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About the Education Policy Institute

The Education Policy Institute is an independent, impartial and evidence-based research institute that aims to promote high quality education outcomes, regardless of social background.

Education can have a transformational effect on the lives of young people. Through our research, we provide insights, commentary and critiques about education policy in England - shedding light on what is working and where further progress needs to be made. Our research and analysis will span a young person's journey from the early years through to entry to the labour market. Because good mental health is vital to learning, we also have a dedicated mental health team which will consider the challenges, interventions and opportunities for supporting young people's wellbeing.

Our core research areas include:

- Accountability and Inspection
- Benchmarking English Education
- Curriculum and Qualifications
- Disadvantaged, SEND, and Vulnerable Children
- Early Years Development
- School Funding
- School Performance and Leadership
- Teacher Supply and Quality
- Children and Young People's Mental Health
- Education for Offenders

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Foreword

The Education Policy Institute is an independent, impartial, and evidence-based research institute that aims to promote high quality education outcomes for all, regardless of social background.

In this report, we provide an analysis of the education policy proposals contained within the 2017 General Election Manifestos of the Conservative Party, Labour Party and Liberal Democrat Party. Our approach has been to include in this document the proposals of parties in England which had one or more MPs in the UK Parliament during the 2015-2017 period, and whose manifestos had been published on or before Friday 19th May 2017. As neither the Green Party nor UKIP had published their manifestos before this date, their proposals are not included in this document.

As education is now a devolved matter, we have not included analysis relating to education in Scotland, Wales and Northern Ireland.

To inform our analysis, we have used the published party manifesto positions, along with any costings information made available by parties. In some cases we have approached the parties privately to obtain additional information, to clarify aspects of their proposals. We are very grateful to parties for their co-operation.

Finally, while we have commented in detail on the education spending proposals in all of the manifestos, we should emphasise that our expertise is in assessing education proposals, and not how these may be funded from taxation, additional public borrowing, or changes to non-education budgets. We have not therefore attempted to analyse the sources of finance in detail, if these are from outside the education budget. But we do highlight any clear risks in relation to the funding of programmes – without being able to anticipate how individual parties would in reality respond to unexpected variances in tax yields, economic growth or other spending programmes.

We hope that this independent and impartial analysis will help to stimulate an informed debate about the merits of the varying approaches set out by each party.

Rt. Hon. David Laws
Executive Chairman, Education Policy Institute.
Executive summary

The Education Policy Institute has carried out an assessment of the English education policies of the main UK political parties, as published by noon on 19th May 2017. We have not attempted to analyse in any detail the credibility of the revenue assumptions which underlie the education spending commitments, unless these involve a transfer from within the education budget. However, at the end of this Executive Summary, we highlight the main risks which need to be considered for each party.

Introduction

All the parties examined have included major sections in their manifestos on education - which is welcome, given the importance of education both to the economy and to social policy priorities. They all state that they wish to close the wide gap in educational outcomes between children from rich and poor backgrounds. This is often taken to refer particularly to those children who are in receipt of the Pupil Premium - broadly speaking those from the 25 per cent of families on low incomes. We note that the Conservative Party also says that it wishes to prioritise children from Ordinary Working Families. However, it is notable that the educational outcomes for this group are slightly above average for England. For example, this group scored 51.6 across Attainment 8 subjects, on average, in 2016 – slightly above the average overall attainment score of 49.9 per cent.\(^1\) This compares with average scores of 38.9 and 43.5 for children eligible for free school meals and the Pupil Premium respectively, in the same year.\(^2\)

This group is therefore completely distinct from the group that are both economically and educationally disadvantaged. It is unclear on what basis and how the Ordinary Working Families should be targeted for additional support, and whether this would draw away focus from the most disadvantaged group, whose educational outcomes most obviously lag behind.

Early Years and Childcare: Funding and Other Proposals

One of the major challenges for all parties is to design a joined up early years and childcare offer which addresses the fact that, currently, 40 per cent of the socio-economic gap in attainment at age 16 is present before entry to school.

All three parties include new commitments to improve early years education and childcare. The Labour Party plans to make the largest financial commitment, through additional investment to increase free early years provision to 30 hours per week for all 2, 3 and 4 year-olds, employing more graduates to work with pre-school children and £500m additional funding for Sure Start Children’s Centres. **Labour have costed this package at an additional £5.3bn per year, but our estimates suggest it is closer to around £6.4bn per year above current plans, not including the cost of further capital funding for new providers, subsidies for childcare of over 30 hours per week and increased**

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\(^1\) Department for Education, ‘Revised GCSE and equivalent results in England, 2015 to 2016’, SFR03/2017, January 2017

salaries for staff. There would be some savings from tax credits and tax-free provision, but the overall early years budget would likely need to double to meet these extensive commitments.

The Liberal Democrat manifesto promises to triple the Early Years Pupil Premium for disadvantaged children to around £1,000 per year, increase graduate staffing in early years settings, and extend 15 hours free childcare to all two year-olds. This would total an estimated additional £1.9bn per year; an increase of almost one third.

The Conservative Party manifesto makes no new commitment to extending the number of free hours for young children but it does signal a promise to establish a capital pot to enable primary schools to develop early years capacity, with a presumption that all new primary schools should include nursery provision. The Conservatives have not given any estimates of how much they would allocate to this but, as well as capital funding, this commitment will also include additional salary costs due to staffing regulations in maintained settings.

The pledges from both Labour and the Liberal Democrats are ambitious and costly. A significant challenge in delivering these commitments is ensuring that there is sufficient capacity in the early years sector, in terms of both the capital investment needed and the investment in upskilling the existing workforce.

While it is clear that some form of additional investment is required to raise attainment and school readiness at age five for disadvantaged children, it is not at all clear what form that investment needs to take. There is a risk that further investment in additional quantity of childcare provided by low-paid staff could prove to be ineffective, and simply increasing low-cost universal provision may result in more deadweight costs and have little impact on child development outcomes. A better strategy given the absence of clearly evidenced policy options would be to pilot and rigorously evaluate any new approaches before committing to them at a national scale.

The international evidence suggests that more intensive investments targeted at the most needy may provide better value for money. The Liberal Democrat proposal to increase funding targeted at disadvantaged pupils through the Early Years Pupil Premium is promising in this respect, but there is not yet any clear evidence of impact from the current level of funding. Proposals to raise the quality of care and education through a more graduate-led workforce or by opening new school-based nursery classes are also not currently underpinned by convincing evidence, but could be evaluated through phased pilot programmes. EPI believes that the next government should make it a priority to establish a stronger evidence base in this area.

School Funding

The major parties have all responded in different ways to the recent controversies about school funding reform and the growing pressures on school and college budgets. Labour appears to be promising the biggest boost to school budgets - with a commitment of an extra £6.3bn, by 2021-22, over existing plans. Significantly, Labour propose to reverse the recent cuts to real terms per pupil budgets, which the IFS have forecast to amount to between 6.5 per cent and 8 per cent between 2015-16 and 2019-20, and protect the funding in these terms to the end of the parliament. This would cost an estimated £4.8bn per year. On top of this, they would introduce a "fairer funding

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formula that leaves no school worse off”, with that commitment costing around £300m. We estimate that Labour’s commitment represents a real terms, per pupil increase of around 6 per cent over the next parliament. When examining spending since 2015-16, the increase is smaller, at around 2 per cent per pupil. Labour would also introduce further measures that provide more funding to schools, but with additional obligations, including an arts pupil premium (£160m), extending free school meals to all pupils in state funded primary schools (around £900m), and extra schools counselling (£90m).4

The Liberal Democrats plan to cancel planned reductions in per pupil funding, protecting it in real terms, including the pupil premium, but not to reverse cuts that have already taken place. They have suggested that the increases will amount to around £1bn in 2019-20, but it is unclear how great the costs are expected to be by the end of the parliament, and how they would be financed. Overall, we estimate that the Liberal Democrat’s commitment represents a small real terms increase over the new parliament of around 1 per cent per pupil. This would still leave estimated per-pupil funding below the levels seen in 2015-16 in real terms by around 4 per cent per pupil. The Liberal Democrats also propose to use around £300m to prevent losers in cash terms whilst implementing a new National Funding Formula. As with Labour, they would extend free school meals to all primary school pupils.

The Conservatives appear to be offering the smallest change to school budget plans, increasing funding by £4bn by 2021-2022. This represents a reduction in per pupil funding in real terms of around 3 per cent over the next parliament. This would also imply a reduction in per pupil funding in real terms of around 7 per cent between 2015-16 and 2021-22. Conservatives would similarly ensure no schools lose in cash terms under the NFF, but it appears that this is expected to be delivered within the £4bn increase in funding in this parliament.

School Places and Class Sizes

It is unclear how much capital funding each party would allocate in order to meet the rising demand for new school places. The Labour Party recently announced that it would invest £8.4bn in capital funding over the course of the next parliament to create new school places.5 Neither the Liberal Democrats or the Conservatives give any information on the level of capital funding which they would make available for new school places, but their manifestos do not rule out such levels of funding being provided as a matter of course or as a continuation of the government’s plans.

Against this context, Labour have proposed to limit classes to 30 for all infant pupils and to seek to extend that later if resources allow.6 However, the costs of Labour’s class size commitment are highly uncertain, and it is likely that a heavy-handed implementation would create significant costs and greater restrictions on local-level decision making.

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6 The party’s manifesto text suggests a limit of ‘less than 30’, but it has been clarified that the intention is to restrict classes to no more than 30.
Free School Meals

Labour and the Liberal Democrats both plan to extend free meals to all children in primary schools. Their estimates of the revenue costs seem broadly sensible, although it is unclear if they are allowing for some additional investment in capital for school kitchens and dining facilities.

The Conservatives have changed their policy of preserving universal free meals for infants, and plan to scrap the scheme (saving £650m), whilst introducing free breakfasts for all primary school pupils (they estimated this would cost £60m per year) – an intervention which the Liberal Democrats also propose to ‘promote’. Based on the cost of recent trials, we estimate that it is likely to cost between £70-£85m by 2021-22, but this does not include additional funding in order to meet upfront costs, increased demand and the need for additional staffing.

It is difficult to assess the net social benefits of these policies, because the research base on attainment and health effects, and wider impacts on socialisation and work incentives, is, as yet, modest. The Conservatives are correct to indicate that recent research suggests that the attainment impact of extra expenditure on free breakfasts could be as significant as that for (more expensive) lunches. However, free breakfasts seem to have less of a direct impact on disadvantaged children’s outcomes than free lunches and will have a smaller impact on family finances - we estimate that around 900,000 children who are either eligible for the Pupil Premium or defined as Ordinary Working Families would lose their entitlement to a free school lunch.

Funding of 16 to 18 Education

Both Labour and the Liberal Democrats have proposed to address the current reductions in real terms funding for post-16 education, which have left the 16 to 18 phase relatively underfunded compared to secondary school education.7 The Liberal Democrats would protect funding rates in real terms, at a cost of almost £200m in 2019-20, whilst Labour would seek to close the disparity in funding between Key Stage 4 and 16 to 18 education. The cost implications of this depend on trends in educational participation – and any growth in apprenticeships – but such proposals could have similar outcomes, raising funding by around half a billion pounds by 2021-22. These increases in course funding would produce modest increases in real funding rates relative to 2015-16, and would come in addition to the increase in funding for technical education (of £445m in 2021-22) announced by the government at Budget 2017.8

The Conservatives have not proposed specific increases in revenue funding for this phase, but they do pledge to invest in further education colleges to ensure they are well equipped, and to support them in attracting industry professional staff. They have re-emphasised their ongoing reforms of technical education, and plans to introduce new T Levels for post-16 educational routes.

Meanwhile, Labour have committed to reintroducing the Education Maintenance Allowance (EMA), scrapped under the Coalition Government, at a cost of £540m.9 This may well improve educational participation, and support many young people on low incomes who would not otherwise qualify for

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8 HM Treasury, ‘Spring Budget 2017’, HC 1025, March 2017
college-administered bursaries. However, with the evaluation of EMA-abolition suggesting a modest impact on participation relative to the numbers affected, and Raising the Participation Age since having come fully into effect, the impact is uncertain.10

Grammar schools

The Conservatives are clear that they would lift the existing legal prohibition on new grammar schools, while Labour and the Liberal Democrats have committed to maintaining the prohibition. There is little detail in the Conservative manifesto to judge how many new grammar schools there might be, where they would be located, and whether there would be new arrangements to boost the admission rate for the most disadvantaged groups - so it is difficult to assess what impact this policy might have. **EPI research is clear that additional selective schools have no significant net positive or negative impact on pupil attainment - instead they modestly redistribute educational attainment towards those who gain entry to grammar schools and away from those who do not.** Pupils from disadvantaged backgrounds are seriously under-represented in grammar schools and so further expansion of these schools is likely to widen socio-economic attainment gaps.

The Conservative manifesto rightly states that children from Ordinary Working Families have reasonable success in accessing selective schools. But the definition of Ordinary Working Families captures a group that are not educationally disadvantaged and have attainment and progress that is above average.

The salient point is that at present very few children from the most disadvantaged 25 per cent of pupils manage to access grammar schools. **The Conservative manifesto claims that “the attainment gap between rich and poor pupils stands at 25 per cent across the country, at selective schools it falls to almost zero”. This is true but misleading, if it is meant to imply that grammar schools reduce socio-economic gaps. Our analysis is clear that most of the narrower attainment gap in grammar schools is largely explained by differences in prior attainment - in other words these schools automatically exclude most lower performing poor children. We consider that the Conservative Party has failed to make a strong case for breaking with almost 40 years of English education policy, by proposing to increase the number of selective schools.**

Both Labour and the Liberal Democrats have outlined strategies in their manifestos specifically directed towards the needs of pupils with Special Educational Needs and Disabilities (SEND). With a significant gap in attainment scores for SEND and non-SEND pupils, and with a small proportion of such pupils having entered for the EBacc combination of GCSE subjects, these pupils risk being left behind. These commitments are therefore welcome. **In contrast, the Conservatives have made no reference to the needs of pupils with SEND in their manifesto.**

Free Schools, Faith Schools, Private Schools, and Academies

The Conservative manifesto does not suggest any significant change to the existing policy on new academies.

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They plan to "work with the Independent Schools Council to ensure that at least 100 leading independent schools become involved in academy sponsorship or the founding of free schools in the state system". It is unclear whether independent schools will want to take on this role, although the Conservatives appear to contemplate less favourable tax status of private schools if independent schools do not deliver. At present there is very little evidence to indicate whether independent schools have the capacity or capability to run maintained schools - particularly failing state schools in disadvantaged areas. There is similarly little evidence to suggest that universities can successfully take on this role - another Conservative manifesto pledge.

