



30 November 2021

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2021 annual report on education spending in England

@TheIFS



Aims and Overview

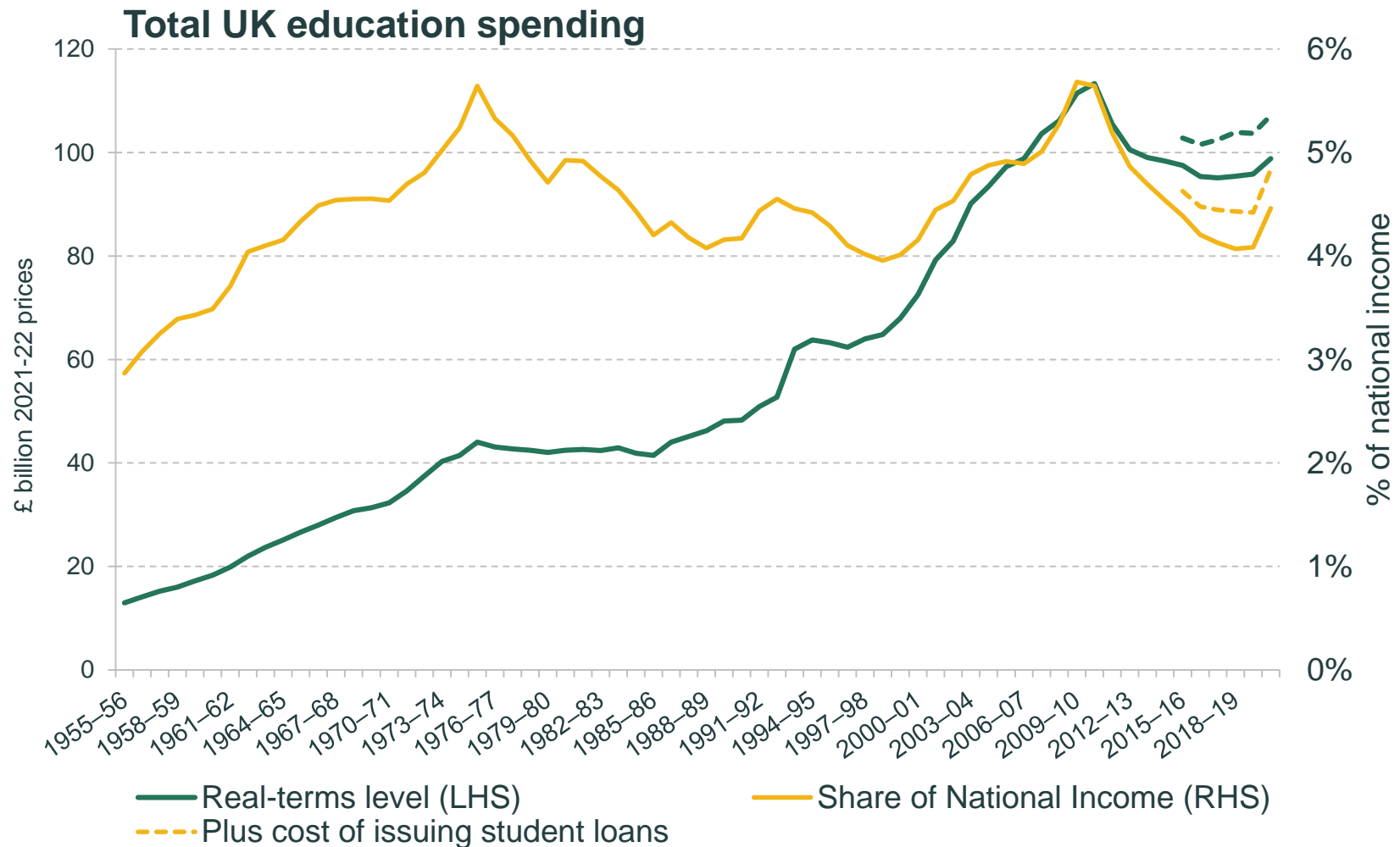
- Aim to provide a clear picture of the levels and changes to spending per student at different phases of education over time
- New dedicated website with all our analysis and latest figures:
<https://ifs.org.uk/education-spending>

Key overall conclusions:

- Significant and historically large cuts to education spending
- Changing distribution of funding will make it harder to level up poorer areas of the country
- Uncertainty on higher education funding
- Long-run shift to spending at younger ages

