Where has all the money gone?

NASUWT
The Teachers' Union

Since 2010, when the Government embarked on real-terms cuts to education funding as part of its austerity programme for public services, the NASUWT has campaigned for increases to school funding.

The Government claims to have protected the national core schools budget since 2010 and that it continues to do so.

On 24 July 2018, Nick Gibb MP, Minister of State for School Standards, made a written Ministerial Statement, claiming: *'School funding is at a record high… The additional investment of £1.3 billion for schools and high needs across 2018-19 and 2019-20 announced last year, on top of the schools budget set at Spending Review 2015, means that per pupil funding is being maintained in real terms between 2017-18 and 2019-20. In 2020, per-pupil funding will be more than 50 per cent higher than it was in 2000, in real terms.'*

At the same time, some education employers and managers claim that schools in England will have to lose thousands of teachers and support staff because of savage spending cuts, that schools cannot afford to pay teachers and that teachers' terms and conditions have to be cut to avoid schools closing.

In addition, some schools and academy trusts have claimed that the teachers' pay grant, of £508 million, which the Department for Education (DfE) provided to support the payment of the 2018-19 teachers' pay award is inadequate, and that the pay award is still unaffordable for schools.

Some schools have responded to a perceived funding crisis by trying to charge parents hundreds of pounds per year in 'voluntary contributions' – essentially, to charge fees for state education.

So just what is happening to school budgets in England?

School funding has been squeezed since 2010

Since 2010, and despite Government assurances to the contrary, funding for schools and education has not been protected in real terms.

The Institute for Fiscal Studies has compared spending on education before 2010 with the Government's austerity programme for schools from 2010 onwards:

'Growth was particularly fast from the late 1990s through to the late 2000s, with real-terms growth averaging about 5% per year between 1998-99 and 2010-11. Education spending has since fallen in real terms as spending cuts began to take effect from 2010 onwards. Between 2010-11 and 2015-16, it has fallen by about 14% in real terms.'[1]

The New Economics Foundation, in its report *Austerity by Stealth? Options for the Chancellor at the Coming Spending Review*, concluded the following:

[1] Institute for Fiscal Studies, *Long-run comparisons of spending per pupil across different stages of education*, February 2017.

'Between 2010/11 and 2015/16, education spending fell by about 14% in real terms – compared to an average annual growth rate of 5% during the late 1990s and early 2000s – taking it back to the same level it was in 2005/06…Since 2015/16, and despite commitments to protect the overall schools budget in real terms, per pupil funding has fallen due to rising pupil numbers…This will be the first time schools have seen real-terms cuts in spending per pupil since the mid-1990s, and the biggest real-terms fall in school spending per pupil for at least the last 30 years.'[2]

The DfE reported in December 2018:

'At national level, the average "net spend per pupil" figures for local authority maintained schools open through the 2017-18 financial year decreased by £25 to £5,392 (from £5,417 in 2016-17, without taking account of inflation). Within this total, the "net spend per pupil" figure decreased by £624 for nursery schools to £8,101 (from £8,725 in 2016-17); decreased by £16 for primary schools to £4,750 (from £4,766 in 2016-17); decreased by £84 for secondary schools to £5,778 (from £5,862 in 2016-17); decreased by £185 for special schools to £22,061 (from £22,246 in 2016-17) and decreased by £1,499 for pupil referral units to £32,386 (from £33,885 in 2016-17).'[3]

School funding therefore continues to be squeezed through to 2019-20. Minister Nick Gibb's statement to the House of Commons Education Committee is not a promise of increased funding, but rather a statement that per-pupil funding will remain static in cash terms as pupil numbers increase, as the DfE's statistics indicate. The reality is that the Government has taken education spending back 15 years.

Teacher numbers fell between 2016 and 2017 from 457,200 to 451,900, leading to the highest pupil-teacher ratios since 2011.

Despite the inadequacy of school funding, the Chancellor of the Exchequer only gave schools an additional £400 million of funding for 'little extras' in the 2018 Budget. This was less than was given to local authorities to fill in additional potholes caused by the harsh winter. The NASUWT condemned the derisory level of this increase, and the description of what it should be spent on, as an insult to teachers and to schools.

