

2013/23

21 March 2013

## Pocket Watch – Anything in the Budget for education?

### Introduction

Sandwiched between last year's 'pasty tax' Budget and this year's potentially more significant 2015/16 spending announcements, this week's **Budget** announcements were always going to be more of a low key affair. The Chancellor did manage to spring a few surprises but in truth most of the announcements for education and skills at least had been made either in the December 2012 Autumn Statement or in the days leading up to this Budget

In all, three broad messages stood out. First, and no surprise as it's been the subject of debate for some time, things are tough and likely to remain so for some time. Growth forecasts for this year have been downgraded from 1.2% to 0.6%, rising to just 1.8% next year and 2.3% in 2015, inflation is not due to return to target until 2016 and while employment was revised upwards, figures released on the same day pointed downwards. Second, and also no surprise, the Government is sticking with its economic plans so the 80:20 efficiency to tax rise ratio remains and was reinforced by the 1% Dept budget cuts for each of the next two years, although schools are protected. Third, the emphasis on aspiration: *"this is a Budget for those who aspire to own their own home, who aspire to get their first job or start their own business,"* offers further proof that the Conservatives are building an election strategy around the 'aspiration nation' concept developed by David Cameron last year

As for education and skills, with announcements on Heseltine's Single Local Growth Fund, apprenticeship development and the Government's Industrial Strategy all made in the days before, the Chancellor was largely left crossing 'ts' and dotting 'is.' Key points are listed below

### Key points

- Schools. The DfE to conduct a review of efficiency in the school system. Given it's to report alongside the June 2015/16 spending announcements, that means soon
- Pay. Limited to an average of up to 1% up to 2015/16 and to be based increasingly on performance rather than time serving. Implementation for teachers already announced
- Growth. As part of the Growth Plan, 100 free schools are expected to open in 2013, 30 UTCs by Sept 2014, 3 more Catapult Centres by June 2013 and up to £240m skills funding channelled to employers. Progress continues to be made on a further 8 of the listed 12 education and skills growth measures including qual reform, apprenticeships and STEM
- Skills. £1.6bn has been set aside to support the 11 key economic sectors in the Industrial Strategy (automotive, aerospace, life sciences, agri-tech, prof business services, information economy, construction, education, nuclear, oil and gas, off shore wind.) Further sector strategies published this year, life sciences and aerospace already published
- Digital. £8m for each of the next two years to support skills development in the UK digital content industries with a further matched funding project for digital content production
- HE. Further review of the case for extending VAT exemption to for-profit providers of HE including possible changes for FE
- Jobs. The introduction from April 2014 of a £2,000 Employment Allowance towards NI contributions to help with recruitment
- Heseltine and Richard Reports: as per previously announced responses
- 2015/16 Spending Round. D day set for June 26



**Steve Besley**

Head of Policy (UK and International)

Pearson Think Tank

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**Budget March 2013**