

## March 2020 Budget representation to HM Treasury from the Association of School and College Leaders

### A. Introduction and summary

- 1 The Association of School and College Leaders (ASCL) represents nearly 19,000 education system leaders, heads, principals, deputies, vice-principals, assistant heads, business managers and other senior staff of state-funded and independent schools and colleges throughout the UK. ASCL members are responsible for the education of more than four million young people in more than 90 per cent of the secondary and tertiary phases, and in an increasing proportion of the primary phase. This places the association in a strong position to consider this issue from the viewpoint of the leaders of schools and colleges of all types.
- 2 ASCL recognises the financial issues that the country is facing and the need for HM Treasury to prioritise spending allocations. However, we are equally aware of the critical importance of our education system to the country's long-term prosperity post-Brexit.
- 3 Our education system should prepare young people for life in a global, digitised community while continuing to equip them with the core skills, knowledge and understanding they need in their adult lives. The long-term economic well-being of the country will depend on us having a well-educated, highly skilled workforce. The funding of education must therefore be seen as a necessary investment.
- 4 ASCL welcomed the spending pledges of September 2019, and is pleased that government acknowledges the severity of the situation that exists across the sector. However, we do not think the 2019 spending round pledges go far enough. We urge the government to use the March 2020 budget as an opportunity to build on the progress made last year.
- 5 ASCL calls on the government to address the following as funding priorities for education:
  - a) Fully fund the cost pressures associated with increased starting salaries for teachers, and the impact of this across all pay ranges, in line with recommendations by the STRB. This funding should be in addition to the September spending pledges.
  - b) Tackle the underfunding in post-16 education. Raise the rate to at least £4,760 per year (Research from London Economics found that this was the minimum level of additional funding required) and then raise the rate in line with inflation each year.
  - c) Increase the age weighted pupil unit (AWPU) value to reflect the acknowledged minimum per pupil funding levels, so that 100% of the funding allocated to additional needs via the current national funding formula (NFF)

factor values can provide targeted support to those pupils who are eligible for it.

- d) Increase funding for special educational needs and disabilities (SEND) to offset the projected deficit (£1.2 billion) in 2021.
- e) Provide sufficient capital funding to properly maintain the school and college estate, enabling institutions to effectively address the environmental challenges of sustainability and to provide learners of all ages with access to 21<sup>st</sup> century technology.
- f) Extend the pupil premium to 16-18 year-olds.

## **B. Special educational needs and disabilities (SEND)**

- 6 The Education Select Committee<sup>1</sup> reported that SEND funding is completely inadequate. We welcome the additional £780 million into the high needs block in 2020/21. However, this falls considerably short of the £1.2 billion required to offset the projected deficit in 2021<sup>2</sup>.
- 7 The paucity of SEND funding is causing significant issues for our most vulnerable children and young people. The Education Health and Care Plan (EHCP) should be the scaffold for planning and progress of individuals with complex learning profiles; instead it is increasingly being seen as the only way of securing additional funding. As a result, early intervention opportunities are being missed. ASCL believes that this is a result of support being planned according to financial constraint rather than pupil need.
- 8 The prolonged implementation of the NFF as a 'soft' formula means that funding for SEND continues to be ambiguous at local level. Local Authorities continue to transfer funds from the schools block to meet local demand for SEND. This is blurring the lines between the allocations to the high needs block and their inadequacy.

## **C. School funding for 5-16 year-olds**

- 9 The additional £7.1 billion pledged for the core schools budget by 2022/23 is a step in the right direction. However, according to the IFS<sup>3</sup>, this will only just reverse the 8% real terms cuts experienced since 2010. In other words, we will have had no real terms growth in per pupil funding for 13 years.
- 10 The 'levelling up' commitment of minimum per pupil funding to £4000 per primary pupil and £5000 per secondary student demonstrates a move towards a more equitable distribution system. However this is, in our view, let down by the applied calculation methodology.
- 11 The minimum per pupil funding level should correlate, in our opinion, to the AWPU or basic per pupil funding (Block A) in the NFF. In fact, the calculation applied in the

