

## 2018 Budget Representation to HM Treasury

### Response from the Association of School and College Leaders

- 1 The Association of School and College Leaders (ASCL) represents 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 puts 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.
- 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 for the future prosperity of the nation.
- 4 In the period 2009/10 to 2017/18, total school spending per pupil fell by 8% in real terms<sup>1</sup>. The additional £1.3 billion added to core schools funding over the period 2018 - 2020, and the £508 million teachers' pay grant (over the same period) are very welcome but necessary sums. However, it should be noted that these allocations hold total spending at a rate 4% lower in real terms than spending prior to 2015, and do not account for a series of unfunded costs, such as increased contributions to National Insurance, employer contributions to pensions, pay awards and the apprenticeship levy. Furthermore, these allocations are funding recycled from elsewhere within the current overall education budget. New money is urgently required to boost school budgets.
- 5 In 16-19 education the situation is even worse. Evidence indicates that when there are spending cuts, 16-19 provision suffers more than cuts to school spending and sees smaller rises when there are increases in public spending. ASCL is concerned that this indicates that 16-19 publicly funded education is considered of lower priority than publicly funded pre-16 education. It is astonishing that university tuition fees are charged at a maximum rate of £9,250 compared to a basic funding rate of £4,000 per pupil in sixth forms and colleges.
- 6 As leaders of the nation's schools and colleges, our members need to be given the resources to do their job on behalf of parents, employers and communities.

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<sup>1</sup> <https://www.ifs.org.uk/uploads/publications/comms/R150.pdf>

## School funding

- 7 ASCL believes that education is for the common good, and that government has a crucial role to play in ensuring that the system serves young people from all backgrounds equally well. We welcomed the introduction of a national funding formula (NFF) as a step towards an equitable distribution of revenue funding that facilitates every child having fair access to the education they need to succeed, at school or college and beyond.
- 8 The NFF is, however, a distribution methodology, and could never address the current insufficiency in the system. Furthermore, the NFF's potential for delivering equity of distribution cannot be realised until there is a clear road map for the transition to hard NFF. The roadmap must include confirmation of sufficient funding so that all four blocks within the Dedicated Schools Grant (DSG) are adequately funded to mitigate the risks of transfer between blocks. This flexibility perpetuates the inadequacy of the current system.
- 9 Since 2010 the total number of pupils in state funded primary and secondary schools has increased by over 500,000:

*Changes in pupil numbers: (state funded)*

2010 actuals: Primary 3,986,000; Secondary 2,865,000 (SFR31:2010)<sup>2</sup>

2017 actuals: Primary 4,583,000; Secondary 2,797,000 (SFR31:2017)<sup>3</sup>

- 10 During the 2000s, primary and secondary spend per pupil increased by around 5% each year. This ended in 2011/12 with spend frozen in real terms 2011/12 to 2015/16. (*IFS long run trends April 16*)<sup>4</sup>. However, it should be noted that it was only protected in real terms because of the introduction of the Pupil Premium Grant. The basic rate of per pupil funding was largely frozen in cash terms. As the purpose of the Pupil Premium Grant is to provide additional provision for disadvantaged children, the reality was that funding pressures accumulated in terms of core provision. (See p.29 of the IFS reported cited above.)

