

# Education spending in England: Launch of 2019 annual report, *funded by the Nuffield Foundation*

Church House, London

19 September 2019

WIFI network: **CHW-Guest**

Password: **Westminster1**

# Early Years

Christine Farquharson

# Introduction

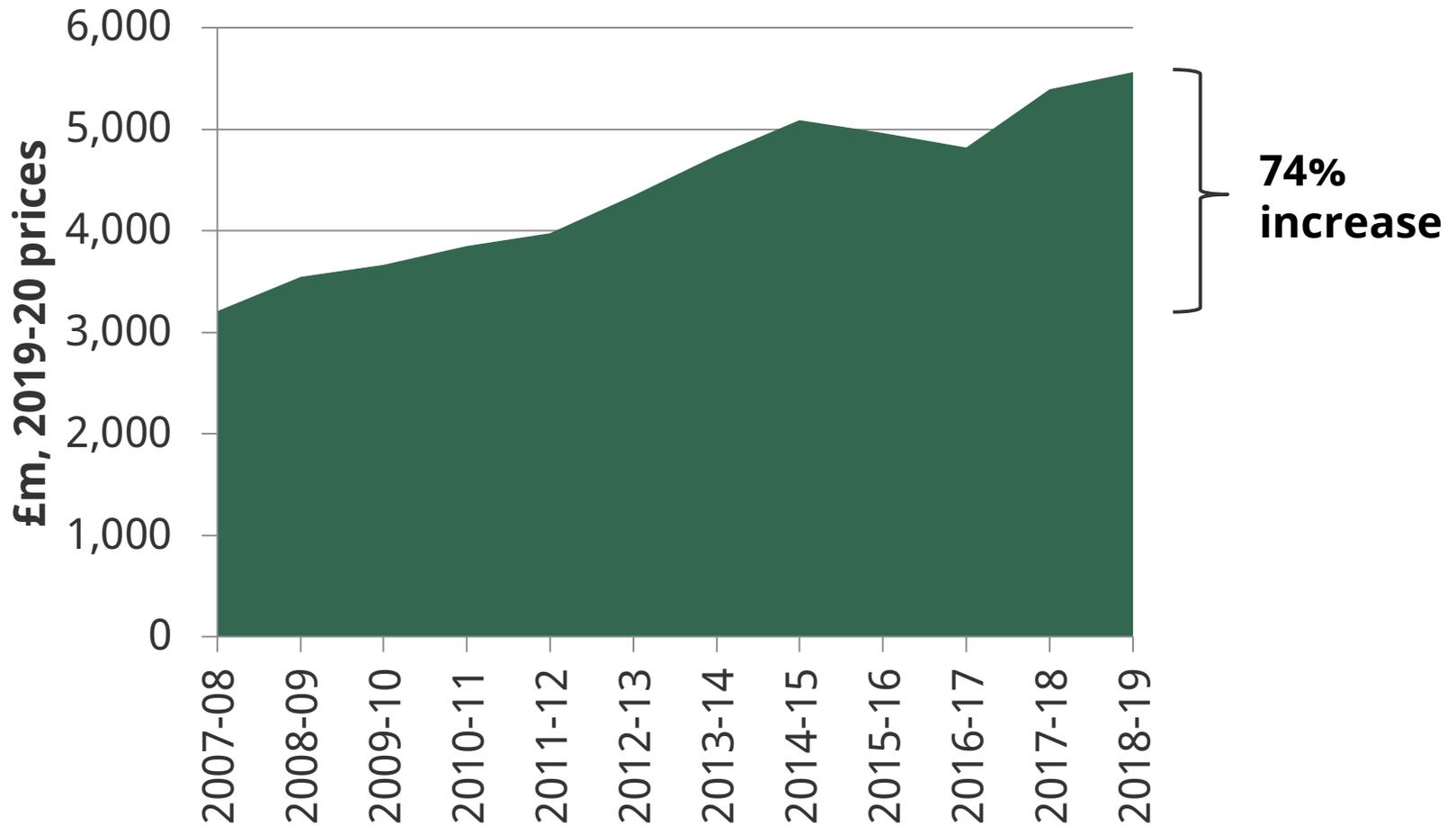
**'Early childhood education and care' serves two goals:**

- Promoting child development
- Supporting working parents – especially mothers

**Very little government support up to the early 1990s**

**But the picture has changed dramatically since then**

## Big increases in wider government support for childcare



# 8 different programmes to support childcare

## The 'free entitlement' to funded childcare

1. Universal free entitlement to 15 hours' free care – all 3 and 4 yos
2. Extra 15 hours' free care – 3/4yos in working households
3. Means-tested free entitlement to 15 hours – bottom 40% of 2yos

## Childcare subsidies in working-age benefit system

4. Childcare element of Working Tax Credit
5. Childcare element of Universal Credit

## Relief through the tax system

6. Employer-supported childcare (e.g. vouchers) – tax & NICs
7. Tax relief on tax-free childcare – basic-rate tax

## VAT exemptions for childcare providers

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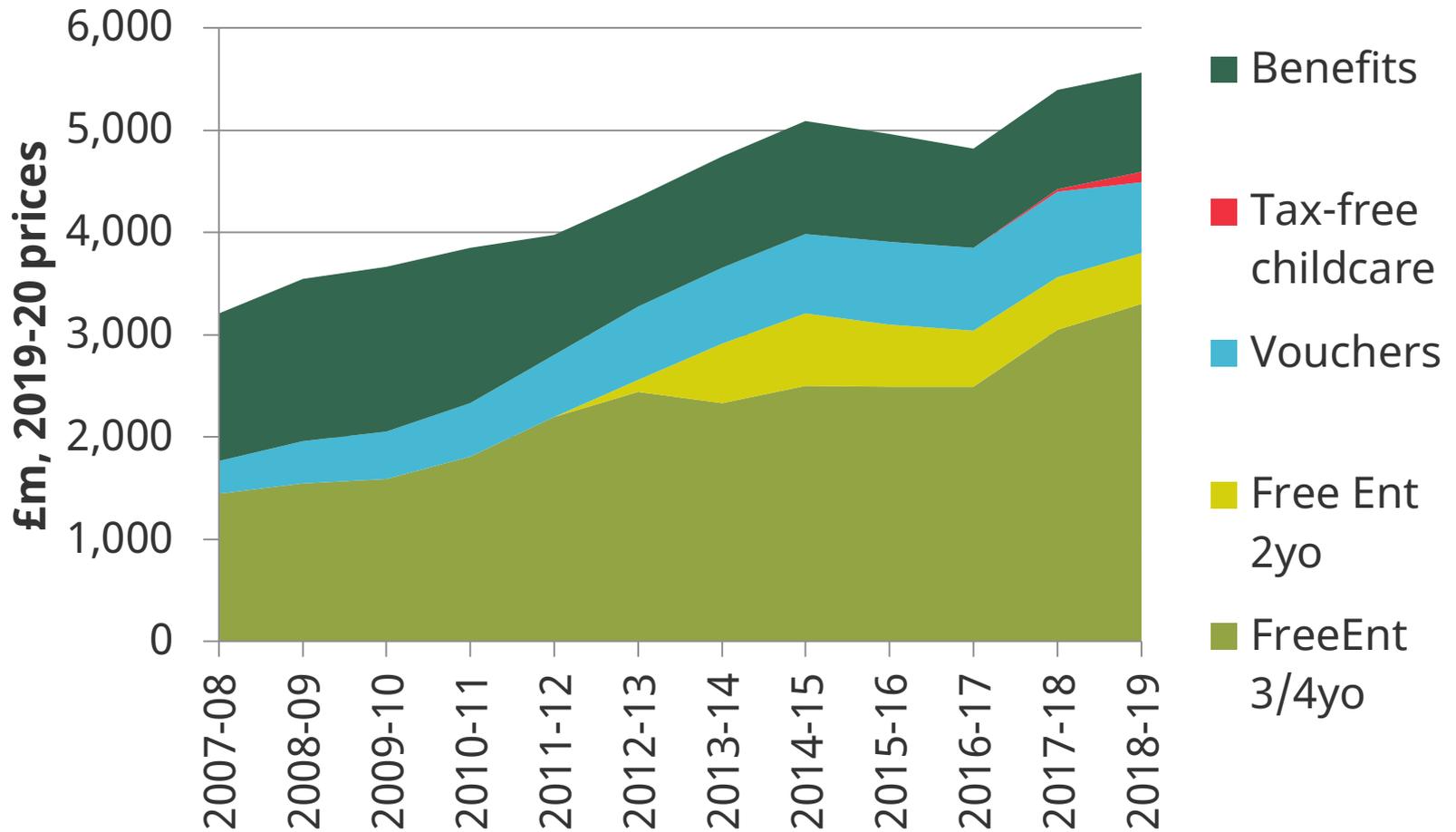
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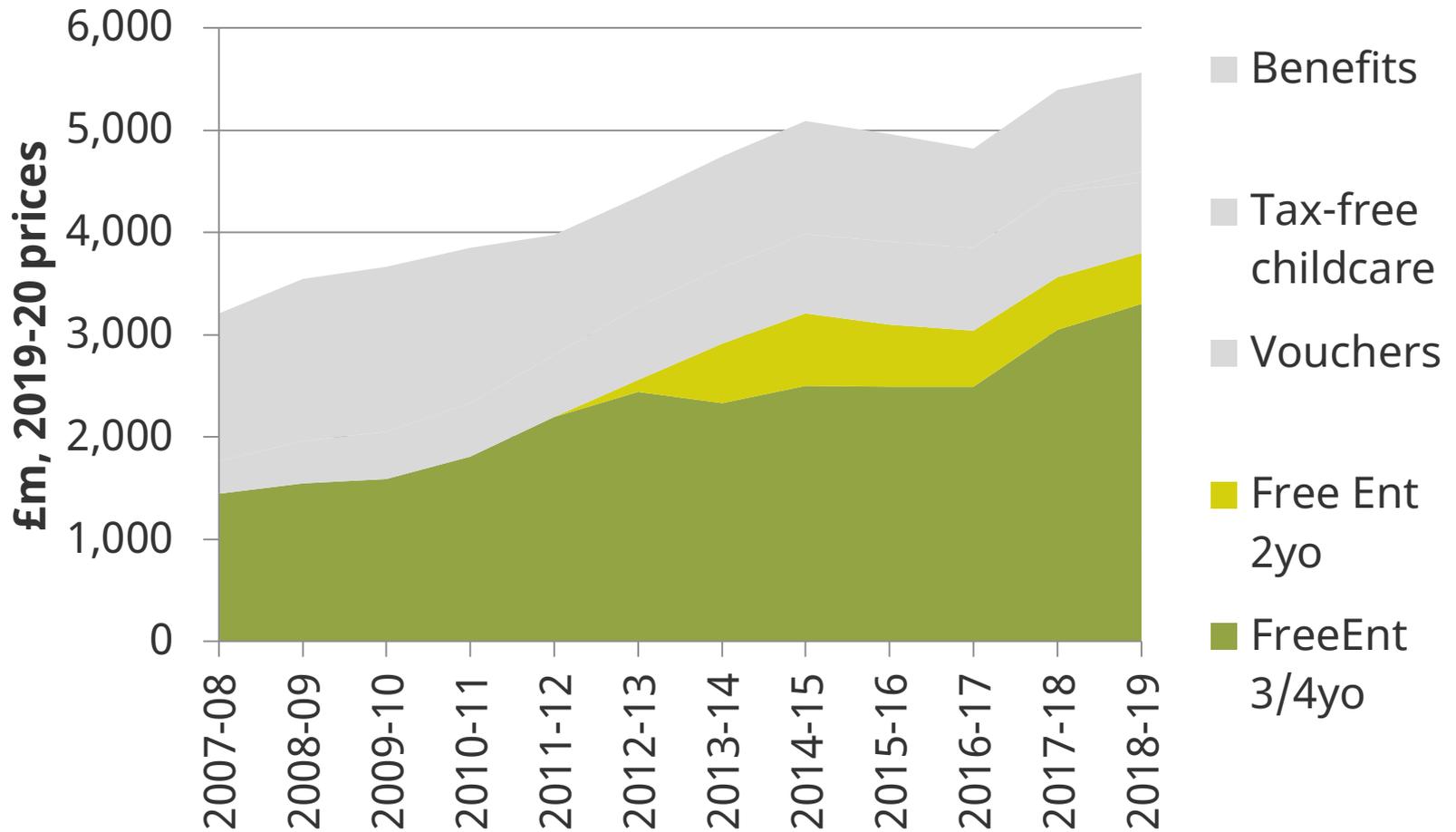
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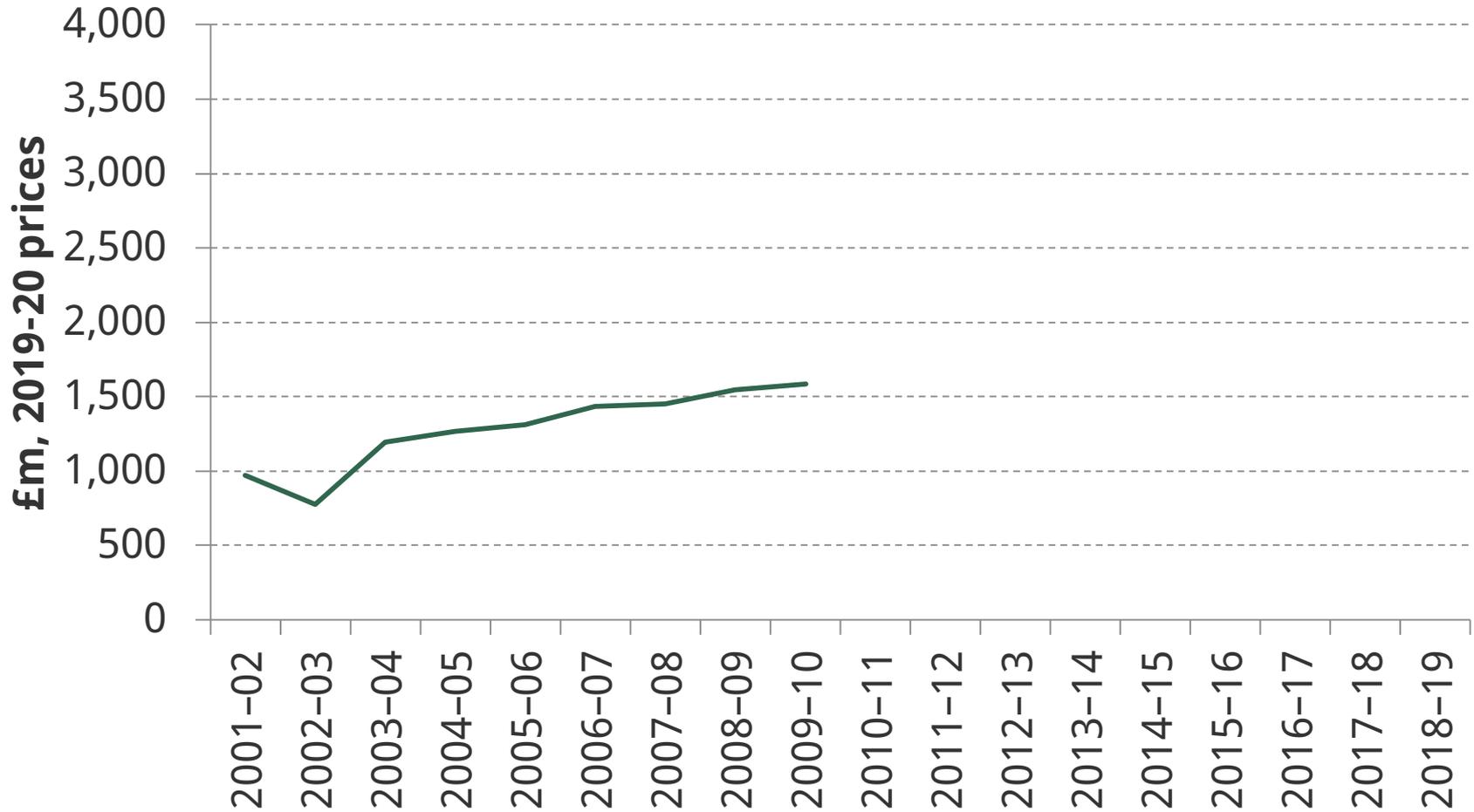
# Big increases in wider government support for childcare



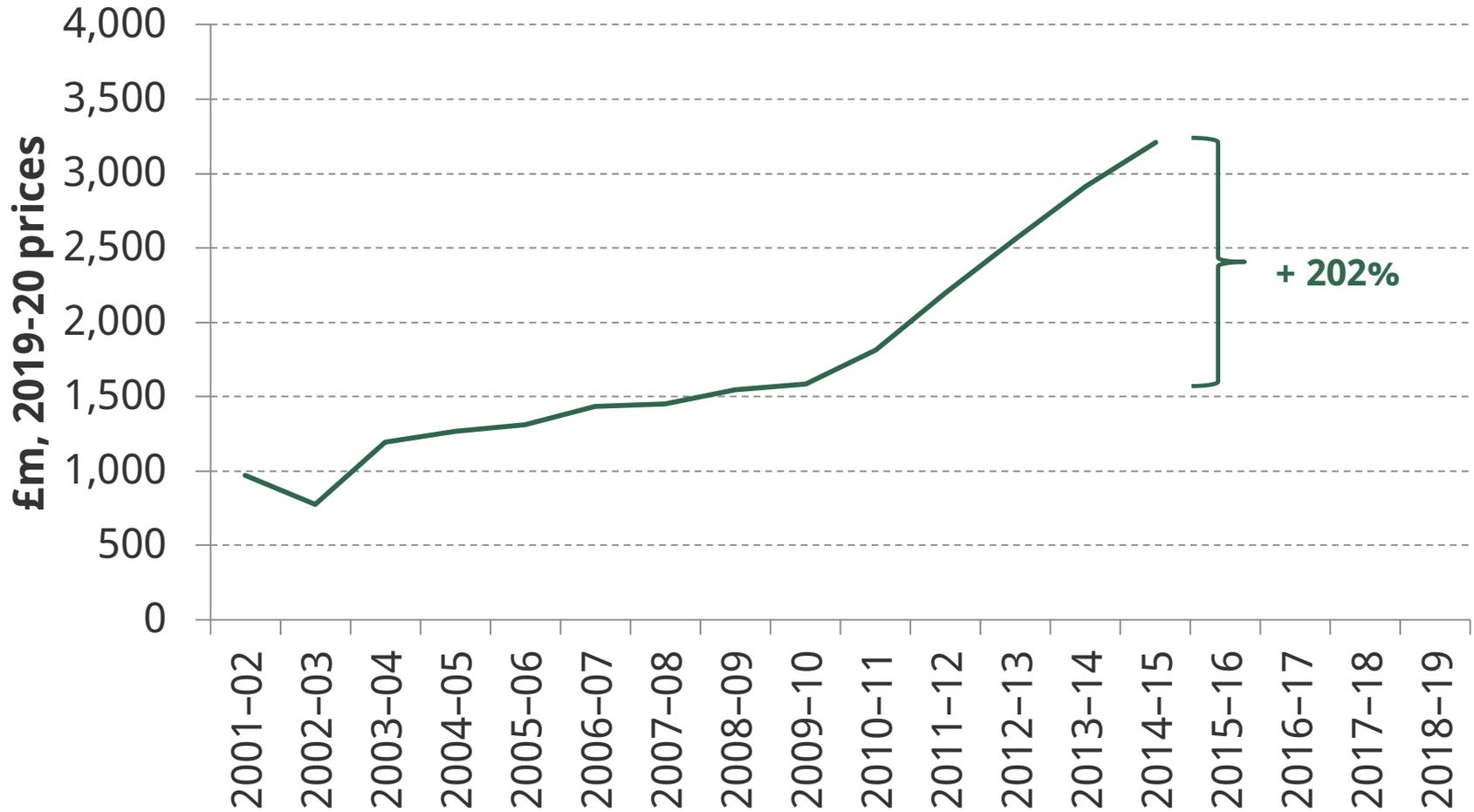
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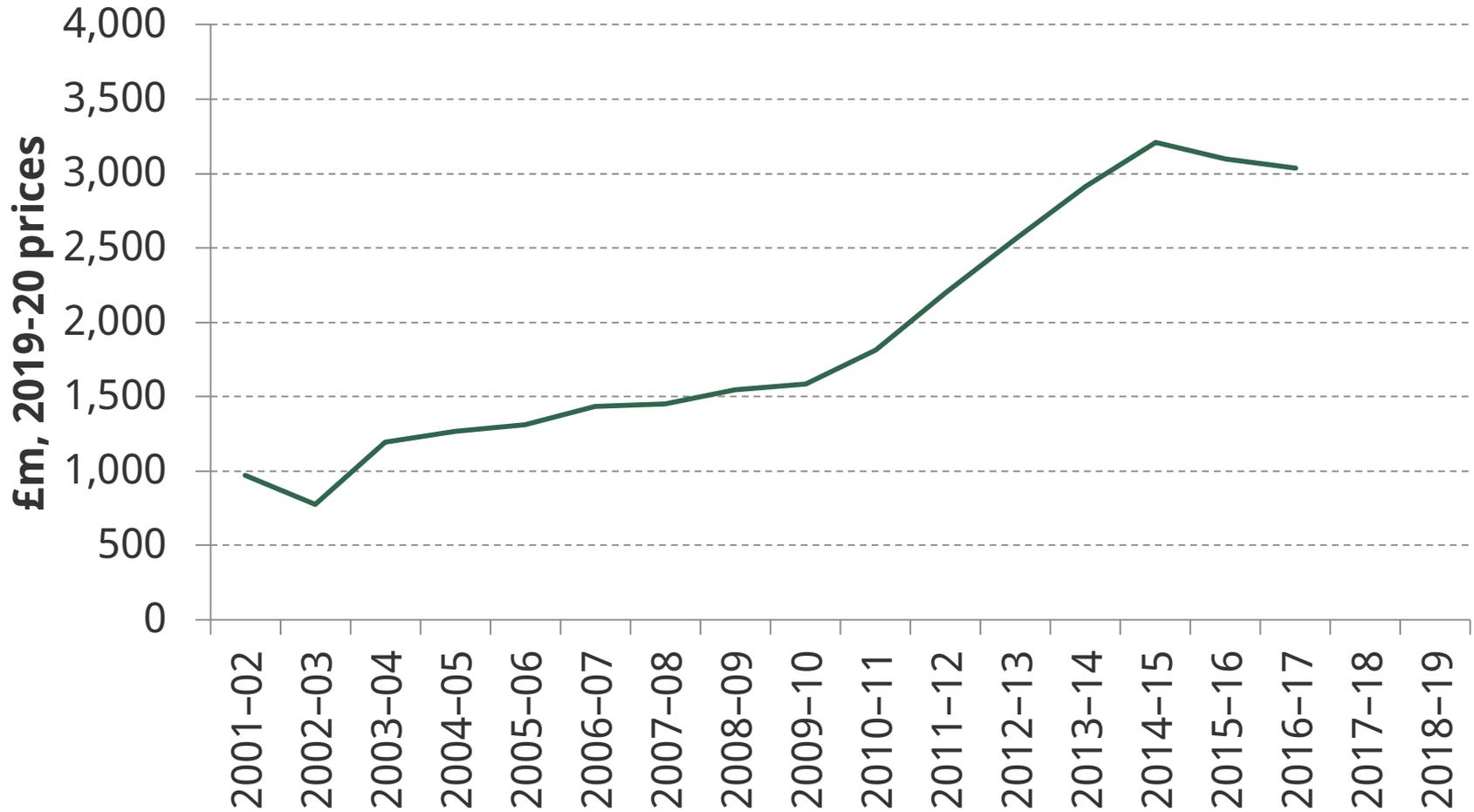
# Total free entitlement spending