---

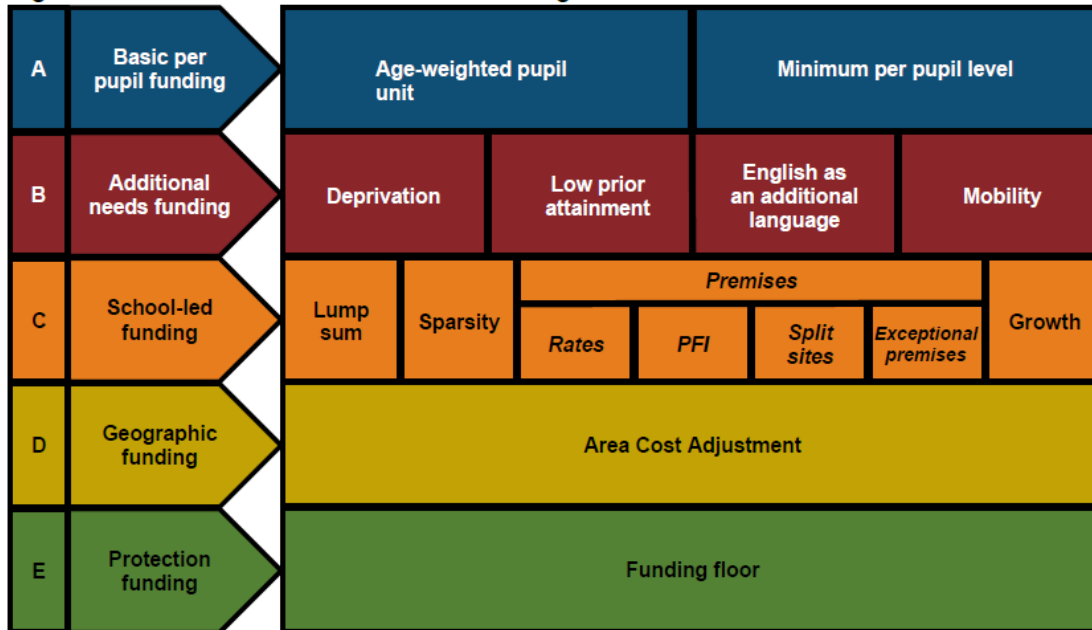
<sup>1</sup> <https://www.parliament.uk/business/committees/committees-a-z/commons-select/education-committee/news-parliament-2017/school-and-college-funding-report-published-17-19/>

<sup>2</sup> <https://static1.squarespace.com/static/5ce55a5ad4c5c500016855ee/t/5d1cdad6b27e2700017ea7c9/1562172125505/LGA+HN+report+corrected+20.12.18.pdf>

<sup>3</sup> <https://www.ifs.org.uk/election/2019/article/school-spending>

levelling-up process considers pupil-led factors in Block A and B of the NFF, and elements of Block C (see diagram below).

**Figure 1: Factors in the schools national funding formula**



- 12 What this means is that extra funding for levelling-up is skewed towards schools whose pupils attract low levels of additionality (Block B) funding. Schools in low-funded areas with high levels of deprivation continue to have to use additionality funding (Block B) to subsidise insufficient allocation of AWPU.
- 13 In July 2019 the Education Select Committee<sup>4</sup> called for the AWPU to be revised following a comprehensive review of the real-world costs of school education. ASCL fully supports this recommendation.
- 14 Moreover, whilst the intention to level up is laudable, the way in which it is being implemented is flawed. The schools block indicative allocations for 2020/21<sup>5</sup> indicate that across Local Authorities in England the per pupil funding varies between £4427 and £6947.
- 15 In our report on *The True Cost of Education*<sup>6</sup> we estimated that the per pupil revenue required to meet the basic expectation on schools (we called this the entitlement model) to deliver a core curriculum is around £6000 (excluding geographic funding).
- 16 We welcome the proposal to increase the starting salary of teachers to £30 000 by 2022/23. However, if this is to have a significant impact on teacher recruitment and retention, all pay points and ranges must be uplifted in line with the new starting salary, so that the percentage differentials remain the same as they currently are, including in all the London weighting areas.

