

Budget Representation to HM Treasury from the Association of School and College Leaders

Introduction

- 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 make a budget representation on behalf of the leaders of schools and colleges of all types.
- 2 The government is to be commended for taking the first steps to address the historical inequitable funding of our schools by introducing a National Funding Formula (NFF). Although it is the recent NFF consultations that have stimulated some of the recent debate the fundamental issue is that there is insufficient money coming into school and college budgets. This was clearly recognised by the public during the recent General Election as we saw large support from parents for additional funding for schools.
- 3 ASCL is well aware of the financial issues that the country is facing and the need for HM Treasury to prioritise spending allocations. We are equally aware of the critical importance of our education system to this country's long term prosperity.
- 4 Our education system should prepare young people for life in a global, digitised community whilst 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, much needed investment for the future prosperity of the nation.
- 5 As leaders of the nation's schools and colleges our members need to be given the resources, to do the job.

School funding

- 6 ASCL has raised vigorously, and will continue to raise, with government, the major problems that schools and colleges have managing the accumulative impact of years of 'flat cash' and the significant increases in costs, many of which have been imposed by the government itself.
- 7 The key funding issues include:
 - (i) No increase in the per-pupil funding rate with only a minimal, well below cost level, uplift now planned for 2018-19
 - (ii) An increase in employers' contributions to Teachers' Pensions of 2.38% from September 2015
 - (iii) An increase in employers' contributions to National Insurance of 3.4% for the main NI pay band from April 2016

(iv) The Education Service Grant (ESG) first being reduced from £140 per pupil to £87 per pupil and then abolished completely for academies
(v) No uplift to fund pay awards for teachers or support staff
(vi) No uplift for general inflationary costs
The full single year cost to an individual school of the above changes is in excess of 4%.

- 8 In addition to these cost pressures many schools and all colleges are now subject to the apprenticeship levy. Although the association is committed to support the apprenticeship route for many young people this levy in essence an additional tax on schools and colleges as they do not have the flexibility in their staffing arrangements to employ apprentices. We therefore believe that schools and colleges should be exempted from this levy. It is incongruous for educational establishments to have to meet this levy when some large organisations are exempt.
- 9 The cumulative effect of unfunded cost pressures and actual reductions to school funding allocations, such as through the reduction and then removal of the ESG, has left schools in significant difficulties and unable to offer the quality of education that they are striving to provide and which our young people deserve.
- 10 The National Audit Office estimated that the impact of the additional cost pressures on schools over the duration of parliament from 2015-2020 would mean an 8% increase in the cost of running a school. With 'flat cash' and the removal of the ESG, in essence this meant that all schools would experience a significant 'real term' cut.
- 11 This was further evidenced a report from the Institute of Fiscal Studies (IFS) in February 2017 that indicated a 6.5% per pupil reduction by 2019/20.
- 12 The recent addition to the schools budget announced by the Secretary of State for Education in July 2017 of £1.3bn by 2019-20 is a helpful start to addressing the issue of school underfunding but still leaves schools well short of the required level. Following this announcement the IFS indicated that this will only reduce the real terms cuts to school funding between 2015 and 2020 from 6.5% to 4.6%.
- 13 The position for 16-19 year olds is far worse. They have already lost 6.7% since 2010 leading to a drop of over 13% in the decade leading up to the next General Election. This point is covered in more detail in a later section of this submission.
- 14 ASCL gathered evidence on the impact of funding reductions and increased cost pressures at the start of 2017.
- 15 The headline results of our national survey make frightening reading.
 - (i) 95% of schools have had to cut back on support services for students
 - (ii) 68% say enrichment activities have had to be reduced
Enrichment activities are not icing on the cake; they are key aspects of a school's overall curricular provision. Both the CBI and DfE have emphasised the importance of such activities in developing positive character traits – such as resilience, creativity, team working and self-confidence - which enhance the life and employability skills of young people.
 - (iii) 82% said class sizes have had to increase , 60% said by five or fewer pupils per class, 20% said between six and 10 pupils per class
- 16 Looking at the school's largest class size, the average response was 33 pupils and around 12% said their largest class size was now 35 or more pupils.

