

Comprehensive Spending Review 2020

Response of the Association of School and College Leaders

Introduction

- 1 The Association of School and College Leaders (ASCL) represents over 20,000 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 pressures that the country is currently facing and the need for HM Treasury to prioritise spending allocations. We welcome the government's acknowledgement that ensuring that every young person receives an excellent education is a national priority.
- 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 and our global position in a post-Brexit landscape will depend on us having a well-educated, highly skilled workforce. This supports the spending review priority to strengthen the UK's place in the world.
- 4 ASCL welcomed the spending pledges of the September 2019 spending round. However, we do not think these go far enough, and we urge the government to use the 2020 spending review 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. The order does not represent different levels of importance – these are all high priority.
 1. Provide adequate financial support to the education sector so that all COVID-19 related costs are reimbursed
 2. Tackle the underfunding in post-16 education
 3. Extend free meal provision for all eligible children and young people up to the age of 19 in schools and colleges during every holiday period
 4. Escalate the capacity of the National Funding Formula (NFF) to redress the funding imbalance that exists in different parts of the country, and reverse the real terms cuts that have particularly disadvantaged schools in more deprived areas since 2010/11¹

¹ <https://www.ifs.org.uk/publications/15025>

5. Increase funding for special educational needs and disabilities (SEND) to offset the projected deficit (£1.2 billion) in 2021
6. Fully fund the cost pressures associated with increased starting salaries for teachers but which impact across all pay ranges, in line with recommendations by the STRB
7. Provide sufficient capital funding to properly maintain the school and college estate

Priority 1: Provide adequate financial support to the education sector so that all COVID-19 related costs are reimbursed

- 6 Schools and colleges have had to spend large amounts of money in order to implement the protective measures required to welcome all students and staff back in the autumn term. These costs are putting already strained budgets under pressure. We are extremely concerned that the government expects schools and colleges to meet these costs from within existing resources, including using historic reserves.
- 7 For many schools and colleges, the impact of these additional costs and the need to mitigate for lost income, alongside a potential reduction in the uptake of nursery places, pupil mobility, and regional lockdowns, risks the financial viability that leaders have worked hard to achieve. We must also acknowledge that the size, configuration and age of buildings, phase of education, and cohort characteristics will all contribute to the variance in the amount that institutions have to spend.
- 8 Our evidence suggests that the average medium-sized secondary school, with a budget of around £5.5 million, is likely to have to spend more than £30,000 this term on COVID-19 related costs. This is over 0.5% of its annual budget. If the same level of protective measures and associated costs are required for the whole academic year, that would cost around £90 per pupil and represent over 1.5% of the school's annual budget. Our evidence indicates that for some schools and colleges the costs for autumn will be much higher than this.
- 9 Schools and colleges had already raised concerns about the difficulties in forecasting supply costs this term. This concern has been hugely magnified by the challenges of accessing testing for the virus. A day's supply cover costs approximately £175. This means that, for every member of staff required to self-isolate because they are unable to get a test, the cost will be around £1750 (based on ten working days out of a 14-day period of isolation). If that member of staff were able to get tested, assuming the result was negative, they could return to work after a few days.
- 10 We cannot risk drifting into a situation where welcome, and much needed, catch-up funding is supporting anything other than teaching and learning. We think that there is a real risk of this happening if schools and colleges are not properly reimbursed for making their premises COVID-secure.

Priority 2: Tackle the underfunding in post-16 education

- 11 The government's own election manifesto, along with a number of research studies in 2019, including the Post-18 review, Education Select Committee and Pearson reports, demonstrated how significantly colleges contribute to the growth of the economy.

- 12 In their inquiry into school and college funding, the Education Select Committee² noted that, while participation in further education has more than doubled since the 1980s, funding per student had fallen by 16% between 2010 and 2018/9.
- 13 The increase in the learner rate to £4,188 in 2020/21 is a welcome first step. However, research from London Economics has shown that this 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 college sector still receives far less funding for its learners than secondary schools (Key Stage 4) or higher education. The ongoing underinvestment in 16-18 education is bad for students, bad for our international competitiveness and bad for social mobility.
- 14 Whilst ASCL welcomes the additional T level funding commitments, these do not address the funding deficit post-16. The extra money is earmarked for additional teaching hours and, according to the Institute for Fiscal Studies, is therefore “unlikely to ease the resource challenges on the sector”.
- 15 ASCL believes that the learner rate should be the same for all full-time 16,17- and 18-year-olds. The present illogical and discriminatory reduction in rate for 18-year-olds should therefore be removed (as has already been agreed for T Level students).
- 16 At present, the post-16 funding formula provides some additional disadvantage funding. However, this is less than the amount that would be available if the pupil premium were applied instead. ASCL supports the Education Select Committee’s recommendation³ to extend the pupil premium to eligible 16-19-year olds.
- 17 ASCL believes that 16-18 and adult bursaries are a key social leveller for learners. Despite the 16-18 bursary fund distribution methodology changing recently, the overall quantum has remained fixed for a number of years. As a consequence of the pandemic and ensuing economic fallout, it is likely that three factors will trigger the greatest need for more financial support: student transport, blended learning equipment/connectivity and family hardship. We urge the government to increase the funding available to support these bursary allocations, to avoid creating even greater disadvantage.
- 18 ASCL welcomed the government’s commitment to continue the payment of ESFA grant funding during the national lockdown periods when institutions were closed or partially closed. However, we think it is right that all schools and colleges should be compensated for loss of income during that period, including government demand-led funding programmes such as apprenticeships and ESF programmes. This is because of the intricate link between, and impact of, funding from these programmes on core 16-19 and post-19 education.
- 19 ASCL contributed to the NAO study on managing college financial sustainability. We pointed 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.

