Policy costings on Coram's Charter for Children, 2023 – Technical Note

This note gives the results for the analyses and provides detailed explanation of the methods used for each of the costings for Charter for Children, 2023.

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Total costings for i) increasing UK schools spending per pupil in line with real GDP growth, ii) triple locking the child-related benefit payments, iii) extending eligibility for Free School Meals increasing the Early Years Pupil Premium to match the Pupil Premium and increasing Universal Credit and contributory benefits rates for under-25 claimants to match that for claimants aged 25 and over would cost **£16.2 – £17.7 billion per year in 2023/24 prices for the UK**.

That equates to 0.6% - 0.7% of UK GDP in 2022/23.[1]

School Spend

Costing 1: Increasing UK schools spending per pupil in line with real GDP growth (above price inflation) over the next 10 years

The cost of guaranteeing that **per-pupil school spending** would rise in line with the size of the economy over this period, would cost an estimated **£7.1 – £8.2 billion per year** in 2023-4 prices for the UK at the end of the next decade, compared to simply increasing spending in line with inflation.

This is based on the results from two scenarios of growth: (a) based on OBR forecast growth and (b) historical trends growth (see *GDP Growth calculations* section below for more details) as set out in Table A and B in the Annex.

Current spending in England per pupil is £7,460 and total spending on schools is £57.3 billion.[2] According to the Office of National Statistics forecasts the population of school age children in England is expected to fall by around 8 per cent between 2024 and 2034.[3]

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[1] Real GDP in 2022-2023 is £2,552 billion. Source: https://obr.uk/public-finances-databank-2023-24/

[2] Source: https://educationhub.blog.gov.uk/2023/04/26/school-funding-everything-you-need-to-know/

[3] Note that this is calculated for children aged 5-19. Ideally age 5-16 would be used but the forecasts are done in 5 year age bands. Source: Office of National Statistics. 2020-based Interim National Population Projections. For England and UK population in age groups, January 2022. Available at: https://www.ons.gov.uk/peoplepopulationandcommunity/populationandmigration/populationprojections/datasets/tablea24principalprojectionenglandpopulationinagegroups (England) https://www.ons.gov.uk/peoplepopulationandcommunity/populationandmigration/populationprojections/datasets/tablea21principalprojectionukpopulationinagegroups (United Kingdom).

As shown in Table 1 the OBR forecast (scenario a) results in an increase in spending on schools of 7.1 and 8.2 billion for the historic trends (scenario b) for England. This has then been adjusted the projected number of school age children in the UK based on the simplifying assumption that spend per pupil in Wales, Scotland and Northern Ireland would be the same as that in England.

Table 1 Real increase in school spend if spending grows with real GDP by 2033/34 (2023/24 prices)

	Per pupil	Per pupil increase	Total spend (£bn). (England)	Total Increase (£bn) (for England)	Total Increase (£bn) (for UK)
Baseline (based on current spend)	£7,460		57.3		
(a) OBR forecast growth spend	£8,890	£1,430	63.6	6.3	7.1
(b) Historical trends growth spend	£9,032	£1,572	64.6	7.3	8.2

Child-related benefit payments

Costing 2: Triple locking child-related benefit payments for 10 years, and ending 2-child limit on Universal Credit

The **cost of 'triple locking' child-related benefit payments** (including Universal Credit child additions and Local Housing Allowance rates, work allowances for families, and childcare allowances and Child Benefit) and ending the 2-child limit on Universal Credit would equal **£6.11 – £6.45 billion per year** in 2023-4 prices for the UK at the end of the next decade.

As with costing 1 on school spend, calculations have been modelled under two scenarios (a) OBR forecast growth and (b) historical trends growth.

As set out in Table C in the annex, for (a) the OBR provides forecasts for the triple lock from 2024/25 to 2028/29 (inclusive).[4] For 2029/30 and subsequent years up to 2033/34 (where the OBR has not yet published forecasts) it has been assumed that the annual triple lock increase is 2.8% (based on the OBR's long-run average forecast). To calculate the real increase in benefits for 2029/30 to 2033/34 compared to the CPI the OBR's CPI forecasts have been used, assuming that CPI is 2.0% (in line with the OBR's long-run assumptions). The model results in a real terms increase in triple-locked benefits (above CPI) of **9.0%** in total.

For (b) the historic trends growth (shown in Table D in the annex) the triple-lock uprating for the ten years 2011/12 through to 2021/22 is used. These years have been chosen because 2011/12 was the first year that the triple lock was fully in operation for the State Pension, and 2021/22 was the last year before the triple lock was temporarily suspended for 2022/23 (due to earnings rising sharply in 2021 after falling in 2020 because of the Covid-19 pandemic).

