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, that it continues to do so and, in fact, that it has enormously increased school spending between 2020 and 2023.

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.'*

In September 2019, the Government claimed that it would increase the schools budget by £2.6 billion in 2020-21, £4.8 billion in 2021-22 and £7.1 billion in 2022-23, compared to 2019-20 funding levels. The Government also claimed that £700 million more would be provided to support children and young people with high needs, largely children and young people with special educational needs and disabilities (SEND).

On 30 January 2020, the Department for Education (DfE) published data which claimed to show that per pupil funding for 5-16 year olds in English schools will be 2.1% higher in real terms in 2020-21 than in 2010-11.

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, which the DfE provided to support the payment of the 2019-20 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:

'Total school spending per pupil in England has fallen by 8% in real terms between 2009-10 and 2019-20. The bulk of these funding cuts were driven by a 57% reduction in spending per pupil on services provided by local authorities and a more than 20% cut in sixth-form funding per pupil. This follows on from average growth in primary and secondary school spending per pupil of around 5% per year during the 2000s.'[1]

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

'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]

In other words, school funding continues to be squeezed through 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 (PTRs) 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 new Spending Review Period: 2020-23

The additional Government funding for schools from 2020-23 does not fully compensate for ten years of austerity, as the Institute for Fiscal Studies has revealed in its 2019 Report on Annual education spending:

'The government has allocated an extra £4.3 billion to the schools budget in England for 2022-23. This represents 7.4% expected real-terms growth in spending per pupil between 2019-20 and 2022-23 and is sufficient to almost completely reverse the cuts of 8% seen since 2009-10. If delivered, this will leave school spending per pupil in England about the same level in 2022-23 as it was in 2009-10. No real-terms growth in spending per pupil over 13 years represents a large squeeze by historical standards.'

Moreover, as the Institute for Fiscal Studies has also stated in the same report, teachers have paid the price of the squeeze in school funding through increased class sizes and increased workload:

'These funding cuts have been partly delivered through higher class sizes. Whilst primary school teacher numbers have risen by 11% since 2010, pupil numbers have grown by 17%. This has led to a small rise in average class sizes from 26 to 27 pupils. In secondary schools, teacher numbers have fallen by 20,000 or by just under 10% between 2010 and 2018. With no net change in pupil numbers, average class sizes have risen from 20 to 22 pupils.'

High Needs

The Government has claimed that the additional £700 million for the High Needs Block in 2020/21 is a substantial increase in investment in children and young people with SEND.

However, local authority High Needs budgets will not start from a level playing field in 2020/21. During 2018/19 and 2019/20, it became very clear that local authority High Needs budgets were completely inadequate. Many local authorities have had to move funding from their schools budget from 2018 onwards to support their High Needs budget to stop the closure of vital provisions for children and young people with SEND and other high needs. In many cases, increased high needs funding is needed to plug deficits and will not be used for improved high needs provision for this reason.

Moreover, years of cuts in local authority provision have left many local authorities as prey to exploitation by the private sector because of a shortfall in local authority provision. With high costs per pupil associated with some independent school placements, the capacity in local authorities to meet the

needs and demands of high needs students is being compromised. A recently published report by Bryan Nott commented as follows:

'The independent for-profit sector special school market is playing an increasingly significant role in SEND education provision. The cost of independent placements is much higher than in the state-funded sector… [The independent sector] is pursuing a vigorous expansion programme which is predicated on issues such as increasing levels of exclusion of SEND pupils and the denial of statutory rights to those pupils and their families by local authorities.'[4]

The NASUWT is aware of one unitary local authority which is attempting to implement savage cuts in high needs spending, despite an increase of just under 15% in its High Needs budget for 2020/21. This is primarily because the cost of independent and out of authority education, health and care plan (EHCP) placements is overspent by £9 million. The NASUWT is campaigning and organising to resist the cuts which the local authority is attempting to impose.

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 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 academy sector has a worse record than the maintained sector in this respect. The DfE's 2018 School Workforce Census Data indicated that, in the secondary phase, classroom teachers' salaries are £1,473 lower in academies than in local authority maintained schools. In the primary phase, the gap is even greater: classroom teachers' salaries are £1,807 lower in academies than in local authority maintained schools.[5]

In its 27th Report, the School Teachers' Review Body stated that schools *'should maintain an effective teaching workforce by prioritising the recruitment and retention of teachers among the other demands on their budgets.'*[6]

The Review Body repeated this in its 28th Report, stating that schools *'should give suitable priority to teachers' pay when setting their budgets to help ensure that an effective workforce is maintained.'*[7]

The Review Body made the following observation in its 29th Report:

'Cost pressures are not necessarily synonymous with affordability, as school leaders and governing bodies have autonomy over school budgets and will set their priorities and allocate funds accordingly.'[8]

Therefore, the Review Body 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 and 2019-20 to schools and academy trusts, to support the teachers' pay award for these two years. 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 the 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:

'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

As of 31 March 2019, the total unspent balance across all local authority maintained schools was £1.54 billion.[9]

This amounts to 6.5% of local authority maintained schools' total revenue income, and equates to an average revenue balance of £111,000 in each local authority maintained school.