The funding which schools receive often does not reach the front line

Despite the school funding squeeze since 2010, much education spending still does not reach the front line. Substantial levels of unspent reserves, inefficient and wasteful school-level procurement, together with excessive levels of

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[2] New Economics Foundation, *Austerity by Stealth? Options for the Chancellor at the Coming Spending Review*, September 2018.

[3] DfE, *Expenditure by Local Authorities and Schools on Education, Children and Young People's Services in England*, 2017-18, published December 2018.

academy trustee and CEO leadership pay, are now hardwired into the school system. The NASUWT believes that there is need for urgent change in these areas, so that the available school and academy trust funding is used appropriately to support teachers to secure the best outcomes for all pupils.

The DfE has published data which shows that, in 2017-18, just 46.3% of local authority maintained school expenditure was on teachers. This figure includes expenditure on supply teachers who are directly employed by schools and local authorities.[4]

This does not mean that the academy sector is any better. The DfE's most recent school workforce census data indicated that, in the secondary phase, classroom teachers' salaries are £1,500 lower in academies than in local authority maintained schools. In the primary phase, the gap is even greater – classroom teachers' salaries are £1,700 lower in academies than in local authority maintained schools.[5]

The School Teachers' Review Body (STRB) has made it very clear that schools should focus their budgets on teachers' pay, but there is inadequate oversight of schools by the DfE to ensure that this recommendation is being followed. It is not just teachers' pay that has suffered – the Government bears responsibility for the failure of many schools to spend their funding on teaching and learning purposes.

Teachers' pay grant

The Government has paid a teachers' pay grant for 2018-19 to schools and academy trusts, to support the 2018-19 pay award. However, this has not been ring-fenced so that it can be spent only on teachers' pay, and the grant has been paid in accordance with a per-pupil formula, which means that teachers' actual salary costs are not met.

Unsurprisingly, some unscrupulous employers have banked the teachers' pay grant and not paid the pay award.

There is no guarantee within the system that funding which schools and academy trusts receive will not be diverted into excessive leadership pay, vanity projects with no benefit to children's education, consultancy fees and multi-academy trust (MAT) top-slices which remove funding from school budgets.

An example of this is shown by a recent Ofsted report into a primary school in Gloucestershire. The inspection was carried out in December 2017 and the school was put into special measures, with every area under inspection rated as inadequate. Ofsted drew the following conclusions:

[4] Ibid.

[5] DfE, 2017 School Workforce Census, published July 2018.

‘School finances have not been managed effectively. During the academic year 2016/17, almost £150,000, ***nearly 50% of the school’s overall budget****, was spent on external leadership consultancy support. Spending went unchecked and unchallenged by governors. Consequently, there has been insufficient resource to support teaching, the training of staff and to ensure compliance with routine matters of health and safety.’*

Balances and reserves

Local authority maintained schools

As of 31 March 2018, the total unspent balance across all local authority maintained schools was £1.56 billion.[6]

The proportion of schools with a surplus was 88.6% on 31 March 2018.

The average surplus in each school with a surplus is £135,000, an increase of £4,000 since 31 March 2017.

The average surplus in each primary school with a surplus is £113,000 and the average surplus in each secondary school with a surplus is £370,000. The average primary school surplus has increased by £5,000 since 31 March 2017.

For illustrative purposes, if the amount held in unspent balances in maintained schools in England is divided by the total number of teachers (in both maintained schools and academies), the unspent balance per teacher in England is £3,454. If the unspent reserve in the academy sector is taken into account in the calculation, the figure per teacher would be far higher.

For those schools which are in deficit, this does not necessarily mean that the school is experiencing funding difficulties. Many schools experience short-term deficits because of increased pupil numbers which have led to greater expenditure to meet pupil needs. Funding for increased pupil numbers (known as ‘growth’ funding) is usually given to schools at least one year after the increase in pupil numbers has occurred.