The Labour and Liberal Democrat manifestos also do not seem to signpost major policy change on academies, with neither ruling out the prospect of further academisation. Both parties signal a greater accountability role for local authorities.

This more pragmatic approach to academisation from all sides is welcome. Academisation does not in itself guarantee higher standards, nor does being a local authority school. Our research demonstrates that while there are many high performing academy trusts, there are also high performing local authorities and low performers amongst both.

The Conservatives plan to continue to expand the number of free schools, at a similar rate to that of the current government. Both the Labour Party and Liberal Democrats would end the policy that all new schools must be free schools. Indeed, under Labour there would be no additional free schools. While there is little convincing evidence about the impact of free schools on attainment, the presence of free schools nevertheless provides both capacity and competition in the sector so it is unclear which party's policy is justified from this perspective. EPI will publish research on free school performance later this year.

The Conservatives would lift the existing inclusivity restrictions for new faith schools. On average, faith schools are more socially selective than their catchment areas, and differences in pupil attainment are largely explained by pupil characteristics. So, any small performance benefits come at the risk of increasing social segregation.

The Labour Party proposes to impose Value Added Tax (£1.6bn) on private school fees. This will make private education more expensive, and could lead to a modest shift in pupil numbers from the private sector back to the maintained sector, particularly in the less affluent parts of the country. It is unclear if Labour has taken account of any impact on public sector costs.

There is a risk that the Conservative Party looks to grammar schools, faith schools, universities and independent schools as models of educational success without recognising that all these organisations have selective admissions of one kind or another - which is a powerful driver of their apparently impressive performance. The Conservatives do propose a review of school admissions policies. However, they rule out the prospect of lottery-based admissions from the outset, pre-empting any findings or recommendations from such a review. Labour also plans action on "joined up admissions policies", though the detail of this is also limited.

None of the three parties make specific reference to "Opportunity Areas" in their respective manifests. This is perhaps particularly surprising in the case of the Conservatives given that they undertook work to identify and earmark funding for these areas in the previous Parliament.
Labour have, however, set out their intention to learn from instances of best practice, such as the London Challenge initiative, a school improvement programme launched in 2003.

**Assessment and Accountability**

The Conservatives have said they will improve schools’ accountability at Key Stage 3, acknowledging a long-standing issue of dips in attainment between the end of primary school and the end of year 11. However, they haven’t given any detail on what this would look like and whether it would involve new standardised testing. The Conservatives have also retained a target for participation in the English Baccalaureate, although they have reduced it from a 90 per cent entry rate to 75 per cent by 2022.

Both Labour and the Liberal Democrats pledge to reform assessment in primary schools, (there is currently a government consultation on this issue) but Labour have gone further and made an explicit commitment to abolish any baseline assessments. **Whilst the development of a new baseline assessment does need to be handled with care, it is disappointing that Labour have ruled out further examination of its possibilities, given its potential to provide a measure of pupil progress over the entire course of primary school.**

**Teacher Recruitment, Retention and Professional Development**

Both Labour and the Liberal Democrats have pledged to abolish the 1 per cent public sector pay cap and both have confirmed that funding for this will come from outside of the additional funding they have earmarked for schools. **We estimate that this would cost around an additional £900m for teachers by 2021-22.** If pay policies for support staff were also to be relaxed, there would be further costs – support staff pay contributes over £4bn to school costs.

The Conservatives have not made any commitments to remove the public sector pay cap, which is likely to cause teacher pay to continue to decline in real and relative terms. The Conservatives do, however, propose to apply forgiveness on student loan repayments while graduates are teaching which could potentially help with teacher recruitment and retention. Yet the impact is likely to be limited for the first few years of a teacher’s career given salaries, and therefore student loan repayments, are relatively low. It is not obvious, therefore, that the net effect will help with the teacher supply challenge, but new approaches to teacher recruitment and retention are worth exploring in principle.

It is encouraging that all three of the parties have commitments to improve teacher workload, reflecting on the role of school inspections, however concrete strategies are not laid out.

The Liberal Democrats have made a specific commitment to create an entitlement of 25 hours per year by 2020, rising to the ‘OECD average of 50 hours’ by 2025 for Continuous Professional

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Development (CPD). However, this seems modest given that EPI analysis recently found that secondary school teachers in England already spent, on average, 4 days a year on CPD in 2013, which is broadly equivalent to (perhaps higher than) the 2020 aim set by the Liberal Democrats.

The Liberal Democrats also pledge to guarantee that all teachers in state-funded schools will be fully qualified or working towards qualified teacher status (QTS) from January 2019. With around 1 in 20 teachers not holding QTS in state funded schools, this could represent a significant challenge for the sector, and represents a shift away from school autonomy over staffing decisions. If implemented harshly, additional teacher training costs could be high. With current recruitment of teachers a challenge, it may be difficult for schools to achieve a rapid reduction in unqualified teachers without training existing staff.

Technical and Vocational Education

The Conservative manifesto clearly makes "World Class Technical Education" a priority, and proposes a review of funding across tertiary education. EPI welcomes this, given our recent report (with Professor Alison Wolf) highlighting some of the harmful disincentives to participation in technical tertiary education relative to undergraduate degrees. The Conservative manifesto promises a simpler technical qualifications framework and new "Institutes of Technology" in "every major city in England". These are also promising commitments, though well intentioned programmes by past governments to raise the status and quality of technical education have not been a notable success.

Labour plans to offer a free entitlement to lifelong education in Further Education. They cost this at £1.5bn but it is not clear how many people this is envisaged to benefit or what the scale of the offer will be. The Labour Party supports the broad aims of the Sainsbury Review, and also seeks to deliver T-levels – a new set of technical qualifications introduced under the Conservative government. Labour would, however, increase capital investment in colleges to improve their ability to deliver the qualifications.

The Conservatives are the only party to commit to retaining the 3 million apprenticeships target for young people by 2020. However, both Labour and the Liberal Democrats have made different pledges in relation to education: Labour have pledged to set a target to double the number of completed apprenticeships at NVQ level 3 by 2022; the Liberal Democrats to double the number of businesses which hire apprentices, including by extending apprenticeships to new sectors of the economy such as creative and digital industries. The clear challenge will be ensuring a focus on the quality of provision is also retained. With the Conservatives proposing additional flexibility over how Apprenticeship Levy funds can be used, and the shape of delivery being determined by inevitably-arbitrary targets under Labour and the Liberal Democrats, the new Institute for Apprenticeships and Technical education faces a challenge in ensuring targets are not met at the expense of quality under any outcome of this election.

Higher Education

In this area, there are significant differences of policy between the parties. The Labour Party would scrap university tuition fees, and restore maintenance grants, at a cost of £11.2bn per year. This may over-state the costs in real resource terms, given that many students will not repay their full fee amounts. However, this could be offset by an increase in future costs if university tuition costs
continue to rise and student numbers increase. This is by far the largest item of extra expenditure promised by Labour on education; indeed it is the largest Labour spending commitment in its manifesto. Total per student spending in England on universities is high compared with other phases of education and this area of spending has grown in real terms over recent years, at a time of public sector austerity. While there are principled arguments for making education free either up to certain age cut-offs or based upon the social value of education, it is not clear to us that there is evidence to suggest that the university sector should be a priority for government spending. University participation, including by disadvantaged groups, has grown in spite of higher tuition fees, although most disadvantaged pupils still fail to gain access to higher education. A government which was prioritising the tail of educational under performance would, in our view, secure better value for money from investments at an early age, as indeed is implied by other sections of the Labour manifesto.

The Conservative manifesto ties higher tuition fees to the willingness of universities to sponsor low performing maintained schools. We are not presently aware of evidence to support this policy, and it may therefore not be a rational way to determine fee levels. The university sector could be affected by the potential changes to technical education discussed above.

Both Labour and the Liberal Democrat proposals involve reintroducing maintenance grants. However, because the current maintenance loans are only paid back once graduates are on middle to high incomes, it is these groups of earners who would benefit more than the lower-paid graduates. It is therefore questionable whether this ought to be a priority.

Young People’s Mental Health

There is cross-party consensus of the need to make significant changes to children and young people’s mental health services, and the way in which they interrelate with educational environments. On the latter, Labour have pledged to fund a counselling service in every secondary school, while the Liberal Democrats have outlined a commitment to ensuring that all staff have mental health training, and that schools provide access to support. The Conservatives have sought the continuation of a policy of providing Mental Health First Aid Training to one teacher in every school, and have pledged to provide each school with a single point of contact for mental health - a positive step, as long as it is not merely a substitute for other support services.

However, despite these commitments, the Conservatives and the Liberal Democrats have not given specific estimates of how much they would spend or any assurances that funding would be in addition to the core schools budget. The Conservatives' £1bn contains no additional information on the proportion allocated to children and young people; while the Liberal Democrats have not earmarked a figure within the overall pot of money that they said would be ringfenced.

Labour have clarified that they will invest £0.1bn within a ringfenced mental health budget.

Funding Risks

EPI has a team with expertise in all aspects of education policy. We are not tax experts, or experts in fiscal and wider public spending issues. We do not therefore comment in detail on all the risks involved in party spending policies. However, it cannot be sensible to comment on the party education spending pledges without highlighting risks:
The Conservatives have made the most modest pledges on education funding of the larger parties. In one sense, this may reduce the risks of under-delivering. But the Conservatives have set themselves the toughest rules on reducing government borrowing, so in the face of an economic downturn they would face a choice between accepting higher government borrowing, raising taxes or cutting back on public spending - including education.

Labour has made by far the biggest additional spending pledge on education - £25.3bn more per year than current government plans by 2021-22. This is one of the largest increases in education spending (against existing plans) promised by a mainstream UK political party in an election manifesto in the last few decades. However, this relies on sources of revenue which are in some cases highly uncertain - for example, higher than planned income tax rates on relatively high income individuals, higher than planned corporation taxes, and large sums from reduced tax avoidance. There must be a significant risk that the actual revenues would be lower than budgeted, which could lead to decisions to reduce spending commitments. Equally, it is unclear whether a Labour Chancellor would react to lower tax revenues by cutting spending, raising tax rates or raising government borrowing. But risks are significant.

Liberal Democrat education pledges are not directly paid for by single sources of revenue - but seem to rely on higher than planned government borrowing or some increase in planned corporation tax rates (though not as much as under Labour). The Liberal Democrat spending pledges might therefore be at risk if a sharp economic slowdown raised public borrowing by an amount a Liberal Democrat Chancellor was concerned about. This could prompt a re-think about priorities.

However, the risk of economic slowdown is one affecting all parties, and ultimately the extent to which political parties stick to policy pledges in the face of unexpected events depends upon the importance of these pledges to party leaders, members and supporters.
Introduction: Current challenges in education policy

This election is not solely about Brexit. It has also given political parties the opportunity to set out their priorities in relation to domestic policies. Education continues to play a prominent role during this campaign period, with each of the main political parties setting out how they plan to address some of the more pressing challenges, including education funding, improving standards and access to high quality educational provision, and supporting young people’s mental health.

There has been widespread recent debate about the likely impacts of the current projected reduction in real terms funding per school pupil, and the need for a fairer national funding formula. The proposed national funding formula, developed by the current government, aims to redistribute funding across the country in a more consistent way but is, nonetheless, politically controversial because it creates losers as well as winners. These difficulties are exacerbated by other cost pressures which schools are experiencing, such as growing numbers of pupils and increased employer contributions to national insurance and pensions.

Rising pupil numbers, particularly at secondary level, will require the creation of hundreds of thousands of new school places, and therefore substantial capital investment as well as more teachers. Any future government will need to give careful consideration to how it balances the need for new school places with the maintenance needs of the existing estate (which the NAO estimates would cost between £6.7bn and £13.8bn to address).\(^\text{13}\)

Ensuring that young people leave school with the knowledge and skills required to succeed in the labour market remains a challenge, particularly so in light of our findings that, under the new, tougher GCSEs, only around one in three pupils are expected to achieve grades which are on a par with other world-class education systems.\(^\text{14}\) This figure falls to one in five for disadvantaged pupils and so not only is there a challenge to ensure pupils reach a world-class standard by the age of 16, but also to narrow the gap between the most disadvantaged children and the rest. Different parties have offered different solutions to this challenge, relating to the ways in which schools are structured and governed, admissions policies, and the content of curriculum and qualifications frameworks.

A future government will also need to consider how it funds education both before and after formal schooling. Investment in the early years has traditionally been seen to serve two purposes: to support children’s early education and development, and to promote parental employment. These dual aims can often conflict, as politicians decide whether to invest more in improving the quality of early years provision or prioritise subsidising the cost of childcare to enable parents to participate in the labour market.

Funding for post-16 qualifications has undergone significant reform since 2010, but the challenge for any future government will be to ensure that students are offered real choices which lead to good educational and employment outcomes. This will require decisions about the extent to which apprenticeships are funded; the ways in which new technical qualifications will be funded and implemented; and the overall viability of schools and colleges providing these routes as well as traditional academic routes.

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\(^{13}\) National Audit Office, ‘Capital funding for schools’, February 2017

The funding of higher education has traditionally sparked debate about the balance between public subsidy and personal contribution. Universities have argued for adequate investment, not only to fulfil their degree-awarding functions, but also to maintain a competitive research capacity and capability. If international student numbers fall as a result of Brexit, this could place further strain on the ability of universities to generate revenue.

Finally, young people’s mental health remains an area in which concerted action is required. Over half of all mental ill health starts before the age of fourteen, and 75 per cent has developed by the age of eighteen.\(^\text{15}\) Our research has shown that services turn away, on average, nearly a quarter of the children and young people referred to them for treatment.\(^\text{16}\)


\(^{16}\) Education Policy Institute, Submission to Health Select Committee inquiry, ‘Children and young people’s mental health – the role of education’, February 2017: https://epi.org.uk/submission-health-select-committee-inquiry/
Part 1: Early years

Context

Many of the current challenges relating to early years provision result from an inherent and longstanding tension between the different purposes which it is expected to fulfil: to offer childcare in order to promote parental employment, and to deliver early education so as to support child development. These are competing aims, and the incoming government will need to determine the balance it wishes to strike between them.

Although childcare costs have stabilised over the past couple of years, this follows a sustained period of real-terms increases dating back at least to the mid-1990s. The cost of a nursery place for a child under two increased by around 20 per cent in real terms between 2004 and 2014, and by 23 per cent for children over two over the same period. The average weekly cost of a part-time nursery place in England for a two-year-old is now just over £113. Analysis by the OECD estimates that in the United Kingdom, full-time childcare costs typically consume 7.9 per cent of a lone parent’s net income and 33.8 per cent of a couple’s net income (compared with OECD averages of 13.5 per cent and 12.6 per cent respectively).

