BSF and the squeeze on capital spending

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BSF and the squeeze on capital spending

• Trends in education spending and coming cuts

• Changes in elements of schools spending

• Implications of planned cuts in overall net investment

• Tensions and challenges facing new government
Deep cuts coming in education spending

UK Education spending as share of national income

- March Budget 2010
- June Budget 2010
- 10% cut
- 25% cut

- 10% cut: Lowest level since 2000-01
- 25% cut: Lowest level since 1961-62
Strong growth in schools capital spending under Labour

Annual Average Real-terms Growth 97/98 to 08/09 (%)

- Schools: 5.6%
- Capital spending: 12.9%
- Current spending: 5%
- Under 5s: 6.1%
- Primary Schools: 3.9%
- Secondary Schools: 5%
Very deep cuts in net investment spending coming under 2010 CSR

- Labour planned to cut public sector net investment as part of plan to cut deficit
  - From 2.7% of GDP in 2010-11 to 1.3% in 2014-15
  - Total real-terms cut close to 50%
- Coalition to keep to these plans
  - Cut from £39bn in 10/11 to £19bn in 14/15 (10/11 prices)
- What are the implications for schools capital spending?
  - Not known how these cuts will be shared
  - Equal cuts would imply a cut from £6.7bn in 2010-11 to £3.3bn in 2014-15 (DfE Capital Budget)
  - Lowest real-terms level since 2002-03
Tensions and challenges facing coalition

• Continuing with aims underlying BSF very difficult with less money available

• Learning from programme
  – Slow start time and considerable under-spending at start of BSF
Profile of under-spending at start of BSF

Sources: Taken from departmental reports (2005 to 2009) and COINS public database
Notes: 2009 Report and COINS includes Academies
Tensions and challenges facing coalition

• Continuing with aims underlying BSF very difficult with less money available

• Learning from programme
  – Slow start time and considerable under-spending

• Inevitable tension between setting up free schools and rebuilding or refurbishing existing schools

• Either need to scale back plans for free schools, existing schools or find new ways to reduce costs