The percentage of schools with a surplus has increased from 88.6% in 2017-18 to 89.4% in 2018-19. The percentage of schools with a deficit has decreased from 10.2% in 2017-18 to 9.9% in 2018-19. However, the average deficit per school in deficit has increased.

The 2018 academy sector annual report and accounts (SARA) was published by the DfE in July 2019. It confirms that:

a. the surplus revenue balance in the academy sector, as of 31 August 2018, rose to £2.5 billion; and

b. the cash surplus in the academy sector rose, as of 31 August 2018, to £3.9 billion (pages 13 and 14).

Whilst accepting the complication of the financial years for maintained and academy sectors not exactly coinciding, the overall picture is that the level of combined unspent balances across both sectors has increased (albeit slightly) over the last three years:

- in 2015/2016 (academy sector) and 2016/17 (maintained sector), the level of unspent balances was £2.2 billion in academies and £1.7 billion in the maintained sector (totalling approximately £3.9 billion);
- in 2016/17 (academy sector) and 2017/18 (maintained sector), the level of unspent balances was £2.4 billion in academies and £1.56 billion in the maintained sector (totalling approximately £4 billion); and
- in 2017/18 (academy sector) and 2018/19 (maintained sector), the level of balances was over £4 billion.

The change in the totals across the two sectors could be partially explained by a change in the size of the sectors. However, it is noteworthy that the trend for significant reduction in the level of maintained school unspent balances (from 2016 to 2017 by £384 million) did not continue from 2017 to 2018 or from 2018 to 2019.

The 2019 evidence supports the view that surpluses have not risen or fallen significantly across the maintained sector, but the nature of the funding system means that funding is not going where it is needed – a smaller number of schools have higher deficits than 12 months previously.

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 shows 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.

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.'[10]

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, totalling £79 million, an increase on 2016, where related party transactions over £250,001 totalled £62 million.

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.

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.'*[11]

In some academy trusts, greed, excess and waste have escalated. The Review Body is able to address one aspect of this.

The NASUWT does not accept that the DfE's view that high staff salaries in the academy sector has created an accountable pay system in this sector. The specific accountability issue relating to senior staff salaries in the academy sector is that academy trusts can enormously exceed the highest levels of leadership pay in the School Teachers' Pay and Conditions Document (STPCD), and many of them do so.

In refusing to report actual salaries in the SARA, the DfE has actually failed to follow the Government's Financial Reporting Manual (FReM). In the 2017 SARA, the Auditor General 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 following 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.'*[12]

The DfE publishes some information on trustee and senior staff remuneration in its SARA, but this is limited. The SARA's published annex on remuneration reveals that, in 2017/18, 146 academy trusts remunerated at least one trustee over £150k. This is an increase on 125 trustees who received remuneration over £150k in 2016/17.

According to the DfE's SARA, 18 academy trustees received over £200k in remuneration in 2017/18, compared with 16 trustees who received remuneration over £200k in 2016/17.

However, the most glaring omission in the DfE's reporting of trustee and senior staff salaries is that salaries above £200k are grouped into one band. As the Government's consultation indicates, academy trusts must disclose in their published financial statements information about each individual earning over £100k by providing their total full-time equivalent (FTE) salary in £10k bandings. These actual salary bandings for senior staff salaries should be reported by the DfE in its SARA. As long as the DfE fails to do so, it will be hiding the reality of excessive leadership pay in the academy sector.

For example, salaries in excess of £100k in the Harris Federation alone have increased from 29 to 31 from 2017 to 2018.[13] Specifically, five salaries in excess of £200k were paid, with the Chief Executive receiving a salary between £440k and £445k and pension benefits between £50k and £55k. Another Harris employee received a salary of between £290k and £300k. However, none of these salaries are reported in the DfE's SARA. The salary of the Harris Federation's Chief Executive is 17 times that of a teacher on a starting salary in the Trust.

The Times revealed that: *'Ten academy leaders received salaries and pensions worth almost £3 million between them last year. Two of the best paid ran only one school each but had a package worth more than £250,000. Almost 130*

heads and academy trust leaders were paid more than the prime minister's salary of £150,000.'[14]

Research carried out by the NASUWT indicates that the cost of Chief Executive remuneration in the 20 largest academy trusts in 2018/19 is £4.72 million, or an average of £236k per Chief Executive across the 20 trusts.[15]

The DfE is unable or unwilling to disclose the total cost of leadership pay in the academy sector, which is the minimum information which should be in the public domain for the system to be accountable.