Outcomes for children appear to be improving in the early years: since the Early Years Foundation Stage Profile replaced the Foundation Stage Profile in 2013, the proportion of children assessed as achieving a good level of development at the end of reception (age 5) has increased from 51.7 per cent in 2013 to 69.3 per cent in 2016. However, at least some of this increase may be attributed to practitioners’ increasing familiarity with the assessment, and it is difficult to know how much this represents genuine improvement. The gap in attainment between disadvantaged children and their peers has been gradually narrowing over the past decade, but remains substantial. The gap for children aged 5 in 2015 was equivalent to 4.3 months of development, and for the cohort who sat

their GCSEs in 2015, the age-five gap accounted for an estimated 40 per cent of the age-sixteen gap.\textsuperscript{23}

All 3 and 4 year olds in England are currently entitled to 15 hours per week of free early years provision for 38 weeks per year; this entitlement extends to the 40 per cent most disadvantaged 2 year olds for whom its main aim is to support child development.\textsuperscript{24} In order to assist parents with the costs of childcare, the entitlement is being extended: from September 2017, 3 and 4 year-olds whose parents each earn the equivalent of at least 16 hours per week at the national living wage (but under £100,000 per year) will be entitled to an additional 15 hours per week (a total of 30 hours).\textsuperscript{25} There are two further ways in which government support is available: the childcare element of working tax credit (gradually being replaced by universal credit); and employer childcare vouchers (currently being replaced by tax-free childcare).

Within this context, a number of challenges exist for parents and childcare providers. There are shortages of places in some areas: according to a survey conducted in late 2016, only 64 per cent of English local authorities reported full availability of 15-hour places for 3 and 4 year-olds, ranging from 42 per cent of local authorities in the South East to 83 per cent in the North East.\textsuperscript{26} Furthermore, only one-third of local authorities expected to have sufficient childcare places for 3 and 4 year olds claiming the extended 30-hour entitlement in 2017, and over half were unsure.\textsuperscript{27}

Similarly, the sector has expressed concerns surrounding recruitment, retention, and development of sufficient numbers of high quality practitioners. A survey of mainly private nurseries, conducted in early 2017, found that rising staff wages and recruitment were the top two challenges reported.\textsuperscript{28} Increases in the national living wage and the national minimum wage are particularly affecting the childcare sector, and growing numbers of nurseries stated that they were considering employing younger and less qualified staff in order to make ends meet.\textsuperscript{29}

Funding for the early years is also undergoing substantial change. Hourly funding rates for the free entitlement have been increased from a national average of £4.56 to £4.94 for 3 and 4 year-olds,

and from £5.09 to £5.39 for 2 year-olds.\textsuperscript{30} This overall increase forms part of a new national funding formula which came into force in April 2017. This is intended to standardise funding levels across the country, removing large disparities in between similar providers located in different areas.\textsuperscript{31}

Evidence suggests that many providers will opt not to deliver the 30-hour entitlement. The Department for Education’s survey of childcare and early years providers, carried out in 2016, found that whilst 96 per cent of group-based providers were offering the core 15-hour entitlement, 63 per cent were planning to offer the extended 30-hour entitlement and 17 per cent were not intending to do so.\textsuperscript{32} This may be because some providers expect that it will not be financially viable for them.\textsuperscript{33}

**Overall assessment**

The priority given to supporting parents with the costs of childcare varies between the different parties. Both Labour and the Liberal Democrats commit to large increases in the free entitlement; Labour to extending the 30-hour entitlement to all children aged 2 upwards (irrespective of the employment status of their parents) and the Liberal Democrats to 15 hours for all two year olds with a ‘long term goal’ of providing 30 hours free provision for all 2 to 4 year-olds.

The Conservatives do not make any new pledges in relation to increasing the free early years entitlement or reforming current childcare subsidies. Analysis carried out by the EPI in 2016 found that the planned extension to 30 hours for 3 and 4 year-olds (whose parents meet the eligibility requirements) will lead to proportionally higher overall childcare subsidies for better-off families earning up to £100,000 compared with families on low incomes.\textsuperscript{34} For example, the resulting maximum subsidy will be an extra £600 per year (taking the total to £2,700) for a two-parent family earning £19,000, but an extra £1,400 (taking the total to £3,400) for an equivalent family earning £100,000.

Although the Labour and Liberal Democrat proposals would assist parents with the costs of childcare, they come at substantial cost. The Education Policy Institute estimates that extending the free entitlement to 15 hours for all 2 year-olds (proposed by the Liberal Democrats) could cost up to £1.7bn annually,\textsuperscript{35} and that raising the free entitlement to 30 hours for all 2 year olds (pledged by


\textsuperscript{35} Based on an estimated additional 553,000 places at 15 hours per week over 38 weeks, and funded at £5.39 per hour as announced: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/574040/Early_years_funding_government_consultation_response.pdf, and
Labour) could cost up to £3.9bn per year,\(^{36}\) excluding any additional capital investment which would be required. Labour have also confirmed that they would extend the 30-hour entitlement to all 3 and 4 year-olds. We estimate that this would cost a further £1.9bn annually.

Experience suggests that these measures are unlikely to prove cost-effective as a means of increasing parental employment. Analysis of employment patterns as children become eligible for free part-time childcare (at age 3) and for free full-time care (at the start of school),\(^{37}\) has found that neither quantity of childcare appears to impact on the working patterns of fathers or of mothers with other younger children. Even for mothers whose youngest child becomes eligible, the probability of being in employment does not change when eligibility for part-time childcare begins. The proportion of mothers in work increases by a modest 3.5 percentage points (from a base of 58 per cent) when the youngest child starts school; this is equivalent to approximately 12,000 extra women in work. The authors conclude that increasing the quantity or flexibility of support targeted at those in need would be more cost-effective than providing universal entitlements.\(^{38}\)

Introducing free full-time care at age 2 rather than age 4 might potentially have a different impact on maternal employment rates, by making it easier for women to return to work after a shorter break. However, it is also possible that some parents prefer not to place a younger child in formal childcare.\(^{38}\) It is likely that this policy would carry considerable deadweight costs, as parents already paying for childcare or using informal care would transfer to the free entitlement and effectively receive a cash transfer from government.\(^{39}\) However, even modest increases in demand would increase existing strains on capacity. In a survey of local authorities in late 2016, only 47 per cent reported sufficient places for 2 year-olds currently eligible for the free entitlement, and this figure fell as low as 32 per cent in the South East.\(^{40}\) Labour have pledged to invest more capital funding to support the free entitlement; however, no information on the size of this commitment is offered.

All of the parties agree on the need to support quality in the early years, although there are some differences in the proposed approaches. Both Labour and the Liberal Democrats pledge to increase the numbers of graduates working in early years settings. The scale of this ambition, particularly the Liberal Democrat aim for every early years setting to employ an early years teacher by 2022, is substantial. In 2016, 92 per cent of head teachers at school-based or local authority nurseries were

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\(^{36}\) Based on 553,000 additional places at 15 hours per week, plus a further 15 hours for the full cohort estimated at 720,000 2 year-olds:


\(^{39}\) Analysis of the roll-out of the initial free entitlement for 3-year-olds found that between 2002 and 2007 the number of free places increased much more than the number of children attending pre-school: for every 10 government-funded places, only 2.7 were actually new places. See: J. Blanden, E. Del Bono, S. McNally and B. Rabe, ‘Universal Pre-School Education: The Case of Public Funding With Private Provision’, The Economic Journal, 126:592, May 2016, pp.682-723.


Any increase to the number of graduates will require a commensurate increase to government funding. The median hourly pay for staff working in non-school group-based providers is £9.20 for those with a degree, compared with £7.70 for those whose highest qualification is level 3, and £7.20 for those with level 2 or below.\footnote{S. Panayiotou, S. McGinigal, J. Kent, C. Smit, C. Witsø, and E. Edwards-Hughes, ‘Survey of Childcare and Early Years Providers: England 2016’, Department for Education, February 2017, p.70: \url{https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/593965/SFR09_2017_Research_Report.pdf}.} If all senior managers in group-based providers were qualified to degree level, this suggests an additional £66m funding per year would be needed to cover existing provision; plus a further £16m per year to cover the Liberal Democrat entitlement offer, or a further £56m annually to cover the Labour entitlement offer.\footnote{Based on an additional £3,700 in annual salary and associated costs for each of 16,000 current level 3 leaders, and £5,000 for each of 1,300 current level 2 leaders; provider numbers and therefore salary costs are estimated to need to increase by 25% to cover the Liberal Democrat offer and by 85% to cover the Labour offer based on additional place numbers estimated in this chapter.} Therefore the cost of these pledges is estimated at a total of £83m per year under the Liberal Democrat entitlements, and £122m under the Labour entitlements.

The evidence relating to the impact of graduate staff is not clear-cut. Much of the focus in the UK has examined process quality, which relates to the activities that take place in early years settings (such as interactions between children and adults) which can be measured using observational rating scales. Research has found that the presence of a graduate is associated with improved interaction quality.\footnote{S. Mathers, H. Ranns, A. Karemaker, A. Moody, K. Sylva, J. Graham, and I. Siraj-Blatchford, ‘Evaluation of the Graduate Leader Fund: Final report’, Department for Education, July 2011: \url{https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/181480/DFE-RR144.pdf}.} However, evidence on the relationship between the presence of a qualified teacher and children’s attainment is mixed. The Effective Provision of Pre-School Education (EPPE) Project, a longitudinal study established in the late 1990s, concluded that higher staff qualifications were associated with greater child progress.\footnote{K. Sylva, E. Melhuish, P. Sammons, I. Siraj-Blatchford, and B. Taggart, ‘The Effective Provision of Pre-school Education (EPPE) Project: Findings from Pre-school to end of Key Stage 1’, p.3: \url{http://eppe.ioe.ac.uk/eppe/eppepdfs/RBTec1223sept0412.pdf}.} However, more recent research, since the introduction of universal childcare entitlements, finds that attainment at the end of the first year of primary school was only very slightly higher for children who attended an early years setting with a graduate. The authors concluded that the quality of provision does impact on children’s outcomes, but that graduate presence does not currently signal higher quality in any straightforward way.\footnote{J. Blanden, K. Hansen, and S. McNally, ‘Quality in Early Years Settings and Children’s School Achievement’, Centre for Economic Performance Discussion Paper No 1468, February 2017: \url{http://cep.lse.ac.uk/pubs/download/dp1468.pdf}.}

Rather than focusing directly on staff qualifications, the Conservative manifesto instead proposes an expansion of nursery provision within primary schools as a means of raising quality. This shift does, however, have implications for staff qualifications, because maintained nursery schools and nursery
classes based in maintained schools are required to ensure that a teacher with a degree level qualification is always present, whereas private settings are not required to employ a qualified teacher.\(^{47}\) It is not clear whether this additional cost has been factored in to the Conservative plans. Therefore, in addition to the capital funding which is pledged as part of the manifesto commitment, the policy will also require revenue funding to meet the higher wages of additional qualified teachers. Labour also promises direct subsidy of providers, suggesting potential expansion of school and nursery settings, but has paired this with a graduate-led workforce.

The implications for quality are uncertain. There is evidence to suggest that quality is higher, on average, in maintained settings than in the private and voluntary sectors.\(^{48}\) However, the link between setting type and children’s outcomes is not clear: recent analysis found no evidence that children who had attended a nursery class in a maintained school had better outcomes than those who had attended a private or voluntary setting, although the researchers acknowledged that this result could be influenced by the fact that children from different backgrounds are not equally distributed between different types of providers.\(^{49}\) Aside from the ambition to raise quality, creating new nurseries within primary schools may help to ease the current pressure on places in some areas.

The Liberal Democrats are the only main party to offer additional targeted support for disadvantaged children. They pledge to triple the early years pupil premium from its current annual rate of just over £300 per child to £1,000. This would cost around £120m, taking total spending on the early years pupil premium to approximately £172m per year.\(^{50}\) Although a small-scale qualitative study into providers’ experiences of the pupil premium found that practitioners believed that the early years pupil premium had positively impacted children at their setting,\(^{51}\) there has been no full-scale evaluation of child outcomes (as opposed to staff perceptions), or on the gap in attainment between disadvantaged children and their peers.

\(^{50}\) Based on the 2015/16 budget, inflated for population growth and the increased rate per child. The total budget for the early years pupil premium was £50 million in 2015-16: Department for Education, ‘Extra funding to prepare for the early years pupil premium’, February 2015: https://www.gov.uk/government/news/extra-funding-to-prepare-for-the-early-years-pupil-premium.
Part 2: School capacity

Context

The incoming government will need to support the creation of hundreds of thousands of new school places over the course of the next parliament. The Department for Education has estimated that an additional 420,000 school places will be required between 2016 and 2021 (232,000 in primary schools and 189,000 in secondary schools). Local authorities have a statutory duty to provide sufficient numbers of school places to meet demand. Capital funding is available to support the construction of new school buildings or entirely new schools. The Department for Education distributes this capital funding via two routes: the ‘basic need’ grant, to enable local authorities to create new school places in response to demographic changes; and the Free Schools Programme, managed centrally by the Department. Where a local authority thinks a new school needs to be established it must seek proposals to establish a free school. These schools are intended to increase the diversity of school provision and raise educational standards, as well as providing additional capacity. Funding allocations for both the basic need grant and the Free Schools Programme have increased in recent years: the basic need grant increased from £670 million in the 2010-11 financial year to an average of £1.3bn per year between 2011-12 and 2018-19, whilst funding for free schools has risen from £760m in the 2014-15 financial year to an average of £1.4bn between 2016-17 and 2020-21. By April 2017, 427 free schools had been opened in England.

Many but not all free schools are located in areas with the greatest demographic need: according to the Department for Education, 83 per cent of the 213 mainstream primary and secondary free schools approved between 2013 and February 2017 will provide places to address demand caused by demographic need, but may also cause some spare capacity in their areas. On the other hand, it estimates that over half of the 113,500 new places provided by mainstream free schools opening between 2015 and 2021 will lead to spare capacity.

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In addition to tackling the demand for more school places, the incoming government will need to address the repair and maintenance requirements of existing school buildings. Data from the Department for Education’s property survey, completed in 2014, indicate that it would cost £6.7bn to ensure that the condition of all school buildings is at least satisfactory, and that it would cost an additional £7.1bn to improve the condition of school buildings from satisfactory to good condition.\(^5\)\(^9\) The Department for Education expects that the condition of school buildings will decline further, and that the associated maintenance and repair costs will therefore increase.\(^6\)\(^0\) In 2015-16, this maintenance funding totalled £2.4bn, and the main funding routes were school condition allocations to local authorities and academy trusts, the Condition Improvement Fund, and the Priority School Building Programme.\(^6\)\(^1\)

**Overall assessment**

The manifestos vary in the solutions offered to create new school places. Labour makes a commitment not to open new free schools but it does not explicitly offer an alternative solution. The Liberal Democrats are more explicit in advocating a shift to local authorities in responsibility and powers for establishing new school places: their pledges indicate that new school places could be created by establishing new local authority schools. The Conservative Party, on the other hand, commits to a target of building at least 100 new free schools each year; this implies a continuation of the average rate pledged in its 2015 manifesto of at least 500 new free schools to open between 2015 and 2020.