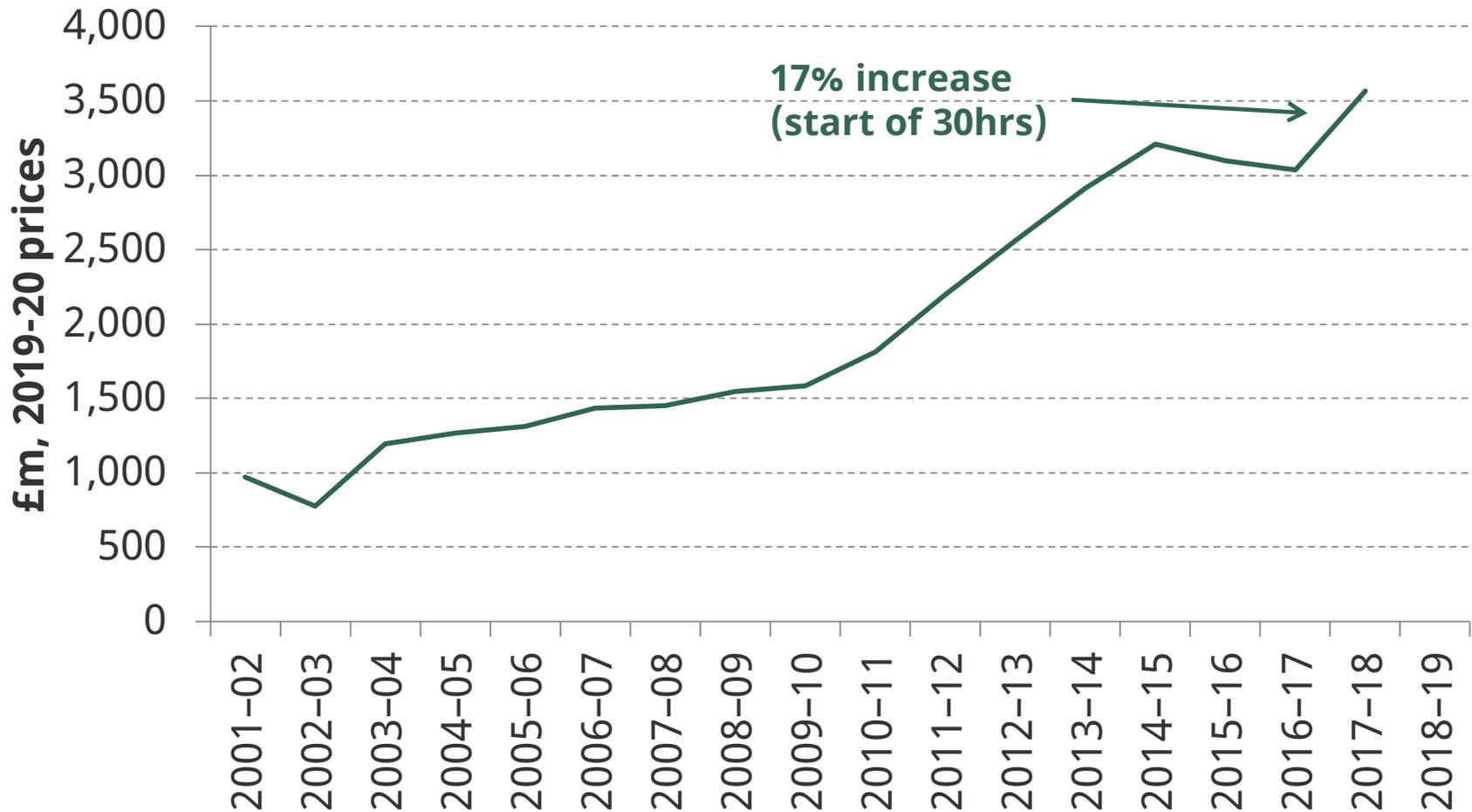
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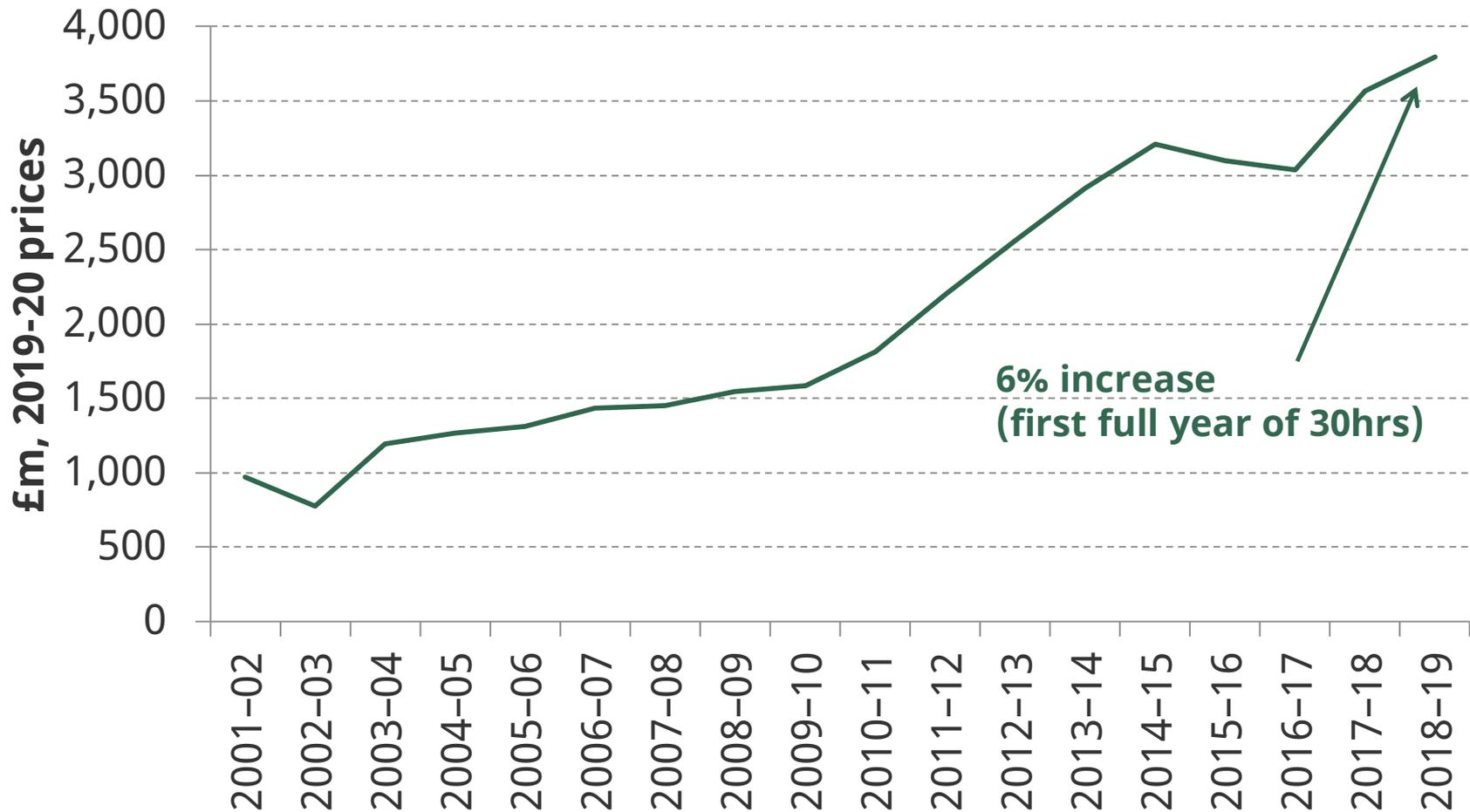
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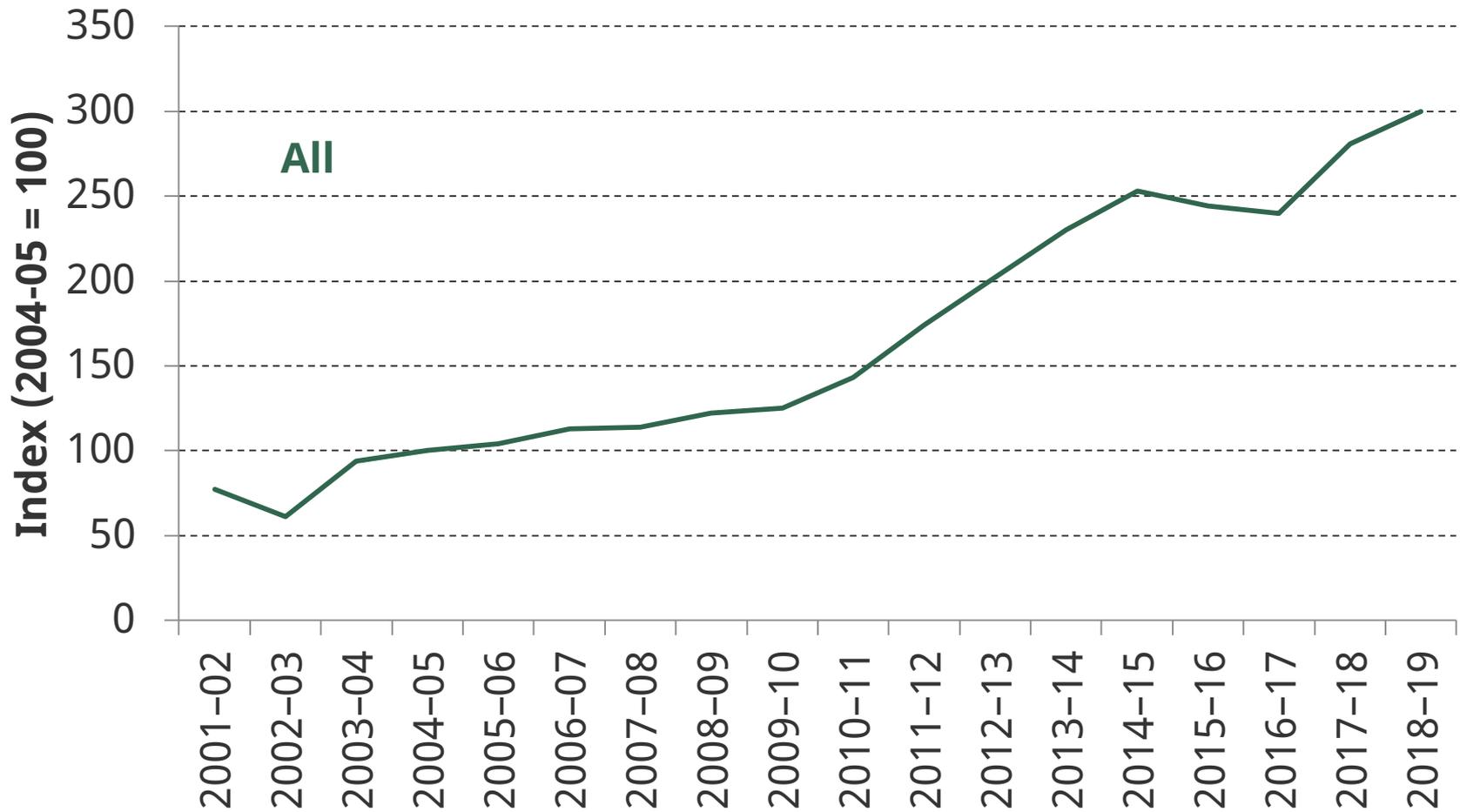


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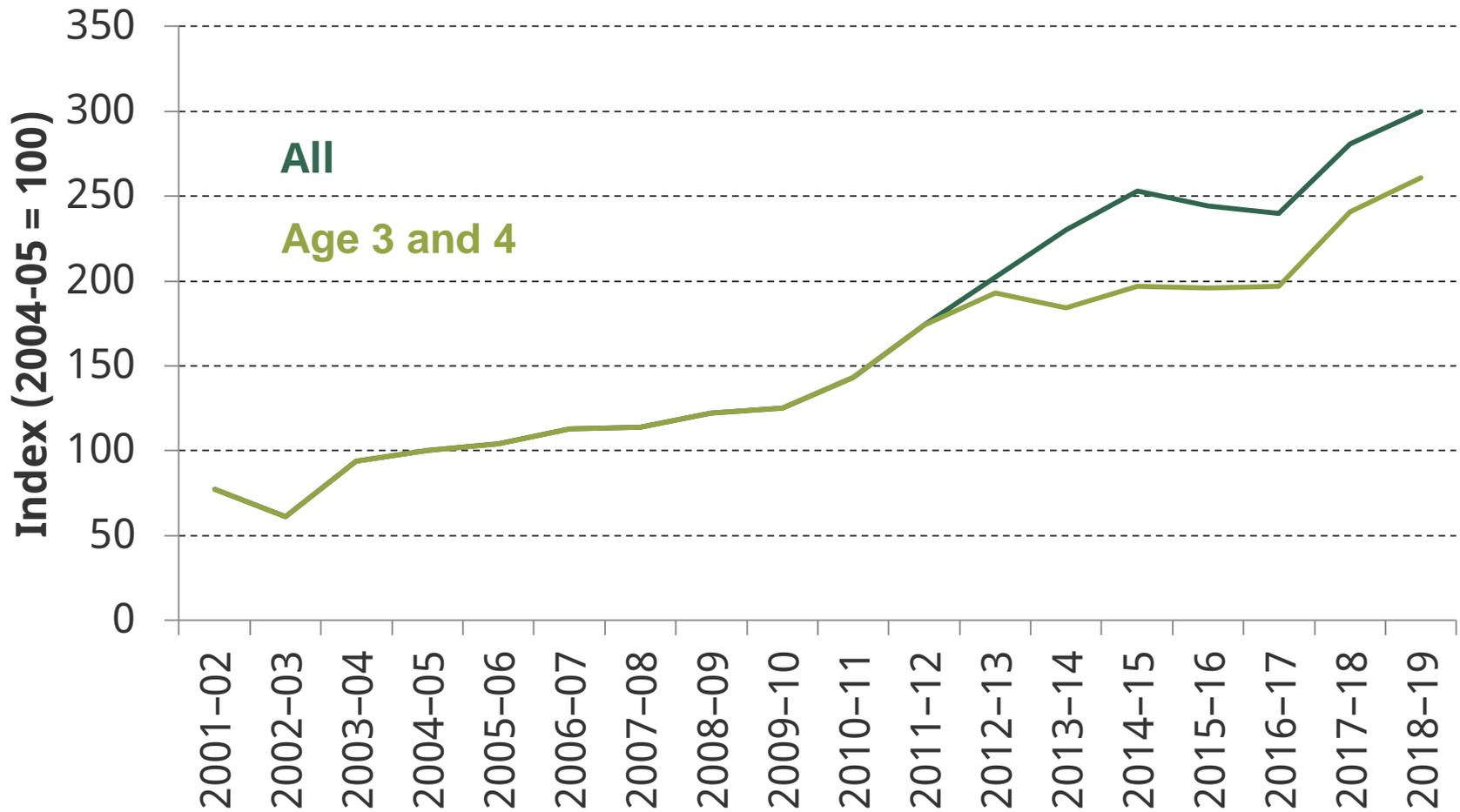


**6% increase  
(first full year of 30hrs)**

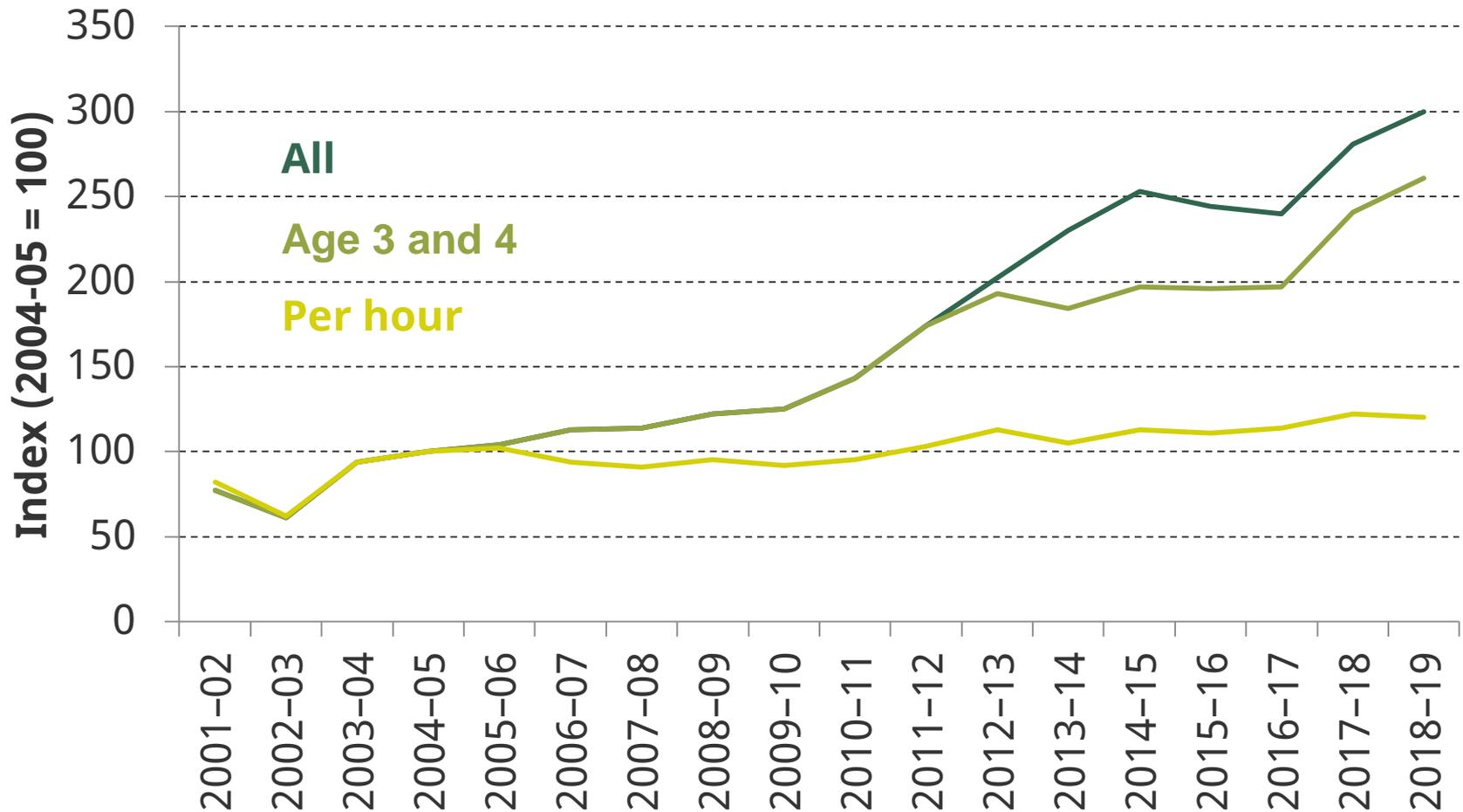
# Growth in free entitlement spending



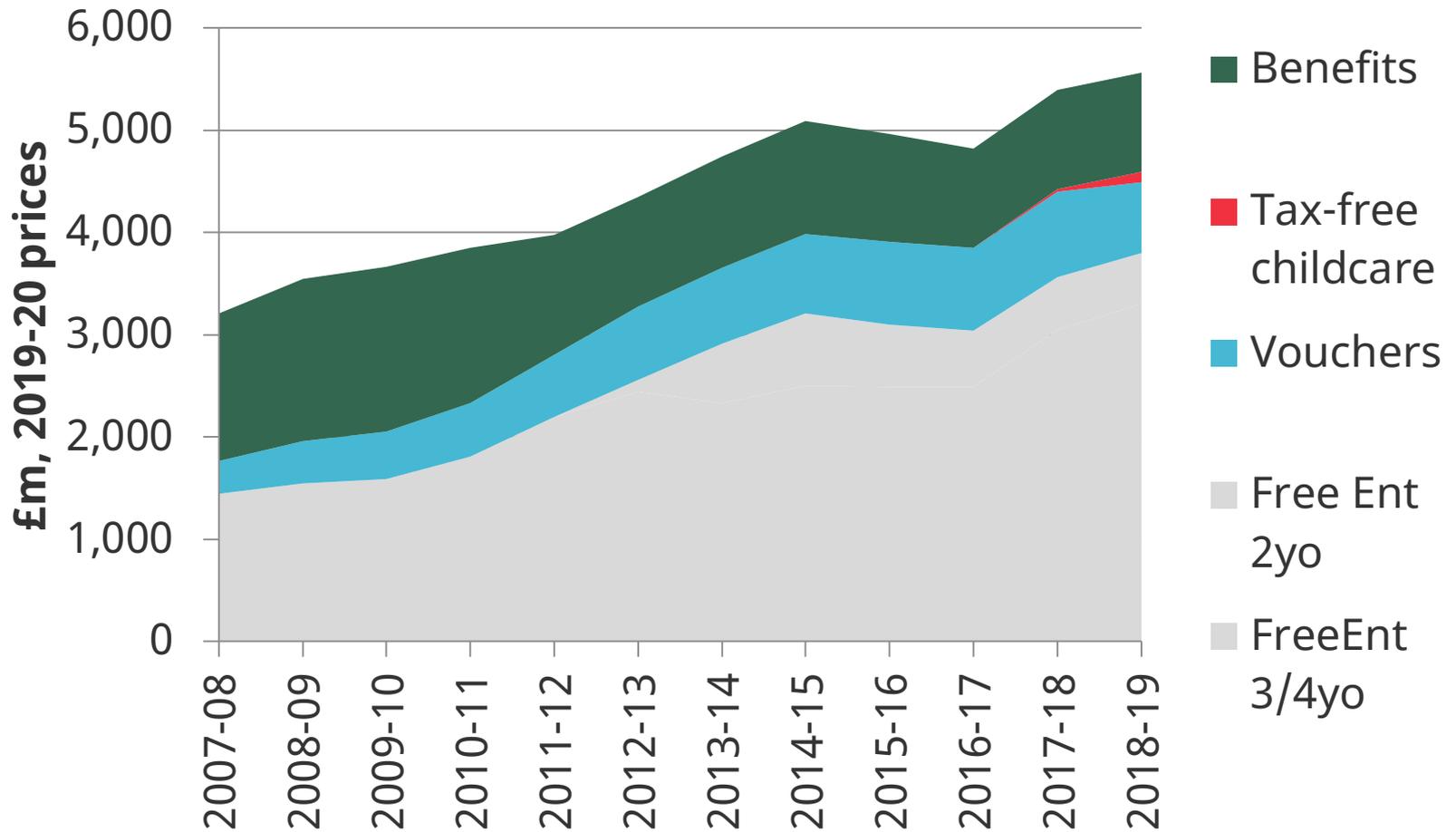
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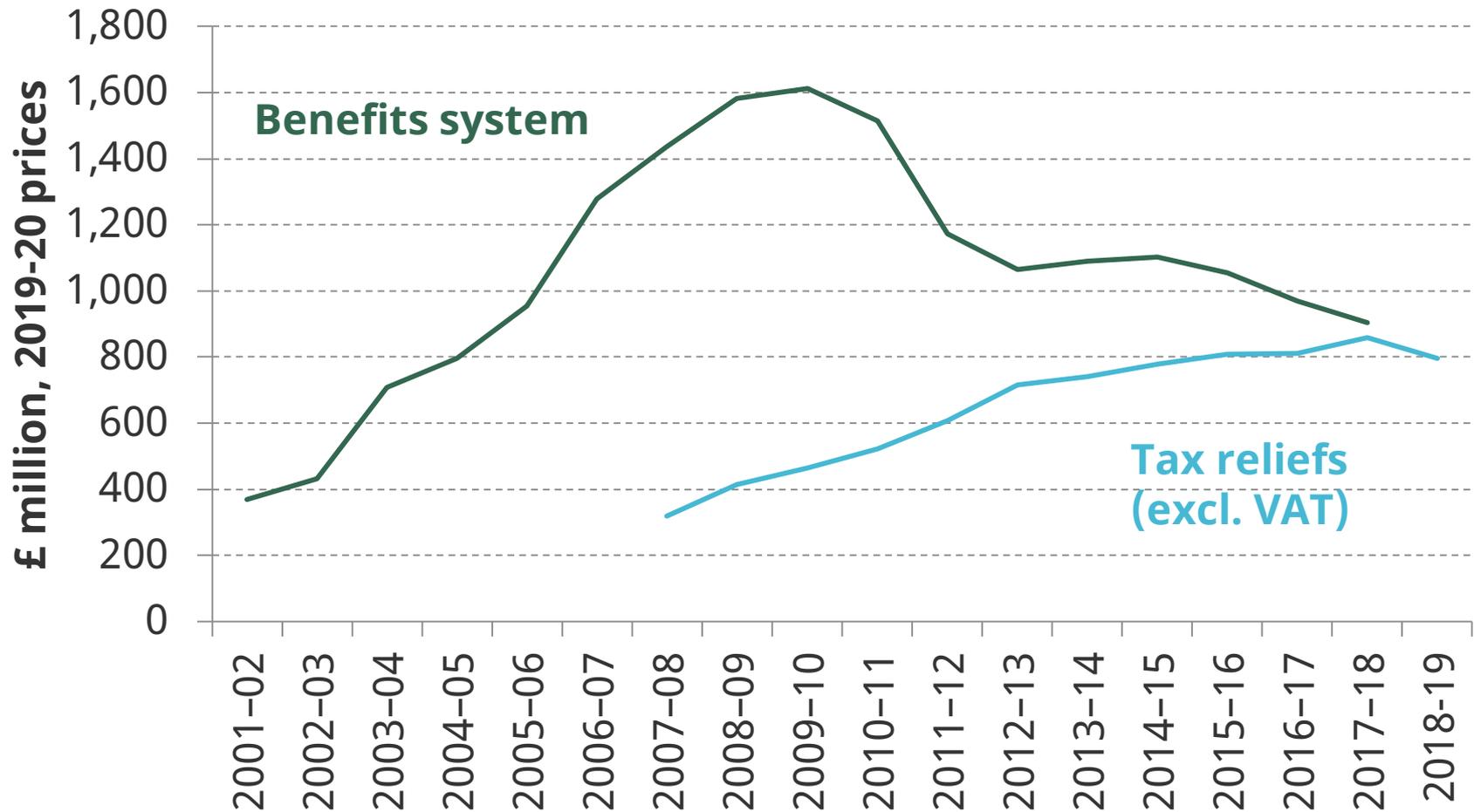
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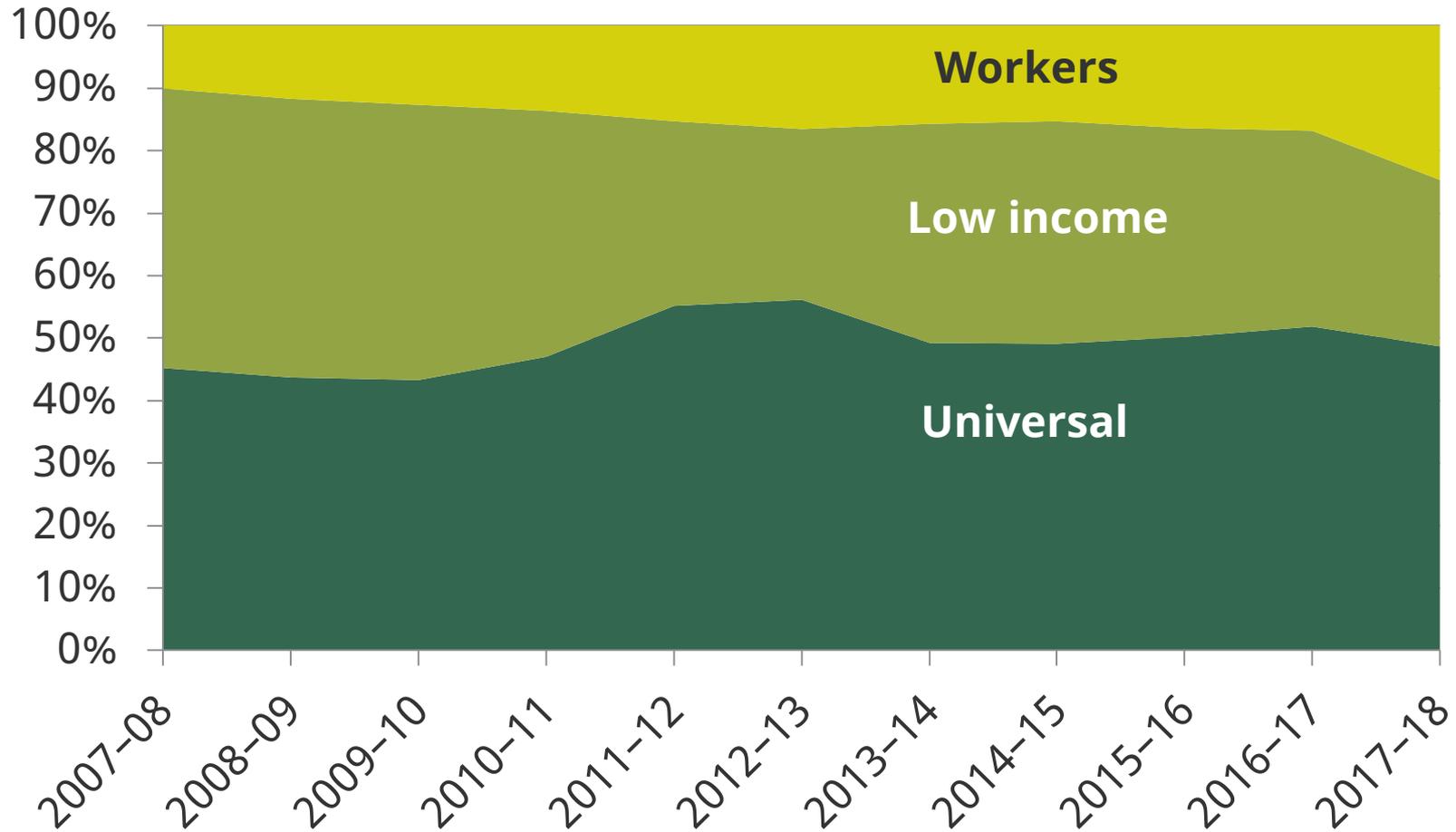
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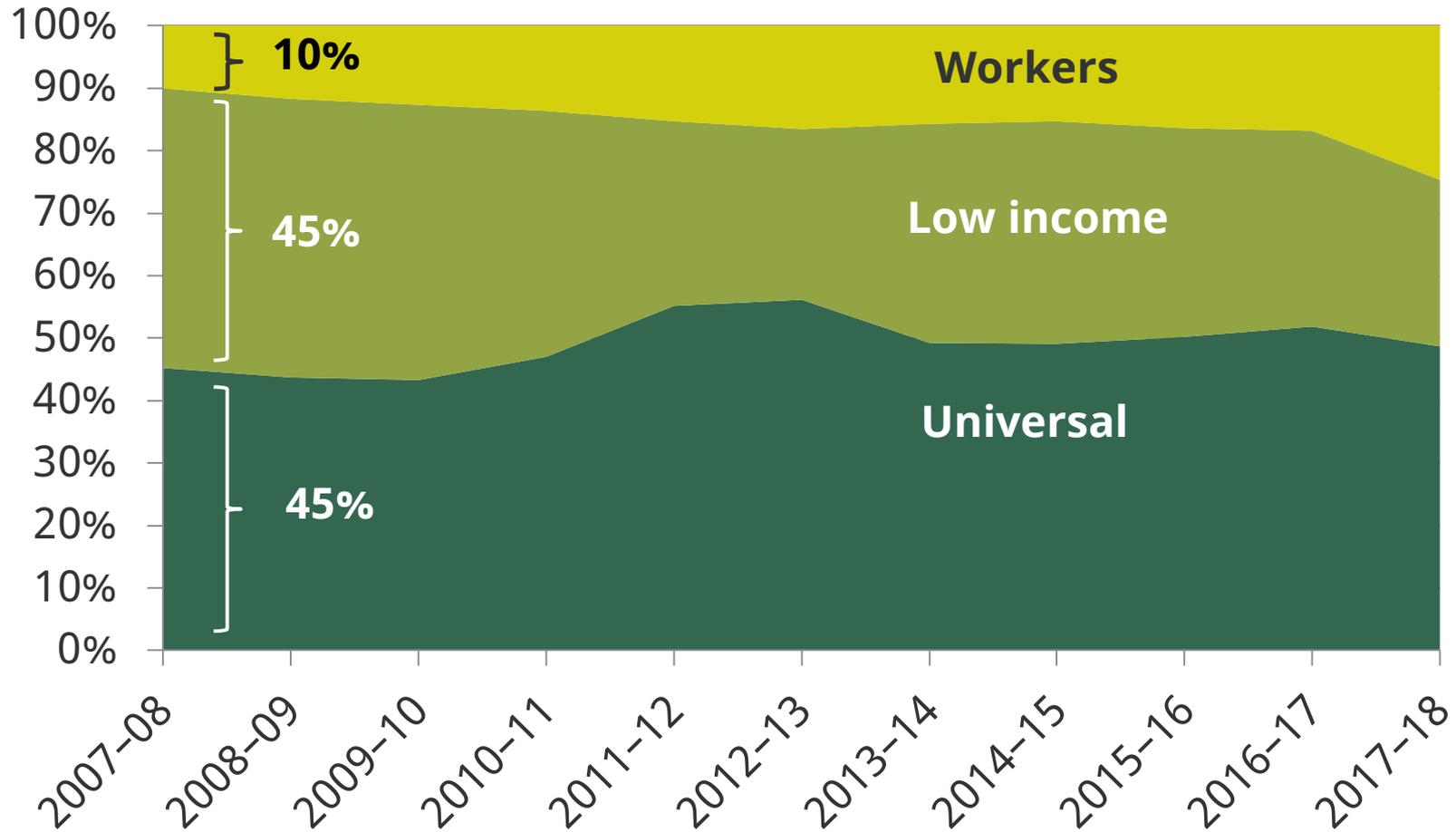
# Childcare spending in the tax and benefits systems