² https://publications.parliament.uk/pa/cm201719/cmselect/cmeduc/969/96907.htm#_idTextAnchor026

³ https://publications.parliament.uk/pa/cm201719/cmselect/cmeduc/969/96911.htm#_idTextAnchor065

- 20 The final NAO report⁴ acknowledged that, despite financial pressures, over 80% of colleges were graded good or outstanding by Ofsted. The NAO also noted that financial constraints have led to a narrowing of the curriculum and a reduction in broader support for students. This is likely to have a detrimental effect on students and the development of skills across the economy.
- 21 These findings are evidenced clearly in the funding impact survey carried out by the 'Raise the Rate' campaign in 2019. The survey showed that:
- 51% of schools and colleges have dropped courses in modern foreign languages
 - 38% have dropped STEM (Science, Technology, Engineering, Maths) courses
 - 78% have reduced student support services or extra-curricular activities – with significant cuts to mental health support, employability skills and careers advice
 - 81% are teaching students in larger class sizes
- 22 We welcomed the commitment to cover the increased employer contributions to the Teachers' Pension Scheme (TPS) 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 TPS employer contributions.

Priority 3: Extend free meal provision for all eligible children and young people

- 23 The COVID-19 pandemic has highlighted many aspects of child poverty, including the requirement for rapid implementation of systems to provide food or funding to eligible families during the partial closure of schools from 23 March 2020.
- 24 Evidence indicates that access to a nutritious diet has important health and educational benefits for children and young people. Improved diet increases concentration and can potentially decrease health inequalities. It is clearly ridiculous to think that the recognised benefits of providing meals or funding to children and young people during term time are somehow not applicable all year round. A valuable precedent has been set by government in their decision to provide vouchers throughout the pandemic and we believe that this has set the bar for the future.
- 25 ASCL welcomed the government's commitment to fund free school meals during holiday periods when schools and colleges were closed or partially closed. We believe that the government should go further and extend free meal provision for all eligible children and young people up to the age of 19 in schools and colleges during every holiday period.
- 26 Schools and colleges would be happy to work with government to ensure that the system works for families while not being overburdensome for institutions to administer. It is ASCL's view that this recommendation aligns with the government's commitment to the National Food Strategy⁵.

⁴ <https://www.nao.org.uk/report/financial-sustainability-of-colleges-in-england/>

⁵ <https://www.nationalfoodstrategy.org/>

Priority 4: Escalate the capacity of the National Funding Formula (NFF) for schools to address the continuing funding imbalance that exists across the country

- 27 The additional £7.1 billion pledged for the core schools budget by 2022/23 was welcomed by the sector. However, according to the IFS⁶, using a school-specific inflation measure indicates that by 2022/23 spending per pupil will be about 3% below 2009/10 levels. The evidence suggests that the £7.1 billion pledge will not reverse past cuts. Even using a general inflation prediction puts spending per pupil at about 1% less than in 2009/10. In other words, there will have been no real terms growth in per pupil funding for 13 years.
- 28 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, in our view this is let down by the applied calculation methodology.
- 29 It is our firm belief that a minimum per pupil funding level should correlate to the age weighted pupil unit (AWPU) or basic per pupil funding in the national funding formula. In fact, the calculation applied in the levelling up process considers additional needs factors and elements of school-led factors. In July 2019 the Education Select Committee⁷ called for the AWPU to be revised following a comprehensive review of the real-world costs of school education. ASCL fully supports this recommendation.
- 30 Moreover, while the intention to level up is welcome, it is not necessarily working in a way that subscribes to the principles of fairness set out in the National Funding Formula. Evidence indicates that extra funding for levelling up tends to be skewed towards schools whose pupils attract low levels of additionality funding. Schools in poorly funded areas with high levels of deprivation continue to have to use additionality funding to subsidise the AWPU value. What this means in practice is that additionality funding is being redirected away from the pupils it is intended to support.
- 31 In its 2020 annual report on education spending, the IFS⁸ points out that the spend per pupil in schools with large disadvantaged cohorts has fallen at a faster rate than any increases under the NFF methodology have been applied.
- 32 In our report on *The True Cost of Education*⁹, 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).
- 33 The NFF, as a distribution methodology, has the potential to deliver equity across the country. However, equity cannot be wholly achieved while the pace of implementation and the value of key formula factors are driven by a fixed pot of money rather than need.