The Conservative pledge is presented within the context of an ambition to improve the quality of school places, indicating that these new schools are intended not only to provide additional capacity but also to raise standards and may therefore not always be targeted in the areas with the greatest demographic need. The National Audit Office found that half of local authorities with primary free schools, and two-thirds of those with secondary free schools, and that those schools were not always located in the areas of greatest need within the authority.\(^6\)\(^2\) In terms of raising quality, there is not yet enough evidence to judge the extent to which free schools are fulfilling this ambition.

Details on the amount of capital funding allocated to creating new school places by the different parties is not generally clear. Specific amounts do not appear in Labour’s manifesto and may form one element of the proposed £250bn National Investment Fund. However, the party recently announced that it would invest £8.4bn in capital funding over the course of the next parliament to create new school places.\(^6\)\(^3\) That would constitute a small real increase on the £7.5bn the Department spent between 2010 and 2015 to create 599,000 places.\(^6\)\(^4\) Neither the Liberal


Democrats or the Conservatives give any information on the level of capital funding which they would make available for new school places, but their manifestos do not rule out such levels of funding being provided as a matter of course or as a continuation of the government’s plans.

One way of meeting demand for school places has been to increase class sizes. In a National Audit Office survey, 84 per cent of local authorities had ‘bulged’ classes to create new places.\(^6\) The School Admissions (Infant Class Sizes) Regulations 2012 caps infant class sizes at 30, although lawful exceptions are permitted, including looked after children, twins, and children admitted to the school outside the normal admission rounds.\(^6\) In 2016, 5.8 per cent of Key Stage 1 pupils were in classes of more than 30; this figure has stabilised in the last three years, but follows an increase from around 2 per cent in 2008.\(^6\) Of those in classes with more than 30, 94.8 per cent were in classes of 31 or 32.\(^6\)

Against this context, Labour have proposed to limit classes to 30 for all five-, six-, and seven-year-olds, and to seek to extend that later if resources allow.\(^6\) This could be interpreted as strictly enforcing a class size limit for infant years, and removing the exemptions that currently ensure that the vast majority of classes in excess of 30 pupils are ‘lawful’.

The manifesto does not specify the funding required to deliver this, but the practical implications could be significant. The small proportion of classes over 30 are not caused by an aggregate shortage of places. Most obviously, the average infant class size in 2016 was 27.4, but even when looking within each local authority, the number of Key Stage 1 pupils taking their classes over 30 tends to be well exceeded by the ‘spaces’ in classes of fewer than 30 (notwithstanding that some classrooms included will not actually have a capacity of 30).\(^7\)

That implies that, in many cases, it is the unpredictable fluctuations in pupil numbers associated with the permitted exceptions that take classes above 30. If local authorities were able to simply redistribute children across their local schools to prevent large classes, few additional places or teachers would be required. This, however, would likely require an erosion of parental choice and school freedoms over admissions, and in some cases significant increases in travel times. On the other hand, to illustrate the potential magnitude of costs of a highly inflexible approach to implementing the policy, if every class of over 30 pupils in a given year led to another having to be

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\(^6\) The School Admissions (Infant Class Sizes) Regulations 2012.


\(^6\) The party’s manifesto text suggests a limit of ‘less than 30’, but it has been clarified that the intention is to restrict classes to no more than 30.

provided for, the capital cost arising from that year alone could be around £1.5bn and teacher pay
costs could increase by roughly £140m by 2021-22.\textsuperscript{71}

In practice, that would be an extreme response which would create a great deal of unneeded school
capacity. A less costly implementation of a strict enforcement of class size limits can be illustrated.
Here, if absolute limits were strictly enforced with some sanction for schools breaking rules, we
might expect schools to build up bigger ‘buffers’ to reduce the risk of inadvertently exceeding limits.
To model this scenario, we assume that all pupils currently bunched in classes of 30 move into
classes of 29, while those in classes larger than 30 move into classes of 30. Overall, that would imply
a reduction in average class size to 27. If pupils were evenly redistributed into the implied extra
classes, the increase – based on 2016 pupil numbers – would be of just 960 extra classes, but this
would likely only be possible with a very gradual implementation, and careful planning (which may
imply greater administrative costs for schools and local authorities). In terms of pupil numbers and
prices in 2021-22, that would imply the creation of places costing around £450m and annual teacher
costs of around £40m.

Overall, then, the costs of Labour’s class size commitment are highly uncertain, and it is likely that
a heavy-handed implementation would create significant costs and greater restrictions on local-
level decision making. It is therefore important to understand the benefits such a policy could bring.
It is indeed the case that average class sizes in the UK’s primary schools are high in government-run
schools at 26, compared to an OECD average of 21.\textsuperscript{72} However, existing research suggests that
reducing class sizes has only weak impacts on attainment, and noticeable impacts only tend to be
found for large reductions. Whilst the effects appear greater in the early years of school, they have
been found to diminish over time, and are modest compared to the cost.\textsuperscript{73} International evidence
for secondary schools also suggests that, if it is not accompanied by a proportional increase in
teacher numbers, reductions in class sizes in secondary school may also put greater pressure on
teacher workloads and the time staff have available for lesson planning and other duties.\textsuperscript{74} The UK’s

\textsuperscript{71} Based on DfE’s SFR20, around 3,100 key stage 1 classes in 2016 were of more than 30 pupils. If each
triggered an extra class to be provided, the equivalent number of ‘places’ created is 30 for each class and a
notional 92,000 overall – creating lots of small classes in the process. The average cost per place is assumed to
be £15,200 (based on average DfE funding per school place in 2015-16 to 2018-19, reported in the NAO’s
Capital Funding for Schools report (pp.25), uprated to 2021-22 costs using the GDP deflator). The annual cost
of additional teachers is estimated using average primary school salaries reported in the School Workforce
All costs are uprated to 2021-22 for general pupil growth, based on the DfE’s pupil projections

\textsuperscript{72} OECD, ‘Education at a glance 2016’, 2016 (Table D2.1, figures for 2014):
\url{http://www.oecd.org/edu/education-at-a-glance-19991487.htm}

\textsuperscript{73} Department for Education, ‘Class size and education in England evidence report’, December 2011:
Education Endowment Foundation, ‘Teaching and learning toolkit: reducing class size’, May 2017:
\url{https://educationendowmentfoundation.org.uk/resources/teaching-learning-toolkit/reducing-class-size/}

\textsuperscript{74} Sellen, P., ‘Teacher workload and professional development in England’s secondary schools: insights from
TALIS’, October 2016: \url{https://epi.org.uk/report/teacherworkload/}
high class sizes are associated with its high pupil to teacher ratios\textsuperscript{75} – perhaps addressing teacher supply effectively would be a better first step to ease burdens on teachers and improve in the round.

Finally, Labour is the only party to explicitly commit funding to repairing and maintaining existing schools, though this activity would likely be funded to some extent as a matter of course by any incoming government. Labour’s pledge to fund the construction of new school buildings and to remove asbestos from existing schools is not costed in the manifesto, although the party recently announced that it would allocate £13.8bn of capital funding over the course of the next parliament for maintaining school buildings.\textsuperscript{76} This is equivalent to the level of investment estimated to be required to ensure that all school buildings are in a good condition, although this estimate is based on data from the Department for Education’s property survey (completed in 2014), and does not account for change since then. Neither the Liberal Democrat nor the Conservative manifestos detail their approaches to tackling the challenges of school building maintenance.

\textsuperscript{75} 20 in primary schools, compared to an OECD average of 15. OECD, ‘Education at a glance 2016’, 2016 (Table D2.2, figures for 2014): http://www.oecd.org/edu/education-at-a-glance-19991487.htm

Part 3: Access to high quality schools

Context

Analysis by the Education Policy Institute found that in 2015 only 38 per cent of pupils in England achieved what it considers to be a world-class standard at the end of Key Stage 4; this figure falls to 20 per cent for disadvantaged pupils.\(^77\) The gap in attainment between disadvantaged and non-disadvantaged pupils grows at each Key Stage: in 2015, it was 4.3 months at the end of the early years, 9.6 months at the end of Key Stage 2, and 19.2 months by the end of Key Stage 4.\(^78\)

A key challenge for any government is to provide access to the high quality schools that will help to achieve this world-class ambition.

Since the 1980s, there has been a general shift towards diversifying the choice of schools available, on the basis that broadening parental choice will increase competition between schools and therefore encourage innovation and raise standards.\(^79\) Initially introduced in 2002 as an attempt to raise educational standards in areas with high levels of deprivation and poor quality school provision, the academies programme has expanded rapidly in recent years. Since 2010 it has consisted of both sponsored academies (low performing schools taken out of local authority oversight and placed under the supervision of a sponsor) and converter academies (usually higher performing schools which have chosen to become academies). It has also been possible since 2010 for new academies to be established as free schools. Most academies are part of a multi-academy trust, meaning that their trust generally runs multiple academies.\(^80\) By March 2017, there were a total of 6,087 open academies in England, constituting 22 per cent of primary schools and 62 per cent of secondary schools.\(^81\)

Research by the Education Policy Institute found that although some multi-academy trusts are performing extremely well and have substantially raised outcomes for pupils, others are performing very poorly; the same is true of local authorities. Academisation does not guarantee higher standards.\(^82\) Research conducted by the London School of Economics found that the early academies sponsored under the Labour government between 2001 and 2010 did demonstrate a positive improvement of around one grade in each of five GCSEs, on average, for each pupil. The research did

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not, however, find a discernible impact for most academies which were either sponsored or which converted after 2010, under the Coalition Government. The study observed a small improvement in ‘outstanding’ converter academies, equivalent to around one grade in two GCSE subjects – around a third of the impact observed in the pre-2010 sponsored academies.

Schools differ not only in terms of their academy or local authority status. For example, some schools specialise in certain subjects, select pupils on the basis of academic ability, or have a designated religious character (often referred to as faith schools). These features are not unique to selective and faith schools. Around 1 in 30 non-selective, non-faith secondary schools are as socially selective as the average grammar school. Nor is the pattern consistent across all schools - around a tenth of faith secondary schools have levels of disadvantage that are well above that of their local area.

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83 The term ‘faith schools’ is not universally accepted as being applicable to all schools with a religious character.
The Prime Minister has also argued that selection already exists through ‘selection by house price’.\(^91\) In March the Department for Education published analysis examining the relationship between school performance and house prices.\(^92\) It found an 8.0 per cent price premium near the highest performing primary schools and a 6.8 per cent premium near the highest performing secondary schools. However, the direction of causality is unclear. For example, the children of wealthier parents are more likely to achieve higher results at the end of primary and secondary school.

**Overall assessment**

Although each party seeks to raise the standard of school provision, they differ substantially in how they propose to achieve this. Both Labour and the Liberal Democrats propose a shift away from academies and towards giving greater powers back to local authorities, although neither rule out the prospect of further academisation for schools which wish to follow this route.

The Conservative Party commits to extending the academy programme, seeking new academy sponsors from amongst universities and private schools. Comprehensive data relating to collaboration arrangements between independent and state-funded schools is not currently available, and therefore it is difficult to assess the extent to which such links are affecting outcomes for pupils in state-funded schools. School leaders in the state sector tend to face different challenges from those in the independent sector, including under-performance, poor parental engagement, difficulties recruiting and retaining high quality teachers, and supporting the needs of large number of pupils with special educational needs and/or behavioural disorders.\(^93\) These differences will need to be considered if independent school leaders are to take on a greater role in state-funded schools.

Similarly, there is not yet sufficient evidence of whether there is an improvement in quality when a university becomes an academy sponsor. Successful examples of such arrangements that have previously been cited by the current government relate to schools which opened very recently, and therefore assessments about their long-term performance cannot yet be made; nor is there enough evidence to offer an indication of the average performance of this model across a number of different schools and universities. Linking university fees with the requirement to act as an academy sponsor or founder of a free school also creates the risk of incentivising potentially weaker universities to enter into such a project as a means of raising additional funds, thereby potentially compromising the quality of the schools involved.

Arguably, the most controversial area of structural reform is the position of the different parties on the role of selective schools. Both the Labour and the Liberal Democrat manifestos explicitly rule out any extension of selective education, whereas the Conservatives commit to removing the ban on new selective schools, although certain requirements are proposed such as allowing multiple entry points beyond the age of eleven. This pledge is made within the context of an aim to increase the number of good school places. However, the Education Policy Institute’s analysis of current grammar schools suggests that, overall, selective education does not have any net impact on outcomes at a

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national level. Grammar schools do have a positive impact on outcomes for pupils who attend them, amounting to around one-third of a grade higher in each of eight GCSE subjects, compared with pupils with similar characteristics in non-selective schools in comprehensive areas.

These benefits, however, decline as the proportion of pupils attending grammar schools increases and penalties emerge for those who do not attend. In more selective areas, these penalties are equivalent to just under 0.1 of a grade in each of a pupil’s eight GCSE subjects. This negative impact is greatest for FSM pupils, who experience a penalty equivalent to just under 0.2 grades in each of eight GCSE subjects.\(^94\) Therefore, whilst selective schools do demonstrate slightly higher outcomes, this appears to come at a cost to other local schools in areas with high levels of selection.

Furthermore, it is unlikely that an expansion in selective education will promote the social mobility that is envisaged in the Conservative manifesto entitled to free school meals, compared with 13.2 per cent in all state funded secondary schools, and 8.9 per cent in the areas surrounding grammar schools.\(^95\) This is partly because of the substantial attainment gap between FSM and non-FSM pupils, which stands at 9.6 months at the age of 11, and partly because of the widespread use of private tuition in order to prepare children for the 11-plus.\(^96\) Pupils who are eligible for free school meals are currently vastly under-represented in selective schools: only 2.5 per cent of grammar school pupils are

Similarly, some ethnic groups are also under-represented in selective schools. For example, pupils from Black Caribbean backgrounds represent 1.3 per cent of pupils with high prior attainment near selective schools but just 0.5 per cent of pupils who attend them. In other words, even after controlling for prior attainment, Black Caribbean pupils are far less likely to attend a grammar school.