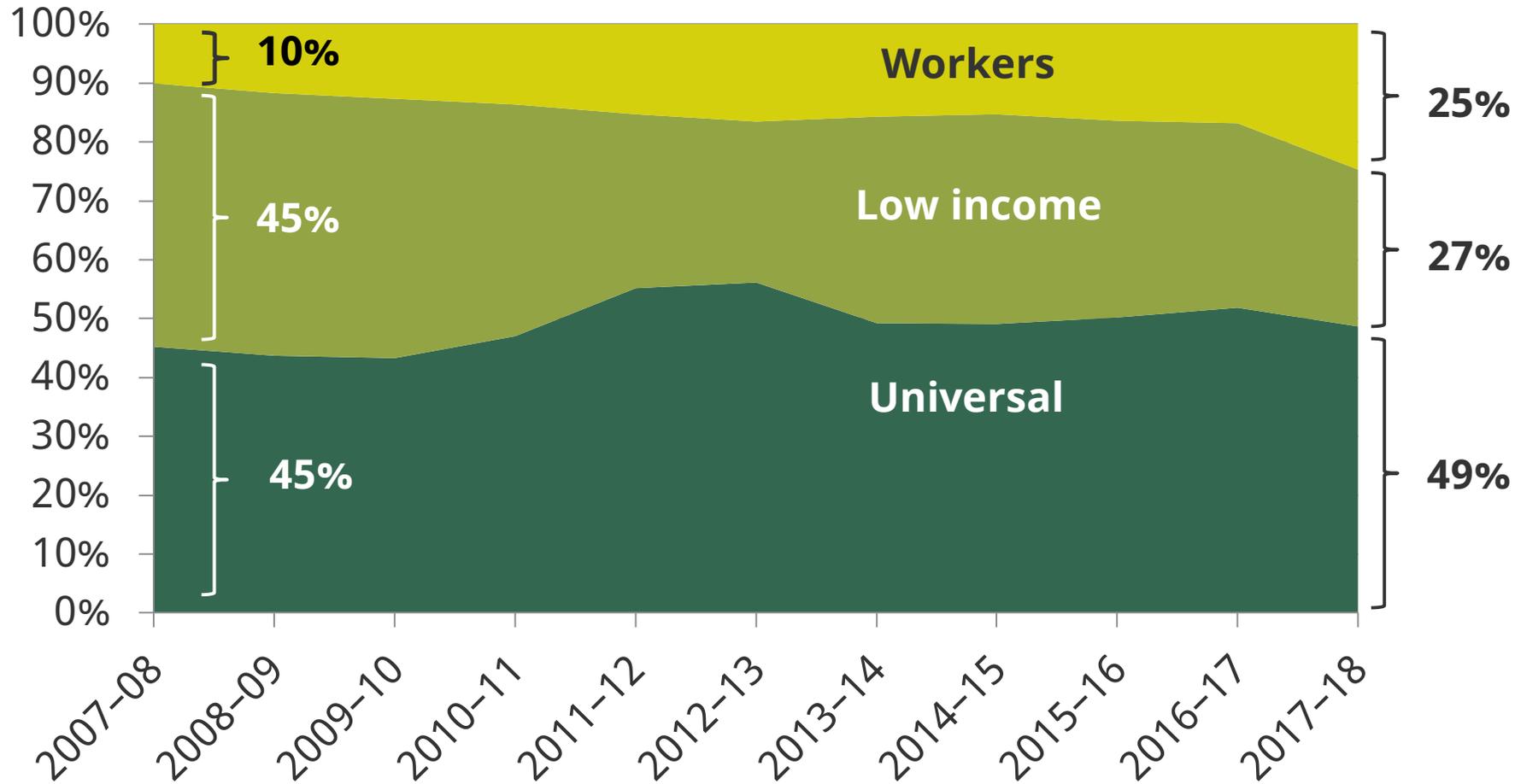
# Childcare spending by policy targeting



# Childcare spending by policy targeting



# Childcare spending by policy targeting



# Summary

## Early years has been a very active policy space

### It has attracted big budget increases – but...

- Mostly for the free entitlement
- Mostly for new entitlements (rather than per-hour funding)
- Increasingly targeted at workers rather than low-income families

### Spending Round's £65m increase for 2020-21 doesn't change much

- Will be used to increase hourly rates for free entitlement...
- ... But broadly will only be reversing one year of real-terms cuts driven by inflation.

# Where to next?

## **England is not short of ideas about ‘where next’.**

- Conservative party: Prioritise working families
- Labour and Lib Dem parties (2017): Prioritise funded childcare and big reform to the system
- Focusing on early education? Or on childcare?

## **What is clear: the UK needs a debate on how to design a system to meet diverse goals without being hopelessly difficult to navigate.**

- Spending Round 2020-21 didn’t do this.
- But there are plenty of opportunities for debate in the next few years!

# Schools

Luke Sibieta

# School Spending: Outline

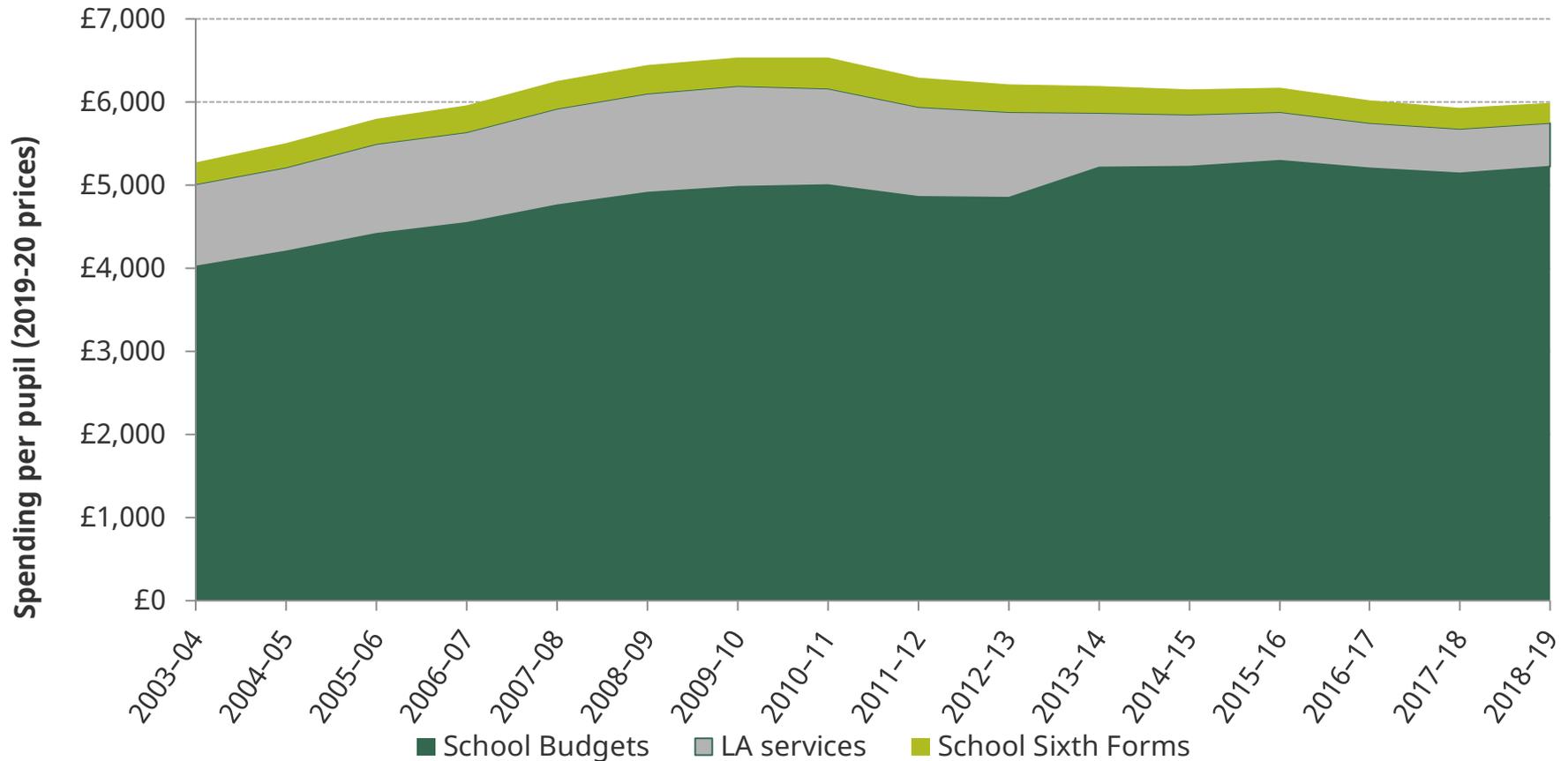
## Total school spending of £50bn in England in 2018-19

- Covers pupils aged 5-16 in state funded schools, 3-4 year olds in early years settings and 16-18 year olds in school sixth forms

## Outline of analysis

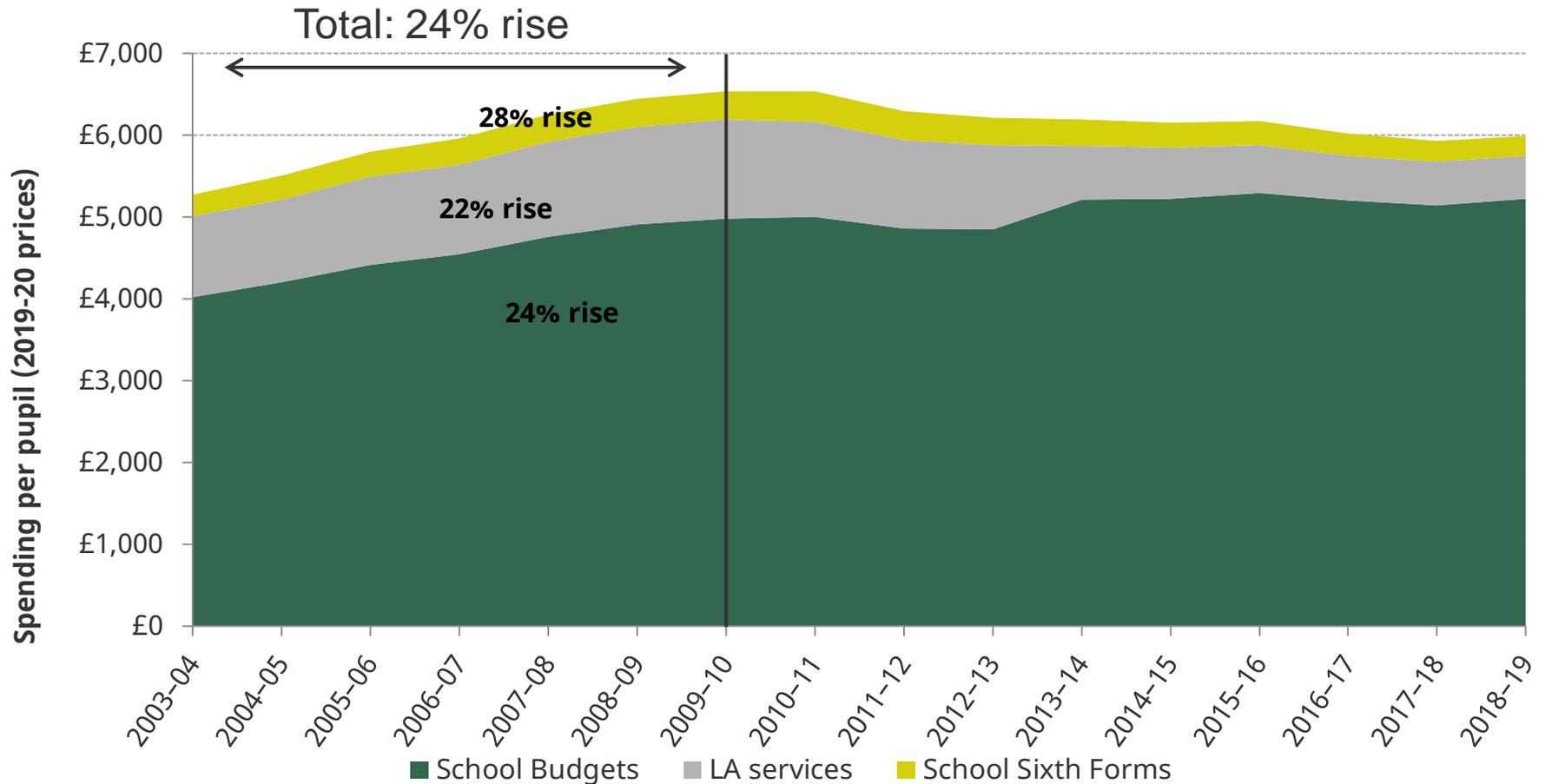
- Cuts to date in total school spending
- Longer run changes in primary and secondary schools spending per pupil
- Staffing levels over time
- Comparison of changes across the UK
- Impact of 2019 Spending Round

# Total school spending per pupil including local authority spending and school sixth form funding



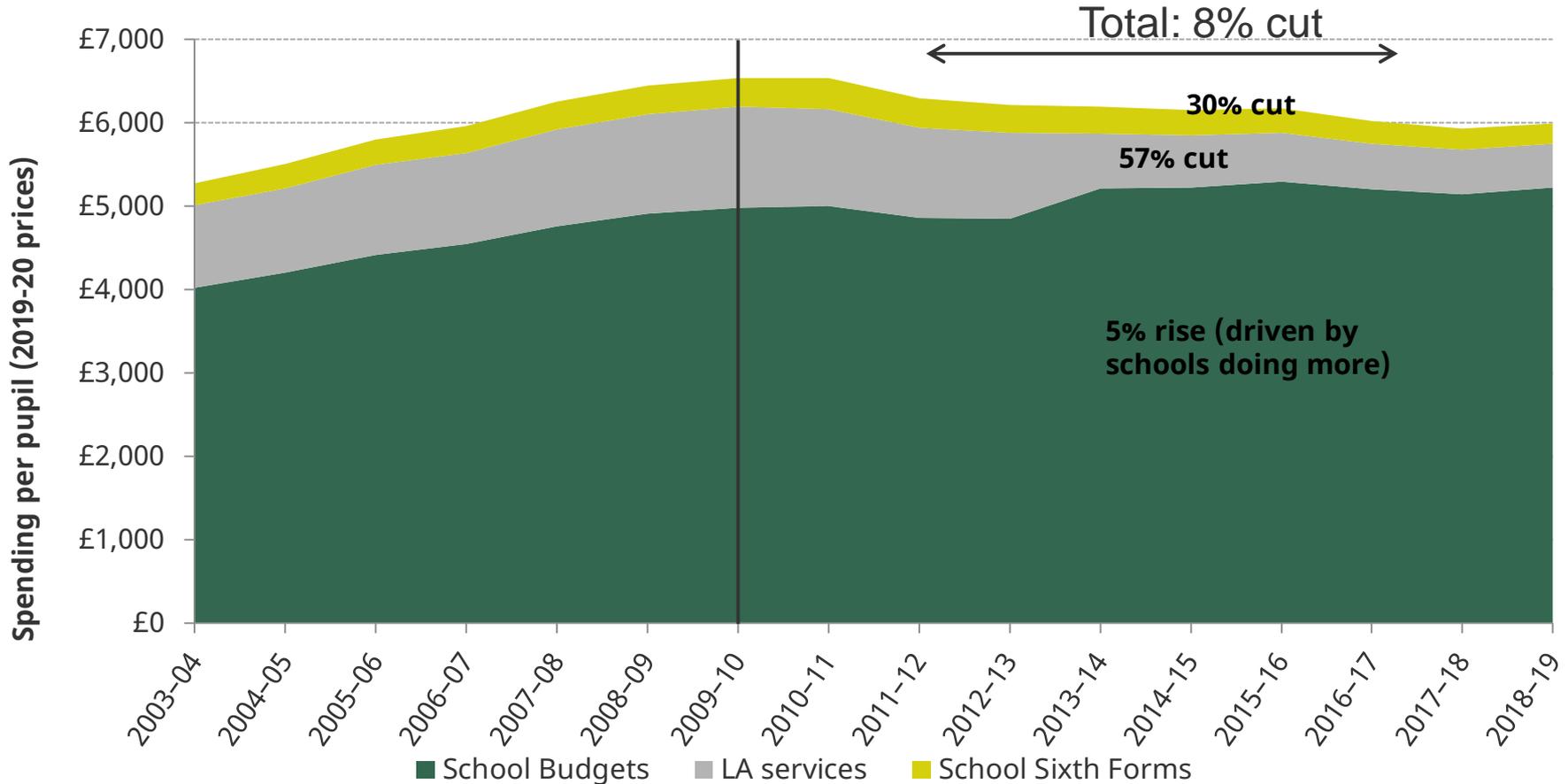
Notes: Figure are per pupil aged 3-19

# Large rises in spending over 2009-10



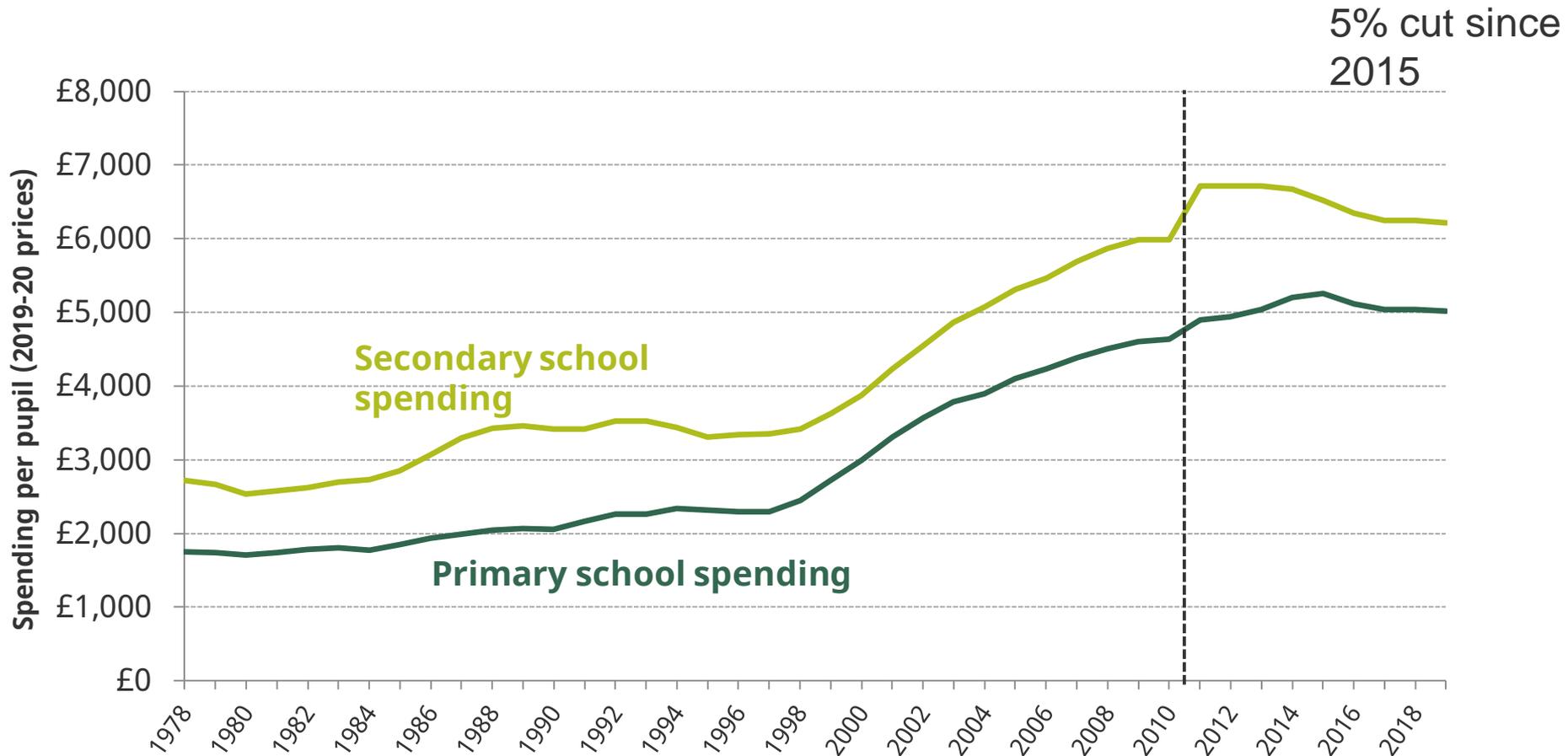
Notes: Figure are per pupil aged 3-19

# Total cut of 8% between 2009-10 and 2018-19



Notes: Figure are per pupil aged 3-19

# Recent cuts follow long historical cycle of big rises and stagnation in per pupil spending



Notes: Dashed line indicates discontinuity in per pupil spending series

# Summary of school staffing changes over time

## Small rise in class sizes as growth in teacher numbers fails to keep pace with pupil numbers

- Primary school teacher number up 11% since 2010, but pupil numbers up 17%
- Secondary school teacher numbers down 10%, pupil numbers constant
- Primary class sizes up from 26 to 27 (2010 to 2019)
- Secondary class sizes up from 20 to 22 (2010 to 2019)