⁶ <https://www.ifs.org.uk/publications/15025>

⁷ <https://www.parliament.uk/business/committees/committees-a-z/commons-select/education-committee/news-parliament-2017/school-and-college-funding-report-published-17-19/>

⁸ <https://www.ifs.org.uk/publications/15025>

⁹ <https://www.ascl.org.uk/Our-view/Campaigns/The-True-Cost-of-Education>

Priority 5: Increase funding for special educational needs and disabilities (SEND)

- 34 The Education Select Committee¹⁰ reported that SEND funding is completely inadequate. We welcomed the additional £780 million into the high needs block in 2020/21, but this falls considerably short of the £1.2 billion required to offset the projected deficit in 2021¹¹. The increased allocations to the high needs block in 2020/21 (12%) and 2021/22 (10%) will just about keep pace with the increase in Education Health and Care Plans (EHCPs) across those two years¹². What this means is that the opportunity to utilise the additional funds to clear historic deficit is significantly reduced.
- 35 The paucity of SEND funding is leading to disastrous scenarios. The EHCP should be the scaffold for planning and progress of individuals with complex learning profiles. In practice, however, it is becoming the ticket to funding, meaning early intervention opportunities are missed. ASCL believes that this is a result of support being planned according to financial constraint rather than pupil need.
- 36 The prolonged implementation of the NFF as a 'soft' formula means that funding for SEND continues to be ambiguous at the 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.
- 37 ASCL supports the use of a formulaic distribution of SEND funding, but this must be adequate, sustainable and responsive to need at the local level.

Priority 6: Fully fund the cost pressures associated with increased starting salaries for teachers but which impact across all pay ranges, in line with recommendations by the STRB

- 38 It is our firm belief that all cost pressures associated with increases in employer costs, including salary, National Insurance and pension contributions, should be fully funded. This funding should be in addition to the September 2019 spending pledges. This was usual practice until recent years. Pay awards should be funded and arrangements to facilitate this should be made in a timely manner.
- 39 By not fully funding these cost pressures, the government is failing in its commitment to reverse past cuts in spending per pupil. If we consider school-specific inflation in the short term, school costs can be projected to grow by around 8% between 2019/20 and 2022/23, largely as a result of the commitment to increase starting salaries for teachers and to deliver pay awards for existing teachers. This indicates that spend per pupil in 2022/23 in schools will be about 3% below 2009/10 levels. General inflationary cost growth will be closer to 6%.
- 40 We welcomed 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 take the same approach to covering the

¹⁰ <https://www.parliament.uk/business/committees/committees-a-z/commons-select/education-committee/news-parliament-2017/school-and-college-funding-report-published-17-19/>

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

¹²

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/805014/SEN2_2019_text.pdf
<https://explore-education-statistics.service.gov.uk/find-statistics/education-health-and-care-plans>

full cost of the increase in the teacher starting salary and the pay awards for existing teachers.

Priority 7: Provide sufficient capital funding to properly maintain the school and college estate

- 41 ASCL welcomed the manifesto promise of a colleges capital fund of £1.8 billion over five years, and were encouraged that the Chancellor's Summer Economic Update brought forward £200 million of this commitment to the current funding year. However, with around a quarter of the college estate in need of replacement, we urge the government to use the spending review as an opportunity to front-load allocation of FE estate funding. This supports spending review priorities to invest in infrastructure, innovation and people.
- 42 A large number of colleges are now committed to reducing their carbon footprint, but lack the 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. This approach clearly supports the government's ambition to reach zero carbon emissions by 2050.
- 43 In the period between 2009/10 and 2019/20, DfE capital spend declined by 33%¹³ in cash terms and 44% in real terms. The sector welcomed the Chancellor's Summer Economic Update commitment to add £560 million to the planned 2020/21 projected spend for schools. However, in the context of the redirection of £315m from the Healthy Pupils Capital Fund to revenue (2018/19), it could be argued that in cash terms the June announcement represents only about £250m in new money.
- 44 In 2017 the NAO reported that £6.7 billion was needed to return all school buildings to a satisfactory state. The government commitment to a ten-year rebuilding programme for schools is a step in the right direction. We look forward to seeing the details of how the first £1 billion will be spent, and the pace at which the first 50 projects progress to completion.
- 45 In this spending review, ASCL asks the government to set a capital allocation that ensures sufficient capacity to meet increases in pupil numbers and adequate funding to replace or refurbish building that are crumbling and unfit for purpose. Crucially, allocations must align with strategic place planning and match demographic need.

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
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¹³ <https://commonslibrary.parliament.uk/research-briefings/cbp-7375/>