The Conservative manifesto also points to a large attainment gap between disadvantaged and non-disadvantaged pupils in non-selective schools and contrasts this with a virtually non-existent one in selective schools. However, this comparison does not account for the fact that grammar schools select the highest attaining pupils at age 11. The effect of this can be illustrated by looking at FSM pupils with high prior attainment in non-selective schools. In non-selective schools the gap between FSM pupils and their peers is 25.1 percentage points, if only selecting those pupils with high attainment at the end of primary school that gap falls to 7.9 percentage points.\(^97\)

There is a risk also that allowing children admission at later ages will not diversify the intake of grammar schools. This is because the attainment gap widens further between the ages of 11 and 16;

in 2015 it stood at 19.2 months by the end of Key Stage 4. If a disadvantaged pupil fails the 11-plus then they are unlikely to gain entry in subsequent years. It is concerning that the Conservative manifesto does not acknowledge the barriers in accessing grammar schools which disadvantaged pupils currently face.

The Conservative manifesto also points to the relatively high proportion of children from Ordinary Working Families in grammar schools. This does not address concerns that children from disadvantaged backgrounds miss out on a place. This is because the Department for Education’s definition of Ordinary Working Families identifies in effect the ‘average child’ – the group occupies the centre of the income distribution of children in maintained schools. Crucially, however, the child of the Ordinary Working Family experiences attainment and progress outcomes that are above average. This comes about because the slightly smaller group of children we typically think of as ‘poor’ (those eligible for the Pupil Premium) have outcomes that are so low that they pull down the average for all children – these disadvantaged children are especially vulnerable in an educational sense as well as in a socio-economic sense.

The Department for Education’s analysis demonstrates that selective schools continue to be dominated by the most affluent. Over half of pupils in selective schools are in families with income above the national median and fewer than one in ten are eligible for the Pupil Premium. Ultimately, the proportion of pupils in selective schools that are from Ordinary Working Families being similar to other schools is not surprising given the range of pupils and attainment that this group covers.

Within this context, it is notable that the government’s plans for ‘opportunity areas’ are not reconfirmed in the Conservative manifesto. These areas, selected because they demonstrate low levels of social mobility, are due to receive targeted support to raise standards and opportunities for children and young people.

The Conservative’s commitment to remove the 50 per cent cap on faith-based admissions suggests an increase in the number of faith schools (in particular it is likely to lead to an increase in the number of Roman Catholic schools). Our research shows that, having controlled for prior attainment and other pupil characteristics, the performance of primary faith schools is no different from other schools and only slightly higher in secondary faith schools than in other schools. As set out above, faith schools tend to be more socially selective than other schools. Therefore, any small gains would come at the price of increased social segregation.

Labour have pledged to ‘require joined-up admissions policies’ but there is a lack of detail on how this would work in practice. The Conservatives have committed to undertaking a review of school


admissions policies but have ruled out, from the outset, introducing a mandatory lottery based policy.

Both Labour and the Liberal Democrats make references in their manifestos to addressing the specific needs of pupils with Special Educational Needs and Disabilities (SEND). Labour pledge to delivering a strategy for pupils with SEND and embed SEND into training for teachers and non-teaching staff while the Liberal Democrats have committed to ensuring that identification and support for children with SEND take places as early as possible.

The commitment of both of these parties is welcome as, in 2016, there was a difference of 22 points between the average Attainment 8 score of pupils were classified as SEND and those who were not.\textsuperscript{102} By the end of the next parliament the Conservatives want to see three quarters of pupils entered for the EBacc combination of GCSE subjects. Currently, just 12 per cent of SEND pupils do so and less than half of those achieve a grade C or above in each subject.

This group risks being left behind. It is therefore concerning that the Conservative party makes no reference to pupils with SEND in their manifesto.

Part 4: School revenue funding

Context

In the past year the way in which we fund our schools and colleges has rapidly grown into one of the most salient political issues. While parties of all colours may disagree on how to address the future of the system, all will agree that the incoming government will be immediately faced with two major challenges; firstly, responding to the challenge of overall funding pressures, secondly, responding to the problem of how this funding should be allocated across the school system.

Overall school spending has steadily grown since the 1990s in England – with the figure around £40bn in 2016-17. Additionally, Pupil Premium funding from outside the Dedicated Schools Grant (DSG), set aside for disadvantaged pupils, stood at £1,320 for primary school pupils, and £935 for secondary school pupils in 2016-17. With the core allocation of schools funding, however, trends of recent years are set to be discontinued: EPI analysis estimated that by 2019-20 there are unlikely to be any schools in England which will avoid a real terms cut in per pupil funding under the government’s plans. Indeed, as a consequence of commitments to freezing per pupil school spending made by the government, our research found that up to half of primary schools and around half of secondary schools would be faced with significant real cuts in funding per pupil of between 6 and 11 per cent by 2019-20. This is as a result of a combination of the impact of inflationary pressures and the removal of the Education Services Grant.

In addition to making changes to the overall schools budget, the government has also sought to change how this funding is distributed by consulting on a new National Funding Formula for schools. As they stand, current proposals to rebalance the fixed overall allocation mean that some schools are set to incur relative losses; others gains. Such plans have naturally engendered some unrest from ‘losing’ schools – yet given that the funding disparities in England are both clear and longstanding, a degree of cross-party consensus nonetheless has emerged for the need for some form of modification to the system.

Total spending on 16–18 education, including sixth form, sixth form colleges and further education in England, stood at just below £6bn in 2015–16. For further education, the recent Budget also saw £500m announced to increase the amount of technical training available for 16 to 19-year-olds. However, as recently highlighted by bodies such as House of Lords Select Committee on Social Mobility and Public Accounts Committee, the sector nonetheless has acute, long-entrenched

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105 ibid
106 ibid
financial problems – and has progressively lost out on funding.\textsuperscript{110}\textsuperscript{111} Indeed, according to the Institute for Fiscal Studies, further education ‘has been the only major area of education spending to see cuts since 2010’. Per student spending in 1990/91 for further education was almost 50 per cent higher than spending per student in secondary schools - yet since then, levels have undergone a dramatic transformation: in 2015–16 it was 10 per cent lower, at around £5,600 per student.\textsuperscript{112}

\textbf{Overall Assessment}

Each of the major parties acknowledges the challenges associated with the school funding system in their respective manifestos.

Labour appears to be promising the biggest boost to school budgets - with a commitment of an extra £6.3bn, by 2021-22, over existing plans. Significantly, Labour propose to reverse the recent cuts to real terms per pupil budgets, which the IFS have forecast to amount to between 6.5 per cent and 8 per cent between 2015-16 and 2019-20, and protect the funding in these terms to the end of the parliament.\textsuperscript{113} This would cost an estimated £4.8bn per year. On top of this, they would introduce a “fairer funding formula that leaves no school worse off”, with that commitment costing around £300m. We estimate that Labour’s commitment represents a real terms increase of around 6 per cent over the next parliament.\textsuperscript{114} If we look at the spending since 2015-16, then the increase is smaller, at around 2 per cent per pupil. They would also introduce further measures that provide more funding to schools, but with additional obligations, including an arts pupil premium (£160m), extending free school meals to all pupils in state funded primary schools (around £900m), and extra schools counselling (£90m).\textsuperscript{115}

The Liberal Democrats propose to cancel planned reductions in per pupil funding, protecting it in real terms, including the pupil premium, but not to reverse cuts that have already taken place. They have suggested that the increases will amount to around £1bn in 2019-20, but it is unclear how great the costs are expected to be by the end of the parliament, and how they would be financed. Overall, we estimate that the Liberal Democrat’s commitment represents a small real terms increase over the new parliament of around 1 per cent per pupil. This would still leave estimated per-pupil

\textsuperscript{110} House of Lords Committee, ‘Overlooked and left behind: improving the transition from school to work for the majority of young people’, 16 March 2016, HL Paper 120, 2015-16

\textsuperscript{111} House of Commons Committee of Public Accounts, ‘Overseeing financial sustainability in the further education sector’, 16 December 2015, HC 414, 2015-16

\textsuperscript{112} C. Belfield, C. Crawford and L. Sibieta, ‘Long-run comparisons of spending per pupil across different stages of education’, Institute for Fiscal Studies, February 2017

\textsuperscript{113} J. Britton, and L. Sibieta, ‘Labour’s proposed boost to education spending’, Institute for Fiscal Studies, May 2017

\textsuperscript{114} Per-pupil funding amounts are calculated using DfE’s ‘National Pupil Projections: July 2016’, and converted into real terms using HMT’s GDP Deflator series (March 2017 update). Core schools funding for 2015-16 to 2017-18 is estimated using total Dedicated Schools Grant allocations published by DfE, subtracting early years funding and retained duties ESG for 2017-18. Pupil Premium funding for schools (including special schools) is included from published allocations for 2015-16 and 2016-17, with 2017-18 funding estimated by assuming spending grows in line with school-age children numbers. Based on our understanding of the Labour manifesto, funding in 2021-22 is estimated by assuming that total funding is uprated from 2018-19 to make up for cumulative cost pressures estimated in NAO, ‘Financial sustainability of schools’, 2016 (Fig. 3, pp15) for 2017-18, and uprating subsequent funding using the GDP Deflator and growth in pupil numbers. NFF protection funding at an assumed cost of £335m is added on top of this in 2021-22.

funding below the levels seen in 2015-16 in real terms by around 4 per cent per pupil.\textsuperscript{116} The Liberal Democrats also propose to use around an additional £300m per year over the period to prevent losers in cash terms whilst implementing a new National Funding Formula (NFF). As with Labour, they would extend free school meals to all primary school pupils. They have also committed to ensuring teaching staff have the training to identify mental health issues, although it is unclear whether this cost will be met from within the core schools budget or from planned increases to the NHS and care budget.

The Conservatives appear to be offering the smallest change to school budget plans, increasing funding by £4bn by 2021-22. \textbf{We estimate that this would imply a reduction in per pupil funding in real terms of around 3 per cent between 2017-18 and 2021-22.}\textsuperscript{117} That means a reduction in per pupil funding in real terms of around 7 per cent between 2015-16 and 2021-22. The Conservatives would similarly ensure no schools lose in cash terms under the NFF, but it appears this is expected to be delivered within the £4bn increase in funding in this parliament.

The Conservatives have also pledged to abolish Free School Meals for infant pupils (except for those from families on low incomes), saving £650m and instead spending £60m on providing free breakfasts for all primary aged pupils. The party has also pledged to introduce Mental Health First Aid Training for teachers in every primary and secondary school as well as a new ‘curriculum fund’. It is, however, unclear whether the £4bn is intended for all of these purposes or whether additional funding will be made available for these purposes.

As well as the £650m saving from scrapping universal infant free school lunches, the Conservatives also plan to save an additional £200m from “better systems” for the Student Loans Companies, £160m from efficiency savings to government departments, as well as £10m from a levy on soft drinks.

\textbf{Free School Meals}

The provision of free meals to primary aged pupils has emerged as one of the key dividing lines between Labour and the Liberal Democrats; and the Conservatives. Universal Infant Free School Meals (UIFSM), which were rolled out in September 2014, mean that all children in state funded schools in reception, year 1 and year 2 receive a free school lunch. Currently, the government pays £2.30 for each meal taken under the Universal Infant Free School Meals programme introduced in 2014.

Both Labour and the Liberal Democrats have pledged to extend the current UIFSM entitlement so that all primary pupils receive a free school lunch, irrespective of their family income. The Conservatives have pledged to abolish Free School Meals for all but the poorest school children and replace UIFSM with a free breakfast for all primary aged pupils.

\textsuperscript{116} Methodology used similar to that for Labour, except that, based on our understanding of the Liberal Democrat manifesto, it is assumed that core schools and Pupil Premium funding is uplifted between 2017-18 and 2021-22 to account only for pupil numbers and inflation using the GDP Deflator. NFF protection funding of £335m is again added for 2021-22.

\textsuperscript{117} Methodology used similar to that for Labour and the Liberal Democrats, except that, based on our understanding of the Conservative manifesto, it is assumed that core schools and Pupil Premium funding is increased by £4bn in nominal terms between 2017-18 and 2021-22, and that this includes any funding for NFF protection.
The evaluation of the Free School Meals Pilot in England found that pupils in both of the universal pilot areas made around two months’ more progress at Key Stage 2 than those in the control areas. The universal entitlement pilot appeared to improve attainment more for children from poorer families (pupils who were already eligible for Free School Meals) and for those pupils with lower levels of prior attainment – although some of these differences between pupil types are not significant. Overall therefore, there was some evidence that the universal pilot may have contributed to a reduction in education inequalities, although the pilot did not provide clear evidence on what was driving the improved productivity in class.

There is stronger evidence that increasing take up of school meals increases the nutritional balance of food consumed during the school day, if not overall dietary patterns. This is because school meals served have to meet prescribed standards in most state-funded schools, whereas packed lunches continue (despite modest improvements recently) to be a poor choice in terms of nutrition. Only 1.6 per cent of primary children’s packed lunches meet the nutritional standards set for their classmates eating school lunches, a figure which has barely changed in 10 years.

Labour estimate that extending free school meals to all primary pupils will cost between £700m and £900m annually and propose to fund it through imposing VAT on private school fees which they claim would raise around £1.6bn. Using estimates of current numbers of children in independent schools in UK and current average fee levels, we estimate that subjecting fees to 20 per cent VAT could raise around £1.4bn. However, this figure does not take into account the VAT claimed back from non-staff costs. The overall amount raised could vary significantly from this figure if, as seems likely, independent schools raise fees to at least partly offset the imposition of VAT. These higher fees are likely to encourage some parents to move their children back into the state sector, incurring additional costs for the state.

The government currently spends £650m on providing free school meals for all infant aged pupils and the IFS estimate that an additional £950m would be needed to extend the offer to all primary aged pupils (this includes £270m of upfront funding and Barnett consequentials).

Under Conservative plans to abolish free school meals for all infant aged pupils, we estimate that around 900,000 children, from families with incomes below median equivalised income, would lose their current entitlement to a free meal. Around two-thirds of these children are from what the government has defined as Ordinary Working Families and the remaining third are children who are

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eligible for the Pupil Premium.\textsuperscript{122} We estimate that the typical annual cost for these families would be around £440 for each child aged between 4 and 7.\textsuperscript{123}

However, as we have previously argued, the group identified as Ordinary Working Families are not educationally disadvantaged.\textsuperscript{124} The Department for Education’s definition identifies in effect the ‘average child’, occupying the middle of the income distribution of children in state-funded schools and they have attainment and progress outcomes that are above average.

A recent evaluation of a one year trial of free breakfast in 53 disadvantaged schools delivered similar academic benefits to universal free school meal provision. The breakfast clubs also significantly improved behaviour and concentration, and reduced absences.\textsuperscript{125}

However, the study also found that, while relatively disadvantaged students were more likely to attend the breakfast clubs, the intervention was more effective at raising the attainment of pupils from less disadvantaged backgrounds, unlike UIFSM. This suggests that support for school breakfast clubs might not reduce socio-economic gaps in pupil attainment.