8% fall in education spending since 2010

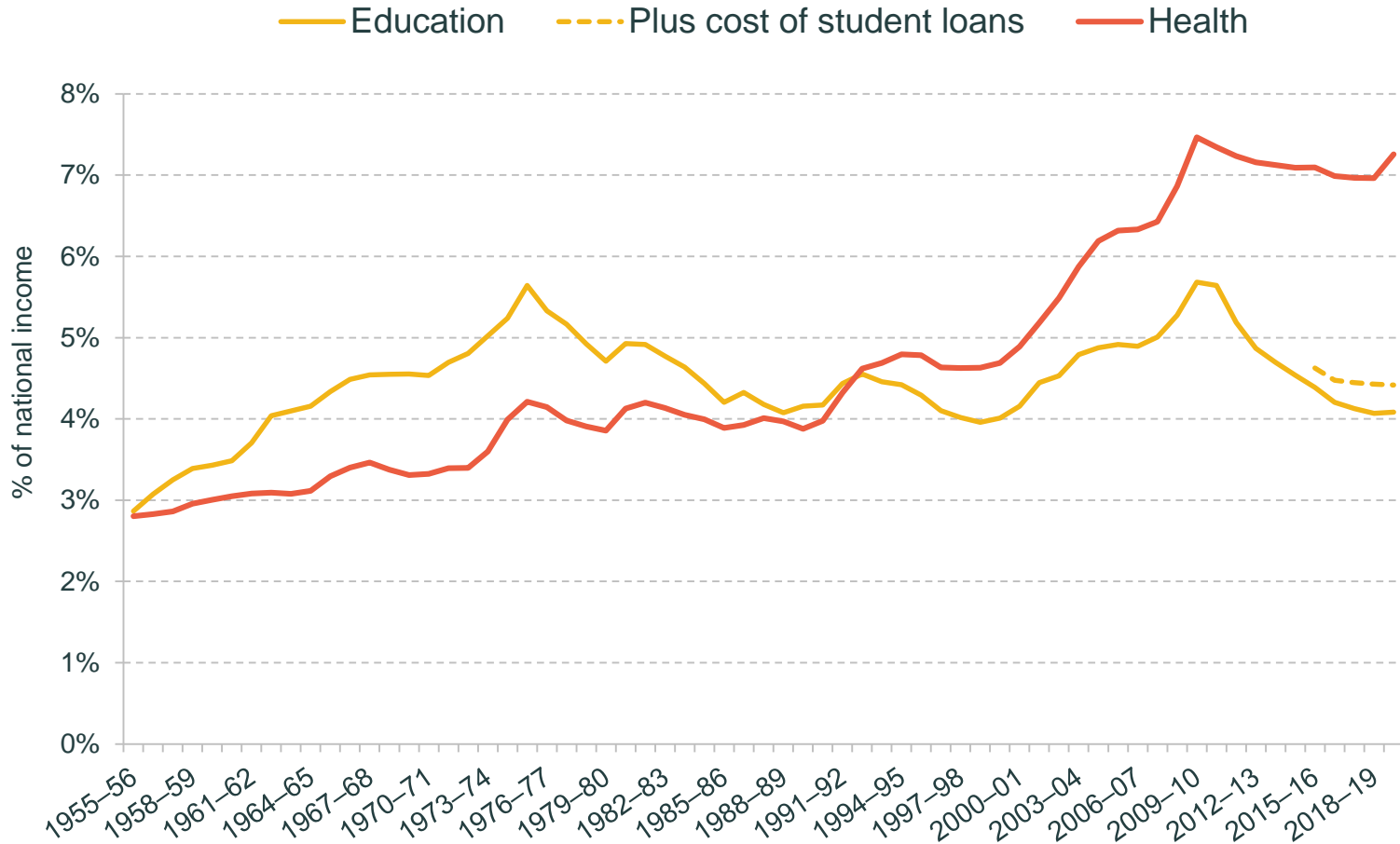
Similar share of national income as in early 2000s



Sources and notes: Annual Report 2021, Figure 2.1.

Much larger rises in health spending

Similar shares of national income in early 90s, but successive spending changes have driven big difference