## Teaching Assistants

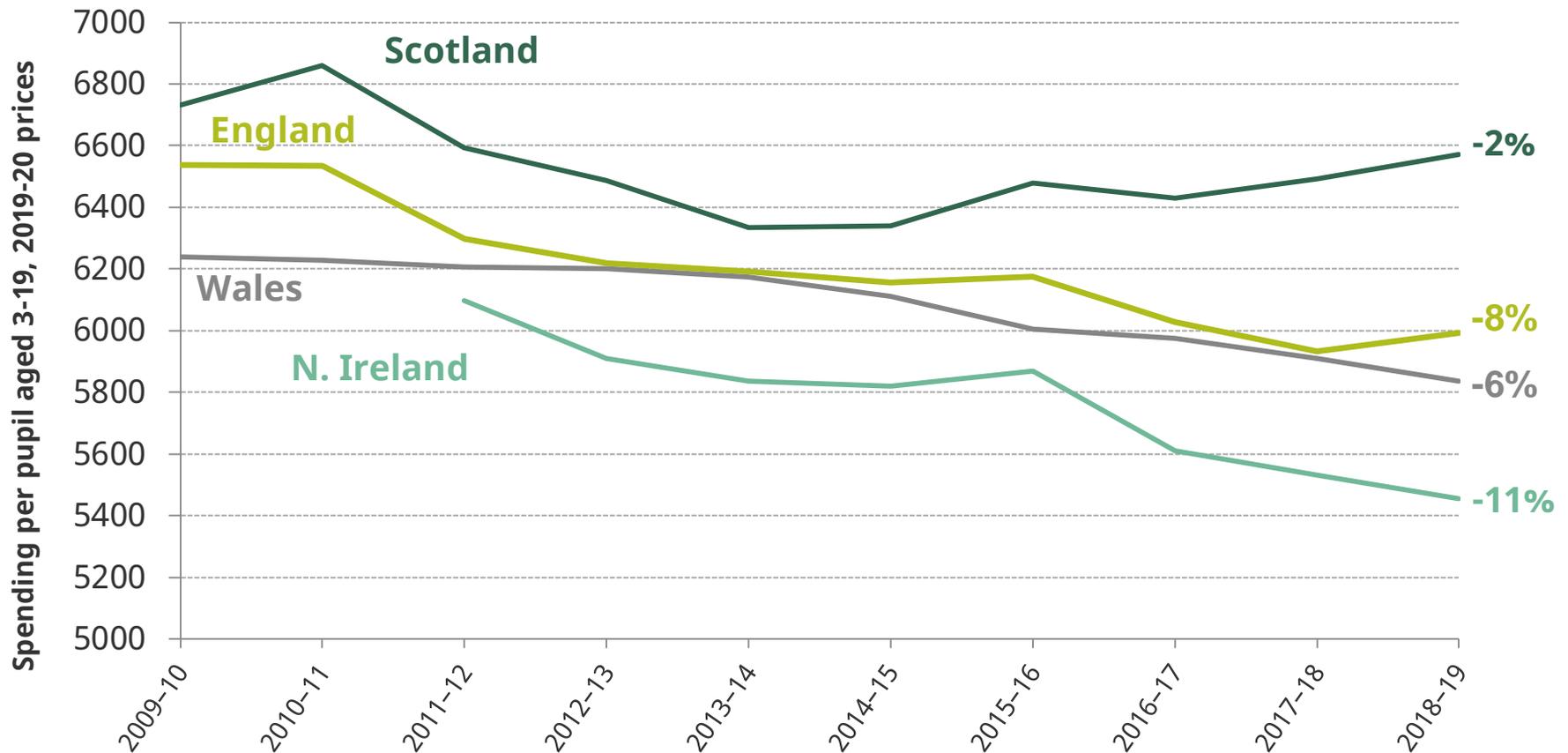
- Up 50,000 or 40% in primary schools since 2010
- Reflection of ideal staff mix or because they're cheaper?
- 13% fall in secondary schools since 2011

## Other Staff (*e.g. admin, pastoral staff, caretakers*)

- Growth of 16% since 2010 in primary schools in line with pupil numbers
- 5% fall in secondary schools

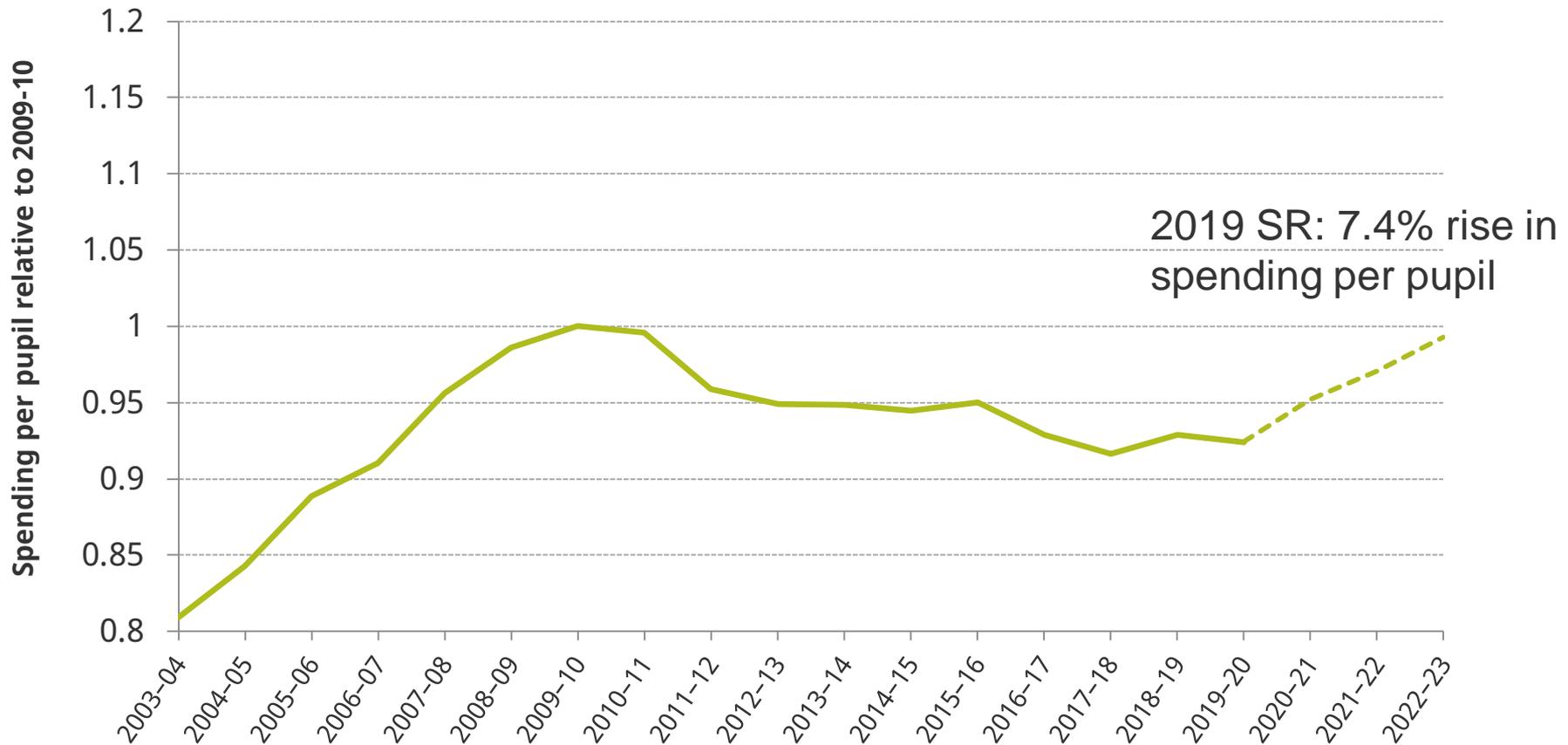
# Largest cuts to spending per pupil in England and N. Ireland; smaller cuts in Wales and Scotland

**Cuts since 2009-10:**



Notes: N. Ireland change since 2011-12 only

# Extra spending for 2022-23 just about sufficient to reverse past cuts of 8% since 2009-10



# 2019 Spending Review and Continued Challenges (1)

## Extra £4.3bn for schools in England by 2022-23

- 7.4% rise in per pupil spending
- Effectively reverses cuts of 8% since 2019-20

## No rise over 13 years still a big squeeze in historical terms

### Minimum funding levels to become compulsory

- £4,000 for primary schools and £5,000 for secondary schools by 2022
- £3,750 interim level for primary schools in 2020
- Likely to mainly benefit schools with relatively low levels of deprivation

# 2019 Spending Review and Continued Challenges (1)

## £30,000 starting salaries for teachers by 2022

- 23% or about £6,000 rise on current level of £24,373
- How much of a pay rise for existing teachers?
- How to deliver funding to schools – likely to cost most for schools with lots of new / young teachers

## Substantial pressures on high-needs funding due to rising numbers

- NAO: 2.5% real-terms fall in high-needs spend per pupil from 2013 to 2017
- Extra £700m for high needs budgets in 2020 represents growth of 10%
- **BUT**, number of high needs pupils and students up 10% per year since 2016
- Mainly driven by over 16s (up from 40k to 100k) following policy and responsibility shifts (Children and Families Act, 2014)

# Further Education and Skills

Luke Sibieta

# Further Education and Skills

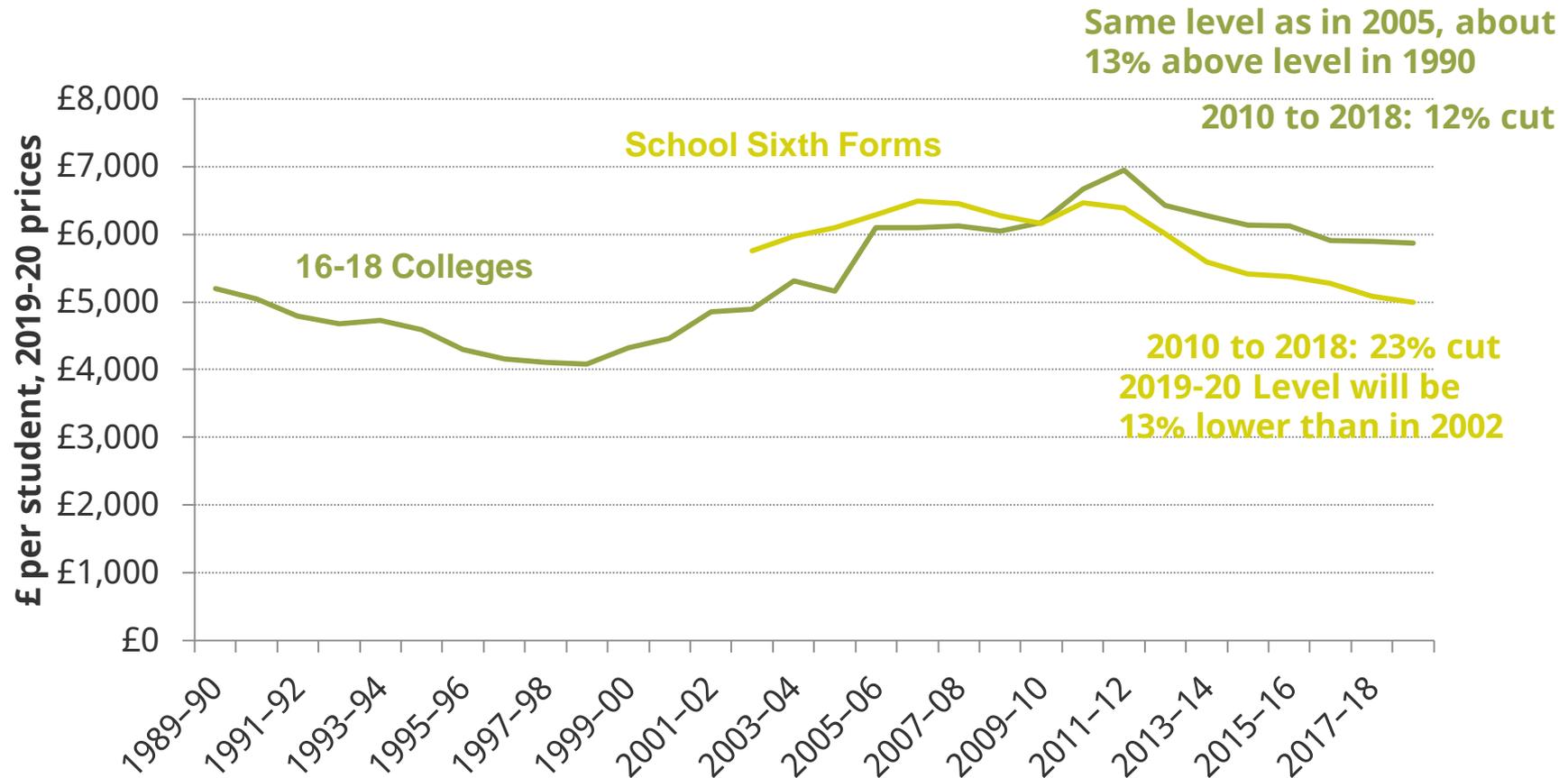
## Covers many different and frequently changing routes

- 16-18 - Further Education, Sixth Form Colleges and School Sixth Forms
- 19+ Further Education
- Apprenticeships

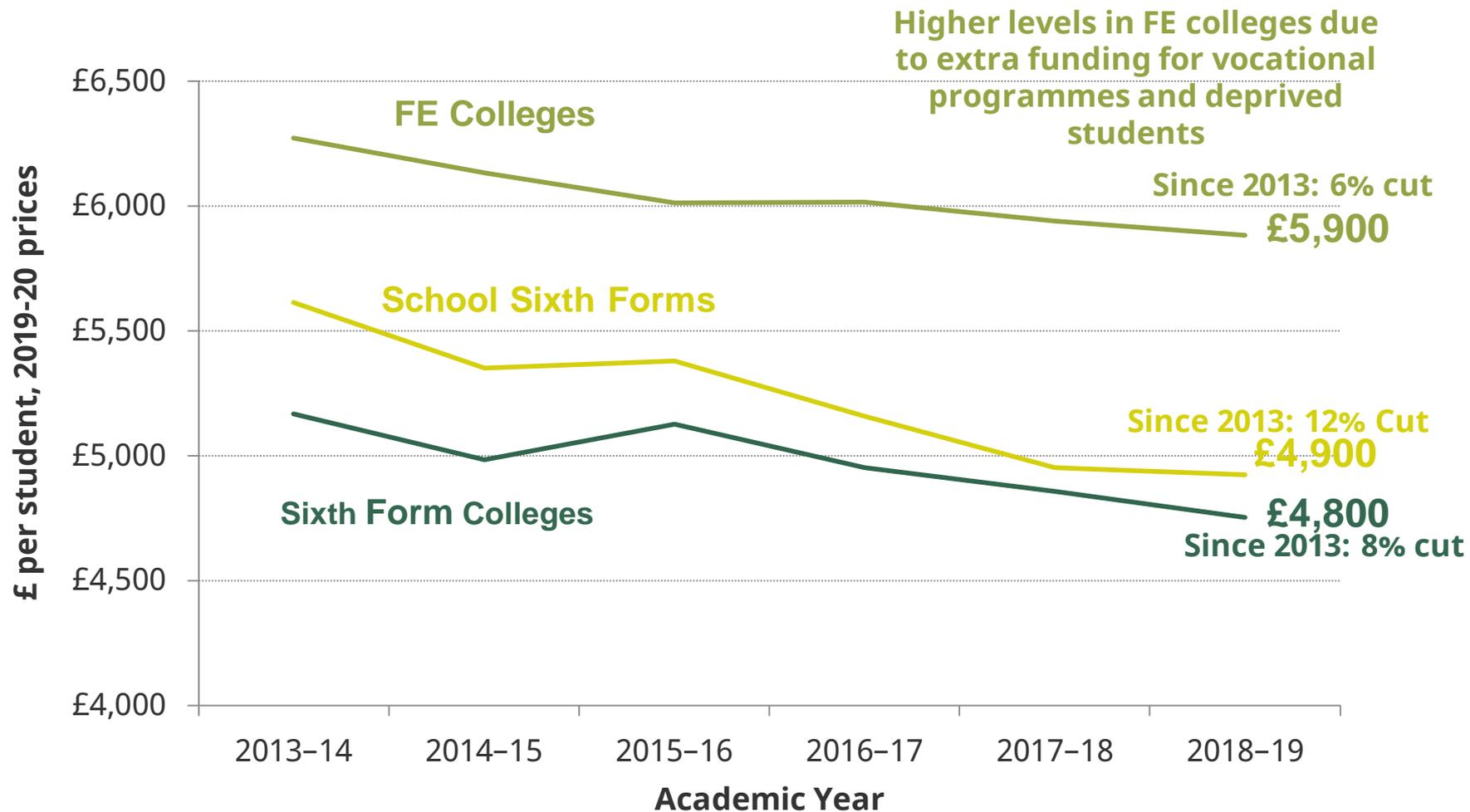
## Outline

- Spending per pupil in 16-18 education over time
- Effects of 2019 Spending Review and Ongoing Challenges
- Total spending on adult education and apprenticeships

# Large cuts to 16-18 spend per student since 2010, particularly school sixth forms



# Lower levels of spending per student in school sixth forms and sixth form colleges



# Spending Round 2019 and Future Challenges

## **Additional £300m for colleges and sixth forms in 2020-21**

- Provides for 4% real-terms increase in total spending per student aged 16-18

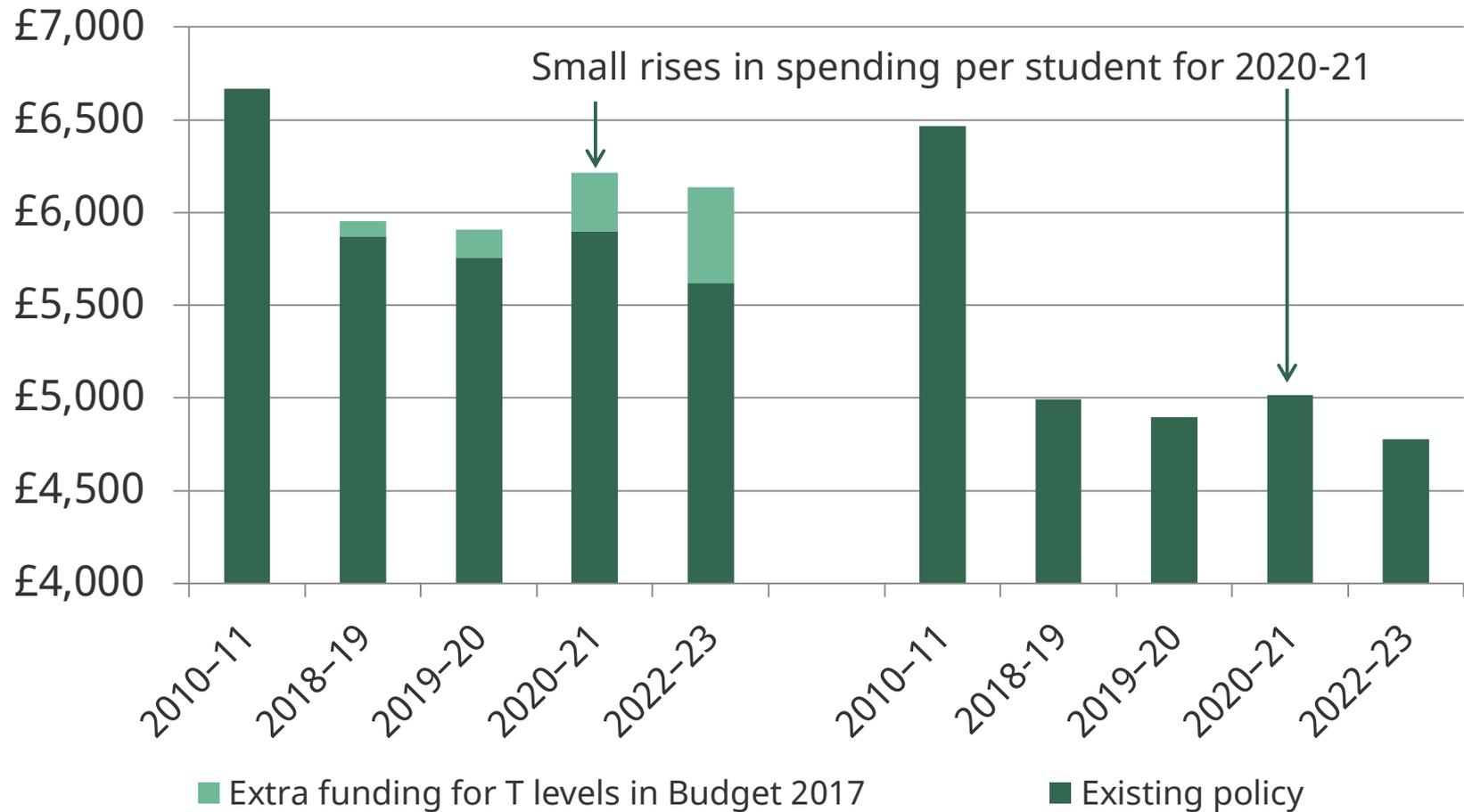
## **Student numbers set to grow by 5% between 2020 and 2022**

- Further £300m required by 2022 to keep spending per student constant in real-terms

