

Funding

The New Year gets off to a rough start. Just today, the Institute for Fiscal Studies (IFS) publishes its annual report on education funding in England. Apart from the early years, where a lot of money has been, and continues to be made available, it makes for depressing reading. The warning from the IFS is stark. The money that the Government plans to make available for schools is not enough to cover the increase in their costs. That means further cuts are inevitable.

When it comes to further education colleges, even with recent funding increases, the IFS estimates that college funding per student aged 16–18 in 2025 will still be about 11% below 2010 levels, and about 23% lower for school sixth forms. About 37% of colleges were operating deficits at the latest count (2022–23). Average college teacher pay is expected to be about 18% lower than pay for school teachers in 2025, contributing to the high exit rates amongst college teachers (with 16% leaving their jobs each year). Meanwhile the number of young people in colleges and sixth forms is expected to grow by 5% or over 60,000 between 2024 and 2028. The Government would need to increase annual funding by £200 million in 2027–28 in today's prices to maintain spending per student in real terms.

Universities face substantial financial challenges, with domestic student income not covering the cost of a degree and overseas student income declining. Increasing the tuition fee cap with inflation has arrested the steady real-terms decline in teaching resources for higher education. But falls in international student numbers at some universities, and additional costs from the rise in employers' NICs, mean that ending the fee freeze will not be enough to put the sector on a secure financial footing. University finances will remain a headache for the new government at the spending review in summer 2025 and as it sets future tuition fee caps.

Today also sees the publication of the House of Commons Public Accounts Committee report on children with special educational needs and disabilities (SEND). This does not really tell us anything that we did not know already. The growing demand for SEND provision has been known for some time. Yet the report is a timely reminder of the acute problems faced in this sector.

Sir Geoffrey Clifton-Brown MP, chairman of the Committee, summarised the situation perfectly. He said: "Urgent warnings have long been issued to Government on the failing SEND system from every quarter. This is an emergency that has been allowed to run and run. Families in need of help have been forced to spend precious energy fighting for the support they are legally entitled to, and local authorities to bear an unsustainable financial burden ... The fact that 98% of cases taken to tribunal find in favour of families is staggering, and can only demonstrate that we are forcing people to jump through bureaucratic hoops for no good reason. It is long past time the Government took action matching the gravity of this situation. And yet our inquiry found no sense of urgency amongst officials to do so."

Yet, as anyone following the news knows, the Government is running into serious trouble with the economy. The Chancellor's budget was meant to be a growth budget, but it has turned out to be the opposite. It added to the tax burden of business so much that confidence from that quarter is collapsing. The economy is flatlining, and is actually worse than it was at the end of the last Conservative government. Just today, the Office for Budget Responsibility (OBR) announced that the Chancellor's headroom from which some cushion for hard pressed public services could have been provided has disappeared due to the rise in the Government's cost of borrowing.

As if the economic problems were not enough, the Government is beset by other crises at home and abroad, which the imminent inauguration of Donald Trump as President of the United States will make worse. Almost every part of the public service is short of cash, with health and defence seeking big increases in their budgets. With no money to spare, radical alternatives to the way existing budgets are spent is necessary. Just one example comes from a report from Tom Richmond of the Social Market Foundation published today (and reviewed below). It finds that over £400 million of apprenticeship funding has been spent on people who already have a Bachelor's degree or even a Master's degree. We can't afford such generosity. The money should be repurposed onto apprenticeships for those without a degree.