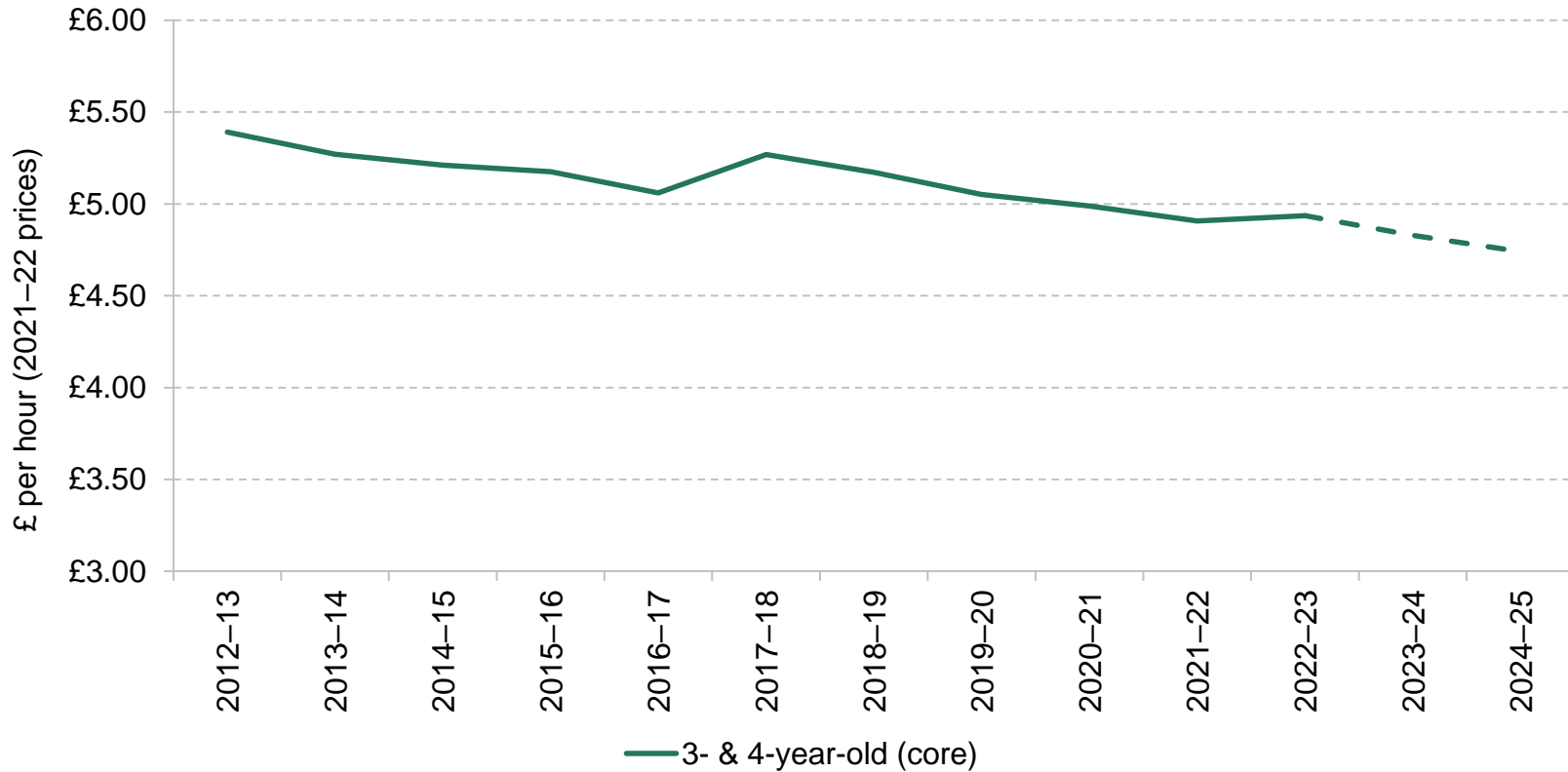


Sources and notes: Annual Report 2021, Figure 2.2.

Boost to core funding rate for early years providers will be eroded by inflation



Extra costs from rises in national living wage & health and social care levy



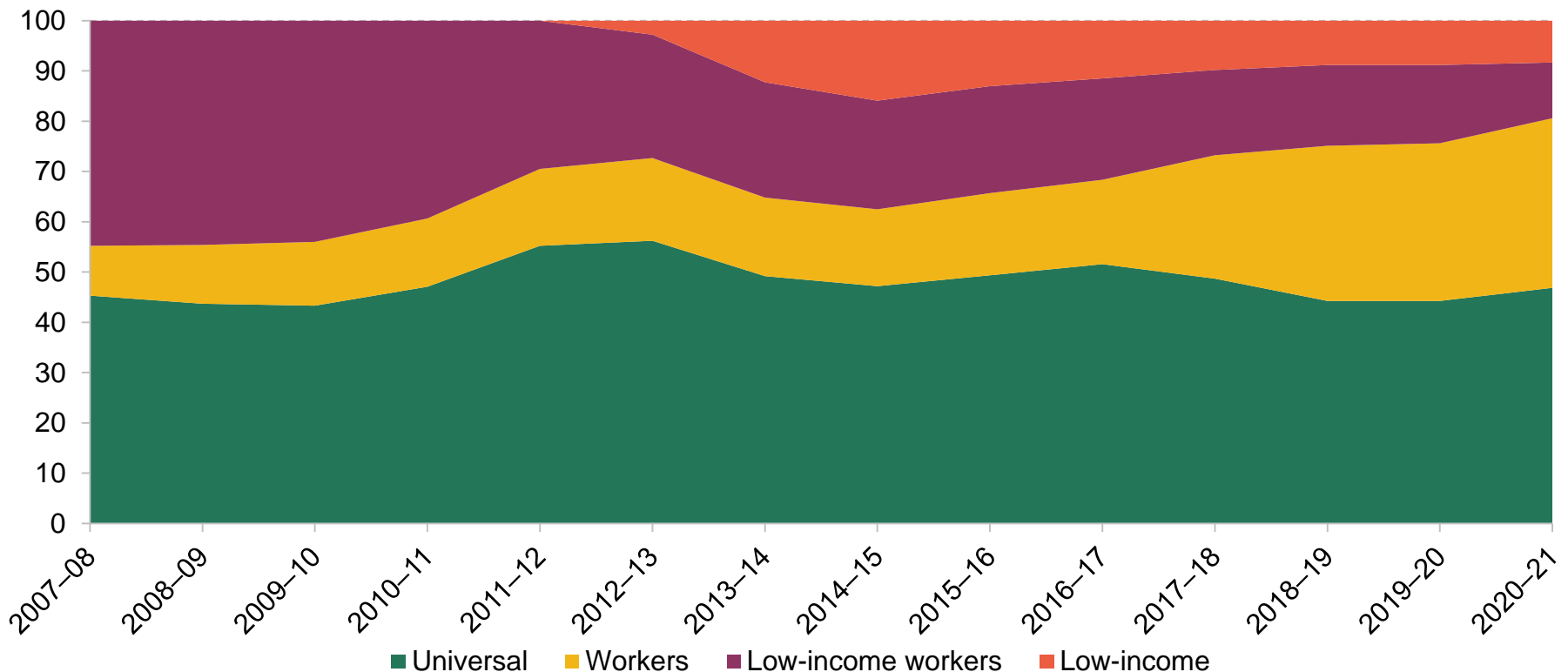
Sources and notes: 2021 Annual Report, Figure 5.1

Share of total early years funding targeted at low income families down to 19%



Some additional targeted programmes in Spending Review, but a long way from rolling back cuts to Sure Start