This being said, there is no doubting the number of schools in deficit because of funding difficulties and the problems this causes for these schools. Whilst there are often school-level factors which are responsible for this, the evidence is that the school funding system does not target funding effectively at areas where funding is needed and also enables schools to hoard funding to prevent it from being used effectively.

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[6] DfE, *Expenditure by Local Authorities and Schools on Education, Children and Young People’s Services in England, 2017-18*, published December 2018.

Academy trusts

In July 2018, the DfE published details of academy sector reserves on 31 August 2017. This confirmed the level of surpluses in academies, which had previously been published in July 2018:

- 91.6% of academy trusts had a cumulative surplus;
- 2.3% had a zero balance;
- 6.1% of academy trusts had a cumulative deficit;
- 94.5% of academies were in trusts that had a cumulative surplus;
- 1.2% were in a trust with a zero balance;
- 4.3% of academies were in trusts that had a cumulative deficit.

The total net financial position of all academy trusts was a cumulative surplus of £2.4 billion. This was an increase on £2.2 billion on 31 August 2016.

The excessive reserves held by academy trusts have been commented upon by Ofsted. In March 2016, Her Majesty's Chief Inspector of Schools (HMCIS) wrote to the Secretary of State for Education to make the following observation about seven MATs:

'This poor use of public money is compounded by some trusts holding very large cash reserves that are not being spent on raising standards. For example, at the end of August 2015, these seven trusts had total cash in the bank of £111 million. Furthermore, some of these trusts are spending money on expensive consultants or advisers to compensate for deficits in leadership. Put together, these seven trusts spent at least £8.5 million on education consultancy in 2014/15 alone.'[7]

Related party transactions

Related party transactions are defined as transactions with:

- subsidiary companies or shared services;
- diocesan education authorities;
- a charity classified as a related party; and
- trustees (or trustees' family members) providing services to the trust.

Payments to related parties increased from 2016 to 2017, from those totalling £122 million to those totalling £134 million. In 2017, 62 related party transactions were over £250,001 and these totalled £79 million, an increase on 2016, where related party transactions over £250,001 totalled £62 million.

[7] DfE, Statistical First Release (SFR) 32/2017, 2017.

Both the NASUWT and the public remain to be satisfied that robust procurement is in place across the academy sector to prevent related parties from benefiting inappropriately from public funding.

Excessive spending on academy trustee and chief executive pay

Within the academy sector, it has not been a case of austerity for everyone.

In some academy trusts, greed, excess and waste have run out of control.

In many academy trusts, there is excessive spending on trustee pay (which includes CEO and executive headteacher pay). The DfE has reported that, in 2016-17 (which are the most recently published DfE figures), academy trusts made 103 payments of over £150,000 to trustees, an increase on the previous year. In 16 cases, these were single academy trusts. All in all, 895 payments of over £100,000 were made by academy trusts to trustees in 2016-17, which was 53 more than in 2015-16. This was a greater increase than from 2014-15 to 2015-16, when the number of payments had risen by 30.

Even Ofsted has commented on this issue, stating that: *'Salary levels for the chief executives of some of these MATs do not appear to be commensurate with the level of performance of their trusts or constituent academies. The average pay of the chief executives in these seven trusts is higher than the Prime Minister's salary, with one chief executive's salary reaching £225k.'*[8]

There is an inadequate level of DfE scrutiny and therefore public accountability of spending by MATs. The Government masks frequently excessive levels of leadership and CEO pay when reporting income and expenditure in academies. An example of this is that the DfE chooses only to group all salary levels of £150,000 plus into one category for reporting purposes, when individual academy trust annual reports and accounts reveal that CEO pay is often much higher than this.

For example, in the Harris Federation, the number of salaries over £100,000 increased from 25 to 29 from 2015-16 to 2016-17. Moreover, the number of salaries over £150,000 increased from eight to ten. Most specifically, the pay of the Harris CEO increased from in the £420,000 to £425,000 pay band to in the £440,000 to £445,000 pay band, an increase of £15,000 per year (as a minimum).

The Harris CEO's 2016-17 remuneration package includes pension contributions of between £50,000 and £55,000, taking his remuneration to approximately £500,000 per year.

