

2013/46

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Pocket Watch – What's in the Spending Round for education?

Introduction

There's still some detail to be added to this week's spending **announcements**, for example the DfE will consult this autumn on how best to reduce central education support for schools while BIS will look at options for direct funding to employers for apprenticeships, but the big picture is clear enough, in some cases perhaps, too clear. The economy, as the Chancellor put it, may be coming out of intensive care but the recovery depends on taking the medicine for some time yet. *"This country has to continue to make savings."*

As it is, Ed Balls has already said that Labour would complete 'a zero-based examination of every pound we spend in every dept including ring-fenced depts within the first year of a new Labour government' while the Chancellor acknowledged in his speech that *"figures today show that until 2017/18, the total amount of government spending will continue to fall in real terms at the same average rate as it is falling today."*

There has therefore been a strong sense of political positioning around these latest spending announcements particularly as the majority of them do not come in until election year, 2015.

General Context

For the moment, however, as he indicated in his Budget earlier this year, the Chancellor was looking to make £11.5bn worth of savings for 2015/16. A good chunk of these have come from central government itself: *"we have been combing through Whitehall, driving out costs, renegotiating contracts and reducing the size of government,"* the rest is coming from public spending Depts like DfE and BIS where the Chancellor has applied three tests: reform (delivering services efficiently;) growth (contributing to growth) and fairness.

The spoonfuls of sugar, such as they are, are that further cuts mean that a bit more money can go into capital spending, schools, roads, houses and so on as indicated in the subsequent **infrastructure plan**; the aim here is to increase capital spending by £3bn a year by 2015/16. Also that the current funding protections can remain at least until 2015/16 for areas like health, schools and international development and further that some money can be ploughed into such important projects as the Troubled Families programme, the pooled programme for health and social care services for older and disabled people, and the setting up a new fund to support national security.

The rather more bitter pills include the limiting of public service pay awards to 1% in 2015/16, this coming on top of the removal of automatic time-served progression pay already due to come in for school teachers this September. Also, the introduction of a cap on welfare spending with some new measures around work search and, for university students, the freezing of maintenance grants.

Some of the details for the education sector

There's a mix of good and bad news for each sector in education as follows.

For schools

- The good news includes:
 - A small increase (one of only three depts to get an uplift) in the DfE's overall resource budget for 2015/16, up from £52.8bn to £53.2 bn
 - Continuing commitment to protect both the overall budget and the pupil premium 'in real terms' and to continue to provide free early education for all 3/4 year olds
 - Commitment to fund over 275,000 new primary and 245,000 secondary places and rebuild 150 schools in most urgent need of repair

- The not so good news includes:
 - The budget protection covers 'reception to year 11' meaning potential further 'efficiencies' expected for 16-19
 - Continuing pressure on securing efficiencies in how schools operate. One of the proposals coming out of the earlier efficiency review for schools for instance is the development of a benchmarking report card of schools' key financial and performance data
- Other announcements include:
 - Funding will be provided to expand the school system reform programme, allowing for more academies, up to 180 new Free Schools, 20 new UTCs and 20 new Studio Schools
 - The Dept will consult on how best to reduce central education support by about £200m, "enabling local authorities to focus on their core role on schools"

For FE and skills

- The good news includes:
 - A continuing commitment to capital funding, the overall capital budget for the dept increases from £2.1bn to £2.5bn by 2015/16. Not all of this is for the FE sector but it ensures the initial commitments set in the 2012 Autumn Statement are continued
 - Maintained levels of funding on 19+ apprenticeships
- The not so good news includes:
 - A cut of 6% in the dept's overall budget
 - A cut of £260m to the overall FE budget, some to come from non-core spending and some from prioritising high-value qualifications following the as yet uncompleted Whitehead Review
- Other announcements include:
 - Further consideration of the options for direct funding of employers providing apprenticeships as part of the implementation of many of the Richard reforms
 - A commitment, but no date given, to extend traineeships to 19-24 yr olds
 - Some changes to benefits including requirements for English language levels and the introduction of upfront work search
 - The allocation of £500m of skills funding through local growth plans
 - £2bn a year for each year of the next Parliament to support the (Heseltine) Single Local Growth Fund, additional funds also for City Deals, Enterprise Zones and the Regional Growth fund

For HE

- The good news includes:
 - Maintenance of the science resource budget with an increase in capital spending
 - Additional £185m to support knowledge transfer and innovation and in particular the development of the identified 'Eight Great Technologies'
- The not so good news includes:
 - The reduction in the dept's overall budget
 - The freezing of student maintenance grants
 - The cut of £45m to the teaching grant
- Other announcements include:
 - The transfer of National Scholarship Programme funding to support postgrads from disadvantaged backgrounds



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