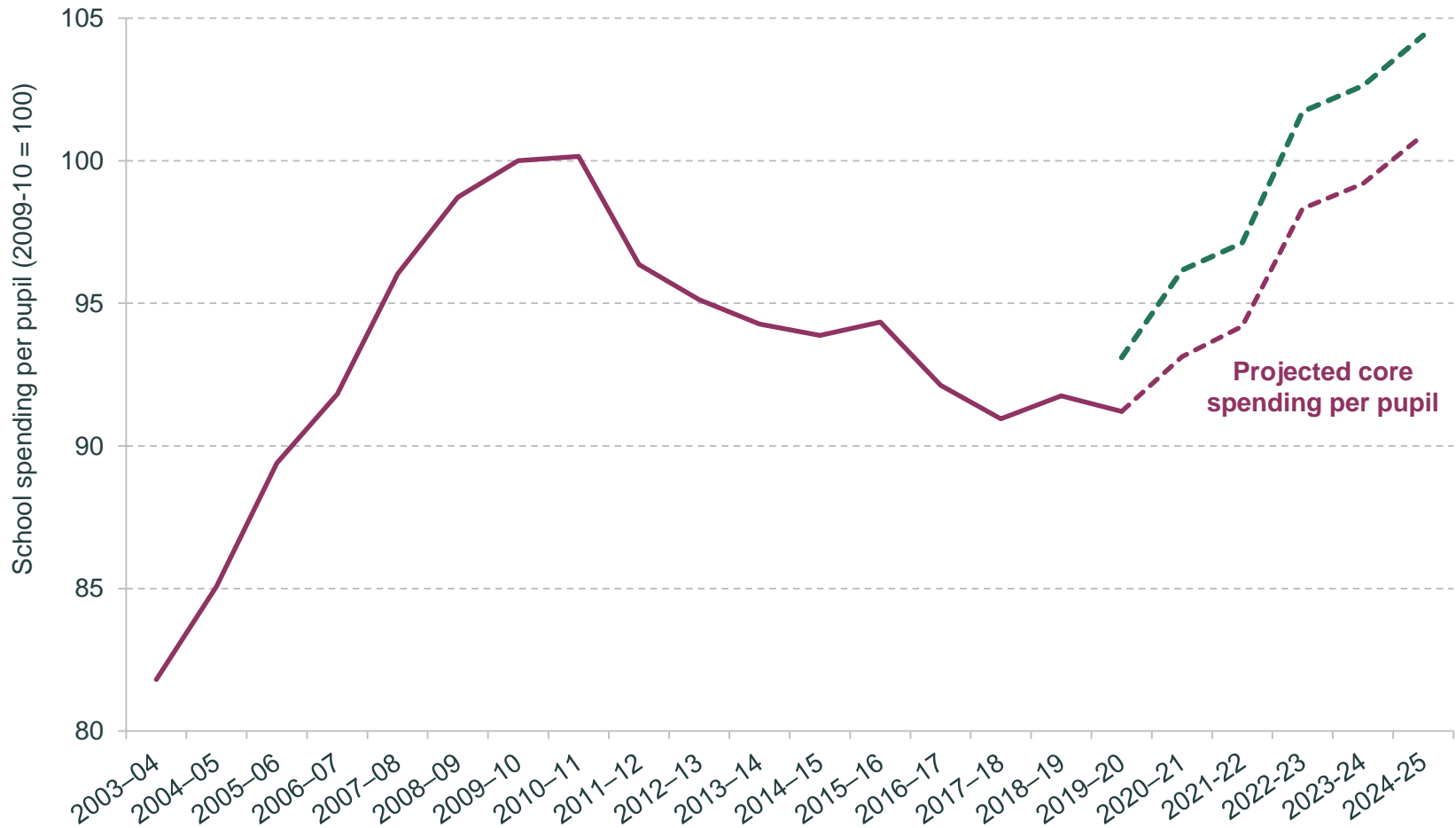
Share of early education and childcare subsidies targeted at difference groups



Source: 'Education spending – early years', Christine Farquharson, <https://ifs.org.uk/education-spending/early-years>

A lost decade-and-a-half of schools funding growth?

School spending per pupil in England (2009-10 = 100)