[4] OBR's *Economic and Fiscal outlook*, November 2023, Table A.3. https://obr.uk/efo/economic-and-fiscal-outlook-november-2023/

Overall, for pre-2016 retirees State Pension grew from £102.15 to £137.60 over this period – an increase of 34.7% in nominal terms. The CPI grew by 22.4% over the same period. Comparing these indices leads to a real-terms increase in triple-locked benefits of **10.0%.**

These benefit rate increases were run through the Landman Economics tax-transfer model[5] to estimate the total increase in benefit spending resulting from the triple lock uprating. Table 2 below show increases in spending on Universal Credit, Child Benefit by 2033/34 under both scenarios (a) OBR forecast growth and (b) historical trends growth. Note that these spending totals are deflated to 2023/24 (i.e. real not nominal) price levels and that spending is adjusted for forecast change in child populations across the UK.[6]

Table 2: results from triple-locking benefit spending for 10 years (adjusted for forecast change in UK child population, 2024-34)

Scenario	Increase in Universal Credit spending (£bn)	Increase in Child Benefit spending (£bn)	Total increase in spending (£bn)
a: Forecast	5.22	0.89	6.11
b: Historic	5.46	0.99	6.45

Free School Meals (FSM)

Costing 3: Extending eligibility for Free School Meals to all school pupils on Universal Credit and all primary school pupils

Extending the eligibility for Free School Meals to all school pupils on Universal Credit in the UK would cost **£1.15 billion per year** in 2022-23 prices.[7]

Extending the eligibility for Free School Meals to all primary school pupils would cost an additional **£0.78 billion per year** in 2022-23 prices.[8]

These were modelled in detail by IFS this year[9].

[5] For details of the methodology of the Landman Economics tax-transfer model see Portes, J and Reed, H (2018), *The Cumulative Impact of Tax and Welfare Reforms*, Equality and Human Rights Commission. https://www.equalityhumanrights.com/sites/default/files/cumulative-impact-assessment-report.pdf

[6] Office of National Statistics. 2020-based Interim National Population Projections. For the UK population in age groups, January 2022. Source: https://www.ons.gov.uk/peoplepopulationandcommunity/populationandmigration/populationprojections/datasets/tablea21principalprojectionukpopulationinagegroups.

[7] Costed at £950 million for England and £200 million for Scotland, Wales and Northern Ireland.

[8] Approximately 64% of primary school pupils not getting FSMs are not on UC - so the cost of extending eligibility for FSMs to all primary school pupils in addition to extending eligibility to all pupils in families claiming UC is £780 million (66% of the IFS costed £1.18bn).

[9] Cribb, J., C. Farquharson, A. McKendrick, & T. Waters (2023). *The policy menu for school lunches: options and tradeoffs in expanding free school meals in England*. Institute for Fiscal Studies https://ifs.org.uk/sites/default/files/2023-03/The-policy-menu-for-school-lunches-options-and-trade-offs-in-expanding-free-school-meals-in-England.pdf.

Early Years Pupil Premium

Costing 4: Increasing the Early Years Pupil Premium to match the Pupil Premium for school age children

The cost of increasing the Early Years Pupils premium to match the per-hour rate of the Pupil Premium for school age children would be **40.5 million per year** in 2023-4 prices for the UK at the end of the next decade adjusting for population change**.**

While a detailed cost of the current Early Years Pupils Premium (EYPP) could not be found, figures suggest approximately £40 million is spent per year in England.[10]

Current per hour spending on EYPP was calculated at £23.53 per hour, whereas Pupil Premium in schools was calculated at £44.62 per hour. Increasing the EYPP to match the Pupil Premium in schools would cost approximately £35 million a year for England, and 40.5 million for children in the UK.

Benefits for under 25s

Costing 5: Increasing Universal Credit and contributory benefit rates (JSA, ESA) for under-25 claimants to match that for claimants aged 25 and over

The cost of Universal Credit and contributory benefit rates for adults aged under 25 increasing to match the generosity for claimants aged 25 and over would be approximately **£640m** if implemented in 2023/24.

This was estimated using the Landman Economics tax-transfer model[11] and comparing the current baseline (2023/24) tax-benefit system with a system where Universal Credit and contributory benefit rates for adults aged under 25 were increased to match the generosity for claimants aged 25 and over.