In addition, Harris pays another senior executive in the £260,000 to £270,000 pay band and a third senior executive is paid on the £240,001 to £250,000 pay band.

[8] HMCI, *Focused inspections of academies in multi-academy trusts*, March 2016.

The ratio between the salary of the Harris Federation CEO and a teacher on the minimum of the main pay range is approximately 17:1.

In refusing to report actual salaries in the academy sector annual report and accounts (SARA), the DfE has actually failed to follow the Government's Financial Reporting Manual (FReM). In the 2017 academy sector annual report and accounts, the Auditor General has commented as follows:

'The use of some exemptions, provided by HM Treasury, from standard reporting requirements – including on related party transactions and senior staff pay – has made production of the first sets of Academy Sector Accounts practical, but ongoing use of these exemptions reduces transparency.'

In response, the Auditor General has also made the recommendation that the Government should: *'Consider with HM Treasury the extent to which it should reduce the number of exemptions from the normal FReM reporting requirements, and the timeframe for doing so, including in areas of high interest such as senior staff pay and related party transactions.'*

The DfE claims that it has not reported actual salaries in academy trusts because it has no influence over these, stating: *'Accordingly, in a departure from FReM, the Department has not presented the employment and remuneration policies of the sector as this would imply a greater level of influence of the Department than is actually held.'*[9]

However, this failure to regulate is a conscious choice on the part of successive Secretaries of State for Education. This is not consistent with measures taken by other Government departments, which set the salaries of their own high earners. The NASUWT believes that it is very clear that it is the refusal of successive Secretaries of State for Education to regulate academy sector salaries, by ensuring that the School Teachers' Pay and Conditions Document (STPCD) covers the entire sector and all remuneration in it, which has led to this situation occurring.

Unsurprisingly, senior staff salaries in academy trusts have soared.

The 2015-16 SARA revealed that, in 2015-16, there were 122 academy trusts which pay at least one employee over £150,000 per year. The 2016-17 SARA reveals that, in 2016-17, this number increased to 125. From 2015-16 to 2016-17, the percentage of academy trusts paying at least one trustee £100,000 or more increased from 29.3% to 30.1%.

The NASUWT believes that there can be no further justification for the DfE's failure to report the actual salaries of academy trust senior executives and trustees, particularly now that the Auditor General has drawn attention to this.

[9] *Academy schools sector in England: Consolidated annual report and accounts. For the year ended 31 August 2017*, page 62.

The list of academy trusts paying at least one employee over £150,000 per year in 2016-17 is:

Academies Enterprise Trust
Academy Transformation Trust
AIM Academies Trust
Aquinas Church of England Education Trust Limited
ARK Schools
Ashmole Academy Trust Ltd
Aspirations Academies Trust
Aston Community Education Trust
Bacon’s College
Bourne Education Trust
Bradford Diocesan Academies Trust
Brampton Manor Trust
Carshalton Boys Sports College
Central Learning Partnership Trust
Chingford Academies Trust
City Learning Trust
City of London Academies Trust
Cockburn Multi Academy Trust
Community Academies Trust
Core Education Trust
Cranford Community College
Creative Education Trust
Delta Academies Trust
Dixons Academies Charitable Trust Ltd
Durrington Multi Academy Trust
E-ACT
Education South West
Enfield Learning Trust
Exmouth Community College
Eynsham Partnership Academy
Future Academies
Gateway Learning Community
GLF Schools
Graveney Trust
Great Academies Education Trust
Greater Manchester Academies Trust