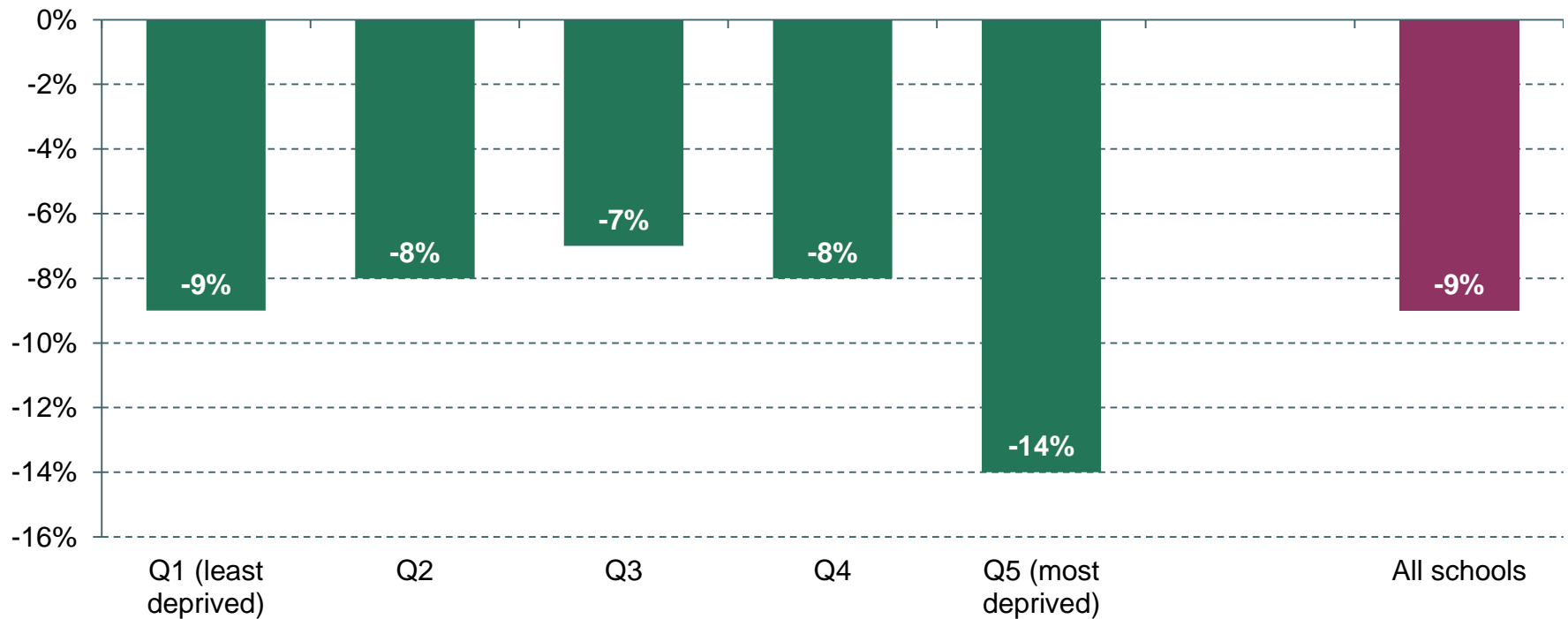


Sources and notes: Annual Report 2021, Figure 5.2.

Larger spending cuts for schools serving disadvantaged pupils

Driven by national funding formula changes & pupil premium not keeping pace with inflation

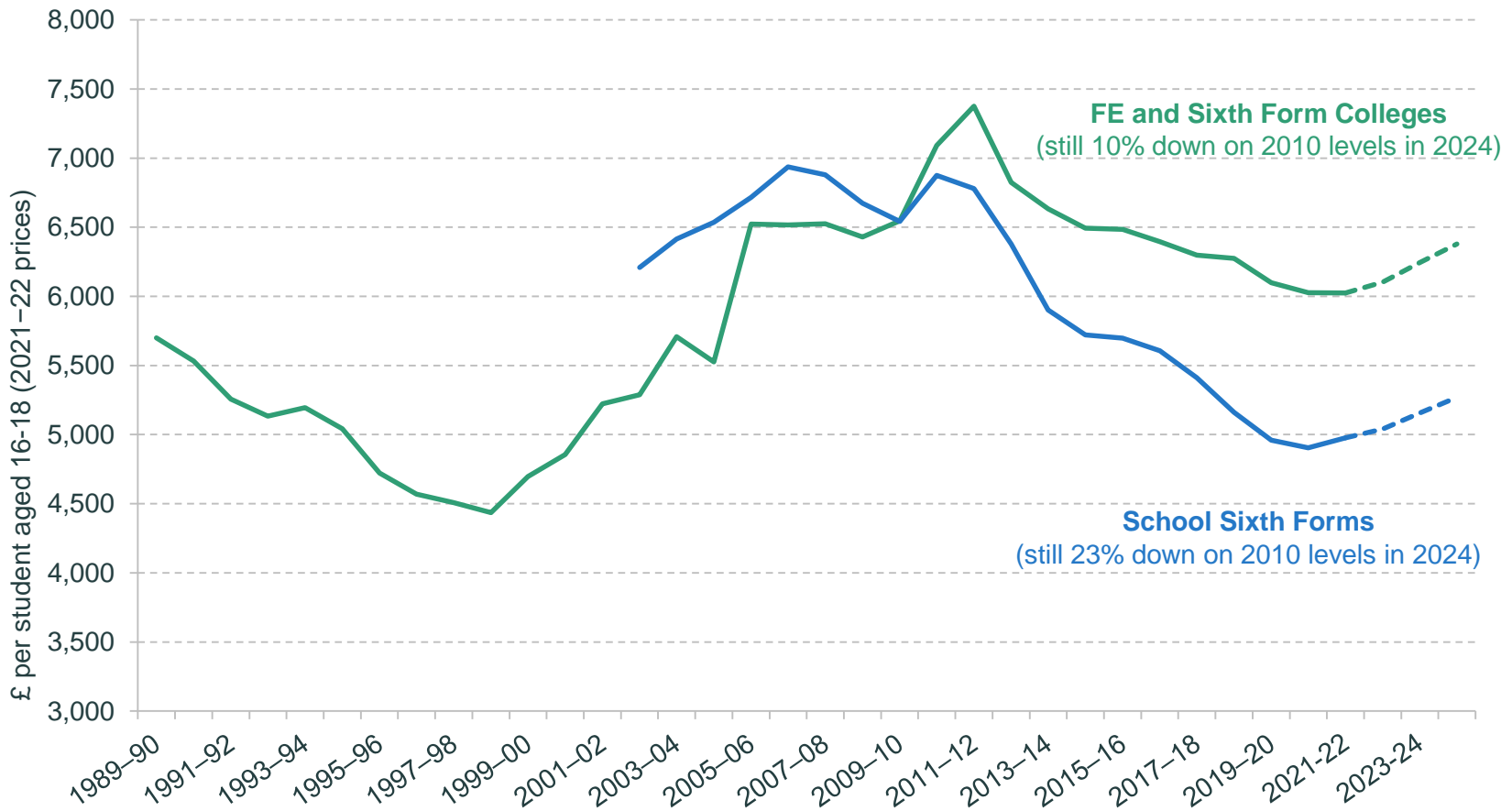
Change in secondary school spending per pupil between 2009-10 and 2019-20 by quintile of eligibility for free school meals



