

Where has all the money gone?



**School and Academy
Budgets and Spending
in England**

Where has all the money gone?

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 31 January 2017, Nick Gibb MP, Minister for School Standards, stated to the House of Commons Education Committee: *'You say "underfunding", but we are spending more today on core school funding and high needs than in our history. We are spending £40 billion and that figure is set to rise over the next three years, as pupil numbers rise, to £42 billion.'*

At the same time, some education stakeholders claim that schools in England will have to lose thousands of teachers because of savage spending cuts. 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, 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

Moreover, school funding continues to be squeezed through to 2019/20. 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.

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

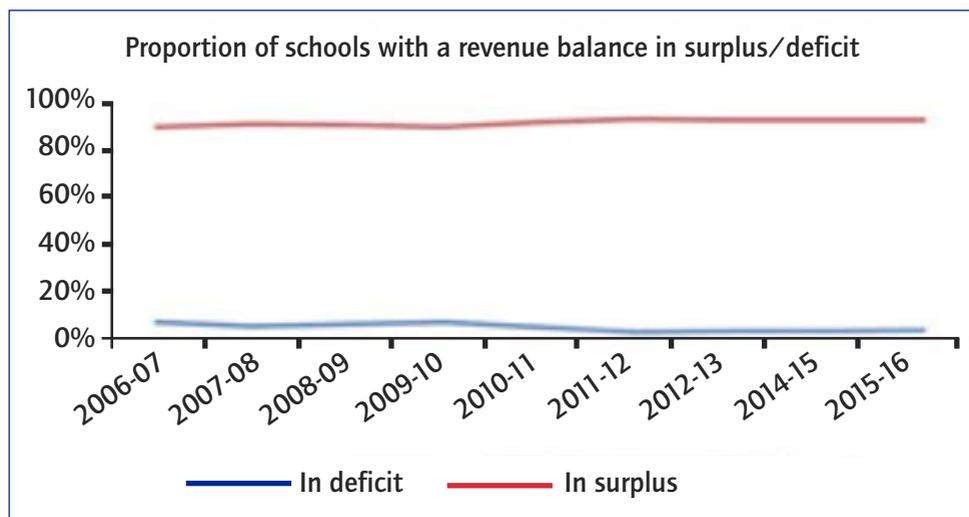
Despite the school funding squeeze since 2010, much education spending does not reach the front line. Substantial levels of unspent reserves, inefficient and wasteful school-level procurement, together with excessive levels of academy trustee pay, are now hardwired into

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

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

Local authority maintained schools

In 2015-16, the total unspent balance across all local authority maintained schools was £2.1 billion. This amounts to an average revenue balance in each local authority maintained school of £124,000, which equates to 7.5% on their total revenue income.² Despite austerity funding, the amount held in reserve by maintained schools increased by over 50% from 2010 to 2016. The proportion of schools in surplus and deficit remained very similar during this period of time, as shown by the following Department for Education (DfE) chart:³



From 2015 to 2016, the average surplus in each primary school increased by £8,000 to £116,000 and the average surplus in each secondary school increased by £13,000 to £391,000.

Academy trusts

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 multi-academy trusts (MATs):

² Department for Education (DfE), *Expenditure by Local Authorities and Schools on Education, Children and Young People's Services in England, 2015-16*, December 2016.

³ Ibid.

*'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.'*⁴

The NASUWT surveyed the reserves held by 34 cross-regional and national MATs in 2015 and found that the total amount held in reserve for these stood at just under £90 million. However, within this overall figure, individual MATs can build up very large reserves indeed. For example, one large MAT declared reserves of over £17 million in the same year.

Excessive spending on academy trustee pay

In many academy trusts, there is excessive spending on Trustee pay (which includes CEO and executive headteacher pay). The DfE has reported that, in 2014/15 (which are the most recently published DfE figures), academy trusts made 111 payments of over £150,000 to Trustees. All in all, 813 payments of over £100,000 were made by academy trusts to Trustees in 2014/15.⁵

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.'*

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

From 2010 onwards, the Government's extension of school autonomy has been accompanied by abolition of the levers in the system that could assist schools which had been given greater freedoms to apply those freedoms efficiently and effectively. 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. The impact on schools of these changes has been profound and hugely wasteful of resources.

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

⁴ HMCI, *Focused inspections of academies in multi-academy trusts*, March 2016.

⁵ DfE, *Sector Annual Report and Accounts for Academy Schools in England: For the Year Ended 31 August 2015*, October 2016.

Pressed by the NASUWT, the DfE has very recently launched a national procurement strategy for schools,⁶ including national level procurement carried out for the whole schools sector by the Crown Commercial Service. The DfE estimates that at least £1 billion could be saved through non-staff savings in schools by 2019/20 through better procurement.

Conclusion

Pressures on school funding are likely to remain a perennial issue, as is concern about the sufficiency of funding levels for schools. However, in a context of extended freedoms and flexibilities at school, 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 in real terms has fallen.

The NASUWT believes that maintaining high investment in public education, and a demonstrable commitment to increase spending in real terms over time, should be a key priority for Government.

The NASUWT believes that 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 NASUWT is also urging the Government to ensure that schools act appropriately, irrespective of funding levels, and that they do not seek to reduce staffing levels and curriculum provision or make unfair and unsustainable demands of parents/carers.

⁶ DfE, *Schools Buying Strategy*, January 2017.

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