In refusing to report actual salaries in the SARA, the DfE has failed to follow the Government's FReM. In the 2017 SARA, the Auditor General commented as follows:

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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.'*[17]

However, this failure to regulate is a conscious choice on the part of successive Secretaries of State for Education, which is not consistent with measures taken by other Government departments – other Government departments set the salaries of their 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 STPCD covers the entire sector and all remuneration in it, which has led to this situation occurring.

The NASUWT believes that there can be no justification for the DfE's continued failure to report the actual salaries of academy trust senior executives and trustees, particularly now that the Auditor General has drawn attention to this. Furthermore, all school and academy trust leadership salaries should be on the public record.

An analysis of income and expenditure in the standalone academies which are paying salaries in excess of £150k 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. The lack of a cap on CEO pay in academy trusts distorts the pay framework and drives down teachers' pay in order to create capacity for high senior staff pay.

The Government's regulatory framework is clearly inadequate. Education is the only Government department where high salaries are not set by the Department and it is completely inappropriate for this situation to continue, particularly as Government expenditure on the academy sector has now reached £25.3 billion[18] (the schools budget for 2018/19 in the maintained sector was £21 billion).[19] The NASUWT believes that all leadership salaries in schools and academy trusts should be a matter of public record.

The list of academy trusts paying at least one trustee or member of staff over £150,000 per year in 2017-18 is included in the Annex.

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 2019 SARA indicates that the number of compulsory redundancies in 2017/18 was 3,071, an increase of 248 on 2,823 in 2016/17. The cost of compulsory redundancies was £28 million in 2017/18, an increase on £27 million in 2016/17. The average redundancy payment per employee in 2017 was £9,118, which is not an excessive amount. However, the NASUWT does not believe that this level of redundancies across the academy sector can be justified, particularly as there are increasing school rolls. In fact, the increase in redundancies from 2016/17 to 2017/18 was greater than in the previous 12 months.

All in all, 46 exit packages between £50,001 and £100,000 were agreed in 2017/18, an increase of five over the previous 12 months. One exit package over £100,000 was agreed. The total cost of exit packages in the academy sector in 2017/18 was £62 million.

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 2017-18 SARA, published in 2018, Lord Agnew, Parliamentary Under-Secretary of State for the School System, has stated:

'The DfE supports trusts in deploying appropriate controls over their expenditure, and publicly challenging those that do not. The increased transparency of the sector enables us to scrutinise academies much more closely than local authority maintained schools.'

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 has 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; and
- 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 or in 2019. 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.[20] The report's conclusions and recommendations included that:

- 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;
- 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; and

- 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 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 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,[21] including national-level procurement carried out for the whole schools sector by the Crown Commercial Service (CCS).

The DfE 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, the accounts were materially correct with no matters to bring to the reader's attention.[22] 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,[23] which is leading schools to believe 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 the 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 through to 2022/23, as is the 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.

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, as it is quite clear that these are continuing, despite the Government's claim of increased expenditure on schools from 2020/21 to 2022/23.

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.

Footnotes

1 Institute for Fiscal Studies, *2019 Annual Report on education spending in England*, September 2019.

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.

4 Byran Nott, *Meeting the needs of Children with Special Educational Needs and Disability in Birmingham*, 2020: https://img1.wsimg.com/blobby/go/e350e5ea-26bf-4955-baec-adc2b9d8038a/downloads/Special%20Educational%20Needs%20and%20Disability%20Place.pdf?ver=1580129182570.

5 DfE, 2017 School Workforce Census, published June 2018.

6 STRB's 27th Report, paragraph 63.

7 STRB's 28th Report, introductory page x.

8 STRB's 29th Report, introductory page x.

9 DfE Expenditure by Local Authorities and Schools on Education, Children's and Young People's Services in England, 2018-19, published December 2019.

10 DfE, Statistical First Release (SFR), 2017.

11 HMCI, *Focused Inspections of Academies in Multi-academy Trusts*, March 2016.

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

13 Harris Federation Consolidated Annual Report and Financial Statements, 31 August 2018.

14 https://www.thetimes.co.uk/article/ten-academy-heads-sharing-nearly-3m-8rkwf9xhn.

15 DfE, 2018 School Workforce Census Data, published July 2019.

16 Academy Schools Sector in England: Consolidated Annual Report and Accounts, page 62.

17 Ibid.

18 Academy Schools Sector in England: Consolidated Annual Report and Accounts for the year ended 31 August 2018, page 9.

19 DfE, *Expenditure by local authorities and schools on education, children and young people's services in England*, 2018-19, data tables published December 2018.

20 Academy schools sector in England, consolidated annual report and accounts for the year ended 31 August 2017, page 54.