Sources and notes: Sibieta (2021), Table 3.1

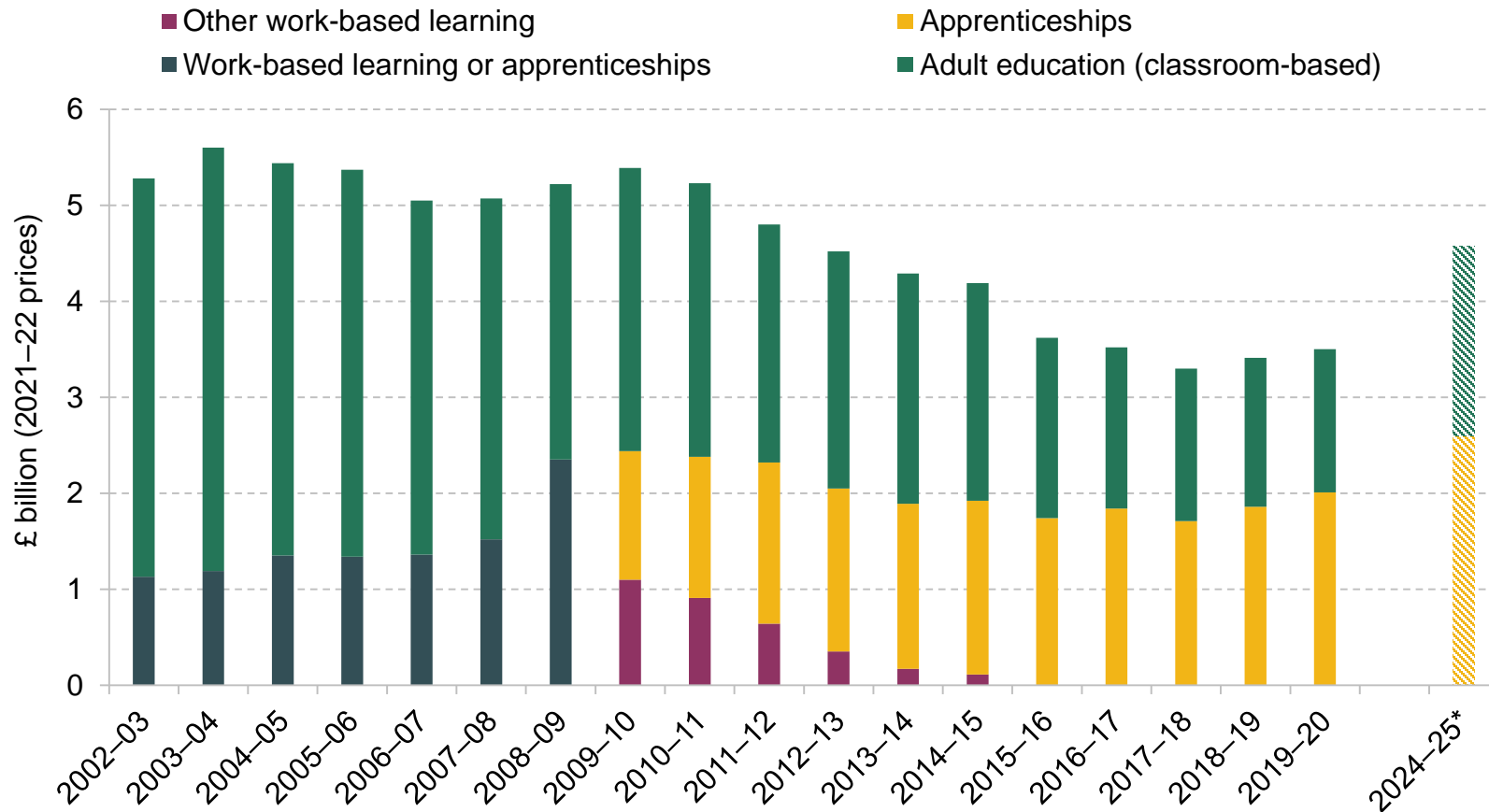
Cuts to further education and sixth form colleges only partially reversed

Further challenges from rising student numbers and high ambitions for technical education



Sources and notes: Annual Report, Figure 5.3

Despite 30% rise from 2019 to 2024, combined spending on adult education & apprenticeships still 15% below 2009 level