Green Spring Education Trust
Greenwood Academies Trust
Guru Nanak Sikh Academy Limited
Haberdashers' Aske's Federation Trust
Harris Federation
Hartismere Family of Schools
Hatton Academies Trust
Holland Park School
Holy Family Catholic Multi Academy Trust
Inspiration Trust
Inspirational Learning Academies Trust
John Port School
Joseph Leckie Academy Trust
Kent Catholic Schools' Partnership
Knole Academy Trust
LEAD Multi-Academy Trust
Landau Forte Charitable Trust
Leigh Academies Trust
Lion Academy Trust
Loxford School Trust Limited
Matrix Academy Trust
Mowbray Education Trust Limited
New River Trust
North East Learning Trust
Northern Schools Trust
Nova Education Trust
Oasis Community Learning
Ormiston Academies Trust
Ormiston Bolingbroke Academy Trust
Outwood Grange Academies Trust
Paradigm Trust
Partnership Learning
Polymat
Prospect Education (Technology) Trust Limited
QED Academy Trust
REACH2 Academy Trust
Redborne Upper School and Community College
RMET

Sandwell Academy Trust Limited
South Farnham Educational Trust
Southfields Academy
Southmoor Academy
St Paul's Academy Limited
Swakeleys School for Girls
Swale Academies Trust
Tauheedul Education Trust
TBAP Trust
Telford City Technology College Trust Ltd
The Alec Reed Academy
The Aylesbury Vale Academy
The Boston Witham Academies Federation
The Brooke Weston Trust
The Cardinal Hume Academies Trust
The College Academies Trust
The Collegiate Academy Trust
The Collegiate Trust
The David Ross Education Trust
The Dean Trust
The Education Alliance
The Education Fellowship Trust
The Elliot Foundation Academies Trust
The GORSE Academies Trust
The Heath Family (North West)
The Hoddesdon School Trust
The Howard Partnership Trust
The John Wallis Church of England Academy, Ashford
The Kemnal Academies Trust
The Kingsdale Foundation
The KJS Academy Trust
The Laurus Trust
The Park Federation Academy Trust
The Rodillian Multi Academy Trust
The Rosedale Hewens Academy Trust
The Sabden Multi Academy Trust
The Silver Birch Academy
The Slough and East Berkshire C of E Multi Academy Trust

The Spencer Academies Trust
The Two Counties Trust
The White Horse Federation
Tollbar Multi Academy Trust
Transforming Lives Educational Trust
Trinity Multi Academy Trust
United Learning Trust
Wakefield City Academies Trust
Washwood Heath Multi Academy Trust
Wellspring Academy Trust
Wembley Multi Academy Trust
Westcountry Schools Trust
Windsor Academy Trust

An analysis of income and expenditure for 2016-17 in the standalone academies which are paying salaries in excess of £150,000 reveals that, in addition to excessive expenditure on leadership pay in these schools, there is high expenditure on other areas which siphon funding away from teaching and learning.

Redundancy costs

During the worst teacher shortage crisis for decades, academies are spending a large amount of money on redundancy costs, which reflects a high number of compulsory redundancies. The DfE's 2017 SARA indicates that the number of compulsory redundancies was 2,823, an increase of 124 on 2,699 in 2016. The cost of compulsory redundancies was £26.5 million in 2017, an increase on £24.7 million in 2016. The average redundancy payment per employee in 2017 was £9,387, which is not an excessive amount. However, the NASUWT does not believe that this level of redundancies across the academy sector can be justified.

All in all, 41 exit packages between £50,001 and £100,000 were agreed in 2017, with two exit packages over £100,000 being agreed. The total cost of exit packages in the academy sector in 2017 was £63.7 million, an increase of £5.1 million on the total cost of exit packages in 2016.

Government failure to regulate effectively

The Government claims that it has an accountability system for the academy sector. The reality is that it is inadequate. The Government first published its SARA for the academy sector in October 2017, following the decision of the Auditor General to provide an 'adverse' opinion on the DfE's consolidated accounts. This amounted to a condemnation of the DfE for not publishing an annual report and accounts for the academy sector.

The Government has claimed that the publication of the SARA means that the academy sector is accountable. In his Ministerial overview to the 2016-17 SARA, published in 2018, Lord Agnew, Parliamentary Under-Secretary of State for the School System, has stated:

'This report is a significant part of the accountability system for the academy sector. Whilst the sector is rightfully independent, as Minister for the School System, I am responsible for ensuring that the Department holds Academy Trusts to account and that they exercise effective control over the use of public funds.'