The cost of providing a free breakfast in this trial was, however, significantly cheaper than providing universal free school meals for all infant aged pupils. Under the current funding arrangements, £437 is provided per eligible pupil to fund UIFSM whereas the on-going cost per pupil per year of providing breakfast in the trial was £16.\textsuperscript{126} \textsuperscript{127} Based on the costs used in the trials and the levels of take-up, we estimate that the total on-going cost would be in the range of £70m to £85m, with a central estimate of £75m by 2021-22, with up-front costs of between £11m and £22m, with a central

\textsuperscript{122} This estimate is derived by taking the total number of pupils in reception, year 1 and year 2 in state-funded schools (approximately 2 million) and applying the proportion of primary school pupils identified by the Department for Education as eligible for the pupil premium but not free school meals (12 per cent) and the proportion in families with income below the national median but not in receipt of the pupil premium (34 per cent). These figures can be found in:

\textsuperscript{123} The current government rate for infant school meals of £2.30 (https://www.gov.uk/government/publications/universal-infant-free-school-meals-uifsm-funding-allocations-2016-to-2017/universal-infant-free-school-meals-uifsm-conditions-of-grant-2016-to-2017) multiplied by 190 school days per year and rounded to the nearest 0.

\textsuperscript{124} Education Policy Institute, ‘EPI responds to consultation on supporting ‘ordinary working families’, April 2017 https://epi.org.uk/news/ordinary-working-families-consultation/

\textsuperscript{125} C. Crawford, A. Edwards et al, ‘Magic Breakfast: Evaluating the effectiveness of school breakfast provision’, Education Endowment Foundation, November 2016:

\textsuperscript{126} Education Funding Agency, ‘Universal infant free school meals (UIFSM): conditions of grant 2016 to 2017’, 7 July 2016:

\textsuperscript{127} C. Crawford, A. Edwards et al, ‘Magic Breakfast: Evaluating the effectiveness of school breakfast provision’, Education Endowment Foundation, November 2016 (on-going costs of £10.75 per pupil per year plus staff costs of £5.46 per pupil per year)
estimate of £15m.\textsuperscript{128} However, these estimates are based on the relatively low take-up rates from the pilot of between 13 and 52 per cent.\textsuperscript{129} \textbf{If take-up rates were higher, or if staff could not be reassigned from other duties, costs could be considerably larger, but so could the impact.}

There are also practical considerations in providing a free breakfast to all primary pupils, including the physical space needed. At present, schools with limited dining space can stagger their lunch breaks (and the current UIFSM policy included £10m of capital funding in 2015/16 to enable schools to accommodate the additional demand). This might be more difficult at breakfast times but this would require additional staff supervision time and is likely to prove trickier.

\textbf{Funding of Post 16 Education}

Both Labour and the Liberal Democrats have proposed to address the current reductions in real funding for post-16 education, which have left the 16 to 18 phase relatively underfunded compared to secondary school education.\textsuperscript{130} The Liberal Democrats would protect funding rates in real terms, at a cost of almost £200m in 2019-20, whilst Labour would seek to close the disparity in funding between Key Stage 4 and 16 to 18 education. The cost implications of this depend on trends in educational participation – and any growth in apprenticeships – but such proposals could have similar outcomes, raising funding by around half a billion pounds by 2021-22. These increases in course funding would produce modest increases in real funding rates relative to 2015-16, but come in addition to the increase in funding for technical education (of £445m in 2021-22) announced by the Conservative Government at Budget 2017.\textsuperscript{131}

The Conservatives have not proposed specific increases in revenue funding in this phase, but they do pledge to invest in further education colleges to ensure they are well equipped, and to support them in attracting industry professional staff. They have re-emphasised their ongoing reforms of technical education, and plans to introduce new T Levels for post-16 educational routes.

Meanwhile, Labour have committed to reintroducing the Education Maintenance Allowance (EMA), scrapped under the Coalition Government, at a cost of £540m.\textsuperscript{132} This may well improve educational participation, and support many young people on low incomes who would not otherwise qualify for college-administered Bursaries. However, with the evaluation of EMA-abolition suggesting a modest impact on participation relative to the numbers affected, and Raising the Participation Age since having come fully into effect, the impact is uncertain.\textsuperscript{133}

\textsuperscript{128}Estimates are calculated using per-pupil costs from the Magic Breakfasts impact evaluation (https://www.ifs.org.uk/publications/9202) with pessimistic and optimistic scenarios taken from the average costs of survey respondents with no previous provision and with previous provision respectively (apart from Staff costs where a +/-10% adjustment was applied). This was multiplied by DfE pupil projections for the relevant year and age group, with costs uprated for inflation using HMT GDP deflator estimates.


\textsuperscript{130}C. Belfield, C. Crawford and L. Sibieta, ‘Long-run comparisons of spending per pupil across different stages of education’, Institute for Fiscal Studies, February 2017

\textsuperscript{131}HM Treasury, ‘Spring Budget 2017’, HC 1025, March 2017

\textsuperscript{132}J. Britton, and L. Sibieta, ‘Labour’s proposed boost to education spending’, Institute for Fiscal Studies, May 2017

Part 5: Curriculum, assessment, and qualifications

Context

Over the past few years, schools in England have experienced considerable change in relation to curriculum and qualifications. New national curriculum for Key Stages 1 to 4 were introduced in September 2014. These were intended to raise standards, focusing on core knowledge and skills that were considered to align more closely with the highest performing school systems in the world. All local authority schools in England must follow the national curriculum. Academies are not subject to this requirement, but they do appear in school performance tables; this can restrict the extent to which they can deviate from the national curriculum if they wish to perform well at these measures.

As part of this curriculum change, more rigorous assessments for Key Stage 1 and Key Stage 2 were introduced in 2016. Some parents and teachers expressed concern that the new assessments were placing too much pressure on primary school children and were narrowing the curriculum taught in schools due to a focus on the tests. In 2016, 53 per cent of pupils at the end of Key Stage 2 reached the new expected standard in reading, writing, and maths. This is considerably lower than the 80 per cent of pupils who achieved the former national standard of level 4c in 2015, and lower also than the 69 per cent who reached the old level 4b in the same year. The figures from 2015 and 2016 are not directly comparable, due to the changes in curriculum and assessments, but they do suggest that the new regime is more challenging than its predecessor, although the proportion of pupils reaching the expected standard is likely to increase as schools become more familiar with the new framework.

Concerns also remain about the use of assessments for accountability purposes in primary schools. Under the new system, a school is below the floor standard (and therefore likely to be subject to intervention by Ofsted or its regional schools commissioner) if less than 65 per cent of pupils achieve the expected standard in reading, writing, and maths, and pupils do not make sufficient progress in all three of these subject areas. Given that the national proportion of pupils reaching the expected standard of attainment was well below 65 per cent in 2016, the progress measure has particular importance for schools, and is currently based on a value-added measure from Key Stage 1 to Key Stage 2. Concerns have been expressed that this model does not credit schools with the progress made by pupils during their first three years in primary schools and, indeed, the Department for Education announced in March 2014 that it would introduce a new baseline assessment for all children at the start of reception in September 2016, with a pilot phase running from September 2015. These plans were subsequently abandoned due to evidence that the three different

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baseline assessments from which schools could choose were not comparable. The challenge of ensuring that primary schools are treated fairly under the new progress measure remains. In order to tackle these concerns, as well as those relating to the burdens which assessments place on children and teachers, the Department for Education launched a consultation in March 2017 which will close in June.

Substantial changes are also occurring at secondary level. New accountability arrangements were introduced for secondary schools in 2016. These include two new headline measures: Attainment 8 and Progress 8. Attainment 8 is a measure of a pupil’s achievement across eight subjects which fulfil certain requirements and include English and maths. Progress 8 measures the progress made by the pupil between Key Stage 2 and Key Stage 4 in these same eight subjects. Attainment 8 and Progress 8 are aggregated for all pupils in a school so that each school has an overall Attainment 8 and Progress 8 score. Alongside these changes to accountability measures, new GCSEs are being phased in. As at Key Stage 2, these changes are intended to raise standards by providing a more challenging curriculum and exams. The first reformed GCSE exams will be taken by pupils in summer 2017, in English and maths; the transition is being phased in for other subjects in subsequent years.

Alongside these more recent changes, controversy remains about other accountability arrangements at Key Stage 4. Most notably, the English Baccalaureate (EBacc), which was introduced as a school performance measure in 2010 with the aim of ensuring that all pupils are able to access a set of core academic subjects up to the age of 16. In order to achieve the EBacc, pupils must obtain a pass (grades A* to C) at GCSE or equivalent in each of the following subjects: English, maths, the sciences, history or geography, and a language. Schools are measured according to the proportion of pupils who attain the EBacc and these figures are reported in school performance tables, although they do not count towards floor standards. The percentage of pupils entering the EBacc in state-funded schools has increased from 21.8 per cent in 2010 to 39.7 per cent in 2016, although most of this increase took place between 2012 and 2013. Since 2010, the proportion of pupils in state-funded schools attaining the EBacc has risen from 15.1 per cent to 24.7 per cent.

Many organisations within the arts sector have expressed concern that this measure is causing a decline in the uptake of arts subjects at Key Stage 4. However, the percentage of pupils in state-funded schools entering at least one arts subject at Key Stage 4 has remained fairly stable since the introduction of the EBacc, standing at 47.2 per cent in 2010 and at 48.0 per cent in 2016.

In June 2015, the Department for Education announced that EBacc entry would be the standard expectation for all pupils by 2020. It subsequently launched a consultation seeking views on how to implement its aim that 90 per cent of pupils in mainstream secondary schools should ultimately be

141 These include the ‘Bacc for the Future’ campaign: http://www.baccforthefuture.com/.
entered for the EBacc at Key Stage 4.\textsuperscript{143} This consultation closed in January 2016; the government response has yet to be published.

**Overall assessment**

At primary level, all parties agree on the need to review the assessment and accountability arrangements which are currently in place: both Labour and the Liberal Democrats pledge to take action on this in their manifestos. However, whereas the existing government consultation proposes to introduce a new reception baseline test in order to measure the progress of pupils over the entirety of their time at primary school, the Labour Party explicitly rejects these plans. Assessing young children carries a relatively high risk of measurement error, particularly during a period of transition such as starting school.\textsuperscript{144} However, research suggests that certain forms of assessment, such as teacher observations supported by high quality guidance, can lead to reliable measures.\textsuperscript{145}

**Whilst the development of a new baseline assessment does therefore need to be handled with care, it is disappointing that Labour have ruled out further examination of its possibilities, given its potential to provide a measure of pupil progress over the entire course of primary school.**

At secondary level, the main debate between the different parties relates to the future of the EBacc and the level of priority which is given to arts subjects. The Conservatives reaffirm their commitment to the EBacc, and set new targets for its extension, although at 75 per cent entry rate by 2022 and 90 per cent by 2025, these represent a slower rate of implementation than the previously stated ambition that all pupils should be taking the EBacc by 2020. Alongside this, the Conservative Party pledges a curriculum fund to support cultural and scientific institutions to create materials that can be used by schools; however, the party has not confirmed the value of this grant. More specifically, the Labour Party commits to introducing an arts pupil premium for primary schools, worth £160m per year. This equates to around £37 per pupil.\textsuperscript{146} In addition, Labour pledge to review the EBacc measure as a means of ensuring that arts subjects are a core part of the secondary curriculum. Like Labour, the Liberal Democrats commit to promoting access to arts subjects within the school curriculum, although the exact measures that they plan to use are made less clear.

The Conservative Party is the only one to address accountability measures at Key Stage 3, although their plans are not clear. National curriculum tests at Key Stage 3 were abolished in 2008, with effect from 2009, and since the 2013-14 academic year, schools have not been required to report teacher assessments at Key Stage 3. However, it is clear from outcomes at Key Stage 2 and Key Stage 4 that the attainment gap between disadvantaged pupils and their peers widens substantially between the


\textsuperscript{146} This figure was estimated by dividing the total number of primary school pupils (excluding nursery pupils) as at January 2016 by the total value of the funding. Pupil numbers were taken from: Department for Education, ‘Schools, pupils and their characteristics: January 2016’, June 2016, Table 1d: https://www.gov.uk/government/statistics/schools-pupils-and-their-characteristics-january-2016.
ages of 11 and 16: the Education Policy Institute’s most recent annual report found that for the 2015 Key Stage 4 cohort, the gap had widened from 11.0 months at age 11 (in 2010) to 19.2 months by age 16. Increased accountability at Key Stage 3 may help to identify more precisely whether this decline occurs at different rates throughout secondary school and address the challenges which underpin it. However, the exact nature of these new accountability measures will need to be considered carefully if they are to be effective.

Part 6: Teacher recruitment and training

Context

Having enough teachers in English schools will be a key challenge for any incoming administration. With secondary pupil numbers projected to rise by 20.6 per cent between 2015 and 2025, the number of teachers will have to rise accordingly if class sizes and workloads are not to increase with them.\(^{148}\) The previous administration estimated that the teacher headcount would rise by 3 per cent between 2015-16 and 2019-20 – with the largest growth in the secondary sector\(^{149}\). Nevertheless there remain difficulties in recruiting new teachers with targets being missed for the last five years\(^{150}\).

In addition, teacher retention remains a significant challenge. Although recent increases in the proportion of teachers leaving have been matched by an increase in teachers joining, the proportion leaving before retirement age increased from 65 per cent in 2011 to 80 per cent in the year to 2015.\(^{151}\) Of those starting teaching in state funded schools in 2009-10, only 72 per cent were still teaching there 5 years later,\(^{152}\) and England has one of the youngest and least experienced workforces in the developed world.\(^{153}\) Improving retention would not only reduce the expense of training large numbers of new teachers (estimated to cost around £700m pa by the NAO), but also ensure that there is a sufficient pool of talented teachers for schools to recruit from, and to take up leadership positions.

Previous research suggests that teachers’ relative pay (compared to other professions) has an influence on retention, particularly for men.\(^{154}\) Analysis by the School Teachers Pay Review Body (STRB) shows that, following several years of pay freezes and then caps at 1 per cent, the relative position of teachers’ earnings overall has deteriorated further in 2016 and continues to trail those of other professional occupations in most regions, despite gaps in starting salaries remaining stable over the last three years.\(^{155}\) The STRB concluded in 2016 that the decline in relative salaries is contributing to a deterioration in recruitment and retention.


However, many teachers leave to take up lower salaries. Workload is consistently cited as one of the key drivers of decisions to leave the profession. Whilst the previous administration recognised the problem and began a programme of work to engage the sector in school-led efforts to minimise unnecessary workload, recent survey evidence shows that English teachers in both primary and secondary schools are still engaged in high levels of unpaid overtime. Our research has highlighted that timetable pressures can put pressure on teacher development, and that England’s teachers are as underpaid, but more overworked, relative to other professionals than their counterparts in most other countries assessed.