Sources and notes: Annual Report, Figure 5.4

No mention of HE funding in Spending Review, but many changes & challenges ahead

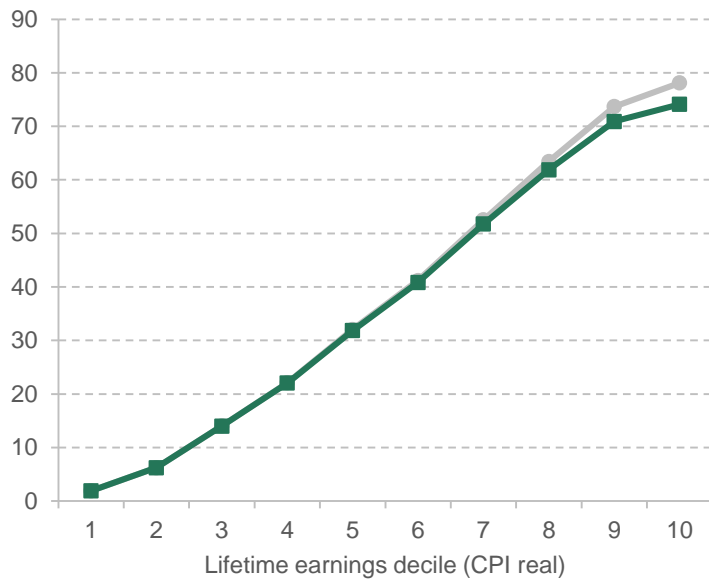


Rising student numbers to put upward pressure on overall spending

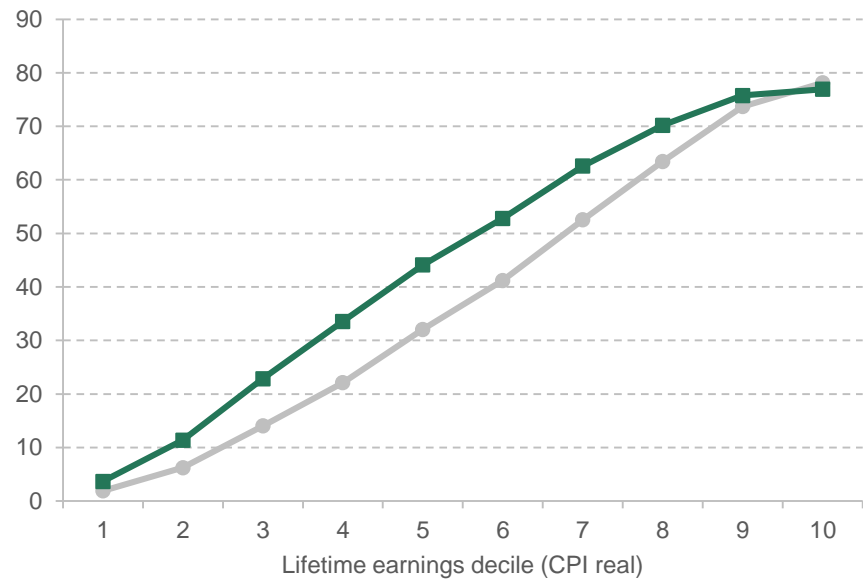
- 13% rise in university entrants expected between 2019 and 2025

Impact of a reduction in the fee cap and repayment threshold on lifetime repayments

b. Cut in fee cap



c. Lower repayment threshold



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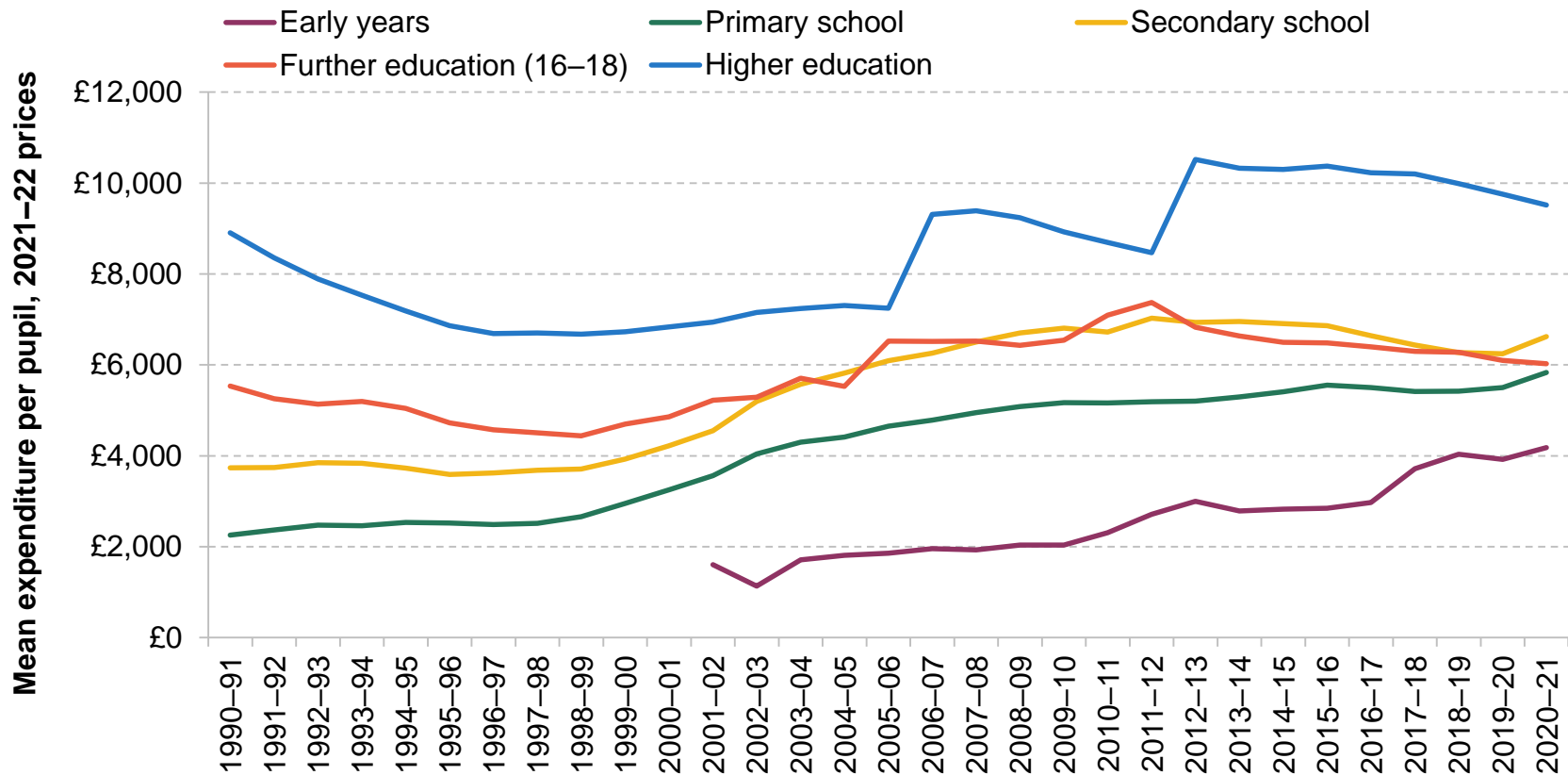
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Rumours about future changes to HE funding

