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Pocket Watch – Education shapes up for a difficult Spending Round

Introduction

Fears are growing that the 2015/16 Spending Review, which kicked off formally two weeks ago, may be one of the most difficult if not bloody yet. The Comprehensive Spending Review in 2010 introduced sweeping cuts across public spending Depts in the hope that things would pick up by 2014 but that has yet to materialise. The economy may be 'healing' but it's proving to be a tiresome patient and the Chancellor's recent dose of medicine adding a further £1.5bn of 'savings' to the £10bn already called for let alone the additional £1bn+ of resource 'savings' for Dept budgets for 2013/14 and 2014/15 have added to the anxiety. It means that Depts go into this Review anxiously scanning budget sheets in case further cuts are called for while trying to fend off other Dept predators where necessary. No wonder it's been dubbed 'the Hunger Games.' This is how things look in education as the Treasury gets down to work

Schools and 16-19

- Current budget: £53.1bn for 2013/14, of which £7.4bn for 16-19, indicative £53.8bn for 2014/15
- Buttressed by rising pupil premium and minimum per pupil funding guarantees but facing restricted pay increases, commissioned services and priority based capital funding
- Introduction of new national formula for schools put off until after the election but new per learner funding model for 16-19 year olds coming in from this September
- 4 key issues: effect of funding changes on programme sizes; impact of current Efficiency Review; nature of more autonomous school system; how far schools can remain protected

FE and adult skills

- Current budget: £4bn for 2013/14, indicative £4bn for 2014/15
- £270m added for capital projects but facing pay restraints, transfer out of funds for loans and employer pilots, and reductions in the teaching and learning budget
- 'Streamlined' funding system and new 24+ tuition fee loan model being introduced from Sept 2013, some protection in the form of a transition factor
- 4 key issues: shift away from grants to direct funding of employers; impact of current reviews into take-up and 'worth' of particular qualifications; impact of fee loan system on client demand and client relationships; implications of a Single Local Growth Fund

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- Current budget: £4.4bn for 2013/14, indicative £3.6bn for 2014/15
- Sector reportedly in 'sound financial health' but staff costs down, total income down and future demand uncertain
- New tuition fee loan system introduced Sept 2012, impact variable, potential easing up on student number controls but within managed conditions
- 4 key issues: growing concerns about sustainability of current funding model; nature of future student numbers control including visa arrangements; research exercise driving further divisions within the sector; implications of any surge in online learning



Steve Besley

Head of Policy (UK and International)
Pearson Think Tank

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