However, the NASUWT does not believe this to be the case – in fact, reporting of income and expenditure in the academy sector during 2016-17 contains some glaring omissions which have reduced accountability in comparison to the reporting which the Department undertook of 2015-16 expenditure.

In particular, the Government ceased publication of a key statistical first release (SFR) about academy sector income and expenditure which had previously been published in July each year. The release included sector-wide details of expenditure on:

- teachers, support staff and supply staff;
- back office costs;
- educational consultancy;
- private finance initiative (PFI) charges.

The publication of this data release enabled clear comparisons with previous years. For example, this SFR revealed in 2017 that spending on teachers in the academy sector had reduced since 2011-12 by 3.2% and amounted to barely half of all expenditure (50.1%). Similar comparison information was not provided in 2018. Despite Lord Agnew's claims, transparency and accountability have gone backwards since 2017.

On 16 January 2019, the House of Commons Committee of Public Accounts published a report which was highly critical of the failure of the Government to make academy trusts accountable.[10] The report's conclusions and recommendations included:

- academy trusts do not make enough information available to help parents and local communities understand what is happening in individual academy schools;
- the DfE is not adequately meeting the needs of users in presenting financial information about academy trusts;

[10] Ibid, page 54.

- where there have been serious failings at academy trusts, the DfE has not had an effective regime to sanction the academy trustees and leaders who were responsible;
- the Education and Skills Funding Agency (ESFA) is not sufficiently transparent about the results of inquiries into concerns about the financial management and governance of academy trusts.

The Committee is particularly critical that it has taken two years for the DfE to publish the results of investigations into concerns about academy trusts, and even now there is no guarantee that the results of the investigations will be published.

In a particularly strong statement, the Committee has concluded:

'Despite a catastrophic failure of governance, the previous executive headteacher at Durand Academy Trust is apparently entitled to a lump sum payment which, even after a statutory inquiry by the Charity Commission, totals £850,000. This is a shocking reward for failure.'

To address this, the Committee has recommended:

'The Department should write to us by March 2019 to set out what sanctions it has imposed to date, and explain how it plans to strengthen the sanctions regime to deter, punish and prevent malpractice. In strengthening the sanctions regime, the Department should work with the Charity Commission, Companies House and the Insolvency Service.'

The Committee's conclusions and recommendations support the research and campaigning which the NASUWT has carried out into academy trust excesses.

Government deregulation and inappropriate school autonomy has led to inefficiencies and waste

From 2010 onwards, the Government's extension of school autonomy was accompanied by the removal of those bodies which provided advice to schools on how to spend money wisely. Advice on procurement and financial management in schools was removed, together with the British Educational Communications and Technology Agency (Becta), which was abolished in the 2010 Spending Review which assisted schools in obtaining best value for public money in technology procurement. The impact on schools of these changes has been profound and hugely wasteful of resources.

In addition, the Government removed the restrictions which prevented academy trusts from carrying forward excessive unspent balances.

Pressed by the NASUWT, the DfE has belatedly launched a national procurement strategy for schools,[11] including national-level procurement carried out for the whole schools sector by the Crown Commercial Service.

[11] DfE, *Schools' Buying Strategy*, January 2017.

The DfE has estimated that at least £1 billion could be saved through non-staff savings in schools by 2019-20 through better procurement.

However, whilst a strategy of more efficient procurement by schools is welcome, the central problem remains, which is the inappropriate autonomy given to the academy sector by the Government.

The DfE's academy schools sector in England annual report and accounts reveals the extent to which there is poor financial governance. For 250 academy trusts in 2017, an independent auditor was unable to provide an unqualified opinion on the trust accounts; in other words, that the accounts were materially correct with no matters to bring to the reader's attention.[12] This was an increase on 183 in 2016.

The number of unqualified accounts reduced from 2,830 in 2016 to 2,804 in 2017. The percentage of unqualified accounts also reduced, from 93.9% to 91.8%.

In 2017, seven academy trusts did not submit accounts at all.

Exploitation of schools and teachers by supply agencies

Expenditure by schools and academy trusts on supply agencies has reached eyewatering proportions.

