended for a further year into 2020–21. It has now ended.
- **£140 million for exceptional costs experienced by schools** during the first lockdown, such as extra cleaning or extra premises costs of keeping schools open during holidays for vulnerable children and children from key worker families.
- **£60 million in other spending,** which covers additional support for teacher training, special educational needs, boarding schools, and exams and assessment arrangements.

This spending covers additional support to schools and pupils from the DfE. The actual extra costs faced by schools could be higher or lower than this support provided by government. Some survey evidence already suggests that the exceptional costs scheme only covered about one-third of the additional costs faced by schools.<sup>7</sup> On the flip side, however, many schools may have saved money on

<sup>7</sup> <https://epi.org.uk/publications-and-research/covid-19-cost-pressures-on-schools/>.

food and utility bills. Schools will also face lower costs as a result of the freeze in public sector pay. The true picture will only become apparent when actual school expenditure figures are released.

## Early years and families

The total amount of additional spending by the DfE on the early years and families is due to be about £280 million. This covers a few different areas of spending:

- **£220 million for the holiday activities and food programme** over 2020–21 and 2021–22. This is intended to provide food and enrichment activities for disadvantaged pupils in the 2021 Easter, Summer and Christmas holidays (mainly targeted at school-age children eligible for free school meals).
- **£55 million in support for families and vulnerable children.** This covers additional support for adoption services, protecting children at risk of harm and safeguarding vulnerable children.
- **£5 million in support for the early years.** This includes temporary extensions and flexibility in the early years and childcare entitlement for children aged 2–4.

In addition, the DfE provided significant support to the early years sector in 2020 by continuing to fund providers based on their January 2020 pupil numbers, rather than taking into account the drop in demand for funded free entitlement hours.<sup>8</sup> With early years attendance rates peaking last October at around 85% of expected levels, this funding arrangement provided considerable support to providers.<sup>9</sup> Some support continued in a modified (and less generous) form in January 2021, when the Early Years Census allowed providers to take into account registered children even when they were not attending childcare settings.<sup>10</sup>

Some early years providers, especially those delivering a mix of publicly funded free entitlement hours and childcare paid for by parents, also benefited from wider

<sup>8</sup> <https://www.ifs.org.uk/publications/14990>.

<sup>9</sup> <https://explore-education-statistics.service.gov.uk/find-statistics/attendance-in-education-and-early-years-settings-during-the-coronavirus-covid-19-outbreak/2020-week-43>.

<sup>10</sup> <https://www.ifs.org.uk/publications/15268>.

support to businesses, such as the furlough scheme, the Self-Employment Income Support Scheme (SEISS), business loans, and business rates relief.

### Further education and skills

The government has also provided £450 million in additional support measures for further education, skills and adult education. A large part of this extra support came through the Plan for Jobs in Summer 2020, though further measures were also announced at Budget 2021. This includes:

- **£140 million for financial incentives to hire new apprentices.** This covers spending on incentive payments of £2,000 for under-25s and £1,500 for those aged 25 and over up to March 2021. The government has since increased these payments to £3,000 for new apprentices of all ages from April 2021,<sup>11</sup> which is likely to add to spending.
- **£190 million for traineeships for young people aged 16–24.** This was first announced in the 2020 Plan for Jobs and was extended at Budget 2021. The cost is, however, due to be lower than initially assumed (£240 million in total across the Plan for Jobs and Budget 2021), suggesting take-up has been slightly lower than expected.
- **£50 million in support for school and college leavers** aged 18–19 to remain in education whilst employment opportunities are reduced. This expected spend calculated by the National Audit Office (NAO) is much less than the £100 million allocated in the Plan for Jobs. This is likely to be because students found it difficult to take advantage of the offer during the disruption to face-to-face learning in Autumn 2020 and the national lockdown from January 2021.
- **£7 million extra for the National Careers Service** to provide additional advice to jobseekers. This is notably lower than the £32 million allocated in the Plan for Jobs.

<sup>11</sup> <https://www.gov.uk/guidance/incentive-payments-for-hiring-a-new-apprentice>.

- **£65 million for other areas of support**, such as £12 million in relief for providers, £7 million for free meals and devices for disadvantaged learners, and £47 million extra for sector-based work academies to provide additional vocational training.

Given the economic uncertainty faced by firms and social distancing requirements, apprenticeships are an area where there is likely to be a significant underspend. The latest figures show that apprenticeship starts in 2020–21 were about 20% down on the equivalent point in 2019–20.<sup>12</sup> However, the apprenticeship budget is hypothecated, so any underspending on provision of apprenticeships could only fund the additional financial incentives to hire new apprentices.

## Higher education

The government has also provided some additional support to higher education providers and students. This includes £70 million in a hardship fund for students through the DfE. It also includes about £300 million in expected restructuring relief for providers at risk of insolvency, though no applications were made up to April 2021, suggesting actual spending might turn out to be quite low.

In addition, the Department for Business, Energy and Industrial Strategy (BEIS) has made available £280 million in extra research funding (£80 million of which was to come from underspend due to COVID-19 restrictions).<sup>13</sup> It has also made available low-interest loans and grants for universities to cover up to 80% of their losses from lower international student enrolments this year, but only up to the amount of an institution's pre-pandemic research income from businesses and charities. As these funds come with restrictive conditions, and international student recruitment for the 2020–21 academic year seems to have been stronger than expected, take-up is likely to be very low. The government has currently set aside £32 million for the costs of the programme (£22 million of which is capital spending).<sup>14</sup> Universities

<sup>12</sup> <https://explore-education-statistics.service.gov.uk/find-statistics/apprenticeships-and-traineeships/2020-21>.

<sup>13</sup> <https://www.gov.uk/government/publications/support-for-university-research-and-innovation-during-coronavirus-covid-19>; <https://questions-statements.parliament.uk/written-questions/detail/2020-06-26/65135>.

<sup>14</sup> <https://committees.parliament.uk/publications/4816/documents/48467/default/>.

have also been eligible for the government's general COVID-19 support schemes for businesses, including business loan schemes.

## Summary and conclusions

The government is due to spend a total of £4.3 billion on education in response to the pandemic, with most of this focused on catch-up and supporting schools during the pandemic. However, the full package covers a variety of forms of support, including the holiday and activities programme, traineeships, and a hardship fund for students.

Whilst this package of total support is clearly substantial, it is not clear whether it fully covers the extra costs faced by schools or other providers during the pandemic. In the future, we will be tracking expenditure patterns to understand better how schools and other institutions responded to the pandemic, and the resulting state of their finances.

About £1.3 billion or 30% of this total spending is currently due to be covered from existing budgets or underspending in other areas of the education budget. It is not possible to match these up exactly with extra spending. The apprenticeship budget is one area where an underspend is highly likely, though this could only fund the additional incentives to hire new apprentices. The government may also choose to add to the £3.0 billion in COVID-related funding in 2022–23 as part of the forthcoming Spending Review.

Looking to the future, the government is widely expected to publish a long-run plan for education recovery in the coming weeks, responding to the recommendations of the Education Recovery Commissioner. If, as seems likely, this places extra responsibilities and expectations on schools and other providers, it will be crucial to understand how much extra funding is attached. As we move back to normal life after the pandemic, there will be less scope to fund additional funding from underspends elsewhere. The underlying state of school finances, and those of other providers, will also be critical in determining the extent to which they can take on extra responsibilities from within their existing budgets.