- 17 The impact on the curriculum has also been significant as 72% of schools say GCSE courses or vocational subjects have been removed at Key Stage 4. The chart shows the GCSE courses removed.

	Percentage (out of 668 responses)	Responses
Drama	14%	96
Music	18%	117
Other performing arts	26%	174
Design and technology	44%	297
Art and design subjects	16%	108
French	6%	37
German	18%	117
Spanish	8%	54
Other GCSE subjects	45%	298

- 18 An equally worrying chart showing the impact on A level courses as 79% say A level courses or vocational subjects have been removed from the sixth form:

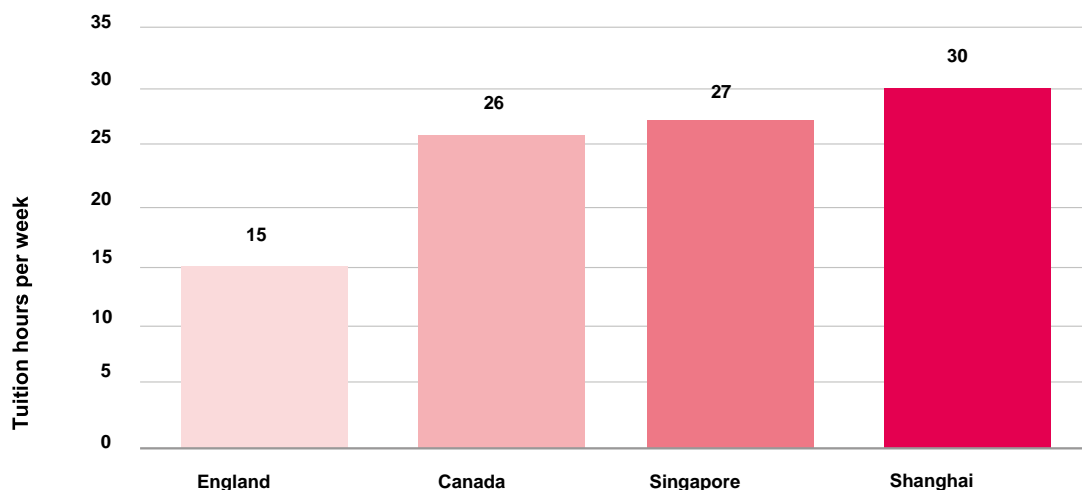
	Percentage (out of 452 responses)	Responses
Drama	24%	107
Music	39%	176
Other performing arts	27%	120
Design and technology	41%	184
Art and design subjects	21%	96
French	29%	130
German	37%	166
Spanish	24%	108

- 19 The impact on the performing arts and design technology is clear in both tables and at 'A' level the impact on modern foreign languages is also worrying.
- 20 These are not changes that school and college leaders are having to plan to do in the future. These are reductions in provision that have already happened and with further cost pressures impacting this year and next, additional courses will have to be axed.
- 21 Removing courses limits students' qualification options and could impact on their future career prospects. Schools and colleges are not removing these courses because they want to but because financially they effectively have no option.

- 22 In order to address the underfunding of schools additional funding needs to be found. The £1.3bn announced in July is funding already in the overall education department budget. ‘New’ money is urgently required to boost school budgets. An input of £2bn direct to schools budgets by 2019-20 would go some way to helping schools address the immediate need and meet some of the unfunded cost pressures schools have experienced since 2010.