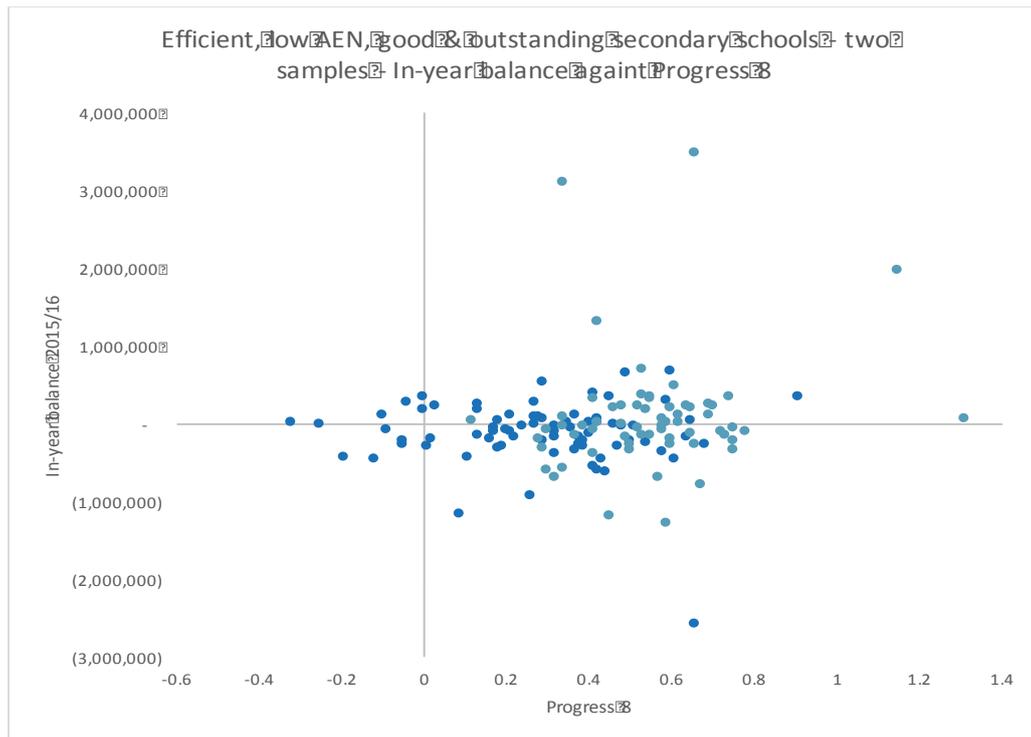
## Many good and efficient schools are overspending

- 11 ASCL has previously undertaken analysis of a sample of good, efficient schools with low levels of additional need to look at their income and expenditure, in order to get a picture of the minimum level of funding the current school system needs.
- 12 We have updated that analysis to extend the sample, focusing on schools identified as being in the top efficiency decile. Some of the original schools are no longer rated as good, some are not making expected progress or they were no longer classed as efficient. The spend data is from 2015/16. We found some concerning evidence that suggests the viability of the secondary school system may be misplaced.
- 13 Of the 131 secondary schools in the remaining sample (after eliminating those that no longer qualified), 56% of the schools (73 schools) spent more than their income in 2015/16. The full data set is shown in the chart below. Good results are being achieved, in many cases, on the basis of unsustainable budgets.

<sup>2</sup> [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/219354/osr31-2010.xls](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/219354/osr31-2010.xls)

<sup>3</sup> [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/627044/SFR31-2017\\_Projections\\_Tables.xlsx](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/627044/SFR31-2017_Projections_Tables.xlsx)

<sup>4</sup> <https://www.ifs.org.uk/publications/8236>



- 14 We know that more schools are working with in-year budget deficits<sup>5</sup> and that by implication reserves are reducing.
- The number of maintained secondary schools posting in-year deficits trebled between 2013/14 (8.8%) and 2016/17 (26.1%)
  - The number of maintained primary schools posting in-year deficits increased from 4% in 2015/16 to 7.1% in 2016/17.
- 15 This evidence is supported by ASCL's May 2018 funding survey for business leaders. Respondents told us that 50% did not have any free reserves, and 80% told us that those with free reserves had seen them fall in the last three years.
- 16 We believe in evidence-based policy making and are of the view that these trends provide clear evidence that there is insufficient funding in the system. We should not need to wait to see what will happen to our young people when schools can only deliver a deficit curriculum model.

### 16-19 Education

- 17 In 1990/91 spend per 16-18-year-old was 50% higher than spend per secondary pupil. In 2017/18 spend per 16-18 year old was 13% less than spend per secondary pupil and 40% less than students in HE. (*IFS long run comparisons*)<sup>6</sup>
- 18 Over the 2000s, FE spend per student increased by over 40%. Between 2010 & 2020 FE will have experienced a 13% cut, taking spend per student back to 1990 levels. School sixth forms have experienced an even more dramatic cut of 23% spend per student in the same period.