# Summary of changes and challenges

## Colleges

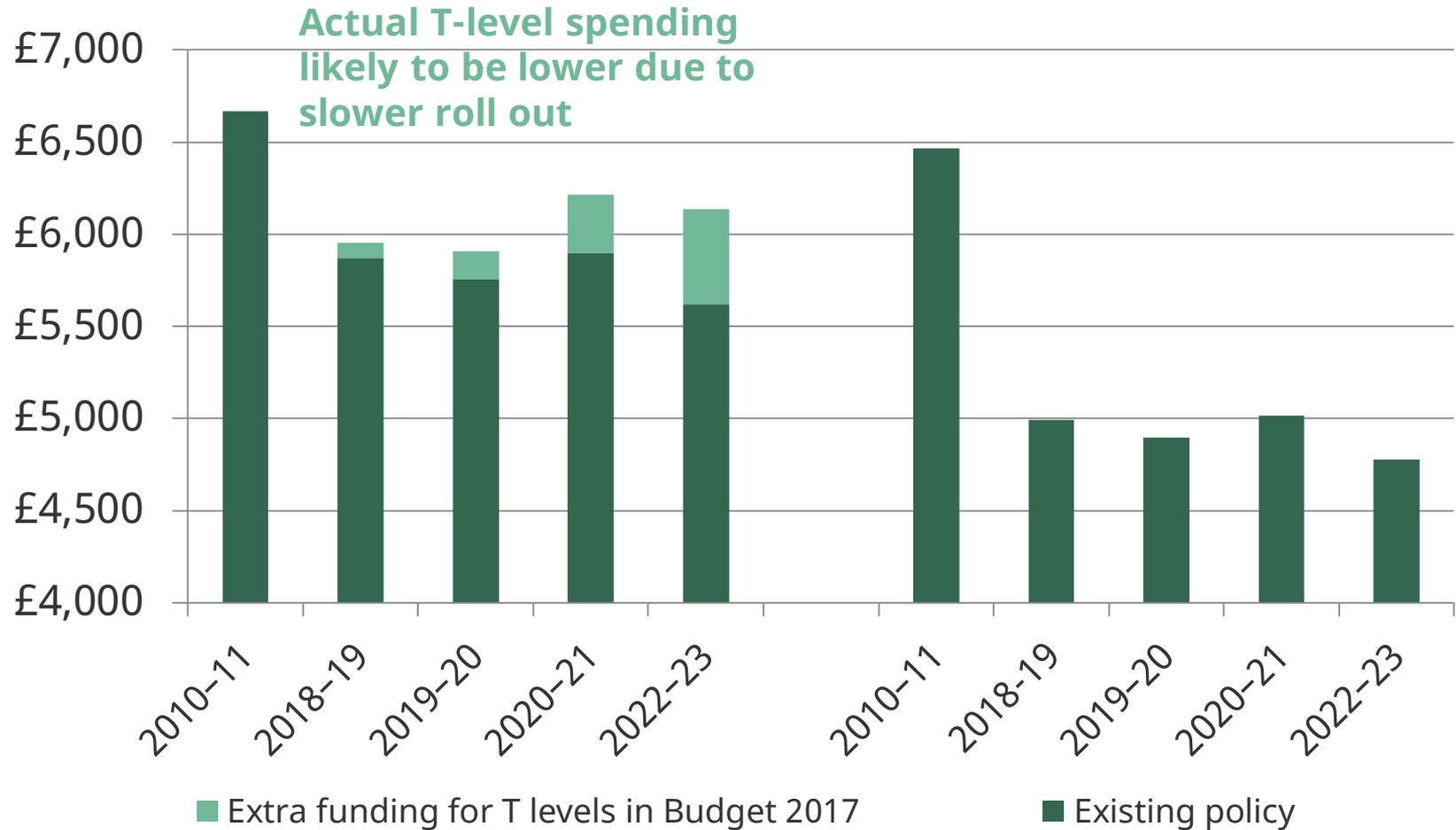
## School Sixth Forms



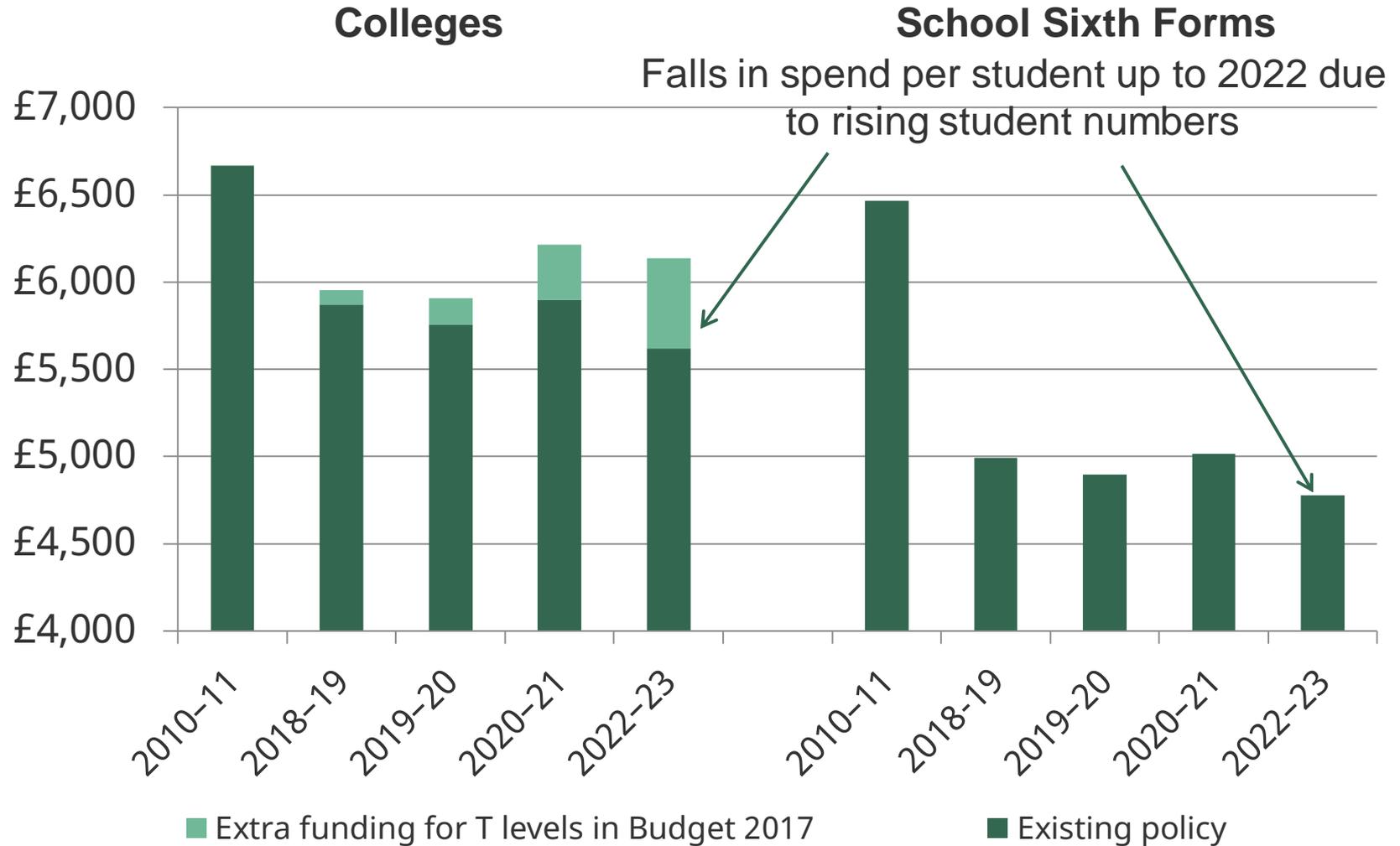
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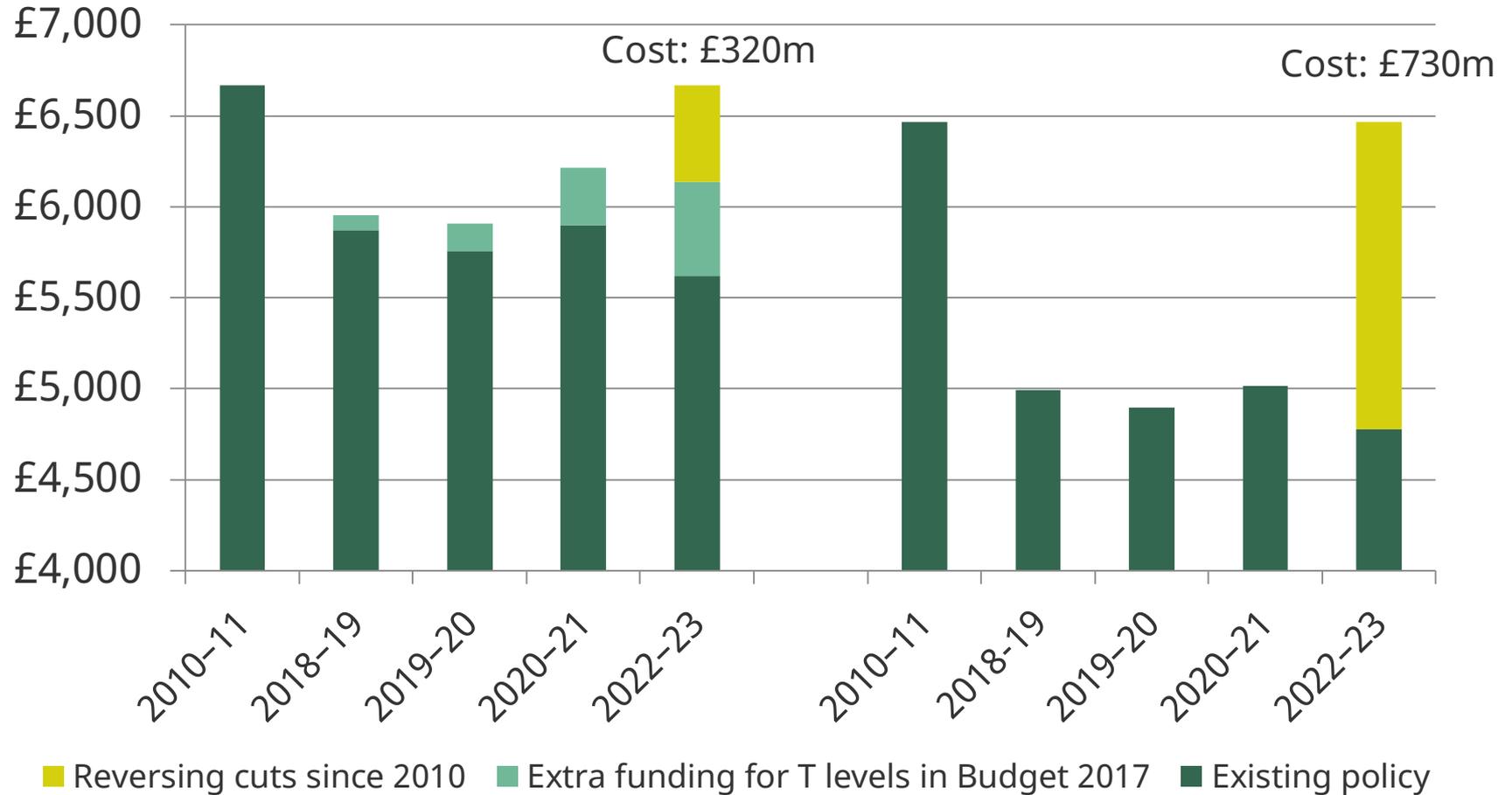
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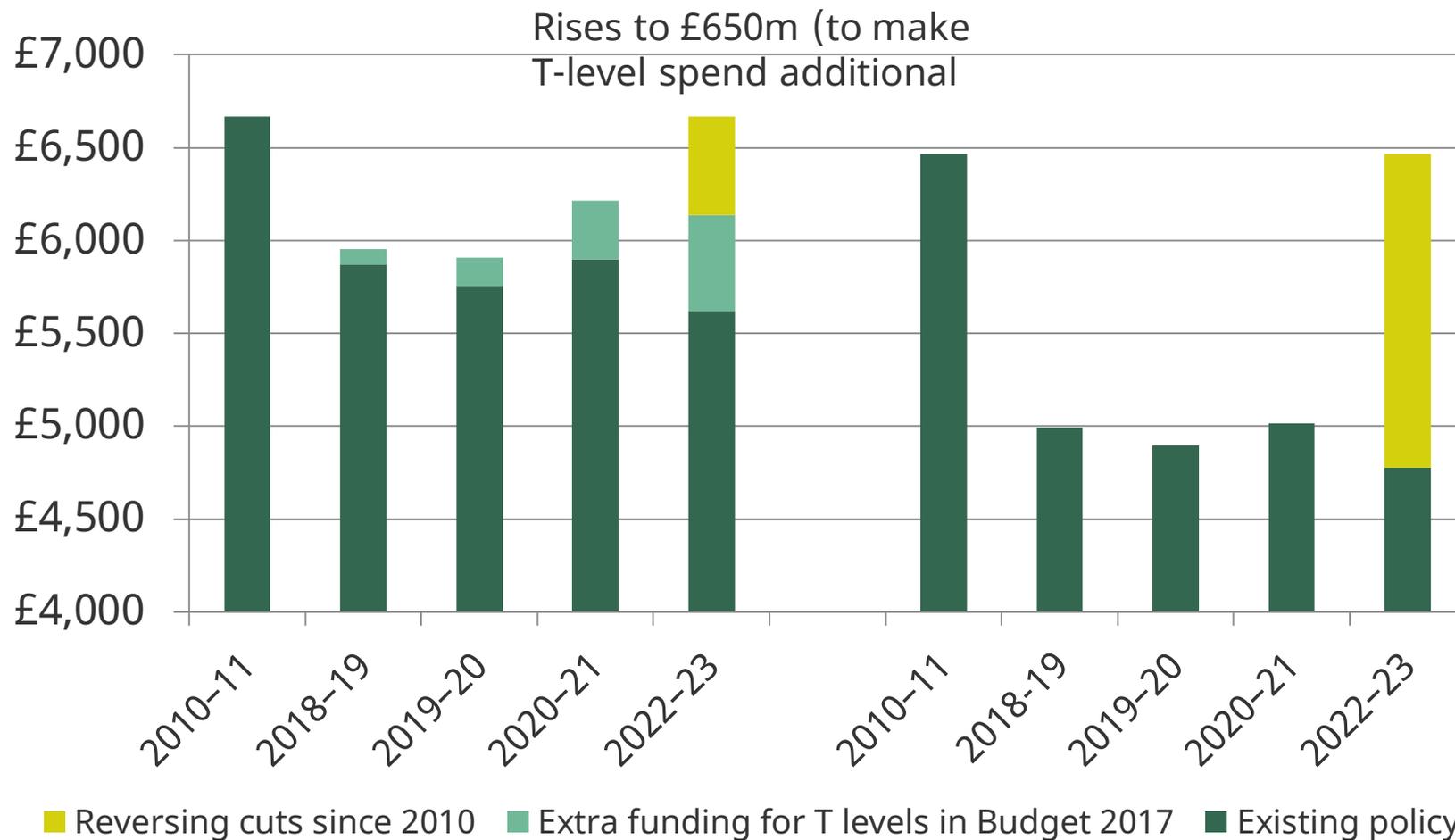
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- Provides for 4% real-terms increase in total spending per student aged 16-18

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## **£1.1bn would be required by 2022 to reverse cuts since 2010**

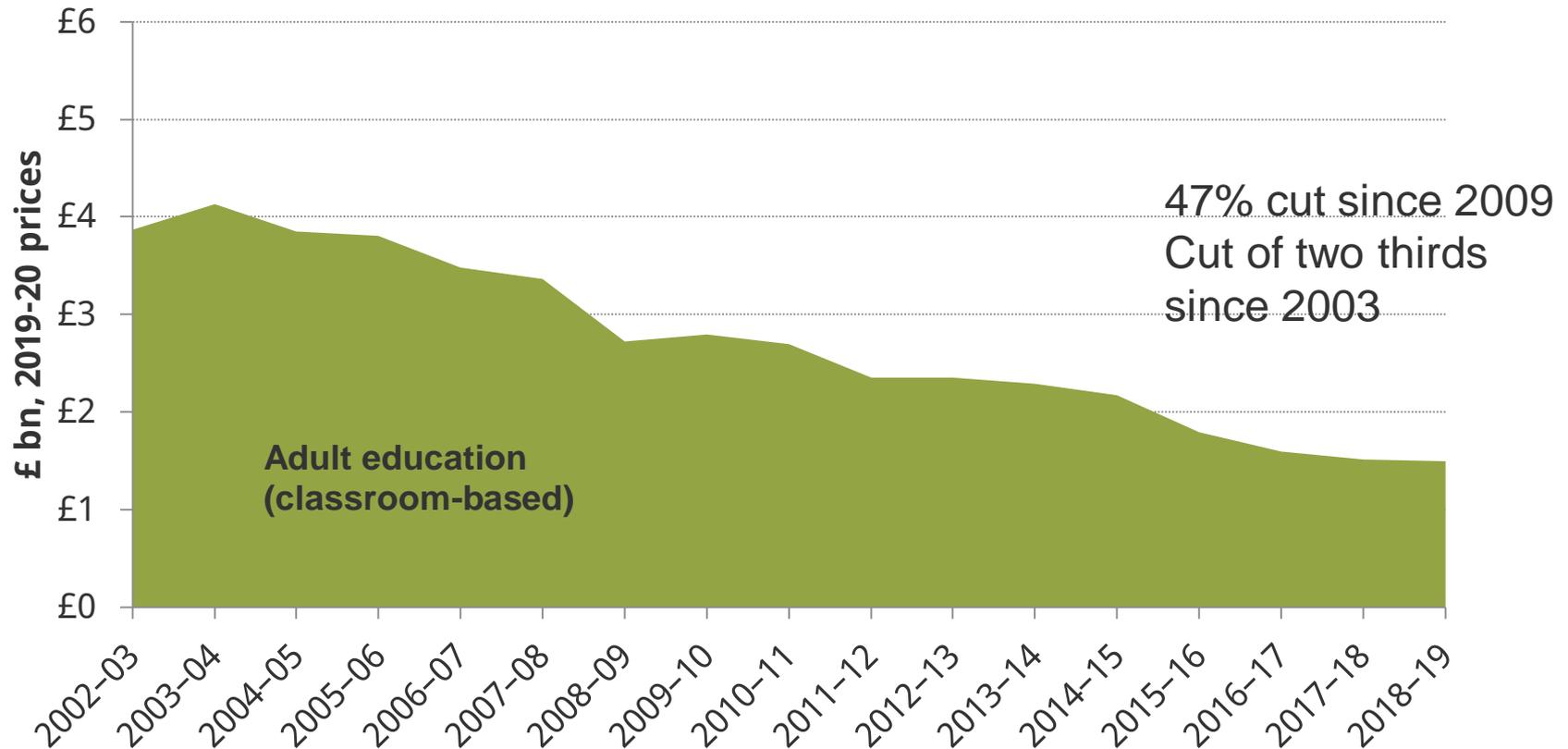
- Rises to £1.4bn to ensure T-level spending is truly additional

## **Implementation of T-level programme – even with slower roll out**

## **Significant challenges recruiting teachers in colleges when school teacher salaries rise to £30,000**

# Large cuts to adult education spending

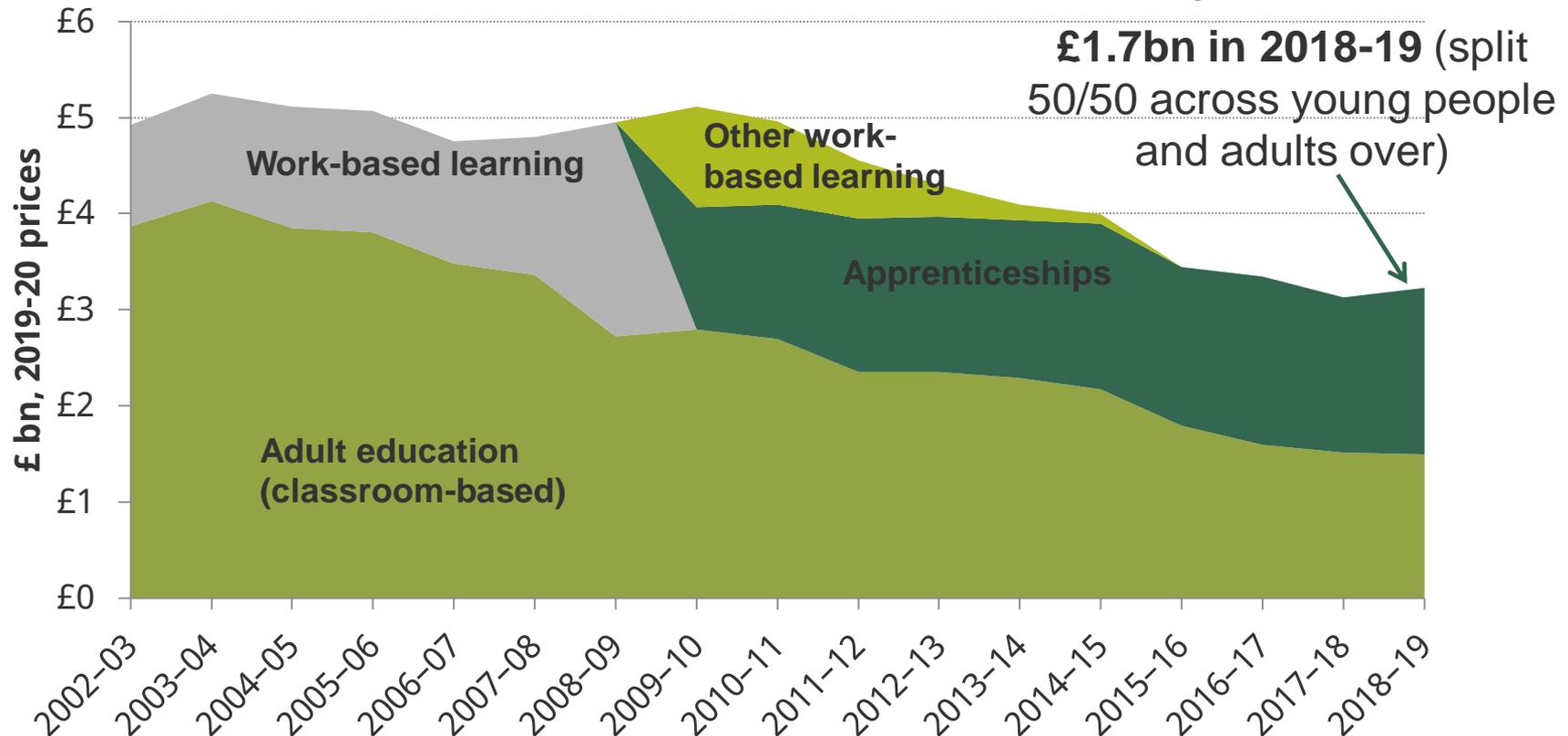
## Increasing share devoted to apprenticeships



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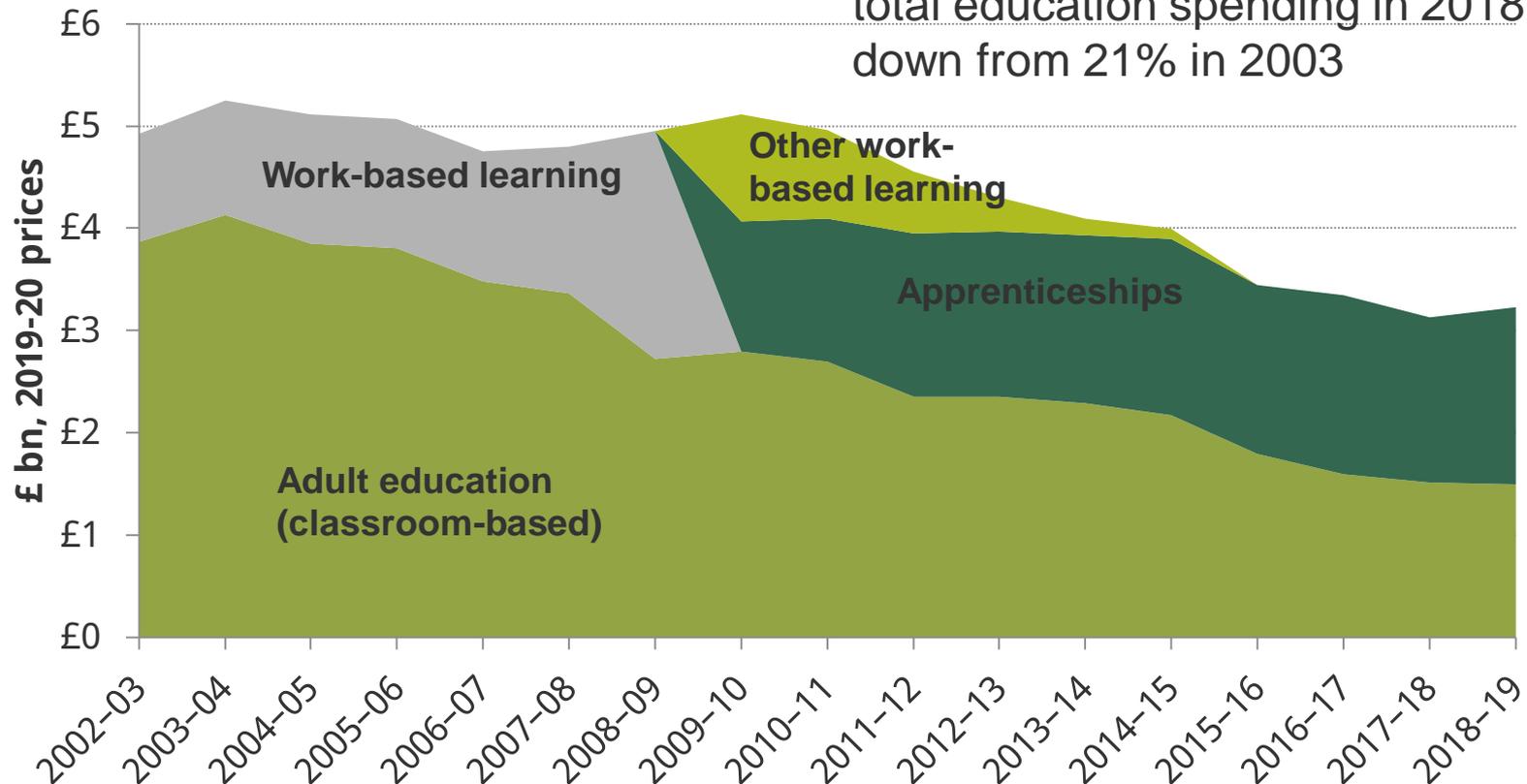
Spending on 'training' down 25% since 2009  
'Apprenticeship' spending up 36%