21 DfE Schools' Buying Strategy, January 2017.

22 Academy Schools Sector in England: Consolidated Annual Reports and Accounts, page 44.

23 UK Statistics Authority response to statement on cuts to school funding: https://www.statisticauthority.gov.uk/correspondence/response-to-statements-on-cuts-school-funding.

Annex – Academy Trusts which have disclosed that at least one Trustee or member of staff was paid in excess of £150,000 for 2017/18.

Abbey Multi-Academy Trust
Academies Enterprise Trust
Academies South West
Academy Transformation Trust
Aldridge North West Education Trust
Aquinas Church of England Education Trust Limited
ARBOR Academy Trust
ARK Schools
Ashmole Academy Trust Ltd
Aspirations Academies Trust
Aston Community Education Trust
Barnhill Partnership Trust
Bedfordshire East Multi-Academy Trust
Boston Wiltham Academies Federation
Bourne Education Trust
Bradford Diocesan Academies Trust
Brampton Manor Trust
Brigantia Learning Trust Limited
BRIT School for Performing Arts and Technology
Brooke Weston Trust
Bushey St James Trust
Cardinal Hume Academies Trust
Carmel Education Trust
Carshalton Boys Sports College
Central Learning Partnership Trust
CFBT Schools Trust
Chingford Academies Trust
Churchdown School
City Learning Trust
City of London Academies Trust
City of London Academy Islington
Cockburn Multi-Academy Trust
Collegiate Academy Trust
Collegiate Trust
Community Academies Trust
Community Inclusive Trust
Core Education Trust

Cranford Community College
Creative Education Trust
Danes Educational Trust
Dean Trust
Dixons Academies Charitable Trust Ltd
Durrington Multi-Academy Trust
E-ACT
Education Alliance
Education Fellowship Trust
Elliot Foundation Academies Trust
Enfield Learning Trust
Future Academies
Gateway Learning Community
GFM Education
GLF Schools
GORSE Academies Trust
Greenwood Academies Trust
Guildford Education Partnership
Guru Nanak Sikh Academy Limited
Haberdashers' Aske's Federation Trust
Hamwic Education Trust
Harris Federation
Hatton Academies Trust
Hoddesdon School Trust
Holland Park School
Holy Family Catholic Multi-Academy Trust
Howard Partnership Trust
Inspiration Trust
Inspirational Learning Academies Trust
Ivybridge Academy Trust
Joseph Leckie Academy
Kenmal Academies Trust
Kent Catholic Schools' Partnership
Kingsbridge Educational Trust
Kingsdale Foundation School
Kirk Hallam Community Academy
Knole Academy Trust
Laidlaw Schools Trust
Landau Forte Charitable Trust

Laurus Trust
LEAD Multi-Academy Trust
Legra Academy Trust
Leigh Academies Trust
Lion Academy Trust
Loxford School Trust Limited
Matrix Academy Trust
Moor End Academies Trust
Mossbourne Federation
Mulberry Schools Trust
New River Trust
New Vision Trust
North East Learning Trust
Northern Education Trust
Northern Schools Trust
Oasis Community Learning
Ormiston Academies Trust
Outwood Grange Academies Trust
Paradigm Trust
Parallel Learning Trust
Park Federation Academy Trust
Partnership Learning
Princes Risborough School
QED Academy Trust
Reach South Academy Trust
REACH2 Academy Trust
RightforSuccess Trust
RMET
Rodillian Multi-Academy Trust
Rosedale Hewens Academy Trust
Rushey Mead Educational Trust
SABDEN Multi-Academy Trust
Sacred Heart Catholic School
Sapienta Education Trust
School Partnership Trust Academies
Shaw Education Trust
Sidney Stringer Multi-Academy Trust
Silver Birch Academy
South Farnham Educational Trust

Southend High School for Boys
Southfields Multi-Academy Trust
Southmoor Academy
Spencer Academies Trust
St Cuthbert's Roman Catholic Academy Trust
St Thomas of Canterbury Catholic Academies Trust
Stowe Valley Multi-Academy Trust
Swakeleys School for Girls
Swale Academies Trust
Talentum Learning Trust
Tauheedul Education Trust
TBAP Trust
The Holy Family Catholic Multi Academy Company
The Illuminare Multi-Academy Trust
The John Wallis Church of England Academy
The Tower Trust
Thinking Schools Academy Trust
Thomas Telford School
Tollbar Multi-Academy Trust
Torch Academy Gateway Trust
Transforming Lives Educational Trust
Trinity Academy Halifax
Two Counties Trust
University Schools Trust, East London
Valley Invicta Academies Trust
Washwood Heath Multi-Academy Trust
Waverley Education Foundation Limited
Wellspring Academy Trust
Wembley Multi-Academy Trust
White Horse Federation
Windsor Academy Trust

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