<sup>5</sup> [https://epi.org.uk/wp-content/uploads/2018/03/School-funding-pressures\\_EPI.pdf](https://epi.org.uk/wp-content/uploads/2018/03/School-funding-pressures_EPI.pdf)

<sup>6</sup> <https://www.ifs.org.uk/uploads/publications/comms/R126.pdf>

- 19 In March 2017, plans were announced to increase investment in 16–19 education for students studying technical courses. Whilst this is a welcome development, 16-19 education is much more than technical education. This increased investment will not impact on the vast majority of the cohort who are pursuing academic or applied general qualifications.
- 20 The government was right to identify that students studying technical courses require additional support to succeed, but the same is true of young people studying ‘A’ levels and applied general qualifications – particularly disadvantaged students. The decision to increase investment in technical, but not academic, education is also based on an incomplete analysis of the country’s productivity challenge. The high-skilled economy envisaged in the government’s Industrial Strategy will require leaders, scientists, technicians, engineers and others that in most cases will have followed an academic path during their sixth form studies.
- 21 According to government allocation figures in 2017/18<sup>7</sup>, the funding per pupil for 11-16 students (including additional funding for disadvantage) was £5341 (schools block) and £4545 for 16-19<sup>8</sup> students. Funding for 16-19 education needs to be increased by at least 17.5% to bring it in line with secondary age pupils.
- 22 Moreover, the national funding formula for pre-16 education has set a minimum per pupil funding level of £4800 for secondary schools for 2019/20. The 16-19 learner rate (currently £4000) for 16-19 should be increased by at least £800 per learner to bring it in line with secondary age pupils.
- 23 The comparison with HE of £9000 per learner, often for considerably fewer contact hours, only accentuates the current inequity that exists in 16-19 funding.
- 24 Real term funding levels cuts since 2010 have resulted in a divergence in progression rates to top performing universities between independent and state school students, over the same time period.
- 25 The chronic funding situation has caused the demise of many subjects at post-16, including modern foreign languages and creative subjects. This is largely due to financial vulnerability and unaffordable class sizes. This is evidenced by ASCL’s 2017 funding survey.
- 26 The table below shows the extent to which schools and colleges are having to cut A Level and vocational subjects as a result of funding pressures:

	Percentage (out of 452 responses)	Responses
<b>Drama</b>	24%	107
<b>Music</b>	39%	176
<b>Other performing arts</b>	27%	120

<sup>7</sup> <https://www.gov.uk/government/publications/schools-block-funding-allocations-2017-to-2018>

<sup>8</sup> <https://www.gov.uk/government/publications/16-to-19-allocation-data-2017-to-2018-academic-year>

Design and technology	41%	184
Art and design subjects	21%	96
French	29%	130
German	37%	166
Spanish	24%	108

- 27 Properly funded post-16 education would enable schools and colleges to improve:
- (i) study skills that will benefit students when they progress to higher education or employment and enhance their sixth form studies
  - (ii) employability skills will help students to flourish in the workplace
  - (iii) careers advice will ensure young people make better choices when they leave sixth form education
  - (iv) the mental and physical health of students, increase their resilience and contribute to improved exam performance
  - (v) the range of enrichment activities will provide sixth formers in the state sector with the social capital to compete with their better-funded peers in the independent sector. It would also go some way to prevent further cuts to courses (particularly STEM and languages).