<sup>4</sup> <https://www.parliament.uk/business/committees/committees-a-z/commons-select/education-committee/news-parliament-2017/school-and-college-funding-report-published-17-19/>

<sup>5</sup> [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/838446/2020-21\\_NFF\\_SummaryTable.xlsx](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/838446/2020-21_NFF_SummaryTable.xlsx)

<sup>6</sup> <https://www.ascl.org.uk/Our-view/Campaigns/The-True-Cost-of-Education>

- 17 All cost pressures associated with increases in employer costs, including salary, National Insurance, and pension contributions, must be fully funded.
- 18 We welcome the commitment to fully fund the recent increase in employer contributions to teachers' pensions in addition to the £7.1 billion boost to the core schools budget. We urge the government to reflect the same approach to covering the full cost of the increase in the teacher starting salary.

#### D. How will the £7.1 billion be spent?

- 19 So far there is little information available regarding the distribution of the core schools budget past 2020. We are very concerned that the demands on this 'pot' may exceed its capacity. Our own high-level calculations are shown in the table below:

|                                |  |            |         |
|--------------------------------|--|------------|---------|
| High needs                     |  | 0.78       | billion |
| Levelling up <sup>7</sup>      |  | 0.3        | billion |
| Pupil growth <sup>8</sup>      |  | 1          | billion |
| Inflation                      |  | 2.4        | billion |
| Teachers pay 3%pa <sup>9</sup> |  | 2.3        | billion |
| Total                          |  | 6.78       | billion |
| Settlement                     |  | 7.1        | billion |
| <b>New money</b>               |  | <b>0.3</b> | billion |

- 20 This indicates that there will be around £300 million left for all schools to repair cuts made to staffing, courses and school improvement in previous years. We urge the government to make provision for funding the cost pressures associated with the increase in the starting salary to £30,000.

#### E. Schools understand the imperative to manage their resources effectively

- 21 ASCL welcomes the government's focus on aligning curriculum planning with financial planning, and targeting as much of the budget as possible into the classroom. Integrated curriculum and financial planning (ICFP) is not new. ASCL has been an advocate of this approach for decades. We know that many schools have made all sensible savings in line with an ICFP approach. They are now having to make choices about curriculum content based purely on affordability, rather than in response to the needs of the community they serve. Such decisions are a result not of inefficiency, but of insufficient funding.

#### F. Schools are becoming the fourth emergency service

- 22 In *The True Cost of Education*<sup>10</sup>, we reported that the breadth and scope of responsibilities placed on schools have increased, and that expenditure patterns have changed significantly over a similar period. Schools are spending more on activities

<sup>7</sup> <https://epi.org.uk/publications-and-research/analysis-the-prime-ministers-promise-to-level-up-school-funding/>