Funding for 16-19 year olds

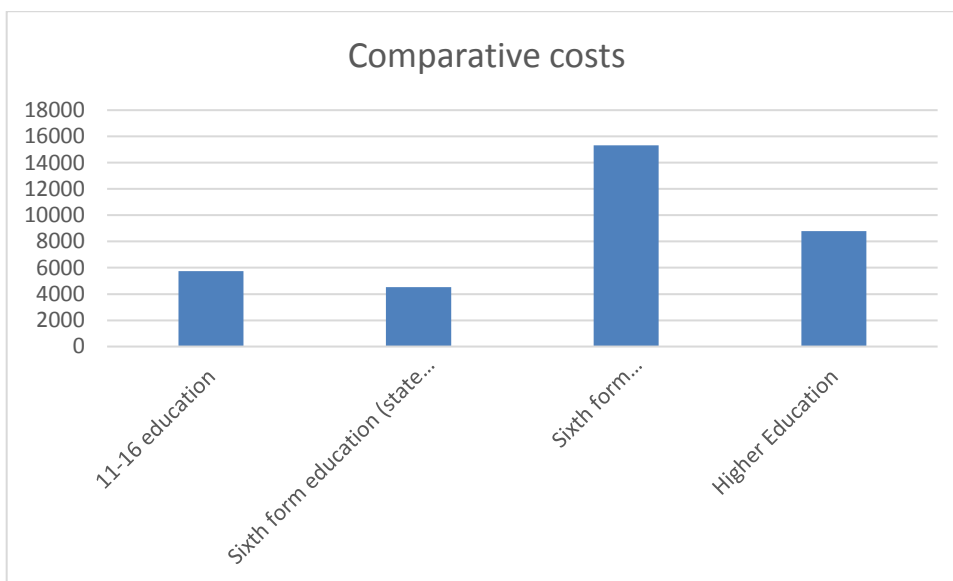
- 23 As indicated in paragraph 13 above the 16-19 funding situation is dire. Cuts to sixth form funding introduced in 2011, 2013 and 2014 have had a significant impact on students and are turning sixth form (16-19) education into a part time experience. Research commissioned by the Sixth Form Colleges Association (SFCA) from the Institute of Education describes sixth form education in England as “uniquely narrow and short” compared to the high performing education systems in Shanghai, Singapore, Canada and elsewhere. Sixth formers in England are now only funded to receive half the tuition time as sixth formers in other leading economies as indicated in the chart below.



- 24 The funding that schools and colleges now receive to educate 16-19 year olds barely covers the cost of delivering three ‘A’ level or equivalent qualifications. As a result, the wider support offer to students has been greatly diminished. For example, it is increasingly difficult to address the concerns expressed by employers that young people lack the skills to flourish in the workplace. The CBI’s 2016 education and skills survey expressed concern about the current education system with its “emphasis on grades and league tables at the expense of wider personal development.
- 25 Because of reduced funding the qualifications offer has been significantly reduced as can be seen in paragraph 18 above.
- 26 Many sixth form institutions also lack the resources to address the sharp increase in students reporting mental health problems. This has been compounded by cuts to the NHS and local authority budgets – the charity MIND recently found that local authorities now spend less than 1% of their public health budget on mental health. More broadly, we know that students with better health and wellbeing are likely to achieve better academically and that participation in enrichment and extra-curricular activities has a positive effect on attainment.

- 27 These issues are the result of a sustained period of underinvestment in sixth form education. The average annual funding received by schools and colleges is now just £4,531 per student. This is 21% less than the average funding received to educate younger students in secondary schools, 48% less than the average university tuition fee and 70% less than the average sixth form fee in the independent sector.
- 28 The comparative average income per student in different types of educational institution are given in the table and chart below.

Type of Education	Cost
11-16 state funded	£5,751
16-18 state funded	£4,531
16-19 independent sector	£15,333
Higher Education	£8,781



- 29 While funding for sixth formers in England is lower than in other developed economies, and lower than both pre-16 and higher education, the more fundamental concern is the disconnect between the funding made available to educate sixth formers and the actual cost of delivering an academic curriculum. There is no recognised educational basis for the reduction in funding at the age of 16. The government claims that it has “provided sufficient funds for every full-time student to do a full timetable of courses”, but it has not published any research into the sufficiency of the funding provided to educate sixth formers. There is a clear disconnect between the arbitrary amount of funding the government provides to educate sixth formers in England and the actual cost of delivering their education. We therefore propose that there should be a review of sixth form funding to ensure it is linked to the realistic costs of delivering a rounded high quality curriculum.
- 30 In March 2017, plans were announced to increase investment in 16–19 education for students studying technical courses. Whilst this is a welcome development, it is important to understand that 16-19 education is a lot broader than technical education. This increased investment will not impact on the vast majority of the cohort who are pursuing academic or applied general qualifications.