The implications of Brexit on recruiting teachers from other countries of the EU is also potentially problematic – around 5000 teachers from the EEA were awarded QTS status in the financial year 2015 to 2016, a 10 per cent increase on the previous year.

Overall assessment

Both Labour and the Liberal Democrats have pledged to abolish the 1 per cent public sector pay cap and both have confirmed that funding for this will come from outside of the additional funding they have earmarked for schools. However, neither has given further details of the cost of the policy for education, or how any additional funding would be distributed to schools. Our estimates suggest that relaxing the pay cap on teachers’ pay from 2017-18 and allowing salaries to rise with the consumer price index would cost over a base case assumption of 1 per cent pay award to 2019-20 (followed by increases by CPI thereafter) around an additional £900m for teachers by 2021-22. It would lead to an increase in teacher salaries of almost 4% compared to the baseline by 2021-22. If pay policies for support staff were also to be relaxed, there would be further costs – support staff pay contributes over £4bn to school costs.

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156 NFER, ‘Should I stay or should I go? NFER Analysis of Teachers Joining and Leaving the Profession’, November 2015: [https://www.nfer.ac.uk/publications/LFSA01/LFSA01.pdf](https://www.nfer.ac.uk/publications/LFSA01/LFSA01.pdf)
163 Based on spending figures for maintained schools reported in Continuous Financial Reporting (Department for Education, ‘LA and school expenditure: 2015 to 2016 financial year’ (Table 3)
Labour has also pledged to consult on introducing teacher sabbaticals and placements with industry and to reintroduce the Schools Support Staff Negotiating Body and national pay settlements for teachers. This would mark a clear break from recent steps to give more power to schools in setting pay frameworks, and could potentially lead to less use of performance-related pay. As these reforms have yet to be properly evaluated – and the effect of pay flexibility has been muted by recent pay caps and funding constraints – the potential impact of these measures is be unclear.

However, it is not only Labour who appear to have judged that centralised policies might be the best way to influence teacher pay under challenging labour market conditions. The Conservatives have not made any commitments to remove the public sector pay cap, but propose to apply forgiveness on student loan repayments while graduates are teaching. This might be seen as a centralised approach to deliver what schools could – in theory – implement if provided with extra funding to raise certain teacher salaries under current flexibilities. There is little detail on this proposal in the manifesto, but one advantage of this approach for the Department for Education is that it could enable them to control who benefits from a net increase in pay.

In one potential incarnation of this, the offer could be limited to those starting their teaching careers, or their teacher training, after a certain point. In the short term, that might help to improve retention among new teachers whilst minimising total costs. The costs and commitments, however, could escalate quickly over time. To illustrate this, we estimate the short term reduction in student loan repayments for successive cohorts joining the state sector to teach from 2019-20 (assuming only those training from 2018-19 are affected). We assume these new joiners have repayments waived on any existing student loans, including those for undergraduate degrees obtained before a PGCE, and that 70% of NQTs have student debts that would imply repayments over the course of their first 10 years in teaching, The loan repayments foregone are equal to 9 per cent of teacher salaries over the student loan repayment threshold for new loans (currently £21,000, but assumed to be rising with earnings later in the period). We trace the lost repayments over a 10 year period, taking into account the fact that some of these teachers will leave in the meantime and begin repaying again.

Our estimates for this scenario are that the annual cost of this policy in terms of repayments foregone would start at less than £10m in 2019-20, and then rise to around £160m after ten years. The long term impact of this policy to the Exchequer could be lower, but this would depend upon whether teachers have their student debts preserved for the duration of their teaching career, have their repayment window of 30 years paused, and/or whether their debt is reduced (at the government’s expense) for them while they are teaching. As explained in our recent research, most graduates should expect to be repaying for the duration of the 30 year repayment period before having some outstanding debts cancelled, but the net cost to government of providing loans in the

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165 This assumes that the number of new teachers joining as NQTs from 2019-20 is in line with projections in the Teacher Supply Model 2017-18, that over the first ten years teachers progress in pay from the current average salaries for under-25s to those for 30-34s, that all salaries are uprated at the rate of average economy-wide earnings based on OBR forecasts after 2019-20, and that retention rates over the first 10 years of teaching careers are equal to those reported for teachers starting in 2005-06 in the School Workforce Census 2014.
long term is hugely variable.166 Given the likely administrative costs of such a scheme, its role alongside wider changes in teacher pay policy and associated school flexibility would need to be considered carefully.

The Conservatives have also pledged to reduce teacher workload through the use of technology to support marking and lesson planning, and to ‘bear down on unnecessary paperwork and the burden of Ofsted inspections’. These measures target the areas identified in our research – and by teachers themselves – as being the primary contributors to teacher workload.167 Labour have made a commitment to give teachers ‘more direct involvement in the curriculum’ and to tackle workload by ‘reducing monitoring and bureaucracy’. The Liberal Democrats have also focused on ensuring the demands of the curriculum changes are manageable, proposing an independent Education Standards Authority to consider reforms in consultation with professionals. They have, like the Conservatives, proposed to reform Ofsted inspections – in this case to focus more on long-term outcomes and to consider workforce issues in their approach. This cross-party consensus that teacher workload needs tackling is to be welcomed.

Whilst the Conservatives have committed to ‘bring in dedicated support’ to help new teachers in their careers, and Labour have proposed teacher sabbaticals and placements with industry to broaden development, the Liberal Democrats have made a specific commitment on the volume of Continuous Professional Development (CPD) among teachers. This could be seen as a response to recent findings that schools in England spend an average of just 0.7 per cent of their funding on CPD.168 They have pledged to create an entitlement of 25 hours per year by 2020, rising to the ‘OECD average of 50 hours’ by 2025. However, EPI analysis recently found that secondary school teachers in England already spent, on average, 4 days a year on CPD in 2013, which is broadly equivalent to (perhaps higher than) the 2020 aim set by the Liberal Democrats but much lower than teachers in most other countries.169 The main ambition would therefore seem to be to ensure all teachers receive a basic level of training, rather than delivering an immediate step change across the board. That may be wise in advance of wider improvements in CPD: research has shown that England’s teachers do not tend to rate the impact of their formal development activities highly.170 The Liberal Democrats also propose an Independent Foundation for Leadership in Education for the development of school leaders.

The Liberal Democrats also pledge to guarantee that all teachers in state-funded schools will be fully qualified or working towards qualified teacher status (QTS) from January 2019. With roughly 1 in 20 teachers not holding QTS in state funded schools171, this could represent a significant challenge for

the sector, and represents a shift away from school autonomy over staffing decisions. If implemented harshly, additional teacher training costs could be high. With current recruitment of teachers a challenge, it may be difficult for schools to achieve a rapid reduction in unqualified teachers without training existing staff.
Part 7: Adult learning and Technical Education

Context

Navigating the assorted challenges associated with the country’s longstanding skills gap is set to be one of the greater tasks awaiting the next government. According to the OECD, while England has one of the highest levels of university entry in the developed world, it nonetheless is the only jurisdiction where 16 to 24 year-olds are no more literate or numerate than 55 to 64 year-olds, and the UK is forecast to fall to 28th out of 33 OECD countries for intermediate skills by 2020.172 173

Central to tackling the skills deficit is ensuring that non-academic – professional or technical - education - is high quality, and able to supply good labour market outcomes. Our education system is notable for the almost complete absence of some forms of training, in particular short-cycle tertiary or higher-level technical education.174 In response to this challenge, a series of recent measures have been put in place by the government. The Post-16 Skills Plan, launched in 2016 and informed by an independent panel led by Lord Sainsbury, sought to establish a new post-16 education architecture, guiding subsequent reforms to apprenticeships, technical and further education.175 Technical education plans include a common, streamlined framework of just 15 routes – with occupations grouped together “to reflect where there are shared training requirements”. 176 ‘T-levels’, intended to provide a specialist qualification or rigour equivalent to an A level, will be introduced as part of the Post-16 Skills Plan from 2019 to 2022. Designed to simplify the complex landscape of vocational qualifications, there will be one T-level for each occupation or cluster of occupations grouped within 15 pathways. The previous administration announced additional investment of £500m by September 2022, to bring learning hours in technical education line with those of our international peers.177

Existing targets for apprenticeships stand at 3 million starts by 2020, a significant increase on recent levels. Our recent research has outlined trends in apprenticeships over the last few years and summarised some of the key risks and potential benefits associated with this policy move.178 With parties set to pursue varied targets for a continued expansion in numbers, the clear challenge will be ensuring a focus on the quality of provision is also retained. The creation of a new regulator, the Institute for Apprenticeships, is likely to aid the process of quality assurance, with the Apprenticeship Levy encouraging take-up by employers. Launched just weeks ago, the Levy requires all UK employers with an annual wage bill of over £3m to pay 0.5 per cent towards funding apprenticeships - which is claimed will ensure an annual investment of £2.5bn by 2019 to 2020.179

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174 A. Wolf, ‘Remaking Tertiary Education: can we create a system that is fair and fit for purpose?’, Education Policy Institute, November 2016
176 ibid
177 HM Treasury, ‘Spring Budget 2017’, HC 1025, March 2017
This growth in employer-led training stands in contrast to recent reductions in the funding of adult education and training, and a move from providing direct grants for training to giving student loans for higher levels of training.

Overall funding granted to adult FE declined from £3.91bn in 2011-2012 to £3.74bn in 2015-16 – a 5.3 per cent real terms cut. Further funding for Advanced Learner Loans from outside of the spending review settlement also counted towards these figures. If such funding is discounted, then overall direct funding for adult FE declined from £3.91bn in 2011-12 to £3.24bn in 2015-16 – a reduction of 21 per cent in real terms.

**Overall assessment**

The Conservatives have committed to ‘a major review of funding across tertiary education as a whole, looking at how students can get access to financial support that offers value for money, is available across different routes and encourages the development of the skills needed as a country’. EPI welcomes this proposal, following our report with Professor Alison Wolf, ‘Remaking Tertiary Education’, which showed that imbalances in our education funding system have skewed training towards qualifications that may not be as valuable as those that other countries have developed much better – specifically higher level technical study.

Labour have committed to introducing ‘free, lifelong education in Further Education (FE) colleges’ and to redirect money to increase teacher numbers in the FE sector through abandoning plans to create new technical colleges. The government committed £170m of capital funding for new Institutes of Technology, so it appears that Labour are intending to move some resources from capital investment in new institutions, to building teaching capacity in existing ones.

Labour have also committed to replacing Advanced Learner Loans and upfront course fees with direct funding. Advanced Learning Loans were introduced in August 2013, following the abolition of adult learning grants and have been paid to people aged 24 upwards, for those studying at level 3 or above. They have recently been extended to cover younger learners on certain courses.

Labour have costed their Further Education offer at £1.5bn, which will cover the cost of removing upfront fees and raise course funding by an average of 10 per cent year on year. Along with other education measures, this money is to come from £19.4bn that is estimated to be raised from reversing cuts to corporation tax.

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181 Ibid


183 A. Wolf, ‘Remaking Tertiary Education: can we create a system that is fair and fit for purpose?’, Education Policy Institute, November 2016


The Liberal Democrats have said they would ‘develop national colleges as national centres of expertise for key sectors, such as renewable energy, to deliver the high-level vocational skills that businesses need’. The Party has also said it would aim to meet all basic skills needs including literacy, numeracy and digital skills by 2030, although they have not published further details of estimated cost for either of these commitments. Given there are around 9 million working aged adults in England with poor literacy, numeracy or both, if this commitment were realised in practice the costs could be enormous.186

Turning to the technical education challenge, the Conservatives have pledged to continue with their plans to create new technical qualifications (T-levels) across fifteen routes in subjects including construction, creative and design, digital, engineering and manufacturing, and health and science. The Party has also confirmed it will continue plans to create new Institutes of Technology.

Labour has said it shares ‘the broad aims of the Sainsbury Review but would ensure vocational routes incorporate the service sector as well as traditional manufacturing’ and has pledged to increase capital investment to equip colleges to deliver T-levels and an official pre-apprenticeship trainee programme.

The Liberal Democrats have made a broader and less detailed commitment than the other two parties. They commit to address the lack of advanced technicians – by expanding higher vocational training such as foundation degrees, Higher National Diplomas, Higher National Certificates and Higher Apprenticeships.

The Conservatives are the only party to commit to retaining the 3 million apprenticeships for young people by 2020. Neither Labour nor the Liberal Democrats have explicitly committed to retaining the 3 million apprenticeship target but both have made different pledges in relation to education: Labour have pledged to set a target to double the number of completed apprenticeships at NVQ level 3 by 2022; the Liberal Democrats to double the number of businesses which hire apprentices, including by extending apprenticeships to new sectors of the economy such as creative and digital industries.

Each of the three parties have committed to maintaining the Apprenticeship Levy. Labour has said it would allow employers to have more flexibility in how it is used. The Party has also committed to protecting the £440m funding for apprenticeships for small-and medium-sized employers who do not pay the Levy. The Conservatives have also committed to introducing a ‘national retraining scheme’ and have said the costs of training will be met by the government, with companies able to gain access to the Apprenticeship Levy to support wage costs during the training period. The issue of how the Levy is spent is important. Allowing it to support wages risks adding further strain on the Levy, which is also expected to fund apprenticeship training in companies not subject to the charge. It is therefore vital that the proposals do not as a result decrease spending on training by employers.187 As highlighted in recent research, there is some risk to quality and wider social aims of training from allowing too much flexibility in how apprenticeships funding is spent, despite this being

demanded by employers.\textsuperscript{188} The future Institute for Apprenticeships and Technical Education will have to manage such risks carefully.

In contrast, the Liberal Democrats have committed to ensuring that all the receipts from the Apprenticeship Levy in England are spent on training, but their arbitrary-sounding target for a doubling in the number of business engaged in apprenticeships, and specific aims for growth in particular sectors risk distorting incentives. As the IFS have explained with respect to public sector targets, it is important that such ambitions do not undermine one of the main benefits of an apprenticeship-led skills system: responsiveness to the evolving labour market.\textsuperscript{189}

Part 8: Higher education

Context

Since 1998, universities have been allowed to charge tuition fees to students, transferring some of the cost of higher education from government to the individual. Since then, tuition fees have risen under each of the Labour, Coalition and Conservative governments. At present, and as enshrined in the Higher Education and Research Act 2017, universities currently can charge up to £9,250. Tuition fees are still generally paid by income-contingent loans underwritten by the government.