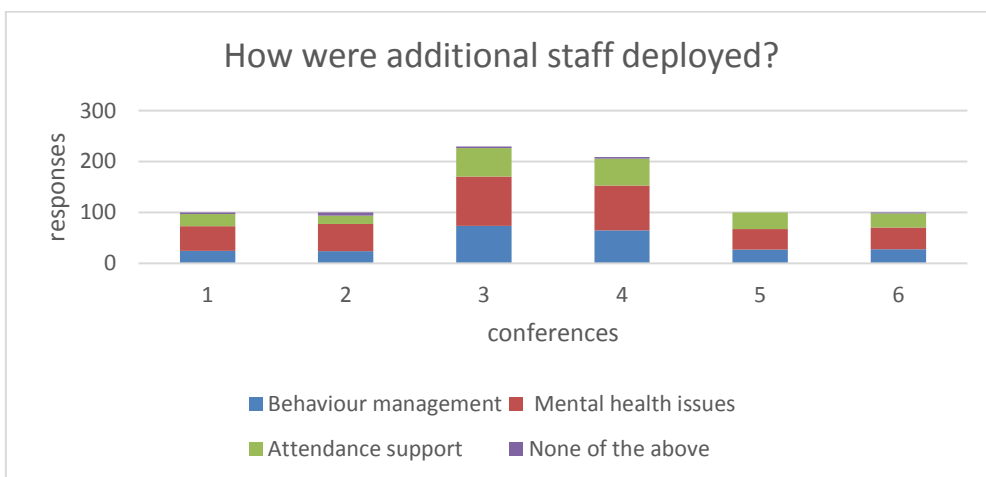
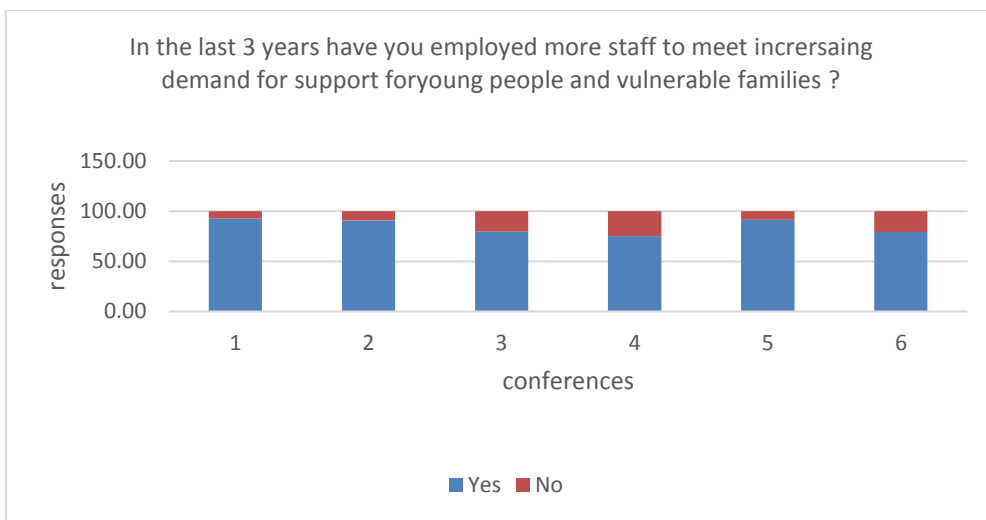
<sup>8</sup> [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/723730/2018Release\\_Projections\\_Tables.xlsx](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/723730/2018Release_Projections_Tables.xlsx)

<sup>9</sup> <https://www.gov.uk/government/publications/evidence-to-the-strb-2020-pay-award-for-school-staff>

<sup>10</sup> <https://www.ascl.org.uk/Our-view/Campaigns/The-True-Cost-of-Education>

which are not directly related to teaching and learning, such as pastoral and safeguarding responsibilities. In addition, schools have increasingly found themselves having to compensate for an erosion in local welfare and support services for vulnerable families. This has resulted in schools having to make increased provision to support children with complex needs at the same time as making cuts to their budgets because of prevailing funding pressures.

- 23 The evidence also shows an increase over time in the prevalence of mental health disorders in 5 to 15 year-olds, rising from 9.7% in 1999 and 10.1% in 2004, to 11.2% in 2017. <sup>11</sup> So, in a class of 27, we can expect that on average three children will suffer from a mental health disorder.
- 24 At ASCL's Regional Information Conferences this autumn, we surveyed delegates on how this issue is affecting their staffing and spending. Our findings are shown in the graphs below.



<sup>11</sup> [Mental health of children and young people in England 2017](#). NHS Digital. 22 November 2018.

## H. Capital funding for schools

- 25 All capital funding must be realistic in the context of schools and colleges being able to maintain appropriate premises and infrastructure in order to deliver quality education. Any allocation system must be transparent, fit for purpose and based on need.
- 26 In the TES-ASCL survey of 2018 70% of respondents reported that their school buildings were not fit for purpose; 46% told us that part of the school site had been closed due to the condition of the building. Perhaps most shocking was that less than 1% felt that the capital funding they received was sufficient to carry out all the work required.