# Large cuts to adult education spending

## Increasing share devoted to apprenticeships

Apprenticeships account for 54% of total education spending in 2018, down from 21% in 2003



# Total spending on adult education and apprenticeships

## Spending on classroom-based adult education down two thirds since 2003-04 and almost 50% since 2009-10

- Driven mainly by falls in learner numbers: 4.4m in 2004; 1.5m in 2017
- Augar Review proposes extra funding to reverse some of these cuts

## Growth in apprenticeship spending

- Up 36% since 2009 and accounts for over 50% of total adult education spending
- Much of the growth was driven by reclassification of other training spending

## Target for 3 million apprenticeship starts 2015-2020 highly likely to be missed – only 1.7m to date

## Increasing share of apprenticeships on higher level courses

- 43% taking courses equivalent to A-level or higher in 2009-10
- Now close to 60%

# Summary of further education and skills

## Large cuts to college and sixth form spending per student

- 2010 to 2018: 12% cut for colleges and 23% cut for school sixth forms

## 2019 Spending Round provides small boost

- 4% rise in spending per student for 2020
- But, student numbers to grow by 5% from 2020 to 2022
- About £1.1bn would be required to meet growing student numbers & reverse cuts

## Adult education see large falls in learner numbers and spending

- Classroom based spending down 50% on 2009, down two thirds on 2003
- Augar Review proposes funding boost to reverse some of these cuts

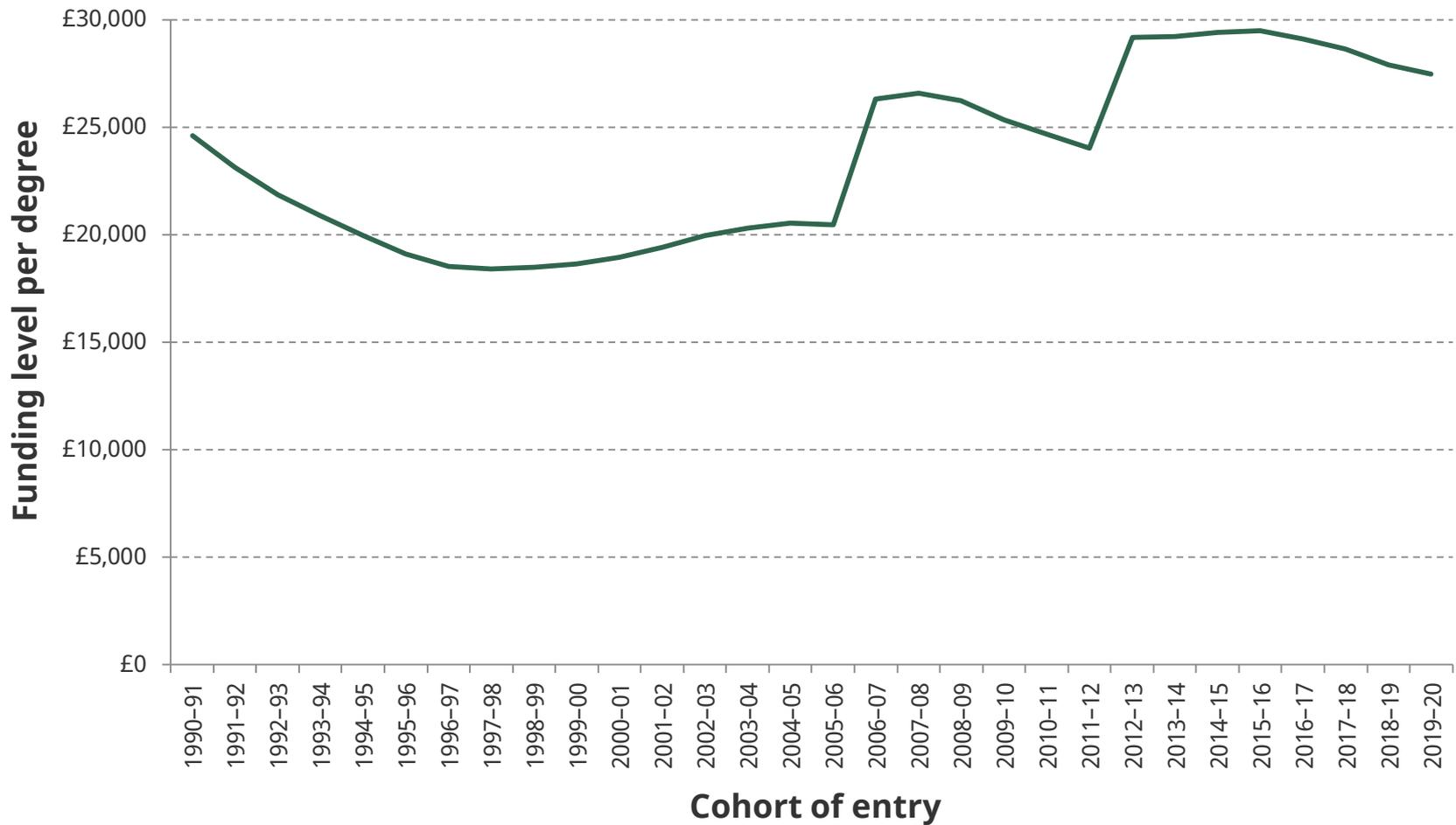
## Adult education spending increasingly focused on apprenticeships

- Accounts for over 50% of adult education spending
- About 60% of apprentices now taking course of A-level equivalent or above

# Higher Education

Jack Britton

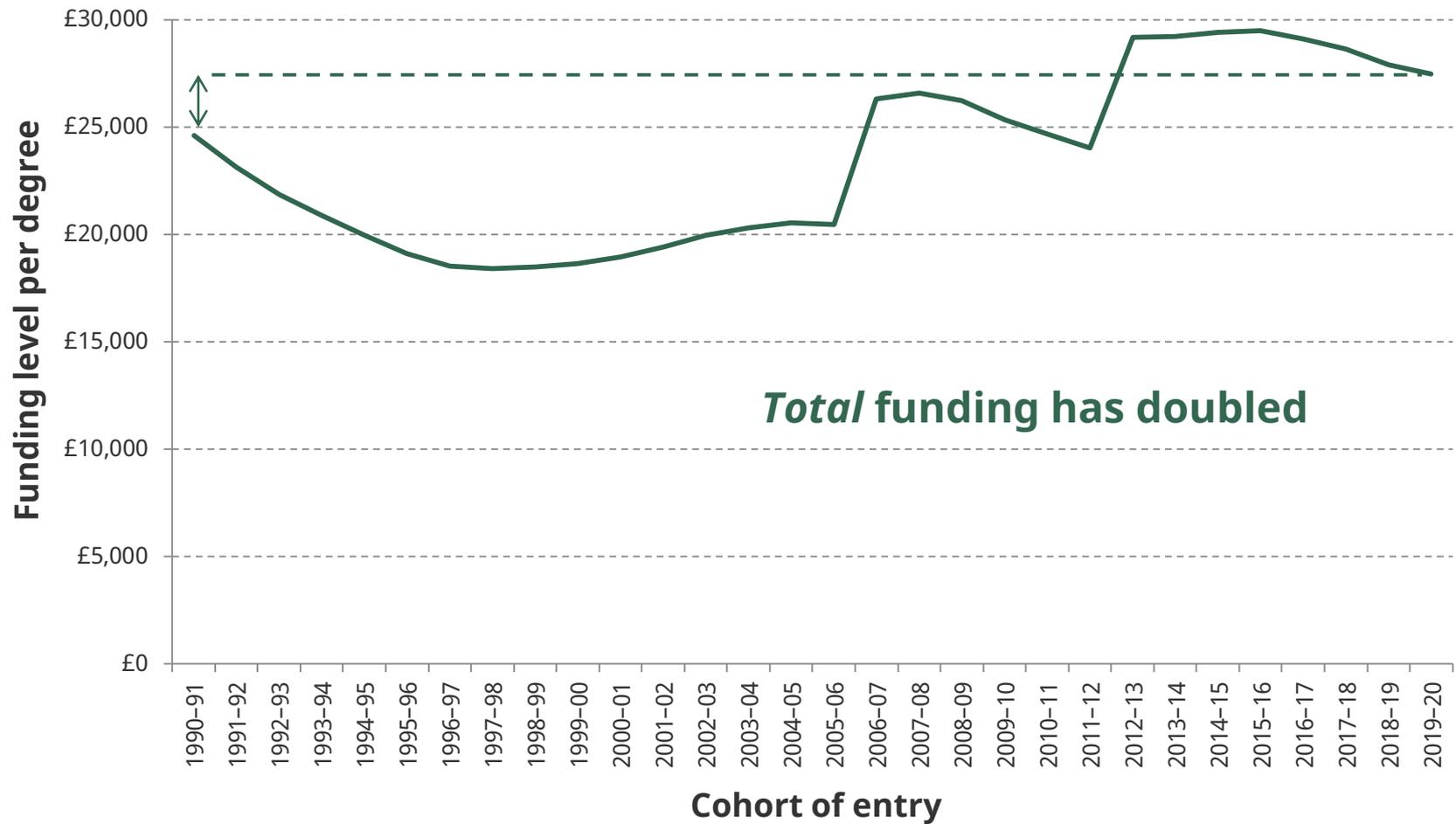
# Per-student teaching resources for English students



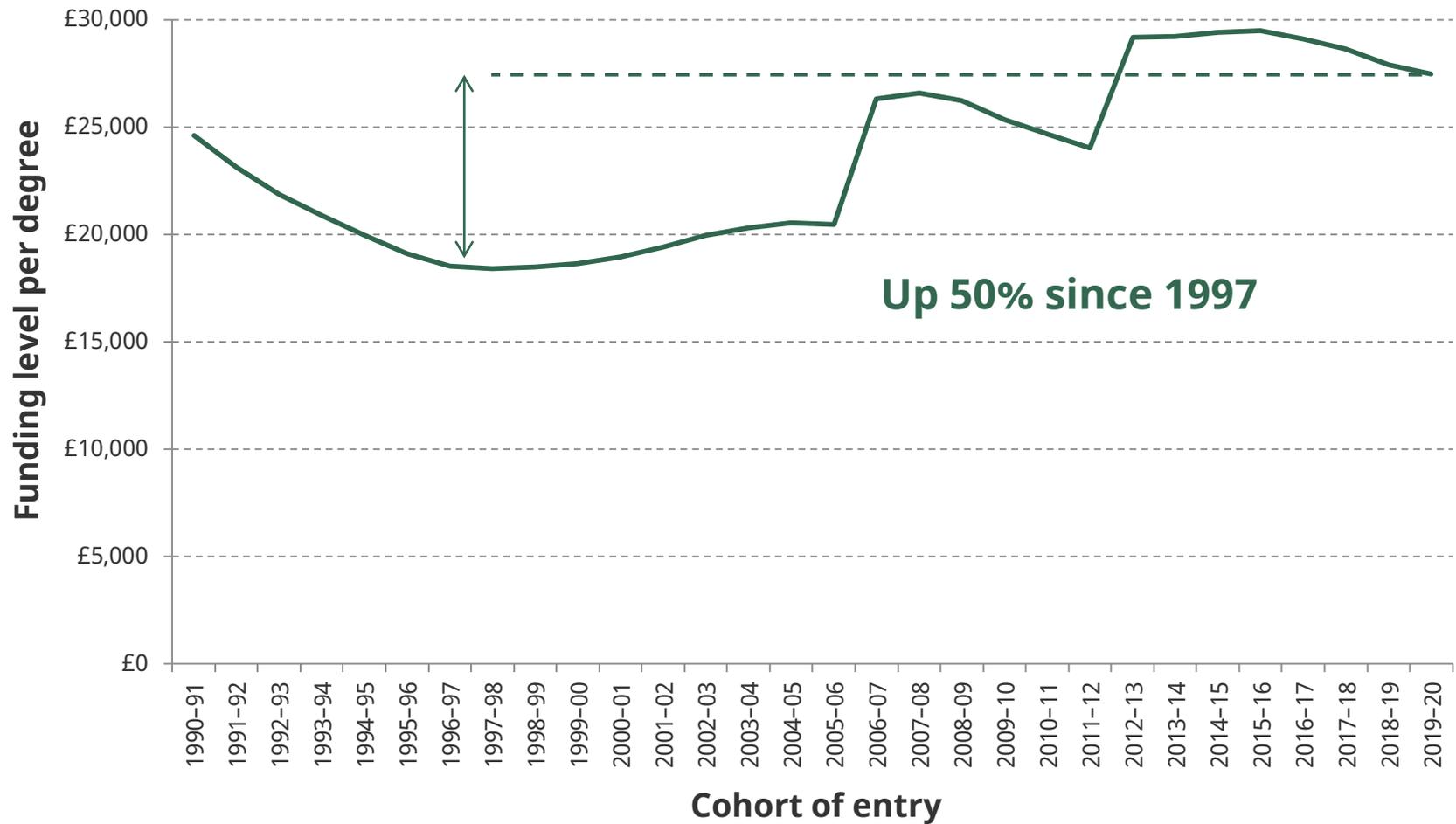
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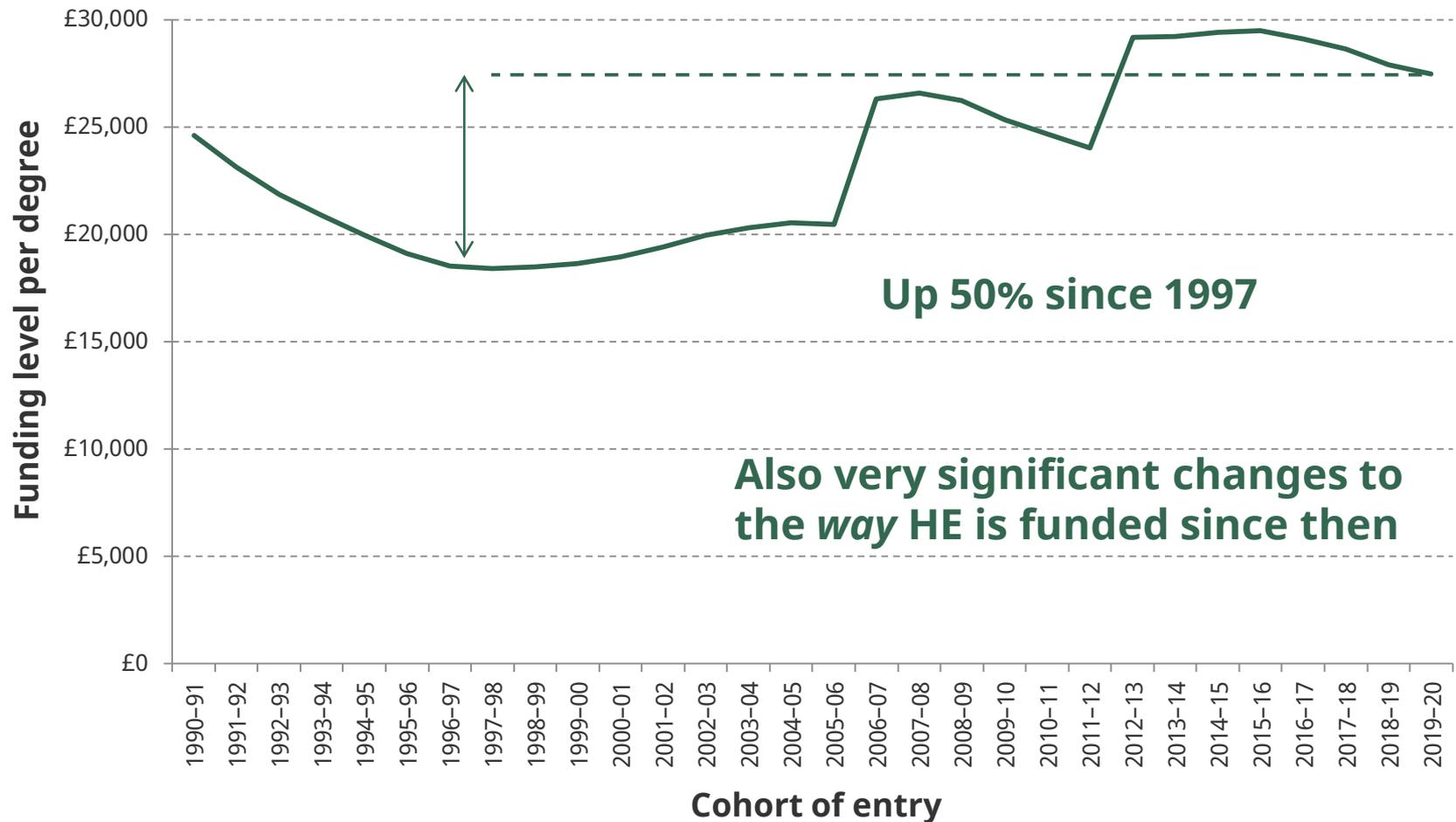
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# Per student teaching resources for English students



# HE reform: big changes, and more to come?

## Big changes

- Big shift from grants to loans
- Large increase in graduate contributions

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## Big changes

- Big shift from grants to loans
- Large increase in graduate contributions
- Removal of student number controls

## More to come?

- Augar Review
- Labour Party proposals to abolish fees entirely



# Issues with the current English system

## 1. Unpopularity

- High fees and interest rates: high headline “debts”

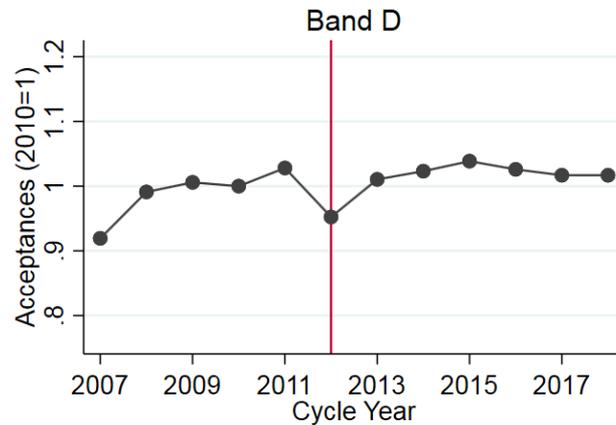
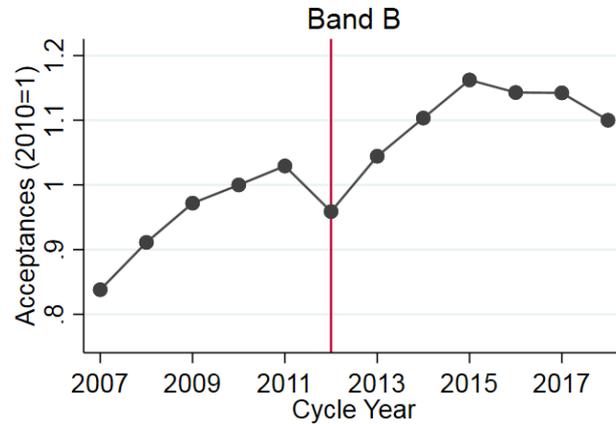
## 2. Limited control over spending

- Subsidy coming through unpaid student loans – going to low earners
- No restrictions in student numbers

## 3. Undesirable competition?

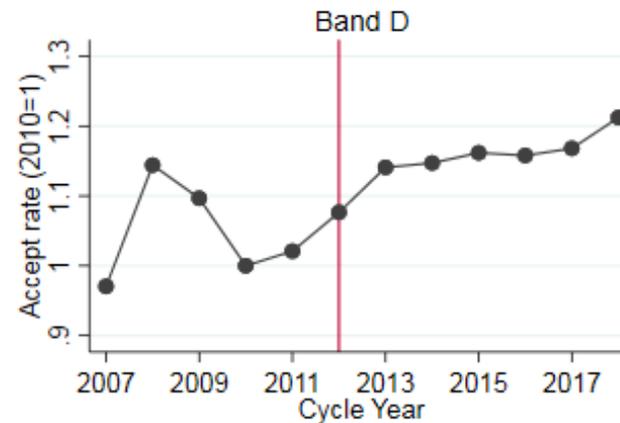
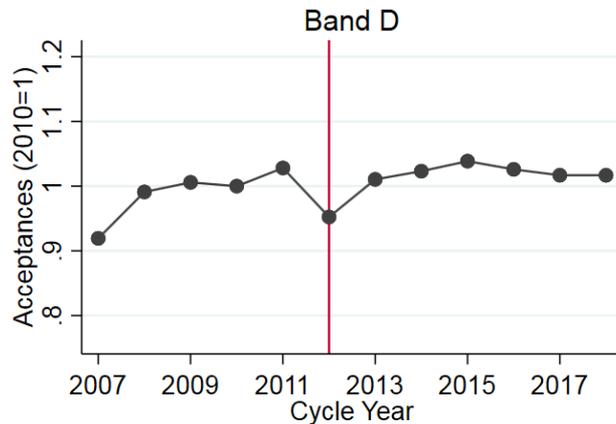
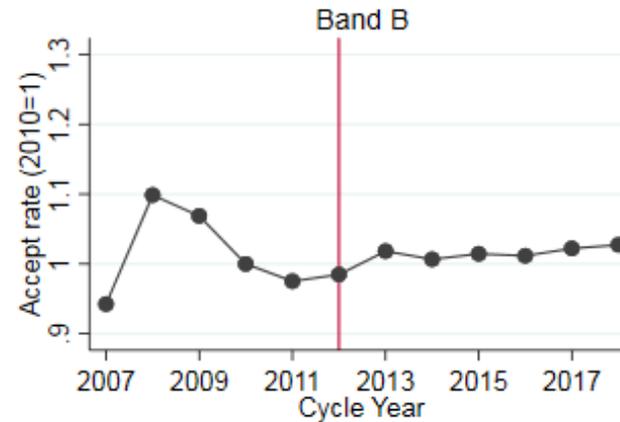
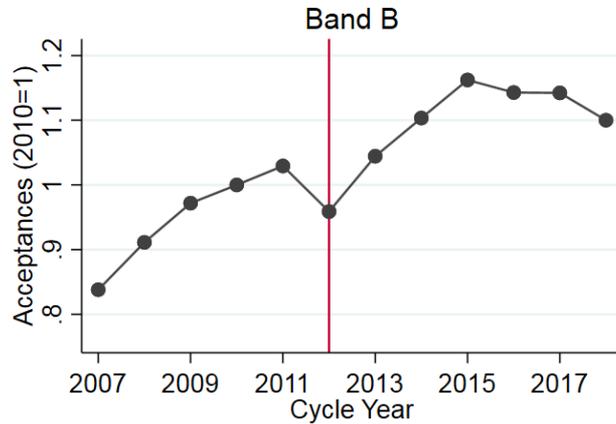
- Browne review hoped for competition on fees and teaching quality
- Significant “**grade inflation**” and rapid increases in **unconditional offers**
- Increased incentives to expand cheap-to-teach courses?
  - “Band D” and “Band C” courses have seen much bigger increases in funding than “Band B” and “Band A”