The NASUWT's research indicates that, in 2015-16, £792 million was paid to supply agencies by schools and academy trusts, of which just £346 million was used to pay the salaries of the supply teachers provided.

The Government has failed to ensure the supply of sufficient teachers, but has also failed to regulate employment agencies to prevent many of them profiteering from the teacher shortage. The Government further permits supply agencies to continue to charge 'finder's fees' which trap agency workers in low-paid employment but increase profiteering.

School spending issues are being exploited to justify the withholding of teachers' pay, redundancies and the worsening of terms and conditions

Unfortunately, school funding issues are exploited to justify failing to use funding for teaching and learning purposes, including ensuring that teachers are appropriately paid and have working conditions which support their key role and help them to manage their workload.

Inaccurate information about school funding, including fictitious school funding allocations, is circulating round the system,[13] which is leading schools to believe

[12] *Academy schools sector in England: Consolidated annual report and accounts. For the year ended 31 August 2017*, page 44.

[13] UK Statistics Authority response to statement on cuts to school funding: https://www.statisticsauthority.gov.uk/correspondence/response-to-statements-on-cuts-to-school-funding/

that they must cut expenditure on teaching and learning when this is unnecessary. The DfE, ESFA and local authorities must take responsibility for ensuring that schools are clear about the actual funding which they are receiving and will receive in the future.

Ill-judged research has also led some schools, MATs and employer organisations to claim that teachers' pay and other teaching and learning expenditure is unaffordable. For example, the Education Policy Institute (EPI) published a report in March 2018 which claimed that schools could not afford the annual pay increase for teachers. The report claimed that it would not be 'feasible' for schools to meet the cost of even a 1% pay award, despite 6.4% of schools' income being held in unspent balances by schools.

The EPI report was highly misleading. The percentage of schools with deficit budgets rose by 3% to 10% by March 2017, with a decrease in the average surplus by £11,000 to £131,000 for 90% of schools. However, the EPI report has drawn the conclusion that over 60% of schools spent more than their income in 2016-17. No wonder that the EPI has noted that the figures in their report differ from published statistics on school balances. Most importantly, the EPI report has ignored the £2.3 billion held in reserves in the academy sector and has drawn its conclusions from research into a tiny fraction of the total 17,922 local authority maintained primary and secondary schools. Its research also largely ignores nursery schools, special schools and alternative provision.

It was also disingenuous for EPI to claim that two thirds of school spending is on 'education staff', implying that this is the figure spent on teachers, or even teachers and teaching assistants. This figure includes inflated CEO and trustee pay – the spend on teachers is 50.1% of total expenditure for the academy sector and 43.6% for the local authority maintained sector.

Conclusion

Pressures on school funding are likely to remain a perennial issue, as is concern about the sufficiency of funding levels for schools. The NASUWT makes no secret of the extent to which school funding is inadequate and that the Government has failed children and young people, together with teachers, for this reason. However, in a context of extended freedoms and flexibilities at school level, the NASUWT is also concerned about the extent to which schools act responsibly and exercise good stewardship in relation to the management of public money.

During the continued impact of Brexit-related uncertainty, the NASUWT has urged the Government to intervene to ensure that all schools act responsibly in relation to the utilisation of funding and in a context of continuing funding pressures, should this continue.

Real-terms cuts to education spending are misguided and will be to the long-term detriment of our society and our economy.

The NASUWT has raised concerns that, despite significant increases in the share of national wealth invested in education in the UK over the period of the last three decades, spending on education after 2010 has, in real terms, fallen.

Maintaining high investment in public education, and a demonstrable commitment to increase spending in real terms over time, should be a key priority for the Government.

The Government needs to act not only to increase the quantum available to schools, but also with regard to ensuring there is a funding methodology which enables all schools to secure the educational entitlements of pupils. Additionally, and no less important, is the need to ensure that schools are accountable for the use of public money.

The Government must ensure that schools act appropriately, irrespective of funding levels, and that they do not continue to reduce staffing levels and curriculum provision or make unfair and unsustainable demands of parents or carers.

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