[10] Foster, D. (2023) Early years funding in England. House of Commons Library. https://researchbriefings.files.parliament.uk/documents/CBP-8052/CBP-8052.pdf
[11] http://www.landman-economics.co.uk/research/

Annex

GDP Growth calculations

Costing 1 and 2 have been based on having modelled the cost under two scenarios for GDP growth:

a) GDP grows in line with OBR **forecasts** for 2023/24 to 2033/34.
b) GDP grows in line with **historical** GDP trends over the period 2009/10 to 2019/20 over the period 2010-22

For scenario (a), Table A in annex shows the real GDP forecasts starting in 2023/24 out to 2033/34 (i.e. a ten year period). The real GDP forecasts up to 2028/29 (inclusive) are taken from the OBR's *Economic and Fiscal Outlook*, November 2023, Table A.3 ("Determinants of the Fiscal Forecast"). The OBR does not publish real GDP forecasts further than five years into the future, so for 2029/30 and subsequent years it has been assumed that real GDP will gradually rise to reach the OBR's long-run GDP annual growth forecast of 2.0%.[12] This methodology produces assumed real growth over 10 years of **19.2%.**

For scenario (b) Table B in the annex uses real GDP data from the period 2009/10 to 2019/20 – the most recent 10 years of GDP data prior to the Covid-19 pandemic which produced two years of very distorted GDP data which could otherwise affect the results. The table shows the calculations of real GDP growth over the 2019/20 period using nominal GDP data and GDP deflator data from the OBR's *Public Finances Databank* to produce the real GDP figures.[13]

This methodology produces assumed real growth over 10 years of **21.1%** - slightly higher than (a) using the OBR forecast data. This reflects the fact that growth in the first few years of the OBR forecast period is below long-run trend.

[12] As set out here, https://obr.uk/box/productivity-growth-long-term/
[13] As set out here, https://obr.uk/download/public-finances-databank-november-2023/

Table A: REAL GDP FORECASTS, 2023-24 to 2033-24

Year	**2023-24**	**2024-25**	**2025-26**	**2026-27**	**2027-28**	**2028-29**	**2029-30**	**2030-31**	**2031-32**	**2032-33**	**2033-34**	**Growth 23-24 to 33-34**
Real GDP forecast		0.9%	1.5%	2.0%	1.9%	1.7%	1.8%	1.9%	2.0%	2.0%	2.0%	19.2%
Index (2023-24=1.000)	1.000	1.009	1.024	1.045	1.064	1.083	1.102	1.123	1.145	1.168	1.192	

Source: OBR's Economic and Fiscal outlook, November 2023, Table A.3. https://obr.uk/efo/economic-and-fiscal-outlook-november-2023/

Table B: HISTORIC GDP TIME SERIES, 2009/10 to 2022/23

Year	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	Growth over 10 years	2020/21	2021/22	2022/23
Nominal GDP	1557.0	1627.8	1673.2	1725.3	1803.9	1875.4	1932.1	2013.6	2098.8	2173.7	2244.5	**21.1%**	2085.1	2361.5	2552.2
GDP deflator	75.3	76.7	78.0	79.4	81.0	82.0	82.6	84.4	85.7	87.5	89.6		94.5	93.8	100.0
Real GDP	2069	2123	2145	2172	2227	2288	2340	2385	2448	2483	2505		2207	2519	2552
Growth		2.6%	1.0%	1.2%	2.6%	2.7%	2.3%	1.9%	2.6%	1.4%	0.9%		-11.9%	14.1%	1.3%
Index (2009-10 = 1.000)	1	1.026	1.037	1.050	1.077	1.106	1.131	1.153	1.183	1.200	1.211		1.067	1.218	1.234

Source: OBR's Economic and Fiscal outlook, November 2023, Table A.3. https://obr.uk/efo/economic-and-fiscal-outlook-november-2023/

Table C Scenario a: Forecast growth

Year	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	OBR forecast % increase

Forecast CPI (fiscal year)	10.0%	6.1%	3.0%	1.6%	1.5%	1.8%	2.0%	2.0%	2.0%	2.0%	2.0%	
CPI index	1.000	1.100	1.167	1.202	1.221	1.240	1.262	1.287	1.313	1.339	1.366	
Forecast AWE (fiscal year)	6.1%	6.2%	3.3%	1.9%	2.2%	2.6%	2.8%	2.5%	2.5%	2.5%	2.5%	
AWE index	1.000	1.061	1.127	1.164	1.186	1.212	1.244	1.279	1.310	1.343	1.377	
Triple lock guarantee	10.1%	8.5%	3.6%	2.5%	2.5%	2.5%	2.8%	2.8%	2.8%	2.8%	2.8%	
Triple lock index	1.000	1.101	1.195	1.238	1.269	1.300	1.333	1.370	1.408	1.448	1.488	**9.0%**

Source: OBR's Economic and Fiscal outlook, November 2023, Table A.3. https://obr.uk/efo/economic-and-fiscal-outlook-november-2023/

Table D. Scenario b: historic growth based on 2011-21 uprating

Year	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	Total uprating 2011-21
State pension (pre-2016 version) - for triple lock calculations	97.65	102.15	107.45	110.15	113.1	115.95	119.30	122.30	125.95	129.20	134.25	137.60	34.7%
CPI (September figure used for next April's uprating)	89.1										109.1		22.4%
Real growth (relative to CPI) in triple lock:													**10.0%**

Source: OBR's Economic and Fiscal outlook, November 2023, Table A.3. https://obr.uk/efo/economic-and-fiscal-outlook-november-2023/