# UCAS acceptances and acceptance rates



## Acceptances

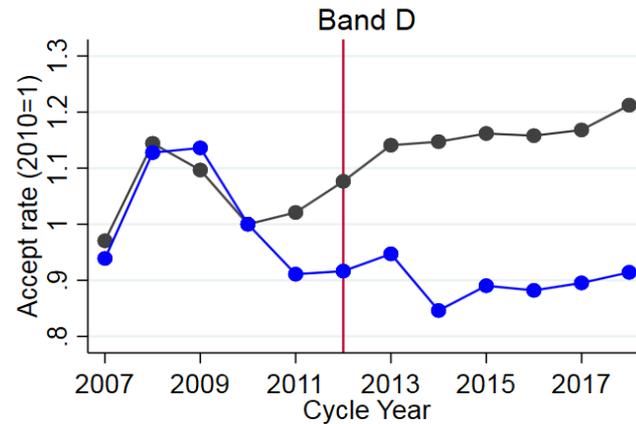
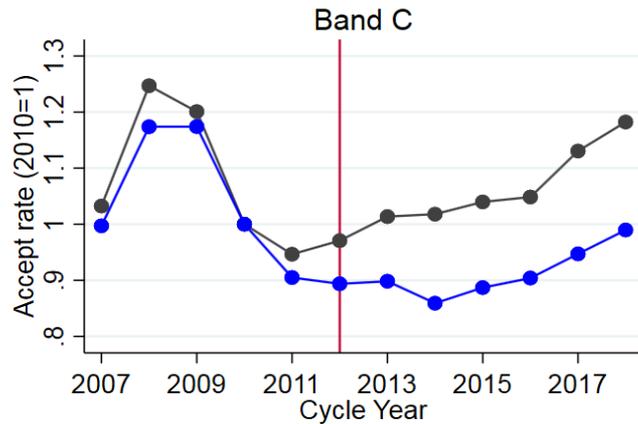
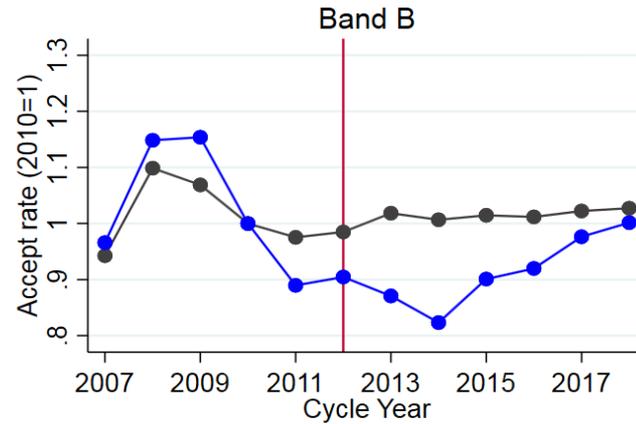
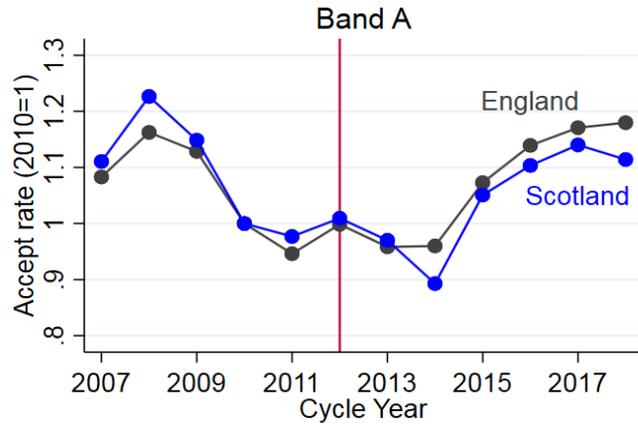
# UCAS acceptances and acceptance rates



**Acceptances**

**Acceptance Rates**

# UCAS acceptance rates, England & Scotland



**Acceptance Rates, all course bands**

# Augar and Labour proposals

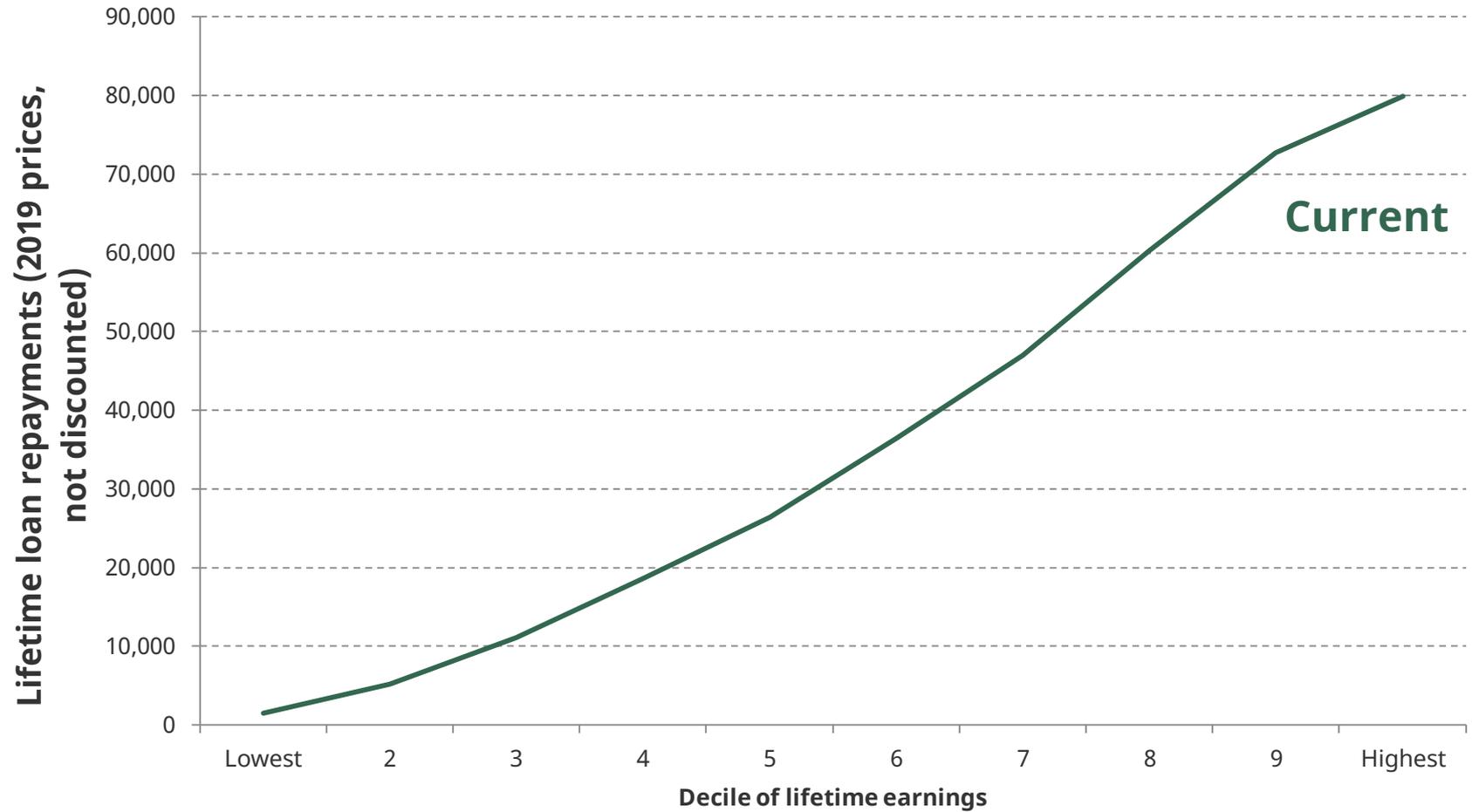
## Augar

- Cut fees to £7,500
- Bring back maintenance grants
- Cut interest rates during study
- Cap repayments at 1.2 times the value of the loan
- **But also:**
  - Extend repayment period and reduce repayment threshold

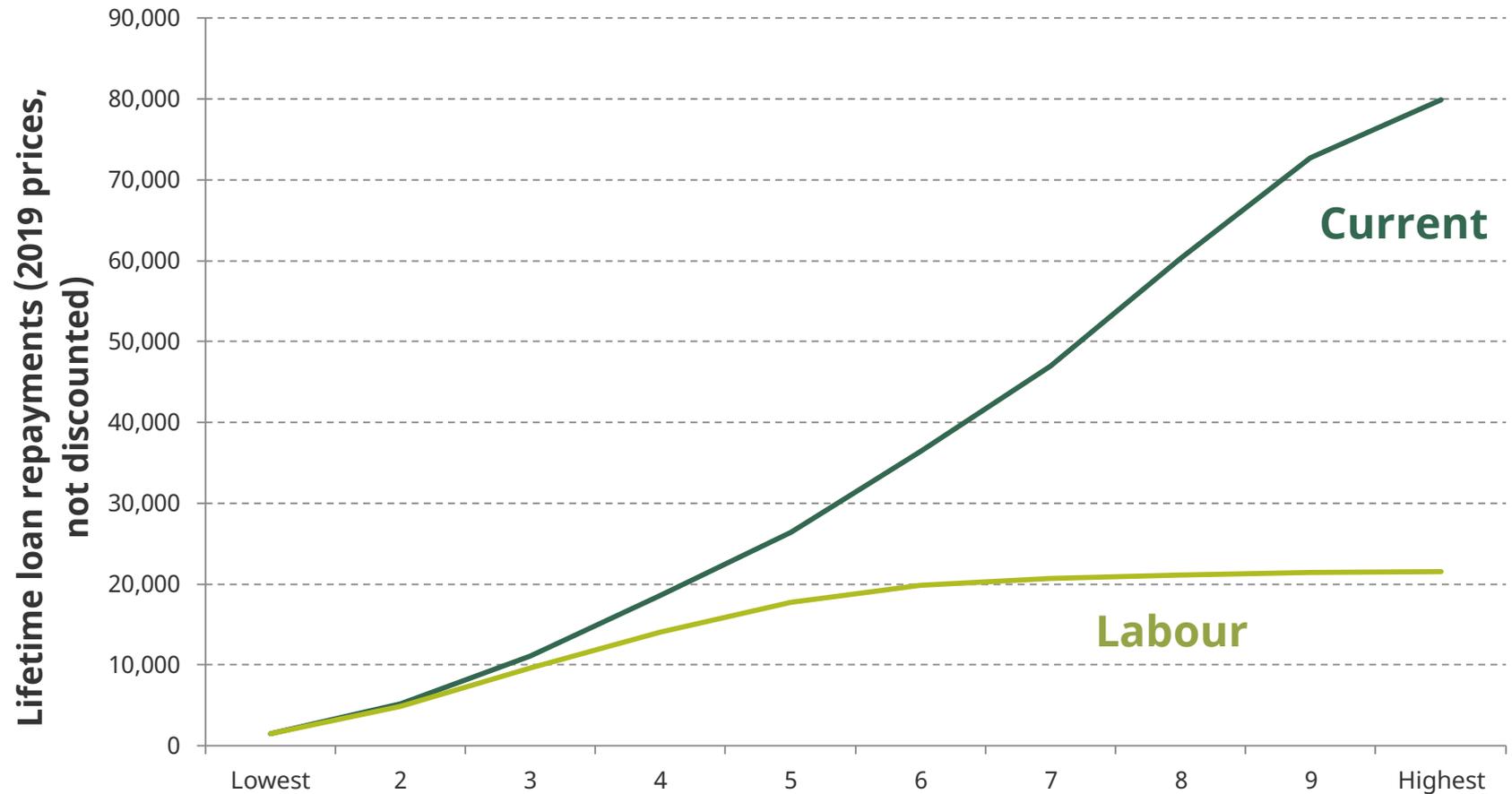
## Labour

- Abolish tuition fees
- Reintroduce maintenance grants

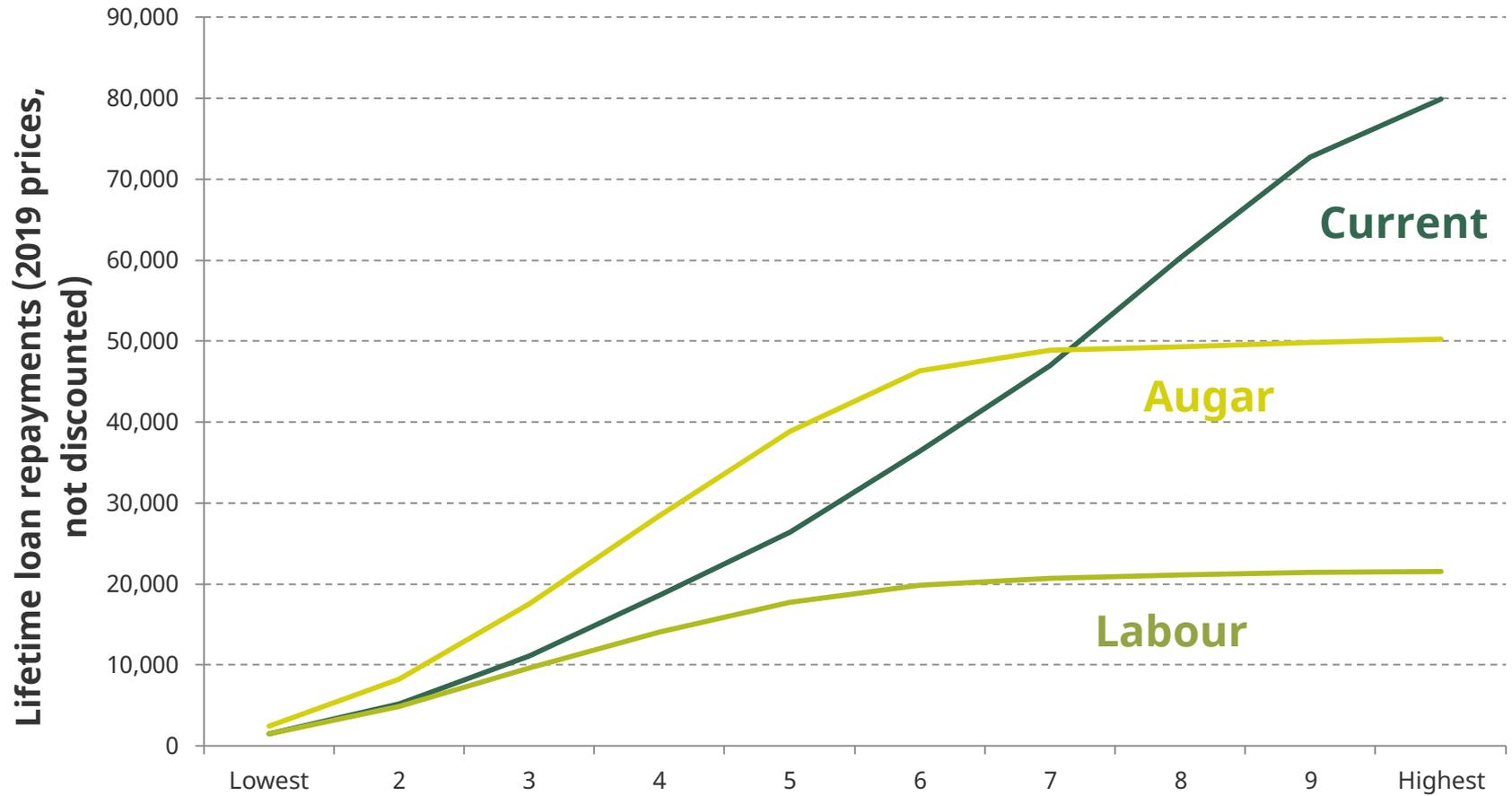
# Lifetime repayments by system



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# Augar and Labour proposals: costings

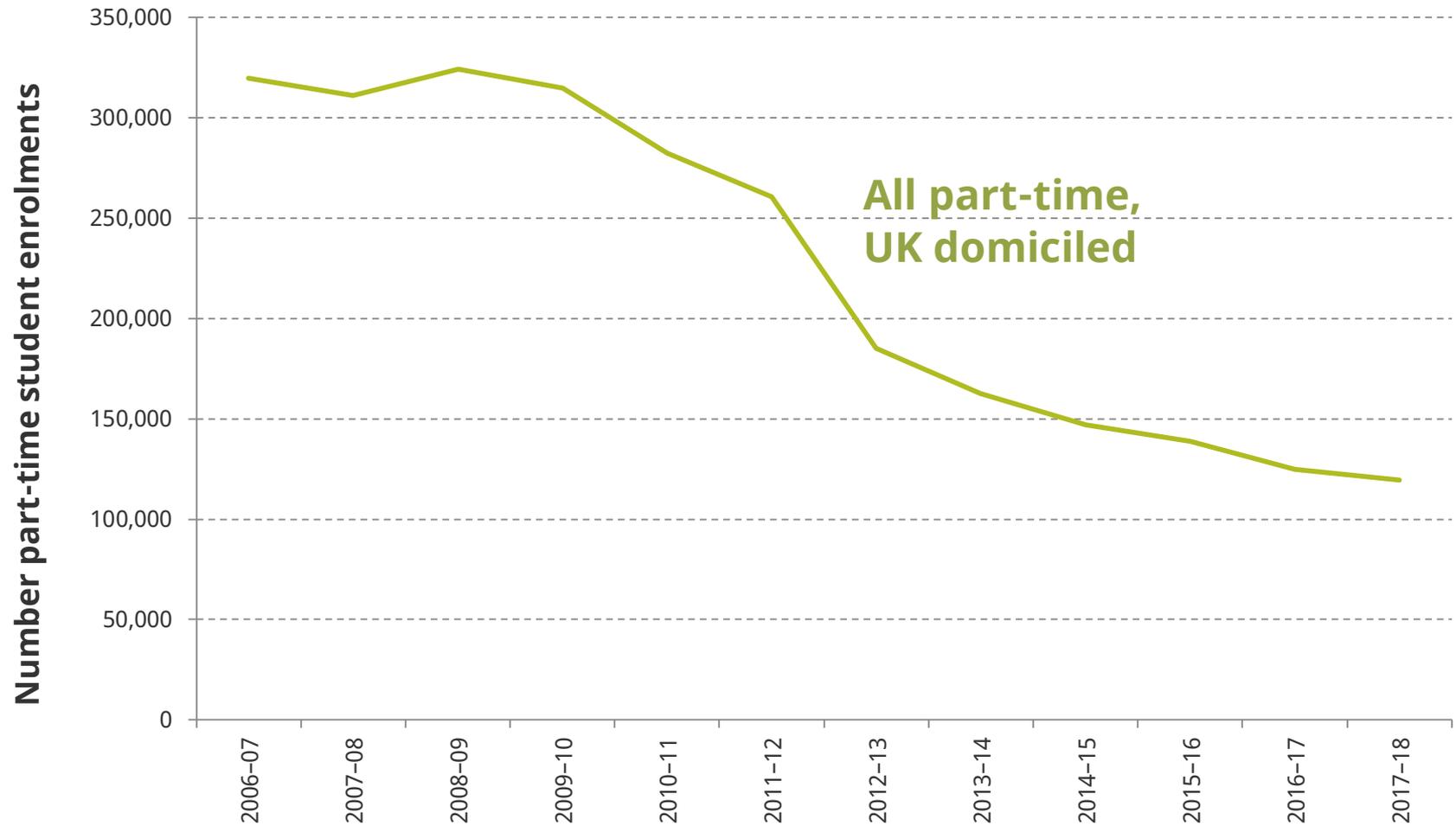
## Augar

- Broadly cost-neutral
- Repayment cap quite a large giveaway of £500m

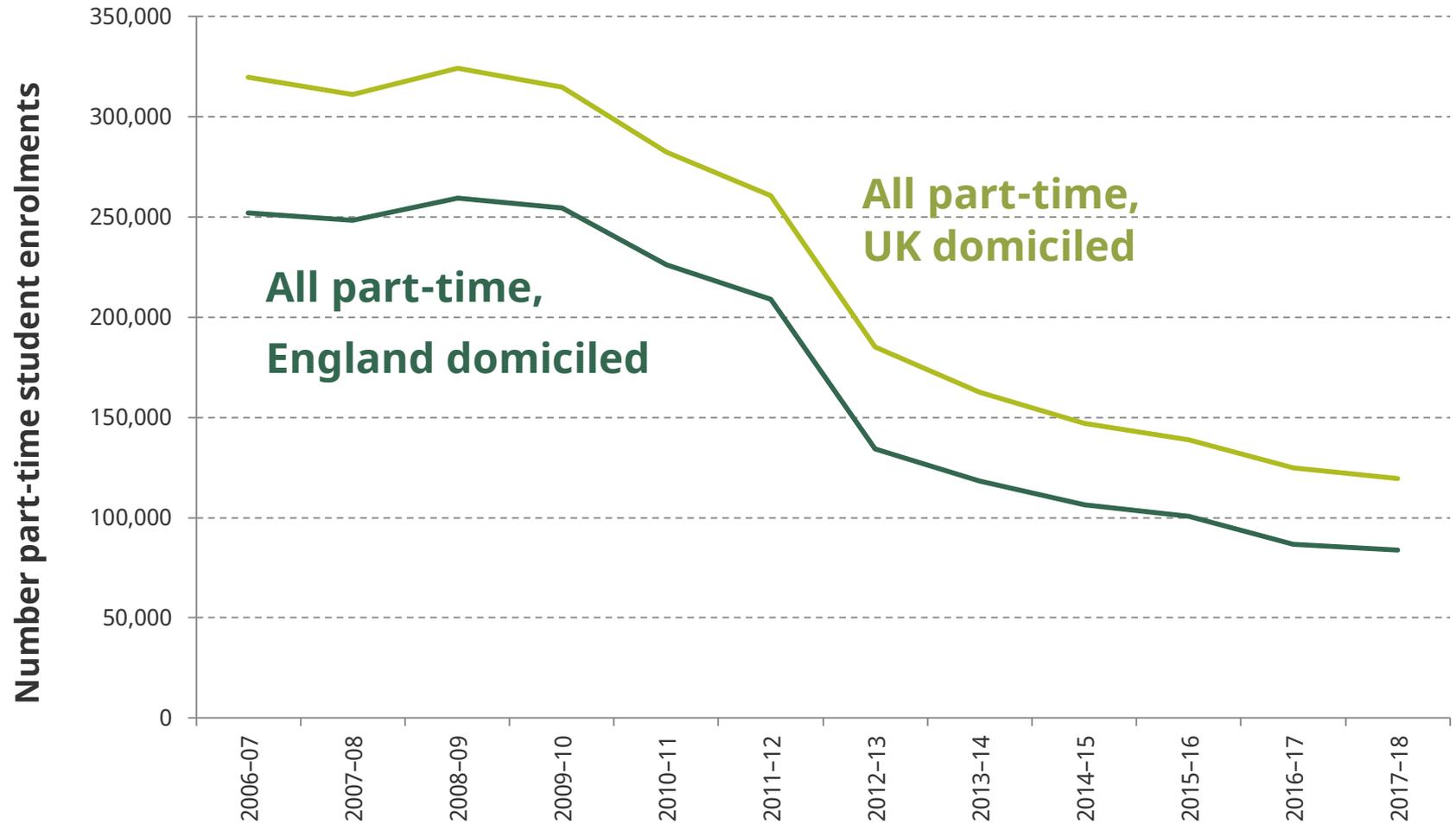
## Labour

- Would cost around £6.5bn per cohort for FT and £1bn for PT
- Much cheaper as a result of the 2017 increase in the repayment threshold
- *However*, no numbers caps suggest cost could expand significantly

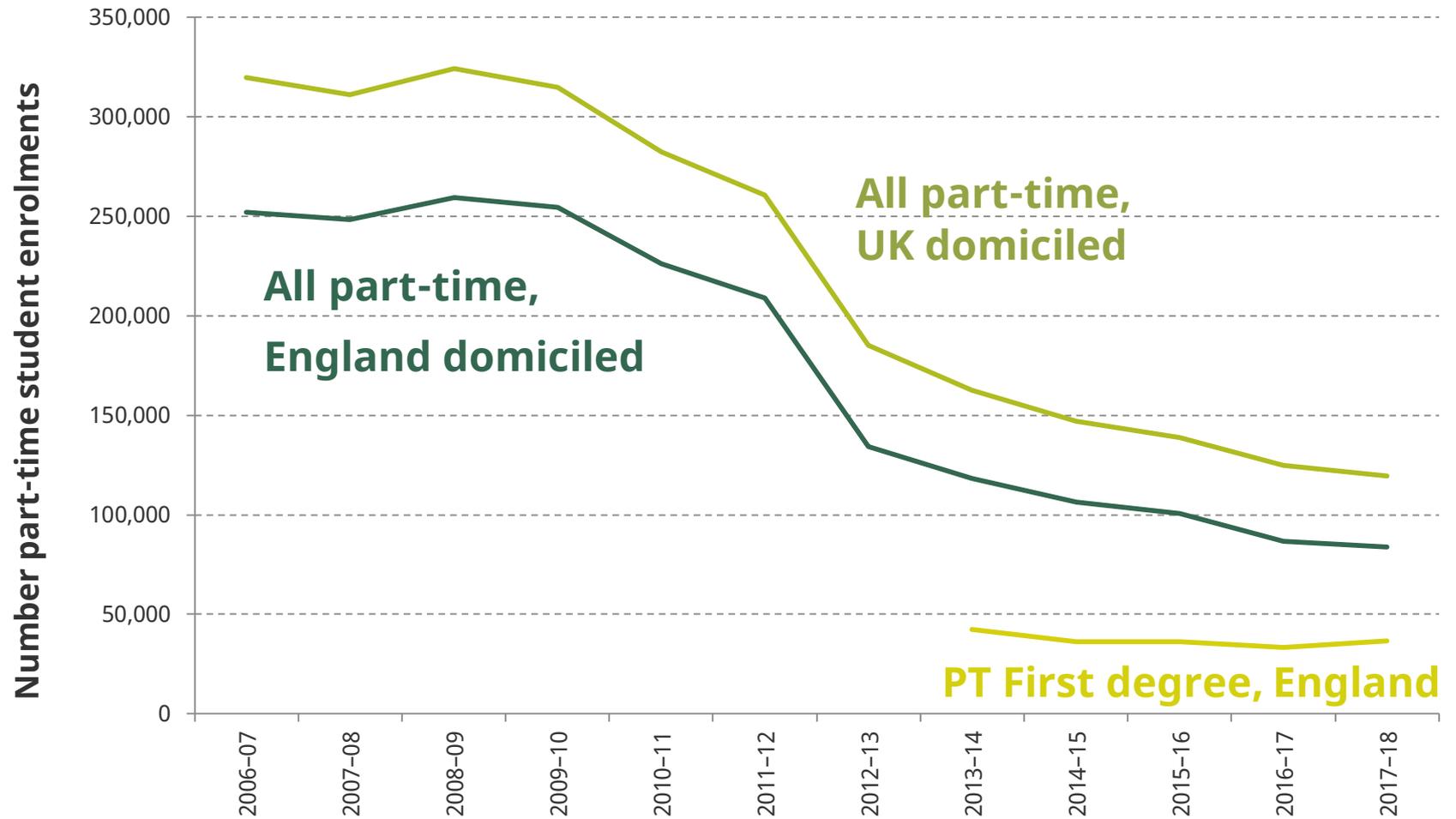
# Part time student numbers



# Part time student numbers



# Part time student numbers



# Summary

## **Precise distributional impacts of Augar should not be the focus**

- Easy to re-design to not be “regressive”
- But “regressive” is not always bad - unclear current system is “right”