In 2016-17 maintenance grants (which were worth up to £3,387 per year) were replaced completely by maintenance loans. The amount students from low and middle income families could receive rose to £8,200 per year. Both tuition fee loans and maintenance loans are income-contingent and require graduates to pay back fees once they are earning over £21,000 per year. This does not mean that it will not impact public sector debt. The National Audit Office estimate that by 2042 around £200bn of debt will be outstanding as a result of non-repayment on student loans.

Despite the increase in fees and introduction of maintenance loans, participation rates are still steadily rising. Although UCAS applications statistics in 2017-18 saw a 5 per cent decrease from ‘Home’ students this, relative to the 18 year old population, actually reflects an increase in the number of applications. According to HESA student data, in 2014/15 EU students made up about 5.5 per cent of this rising higher education population.

However, the first UCAS data published following the EU referendum showed a 7 per cent decrease in number of applicants from EU member states in 2017-18. These applications were made prior to the Department for Education’s April 2017 guarantee of financial support for EU students commencing their studies in 2018-19 throughout the entire duration of those studies, and could be an indicator of application trends post 2018-19, or post-Brexit.

Once Britain has left the EU, it is likely that EU students will be required to pay overseas fees, which are more than triple current home fees. Given that we have already seen a reduction in applications from EU students following the referendum, there is a risk that the increased cost may deter EU students from applying to UK universities, which could result in a loss of revenue for those universities. However, those EU students who do study in the UK would be paying higher tuition fees which could offset some of the potential revenue loss any reduction in the number of students.

Wider immigration controls may also have an impact on the number of international students studying in the UK. The current target to reduce net migration to below 100,000 includes non-EU

190 Students living away from home outside of London for the 2016/17 academic could receive up £8, 200. The amount students living away from home, in London could receive was £10, 702.
191 National Audit Office, ‘Student loan repayments’, November 2013 pg:4
students, meaning that any attempt to reduce these numbers would result in a parallel loss of revenue to universities (in the region of between £10-35,000 per year, per international student).

Brexit also puts a proportion of universities research income at risk. 2015-16 HESA figures on universities income and expenditure cite EU sources for 16 per cent or £836m of universities total research and grant income which accounts for 2.5 per cent of their total income. However this does not give us a complete picture as universities currently receive other research income as an indirect benefit of EU membership. For example, a grant giving body may necessitate the university operates in an EU member state to qualify for funding.

Overall Assessment

Labour have committed both to abolishing tuition fees entirely and to reinstating maintenance grants which they state would cost £11.2bn. The IFS, however, have suggested this would cost around £13.5bn, taking into account the cost of replacing loans with direct teaching grants (£11bn), the cost of paying for individuals who would otherwise pay for themselves upfront (£1bn) and the cost of reinstating maintenance grants (£1.5bn). These costs apply to England only, Labour has set aside additional funding for Barnett consequentials.

This approach transfers the huge cost of higher education back from the student to government (and, ultimately, the taxpayer). As we have already observed, participation levels are rising relative to the size of the 18 year-old cohort. Students who have completed their level 3 qualification (A level or BTEC Diploma) are already incentivised to undertake a Bachelors or equivalent. The current repayment threshold of £21,000 and the proportionate increases to repayments on salaries above that threshold means that the abolition of tuition fees would benefit the highest earners the most. The IFS analysis finds that graduates earning more than £100,000 a year on average over their lifetime would see their repayments fall by over two-thirds, from £93,000 to £30,000. Labour’s biggest spending commitment will have the least impact on underrepresented disadvantaged students and most impact on middle-high earning graduates. This does not seem an effective use of £11.5-£13.5bn if the aim of the policy is in part to aid social mobility amongst the most disadvantaged students.

There would be a similar effect of reintroducing maintenance grants, which the Liberal Democrats have also committed to doing in their manifesto. Because the current maintenance loans are only paid back once graduates are on middle to high incomes, it is these groups of earners who, again, would benefit more than the lower-paid graduates.

UCAS application rates from January 2016 under the newly introduced maintenance loan system show a continued increase in applications from young people in the most disadvantaged areas. However those from the most advantaged areas were still between 2.4 and 2.9 times more likely to

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194 HESA Income & Expenditure Data: [https://www.hesa.ac.uk/news/03-03-2016/income-and-expenditure](https://www.hesa.ac.uk/news/03-03-2016/income-and-expenditure)

195 Institute for Fiscal Studies, ‘Labour’s Higher Education proposals will cost £8bn per year, although increase the deficit by more. Graduates who earn most in future would benefit most’, May 2017: [https://www.ifs.org.uk/publications/9217](https://www.ifs.org.uk/publications/9217)

196 UCAS use the POLAR classification, developed by HFCE which classifies small areas across the UK into five groups according to their level of young participation in higher education (entry at age 18 or 19): [https://www.ucas.com/sites/default/files/jan-16-deadline-application-rates-report.pdf](https://www.ucas.com/sites/default/files/jan-16-deadline-application-rates-report.pdf)
apply than those from the most disadvantaged areas.\textsuperscript{197} It is difficult to predict how direct
government grants for maintenance or for both maintenance and fees could affect take-up rates by
students from disadvantaged backgrounds. Since the introduction of free tuition fees in Scotland the
cap on the number of places has not been able to meet the demand and it has become increasingly
difficult for Scottish applicants to be offered places at Scottish universities.\textsuperscript{198}

However, these policies reduce the uncertainty about the current level of risks borne by the
government in relation to student loan repayment. The long term public cost of the loan system is
difficult to predict, as repayment rates are dependent on graduate earnings and effective debt
collection, which itself has cost to the taxpayer. If the amount of debt written off (due to time
elapsed, death or disability) reaches 48.6 per cent, only 3.6 per cent more than the current projected
level, the loan system will become costlier to the tax payer than the system which relied heavily on
direct government teaching grants.\textsuperscript{199} This extra cost of non-repayment has potential to increase
further under the conditions of the Conservatives’ commitment to debt collection relief to teachers,
as detailed in the section on ‘Teacher recruitment and training’.

All three parties have acknowledged the risk that Brexit poses to research funding. Both Labour and
the Liberal Democrats have committed to seeking to stay part of Horizon 2020 and to ensuring that
Britain remains part of the Erasmus scheme. The Conservatives have committed to meeting the
OECD average for research and development funding at 2.4 per cent of GDP. None of these pledges
are costed and whether they are realistic remains to be seen.

The Conservative Party has made no firm pledges in respect of the cost of higher education, but it
has said that it would ‘launch a major review of funding across tertiary education as a whole’. The
Party has also confirmed that international students will remain within scope of the government’s
net migration targets and that it will toughen the visa requirements for these students. In the year
ending June 2015, the ONS estimated that the inflow of non-EU students to the UK was around
131,000.\textsuperscript{200}

\textsuperscript{197} Ibid
\textsuperscript{198} Audit Scotland, ‘Audit of higher education in Scottish universities’, July 2016 p 3, pt. 98:
http://www.audit-scotland.gov.uk/report/audit-of-higher-education-in-scottish-universities
https://www.ifs.org.uk/comms/r94.pdf
\textsuperscript{200} ONS, ‘Population Briefing International student migration What do the statistics tell us?’, January 2016:
Part 9: Young people’s mental health

Context

Children and Young People’s mental health has grown considerably in prominence in recent years and is now firmly on the political agenda.

A key challenge for the next government is to address the ‘treatment gap’ that currently exists. Many specialist services are currently struggling to meet demand, turning away 23 per cent of children and young people referred by a GP or teacher.201 There is also significant geographical variation in the availability of care and support.202 The Education Policy Institute’s Independent Commission on Children and Young People’s Mental Health recommended that the most effective way of meeting these challenges is to direct investment into early intervention, in order to improve outcomes for young people and reduce demand on specialist services.203

The joint report of the Health and Education Select Committee found that support for young people’s wellbeing is considerably improved when provided by schools and CAMHS together.204 Schools are well placed to improve provision for children and young people’s mental health, as many young people seek help for mental health conditions by reaching out to a teacher, and schools have a key role to play in shaping students’ mental health environments and reducing stigma.205 However, the wider funding pressures currently facing schools (see Part 4) need to be considered in any decision to expand or formalise the role of schools in providing support for children with mental health conditions.

A challenge for the next government will be ensuring a joined-up approach to caring for young people with mental health needs, and overcoming the logistical difficulties of collaboration across services.206

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201 Education Policy Institute, Submission to Health Select Committee inquiry, ‘Children and young people’s mental health – the role of education’, February 2017: https://epi.org.uk/submission-health-select-committee-inquiry/


205 Education Policy Institute, Submission to Health Select Committee inquiry, ‘Children and young people’s mental health – the role of education’, February 2017, p.2: https://epi.org.uk/submission-health-select-committee-inquiry/

Overall assessment

There is clear recognition from all three parties that children and young people’s mental health requires greater attention and investment. All parties identify the important role schools can play in improving mental health provision for children and young people.

The Conservatives have reiterated their policy, announced in January 2017, of providing Mental Health First Aid Training to one teacher in every primary and secondary school. While the manifesto didn’t give any further details of how this training would be provided, the policy announcement in January 2017 stated that it would be provided by Mental Health First Aid (MHFA) UK. The Conservative Party were unable to clarify the cost of this policy to us, but we estimate that this would cost just over £4m to meet this commitment for every primary and secondary school, plus a further £265,000 if the training is also made available to state-funded special schools and pupil referral units. The Conservatives also pledge that if elected they would publish a green paper on young people’s mental health before the end of 2017, and introduce new mental health legislation.

Labour have pledged to fund a counselling service in every secondary school at a cost of £90m. It is estimated that a counsellor in school for two days each week costs £14,500 a year, and Place2Be in schools 2 days a week costs £27,000 a year. Labour’s pledge would allocate more than £26,000 to each school per year, enough to fund a counsellor or multi-faceted support drop-ins, counselling appointments, and themed group sessions in the style of Place2Be.

It is difficult to ascertain the current state of counselling provision in schools, but a survey by Teacher Voice found that 52 per cent of primary schools and 72 per cent of secondary schools offer counselling. Schools currently fund counselling from their own budgets, so separating the funds for counselling would ensure that this provision remained in place. Currently, in cases where schools have experienced reduced funding it is likely that mental health services have been reduced as a result – school leaders report a tendency to reduce provision for wellbeing such as counselling when...

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209 Mental Health First Aid UK state on their website that the training for school staff costs £200 per person, https://mhfaengland.org/youth-mhfa-schools-colleges/ total cost is based on 2016 DfE data stating there are 20,179 state schools, 973 state-funded special schools, and 353 pupil referral units in England: https://www.gov.uk/government/statistics/schools-pupils-and-their-characteristics-january-2016
211 Labour Party, ‘For the Many Not the Few’, May 2017, p. 38
213 https://www.place2be.org.uk/what-we-do/supporting-schools/our-model
214 Education Policy Institute, Submission to Health Select Committee inquiry, ‘Children and young people’s mental health – the role of education’, February 2017, p.5, 4.9: https://epi.org.uk/submission-health-select-committee-inquiry/
faced with funding difficulties. Ring fencing money specifically to support students’ mental health by directly paying for provision is therefore likely to ensure improved outcomes for children and young people, and a reduced demand on specialist services in the long term in the face of ongoing pressures on school budgets.

The Liberal Democrats’ pledge on in-school provision is to ensure that all teaching staff have the training to identify mental health issues, and that schools provide immediate access for pupil support and counselling. The Liberal Democrats haven’t given a specific cost estimate for this proposal.

The Conservatives and the Liberal Democrats have both pledged to include mental health education in the national curriculum, a policy identified by EPI research as an effective early intervention measure. The Conservatives have also specified that this will include education on the mental health risks of internet use. Excessive social media use has been identified by EPI research as having a significant association with mental health issues, and there is a clear need for young people to be educated on the risks of the internet, and empowered to lead safe digital lives.

The Liberal Democrats have promised to examine the case for creating a specific remotely accessible service for children and young people, in the style of the Australian ‘Headspace’. The Australian programme provides online, telephone, and face-to-face support for those aged 12–25 as an early intervention measure. EPI has already identified Headspace as an example that the government should consider following in England. If adopted, a similar programme could be an effective way to enable young people to seek help more easily but remains, as yet, an uncotted policy in the Liberal Democrats’ manifesto.

In addition to providing early intervention measures, it is important that the incoming government tackles the challenge of overstretched specialist services for children with mental health issues. The Conservatives and the Liberal Democrats have both pledged to reduce waiting times, with the

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215 S. Collingwood, Headteacher, Morecambe Bay Community Primary School, to the Education and Health Select Committees, p. 12 Q48: https://www.publications.parliament.uk/pa/cm201617/cmselect/cmhealth/849/849.pdf
218 Education Policy Institute, Submission to Health Select Committee inquiry, ‘Children and young people’s mental health – the role of education’, February 2017: https://epi.org.uk/submission-health-select-committee-inquiry/
220 The cost of Headspace for the 2013/14 financial year in Australian Dollars is $67.2 million, with an estimated cost per client of just over $1,695 https://www.headspace.org.au/assets/Uploads/Evaluation-of-headspace-program.pdf p. 109. At current exchange rates, this equates to an average cost per client is just over £980. It should be noted that there are significant differences of population and distribution between Australia and England, and that there would be different challenges of implementation.
Liberal Democrats specifying that they would introduce standards of six weeks’ wait for therapy for depression or anxiety, and two weeks for treatment following an episode of psychosis. This would represent a significant improvement in services – the current average wait for a young person seeking a first appointment is one month, with wide variation meaning that the average maximum waiting time across local providers is 26 weeks, over six months. The Conservatives have not specified what would be defined as an appropriate timeframe, while the Labour Party have not addressed waiting times. Labour have, however, pledged to ensure that children are not treated on adult wards. EPI research has found this to be a problem in current provision, with 169 young people spending time on adult wards from April to September 2016, a total of 4,592 bed days.

It is clear that improving mental health provision for children and young people will require increased funding from any incoming government. Neither the Liberal Democrats or Conservatives have given specific estimates of how much they would spend or any assurances that funding would be in addition to the core schools budget. The Conservatives have committed to investing £1bn in mental health by 2021, but have not specified what proportion of this will be directed to children and young people. EPI has identified the importance of ring-fencing funding for mental health, to ensure that investment translates into a noticeable increase in funding for service providers. While the Liberal Democrats have specifically stated that they would ring fence budgets, they have not specified a figure for the amount to be directed to children and young people’s services. Labour have pledged £250m for a Children’s Health Fund, and have also clarified that they will invest £0.1bn in school counselling within a ringfenced mental health budget.

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223 Education Policy Institute, Submission to Health Select Committee inquiry, ‘Children and young people’s mental health – the role of education’, February 2017: https://epi.org.uk/submission-health-select-committee-inquiry/
228 Labour Party, ‘For the Many Not the Few’, May 2017, p. 67