- 31 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 the academic path during their sixth form studies.
- 32 The most recent data from the Department for Education (August 2017) shows that 16-19 funding pressures are now adversely affecting social mobility, which is a top DfE priority area. Just 23% of 'A' level students from state schools and colleges progressed to the most selective universities in 2014/15, compared to 65% of students from the independent sector. This gap in progression rates between the state and independent sector has grown by 6 percentage points since 2008/09 and is only partly the result of exam performance. Funding pressures mean that state schools and colleges have found it increasingly difficult to provide the range of non-qualification activities that are essential to raising students' aspirations, increasing their confidence and providing social capital. While university trips, coaching for interviews, careers advice and wider enrichment activities (such as music, drama, sport and languages) have been cut in the state sector, they remain the hallmark of the student experience in the independent sector.
- 33 The government should make a targeted investment in sixth form education to ensure institutions can provide every student with the support they need to develop into healthy, happy, resilient and productive citizens. A modest annual increase in funding of £200 per student would help schools and colleges to begin reassembling the range of support activities required to meet the individual needs of young people. This uplift is affordable – we estimate it would cost £244 million per year to implement – and could be partly funded by using the under-spend in the Department for Education's budget for 16–19 education (that amounted to £135 million in 2014/15 and £132 million in 2015/16). As the funding rates for sixth formers have been fixed since 2013, this modest uplift would also be a small step to help schools and colleges to deal with the inflationary pressures and cost increases they have faced during that time.
- 34 Such an investment would assist 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).
- 35 We consider that the priority for the government should be to move away from funding sixth formers based on a notional number of annual hours and an arbitrary funding rate, and conduct a review of funding to ensure it is linked to the realistic costs of delivering a rounded, high quality curriculum. Failure to do this will ensure that a part time educational experience will become the norm for sixth formers in England. This will have clear implications for social mobility – schools and colleges are united in the

view that busy students are successful students. This particularly true for students from disadvantaged backgrounds and those that require additional help and support.

- 36 Schools and colleges have been forced to respond to funding pressures by cutting courses and increasing class sizes, with some colleges also holding down pay, making it difficult to recruit and retain high quality teachers. Significant efficiency savings have already been made and without further investment, there will be further cuts to courses (particularly STEM and languages) and school sixth forms in rural areas will simply disappear. As the number of 16-19 year olds starts to increase, the establishment of new sixth form provision should be based on an impartial assessment of demand, quality and value for money to make best use of scarce resources

Teacher Supply and Teacher Pay

- 37 There is now an increased recognition by the government that there is a pressing teacher supply issue. This is a matter that ASCL has been pressing the DfE on for over two years as an overreliance on inadequate data was not giving an accurate picture of the reality for schools. Whilst there are a number of factors that are impacting on teacher recruitment and retention it is clear that teachers' pay is a significant issue.
- 38 Teachers' pay has 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 is now significantly below that of other comparable graduate professions.
- 39 Given that there is a projected increase in nearly half a million additional children in the school system in the next six years there will be pressing need to increase the teaching workforce.
- 40 The DfE's own statistics indicate that the number of teachers leaving the profession is continuing to rise. Whilst 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 needs to address.
- 41 ASCL considers that the government therefore needs to give full consideration to lifting the public sector pay cap for teachers and must also recognise that schools must receive additional funding to meet all future pay increases for teachers and for support staff.

Conclusions

- 42 ASCL would propose that the following immediate actions are taken to address the chronic funding crisis in our schools and colleges:
- (i) An injection of £2bn into the schools budget by 2019-20 in two equally divided stages to address some of the unfunded cost pressures of the last five years
 - (ii) An immediate increase of £200 per student in 16-19 funding
 - (iii) Conduct a review of 16-19 funding to ensure it is linked to the realistic costs of delivering a rounded, high quality curriculum
 - (iv) The removal of the requirement for schools and colleges to pay the apprenticeship levy
 - (v) A commitment to further increase school and college funding above the commitments in (i) and (ii) above to fully fund all future pay increases for teachers and support staff in schools and colleges

- 43 ASCL also believes that the government should give full consideration to lifting the public sector pay cap for teachers to assist in dealing with the current teacher supply crisis and bring teacher pay into line with similar graduate professions.
- 44 ASCL hopes that this is of value to your consideration of the Budget, The Association is willing to be further consulted and to assist in any way that it can.

Malcolm Trobe CBE
Director of Public Affairs
Association of School and College Leaders
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