## I. Post-16 funding

- 27 Education funding for 16 to 18 year-olds has been cut sharply since 2010. During that time, costs have risen significantly, the needs of students have become more complex, and the government has demanded much more of colleges and schools. However, the national funding rate for 16 and 17 year-olds has remained frozen at £4,000 per student, per year since 2013 (and was reduced to £3,300 per year for 18 year olds in 2014).
- 28 In July 2019, the Education Select Committee joined the Social Mobility Commission and the Ofsted Chief Inspector in calling for a significant increase in the national funding rate.
- 29 In the September 2019 spending round, the government announced that it would raise the rate for 16 and 17 year-olds to £4,188 per student.
- 30 The funding impact survey carried out by the Raise the Rate campaign in 2019 showed that:
  - a) 51% of schools and colleges have dropped courses in modern foreign languages
  - b) 38% have dropped STEM (Science, Technology, Engineering, Maths) courses
  - c) 78% have reduced student support services or extra-curricular activities – with significant cuts to mental health support, employability skills and careers advice
  - d) 81% are teaching students in larger class sizes
- 31 The increase to £4188 is a welcome first step, but research from London Economics has shown that the rate needs to increase to at least £4,760 per student, per year, to ensure that schools and colleges can continue to deliver a high quality, internationally competitive education. The ongoing underinvestment in 16-18 education is bad for students, bad for our international competitiveness and bad for social mobility.
- 32 The rate should be the same for all full-time 16,17 and 18 year-olds. In other words, we should remove the present illogical and discriminatory reduction in rate for 18 year-olds (as has been already agreed for T Level students).
- 33 At present the post-16 funding formula provides some additional disadvantage funding. However, this is less than what would be available if the pupil premium was applied instead, so this anomaly should be levelled up.

- 34 ASCL has contributed to the NAO study on managing college financial sustainability. We point out that the number of colleges has reduced by 26% since the Area Reviews started, yet colleges are improving the quality of their provision in terms of Ofsted good and outstanding grades (the 2020 Ofsted annual report states that good and outstanding colleges now make up 78% of the sector). This suggests that colleges are effective in managing their quality and are also good value for money.
- 35 The government's own party election manifesto, along with a number of research studies in 2019, including the post-18 review and the Education Select Committee and Pearson reports, demonstrated how significantly colleges contribute to the growth of the economy.
- 36 However, the Further Education sector has received progressively less funding per post-18 learner over the last ten years. And while the 2019 autumn statement include a small increase to 16-18 funding rates, and capital and development funding for T levels, the college sector still receives far less funding for its learners than secondary schools or higher education. We would therefore urge the government to increase the funding rate for post-16 and post-18 learners (as suggested by the post-18 review) by above the forecast CPI rate of 2% in 2021 and beyond.
- 37 We believe the funding deficit for post-18 learners in colleges could be addressed to good effect by transferring unused apprenticeship levy funding to include other post-18 education.
- 38 ASCL believes that 16-18 and adult bursaries are a key social leveller for learners, and we urge the government to increase the funding for student travel, especially in rural areas.
- 39 Whilst ASCL welcomes the additional T level funding commitments, these are not addressing the funding deficit post-16. The extra money is earmarked for additional teaching hours and, according to the Institute for Fiscal Studies (IFS), is therefore "unlikely to ease the resource challenges on the sector".
- 40 Moreover, we would ask that capacity and delivery funding for predecessor qualifications is not reduced until such time as the numbers for T levels are increased, the entry requirements for T levels are sufficiently tested, and progression of learners from levels 1 and 2 is clarified. We believe this will be achievable in 2025.
- 41 We welcomed the commitment to cover the increased employer contributions to the teachers' pension scheme for 2020/21. However, we urge the government to support the FE college sector in the same way as schools and to continue to provide grant funding for the FE sector teachers' pension scheme employer contributions.
- 42 In terms of the local government pension scheme employer's contribution costs, we point out that the costs of the scheme, at a time of improvement in pension fund performance, still increases for all providers.

## **J. Capital funding for colleges**

- 43 We welcome the manifesto promise of a colleges capital fund of £1.8 billion over five years, but note that only £125 million is currently earmarked for 2021-22. This will be insufficient when a quarter of college estate is in need of replacement. In particular, the IT infrastructure of colleges is generally not as advanced as it should be, given that the sector trains young people and adults for industry.

- 44 We therefore suggest that the capital funding for college estate is front-loaded to help address this issue.
- 45 A large number of colleges are now committed to reducing their carbon footprint, but lack significant funding to do so. We believe that capital funds should be more widely available as grants to colleges to demonstrate the gains which can be achieved through more sustainable buildings, IT-related developments, transport and utilities.

## **K. Conclusion**

- 46 We hope that this submission is helpful. ASCL would be pleased to discuss any aspects of our submission in more detail.

Julia Harnden  
Funding Specialist  
Association of School and College Leaders  
7 February 2020