### Special educational needs (SEN) funding

- 28 There are 1.2 million children and young people in the education system with SEN (14.4% pupil population)<sup>9</sup>.
- 29 The pressure on the High Needs block is increasing as it must deliver programmes of support for children and young people up to the age of 25. Local authorities have very limited flexibility to move funds out of the schools block to meet demand and previous overspends. With the agreement of their schools forum, a local authority can move 0.5% from the schools block. They must seek Secretary of State approval to move amounts greater than 0.5%. We know that in 2018, 27 local authorities appealed to the Secretary of State to make transfers, and of those 12 were rejected.
- 30 Since 2015/16 the number of pupils with a statement or EHCP has increased from 240,000 to 320,000<sup>10</sup>.

<sup>9</sup>[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/633031/SFR37\\_2017\\_Main\\_Text.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/633031/SFR37_2017_Main_Text.pdf)

<sup>10</sup>[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/709590/Statements\\_of\\_SEN\\_and\\_EHC\\_plans\\_England\\_2018\\_Main\\_Text.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/709590/Statements_of_SEN_and_EHC_plans_England_2018_Main_Text.pdf)

## Teacher Supply and Teacher Pay

- 31 There is now an increased recognition by the Government that there is a pressing teacher supply issue. While there are a number of factors that are impacting on teacher recruitment and retention, it is clear that teachers' pay is a significant issue.
- 32 Teachers' pay had been held down by the public sector pay cap, first with no increase at all and then by the 1% limit. As a consequence, teachers' pay had become uncompetitive amongst other comparable graduate professions.
- 33 In their assessment of what adjustments should be made to the salary and allowance ranges for classroom teachers, unqualified teachers and school leaders to promote recruitment and retention, the STRB's recommendation was clear: a 3.5 per cent uplift to all pay and allowance ranges for teachers and school leaders. They considered the case for differentiated awards but concluded that there was pressure at all stages.
- 34 We understand that the Government has rejected the STRB's recommendation on the grounds of affordability. However, Government was short-sighted to ignore the independent experts' opinion that a substantial uplift was required on all pay ranges and allowances in order to address deteriorating trends in teacher retention. This must be addressed.
- 35 The government's own statistics<sup>11</sup> project an additional 400,000 secondary age pupils in the system by 2027. There is therefore a pressing need to increase the teaching workforce.
- 36 The DfE's workforce statistics<sup>12</sup> indicate that there are more teachers leaving the profession than joining it. There were 5400 fewer teachers in the profession in 2017 than in the previous year. While the level of teachers' pay is not the only issue impacting on retention, and indeed recruitment, it is identified as a significant factor and is something that the Government must urgently address, especially in the light of almost half a million additional children now entering the secondary phase.
- 37 We welcomed the DfE commitment to provide funding to meet the costs of the pay award but remain disappointed that schools must fund the first 1% from their existing budget allocation. We are clear that the full cost of any pay award should be funded in full for 2018/19, 2019/20 and beyond, and that no school should see a shortfall.

## Teachers' Pension Scheme

- 38 Teachers' Pensions has announced that there is likely to be an increase in the amount employers pay towards the schemes in 2019/20. The DfE has indicated that it intends to provide more funding to schools and further education colleges for 2019-20.
- 39 The additional cost of an increased contribution rate must be covered in full from 2019/20 and it must continue to be fully funded beyond 2019-20.

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[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/723851/2018Release\\_Projections\\_Text.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/723851/2018Release_Projections_Text.pdf)

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[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/719772/SWFC\\_MainText.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/719772/SWFC_MainText.pdf)

## Conclusions

- 40 ASCL would propose that the following immediate actions are taken to address the chronic funding crisis in our schools and colleges:
- 41 Introduce additional money into the education budget, as outlined above, so that real terms cuts are reversed and schools and colleges have sufficient funding to set inflation-proofed three year budget plans.
- 42 Conduct a review of high needs spending so that the high needs block reflects actual need and our most vulnerable children and young people have access to what they need to succeed, regardless of where they happen to live.
- 43 Commit to fully funding all future pay increases and employer contributions to staff pensions for teachers and support staff in schools and colleges.
- 44 ASCL hopes that this is of value to your consideration of the Budget. Our Association is willing to be further consulted and to assist in any way that it can.

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19 October 2018