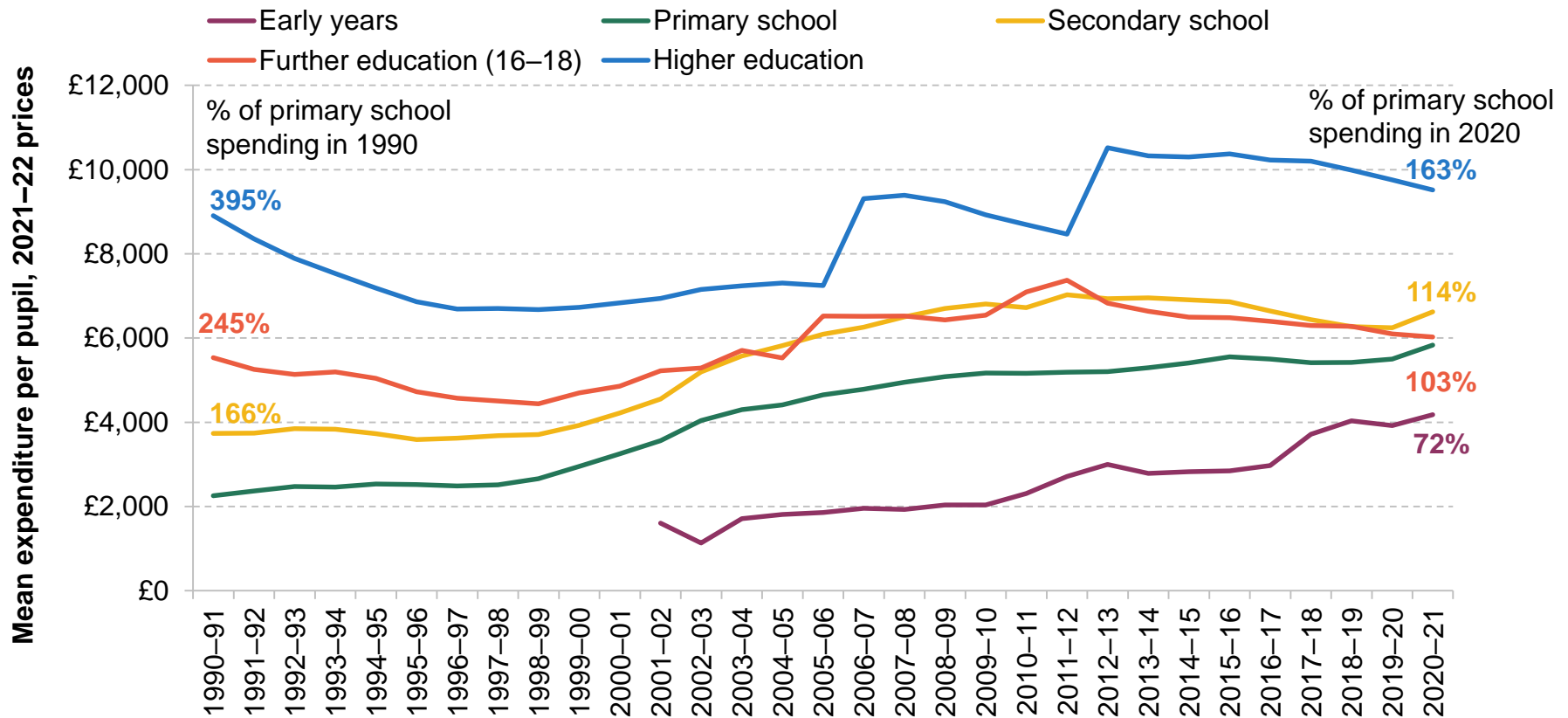
- Lower tuition fee cap of £8,500 would only benefit highest earners, but would offer opportunities to rebalance teaching grants towards higher-cost subjects
- Lower repayment threshold of £22k would be like a tax rise for the nearly 80% of graduates expected not to clear their loans, raising around £2 bn a year.
- Graduates with middling earnings would need to pay around £500 more towards their loans per year

Spending per pupil has shifted towards younger age groups over time



Sources and notes: Annual Report, Figure 4.1

Spending per pupil has shifted towards younger age groups over time



Sources and notes: Annual Report, Figure 4.1

Significant and historically large cuts to education spending

- Cuts in school spending undone, but no overall growth since 2010
- Inflation eroding real value of early years and HE funding

Changing distribution of funding will make it harder to level-up

- Bigger cuts for more deprived schools
- Larger cuts for colleges, sixth forms adult education, which won't be undone

Uncertainty on higher education funding

- Student numbers growth will add to cost of system, but changes to the funding system have been rumoured

Long-run shift to spending at younger ages

- But evidence argues that investments at younger ages need to be sustained to reap full benefits

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