## **Labour’s policy is a much more significant change**

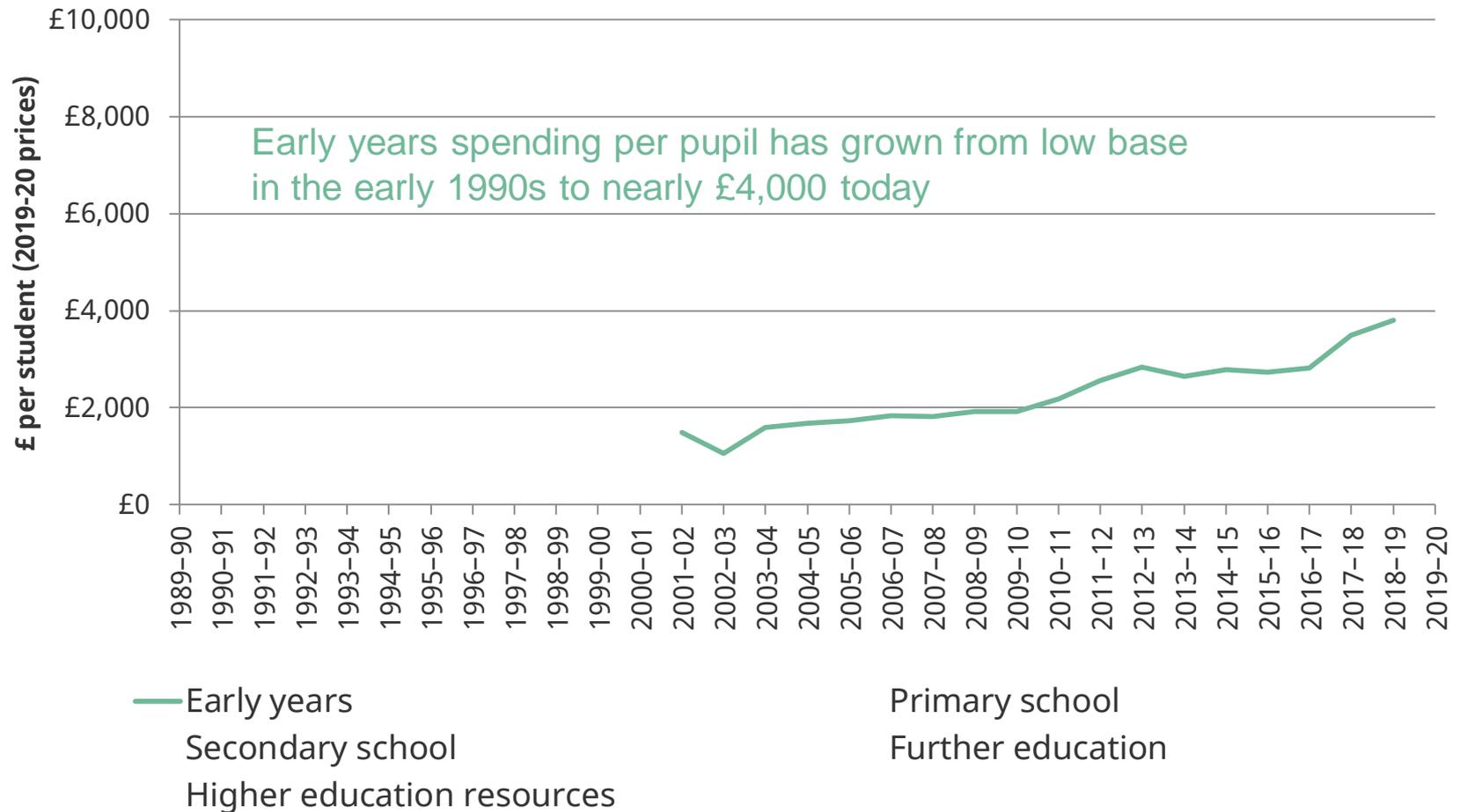
- Although there will need to be much more clarification over number caps, restrictions on access to loans and the treatment of existing debt

## **Both Augar and Labour reflect shifts from marketization of system**

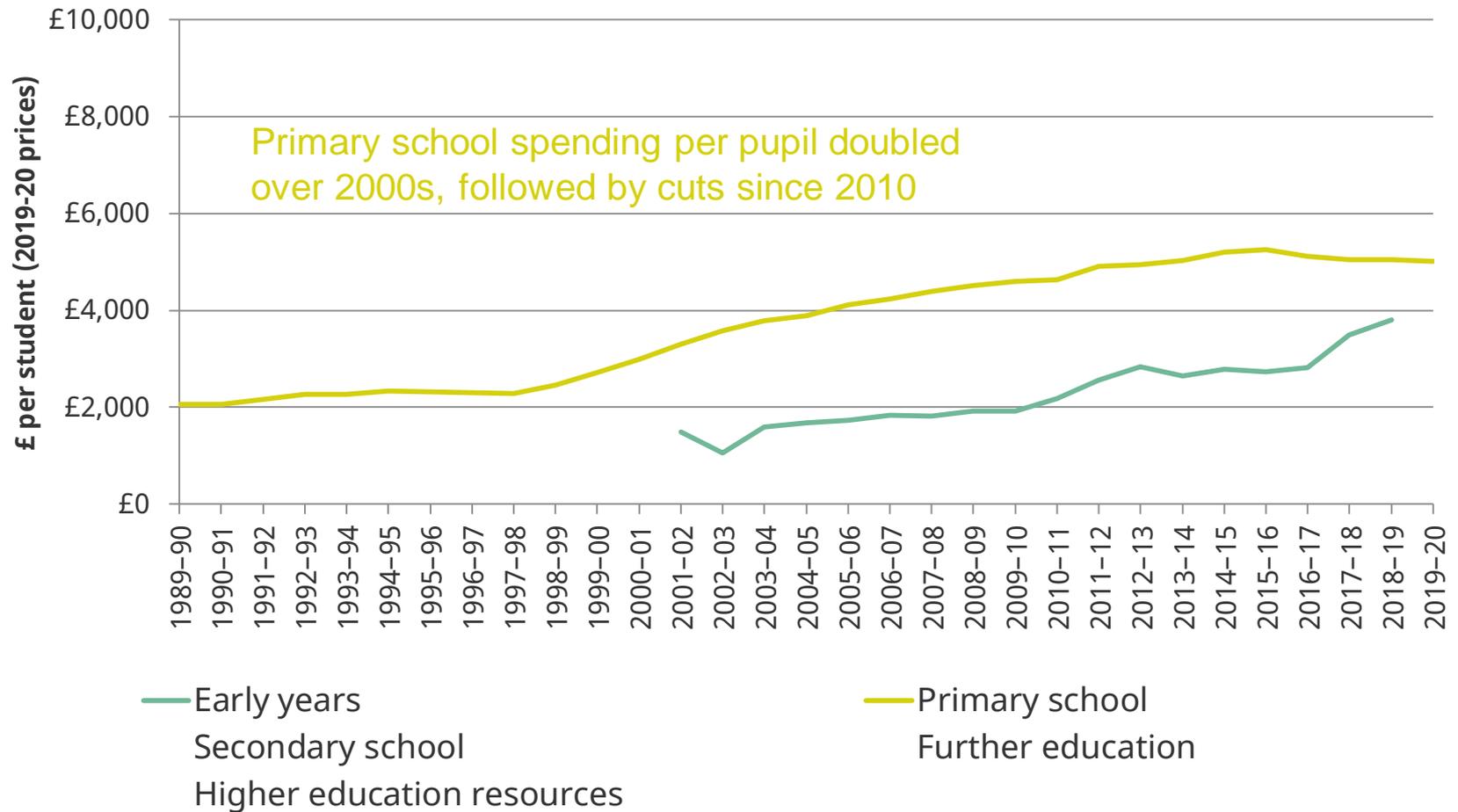
- Is this justified? Possibly ... 2012 has certainly not been an unmitigated success... but the extent to which this is correct is a judgement call

# Comparisons

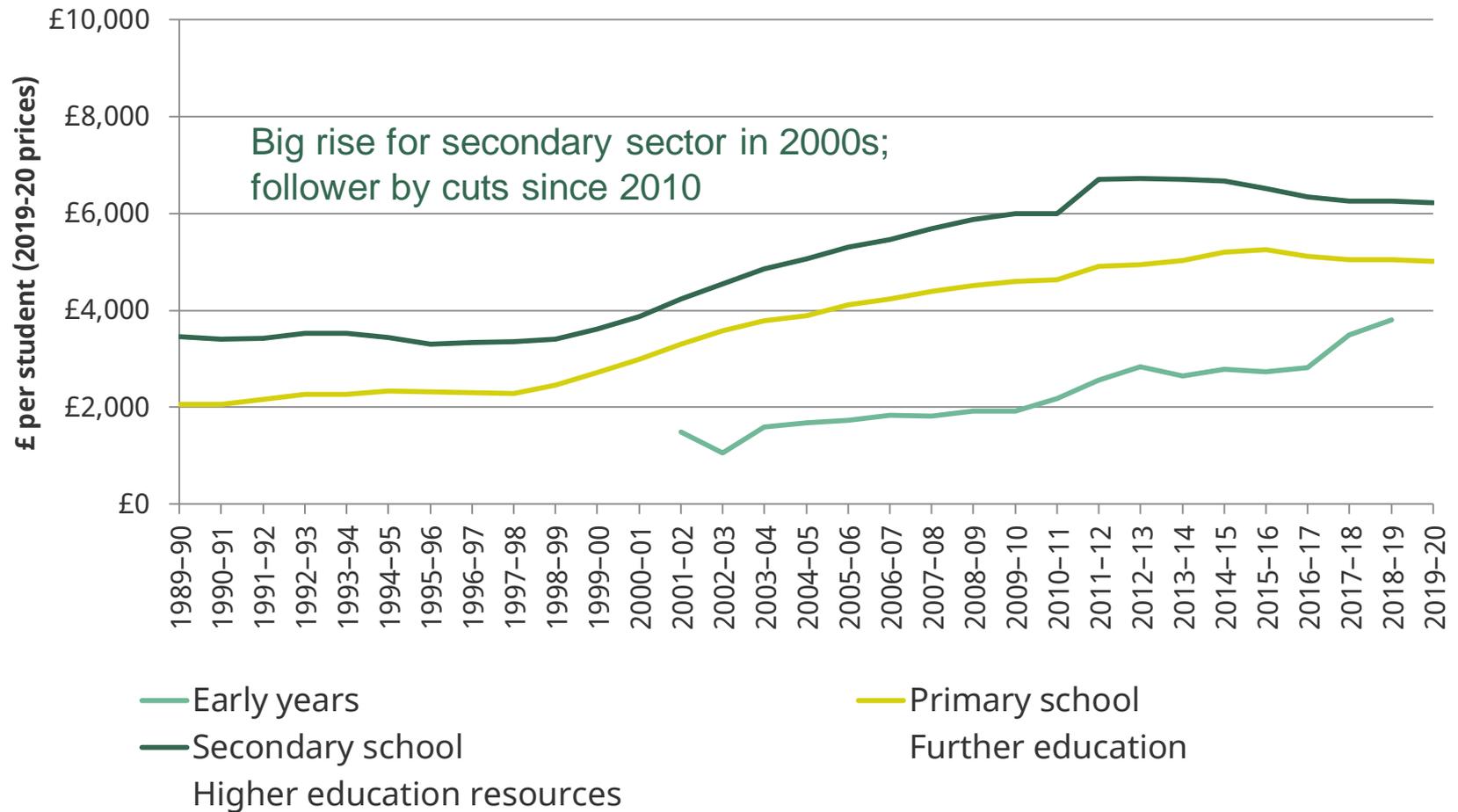
# Spending across stages of education



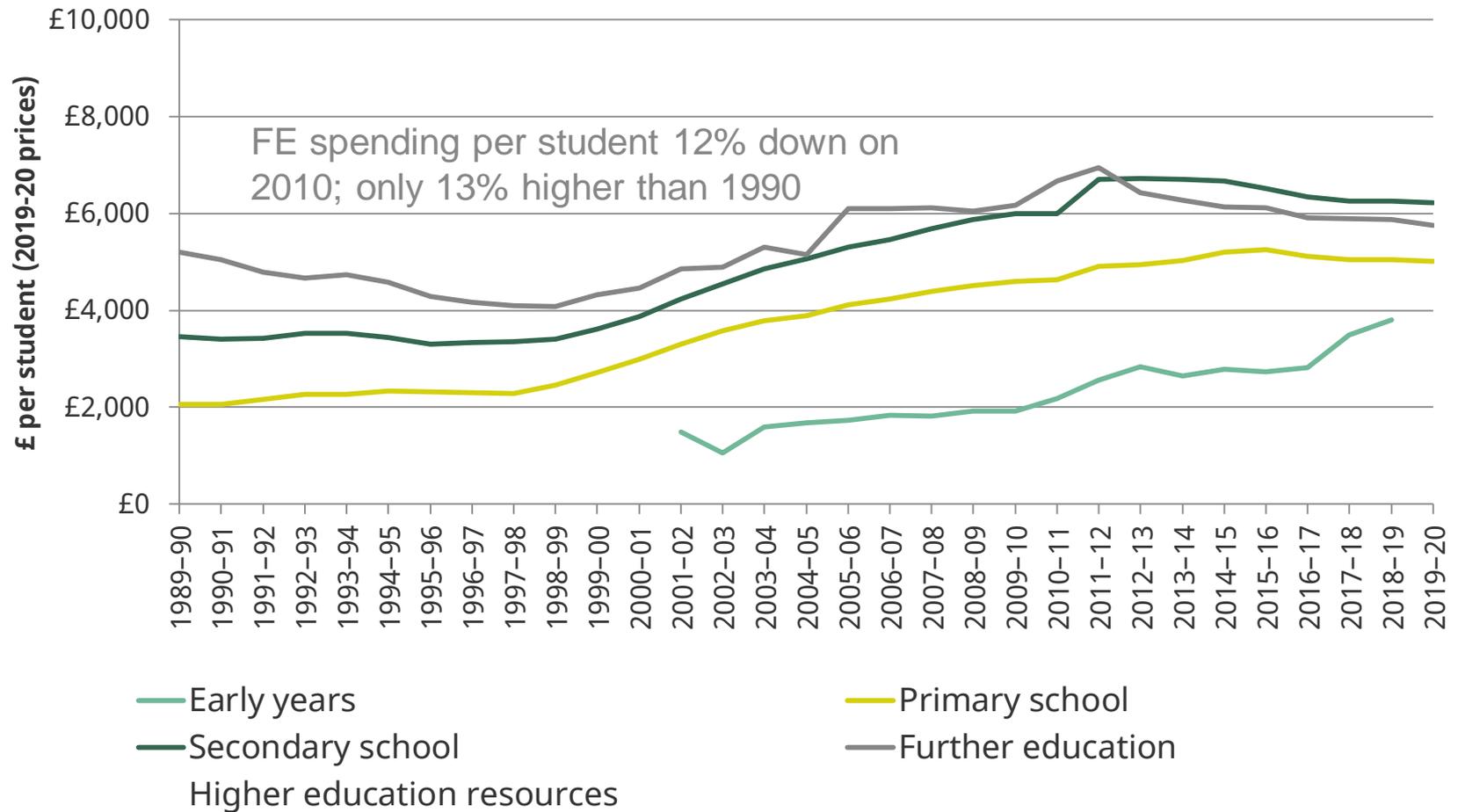
# Spending across stages of education



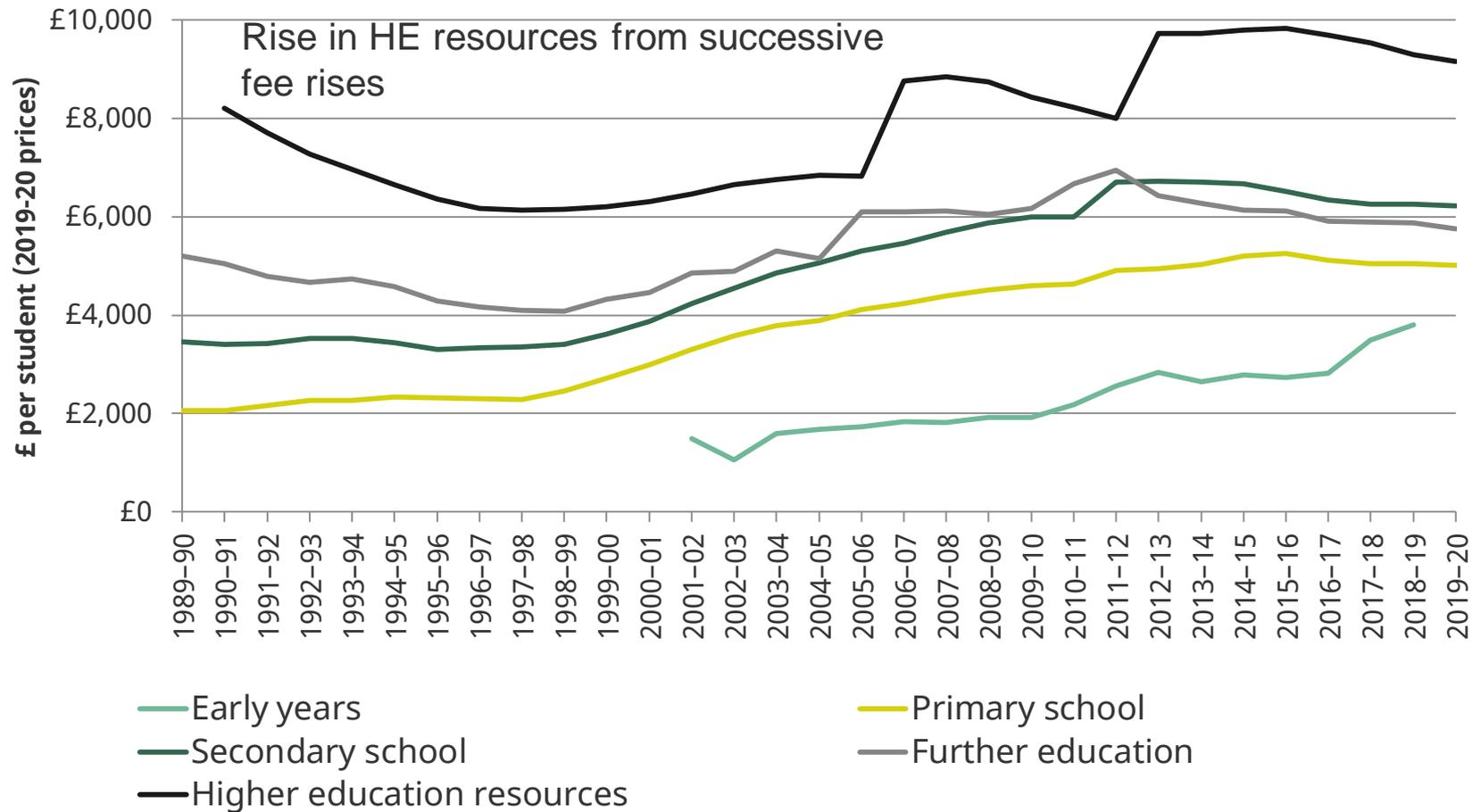
# Spending across stages of education



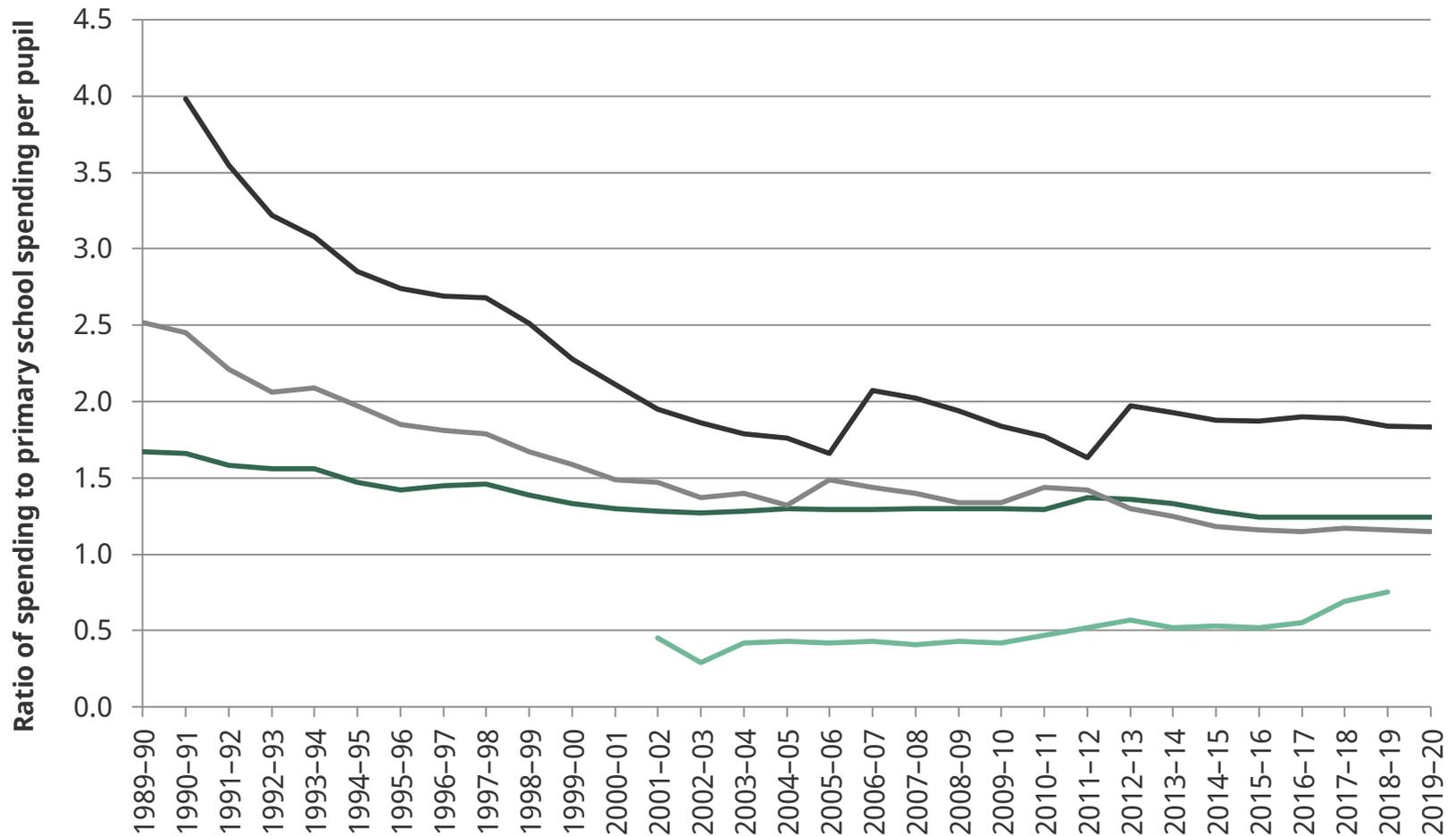
# Spending across stages of education



# Spending across stages of education



# FE and HE spending per student fall relative to school spending



# Summary and potential future trends

- The pattern of later (older) stages of education attracting higher levels of funding per student has significantly declined over the last 30 years.
- School spending uplift covers 3 years and is larger than that delivered for other sectors thus far
- Will increases for further education & sixth forms continue beyond 2020?
- How much priority will early years receive and will it continue to be focused on childcare for working parents?
- Another shake-up of HE finance is likely – but could go in radically different directions

# Education spending in England: Launch of 2019 annual report, *funded by the Nuffield Foundation*

Church House, London

19 September 2019

WIFI network: **CHW-Guest**

Password: **Westminster1**