Education priorities in the next general election

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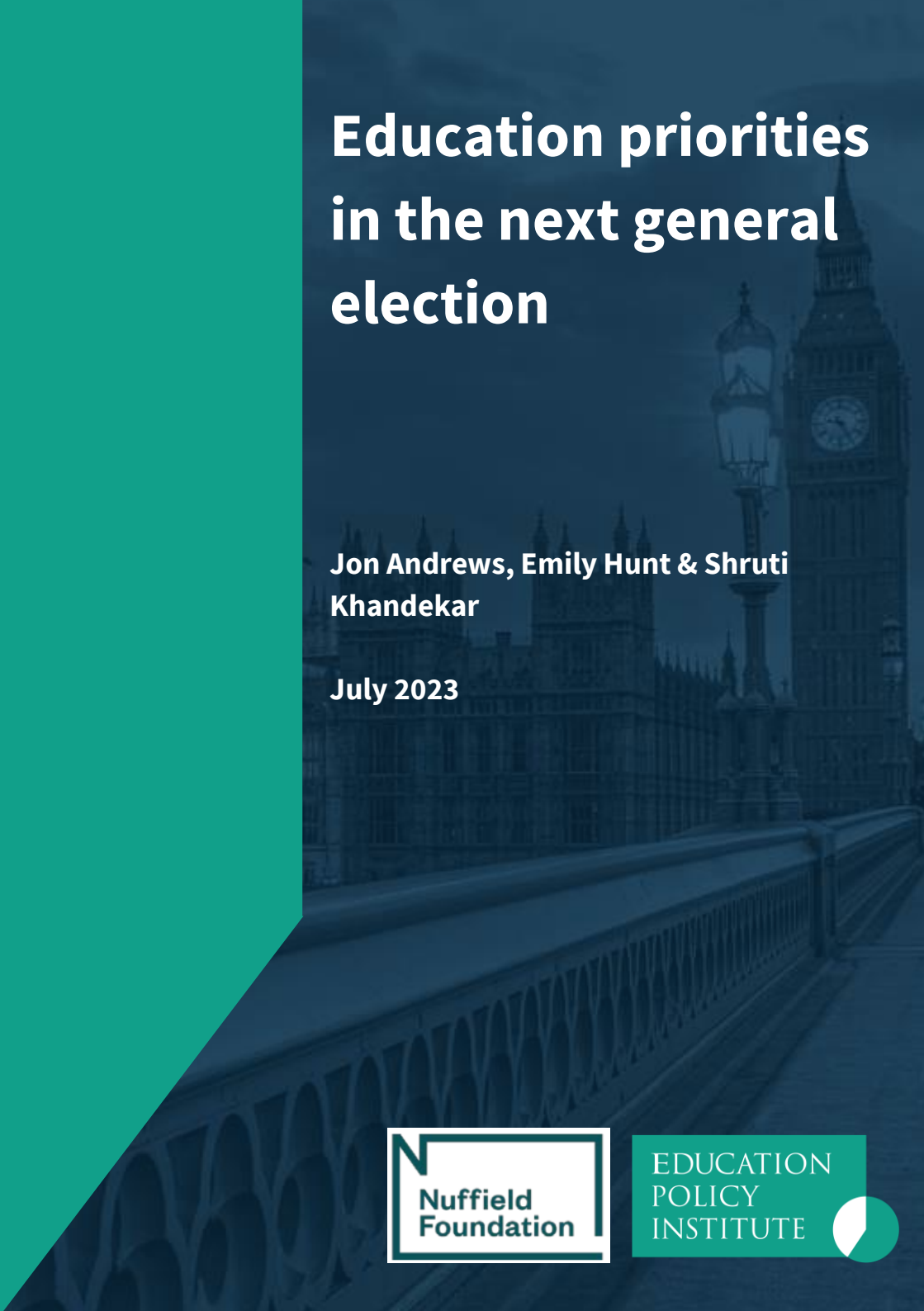

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Foreword

Natalie Perera, Chief Executive, Education Policy Institute

The forthcoming general election provides a crucial opportunity for political parties to set out their priorities for government.

In the aftermath of over a decade of austerity and after a global pandemic, it is highly likely that the funding and functioning of public services (notably the NHS), addressing the cost-of-living crisis, and improving the economy will all be competing against one another.

These competing priorities present a genuine risk that education will not be given the focus or resource it needs. We are in the midst of a teacher recruitment and retention shortage; education funding has experienced a decade of real-term cuts and the gap between disadvantaged pupils and their peers continues to widen. The Covid-19 pandemic continues to have an impact, with pupils from disadvantaged backgrounds and in the north of the country falling further behind.

This report sets out the key education challenges that any incoming government will need to tackle if they are serious about improving outcomes and reducing inequalities. We focus on five areas: the early years; school organisation and outcomes; post-16 and higher education; school and college funding; and the education workforce.

In putting forward recommendations, it draws on the best available evidence as well as insights from a network of leading experts from the early years to higher education. It does not claim to have all the answers but is intended to guide policymakers and politicians to issues that matter and interventions that are effective.

Whilst our focus is on education, any government that is serious about addressing educational inequalities must also tackle the social determinants of educational outcomes. Over a quarter of children now live in relative poverty, based on data that does not yet fully reflect the effects of rapidly rising prices.[1,2] We call again

[1] Department for Work and Pensions, 'Households below average income: for financial years 1995 to 2022', (March 2023)
[2] JRF, *'UK poverty 2023'*, (January 2023)

for an incoming government to put in place a credible cross-government child poverty strategy.

Because there are several entrenched challenges that need to be addressed, this report does not explore the great number of opportunities awaiting the sector. For instance, the role of technology, including artificial intelligence, in supporting pupils or helping with teacher workload; whether there should be reforms to qualifications and curriculum to meet the skills gap facing this country; or whether we should be aspiring to a more integrated further and higher education system which might provide greater choice for young people.

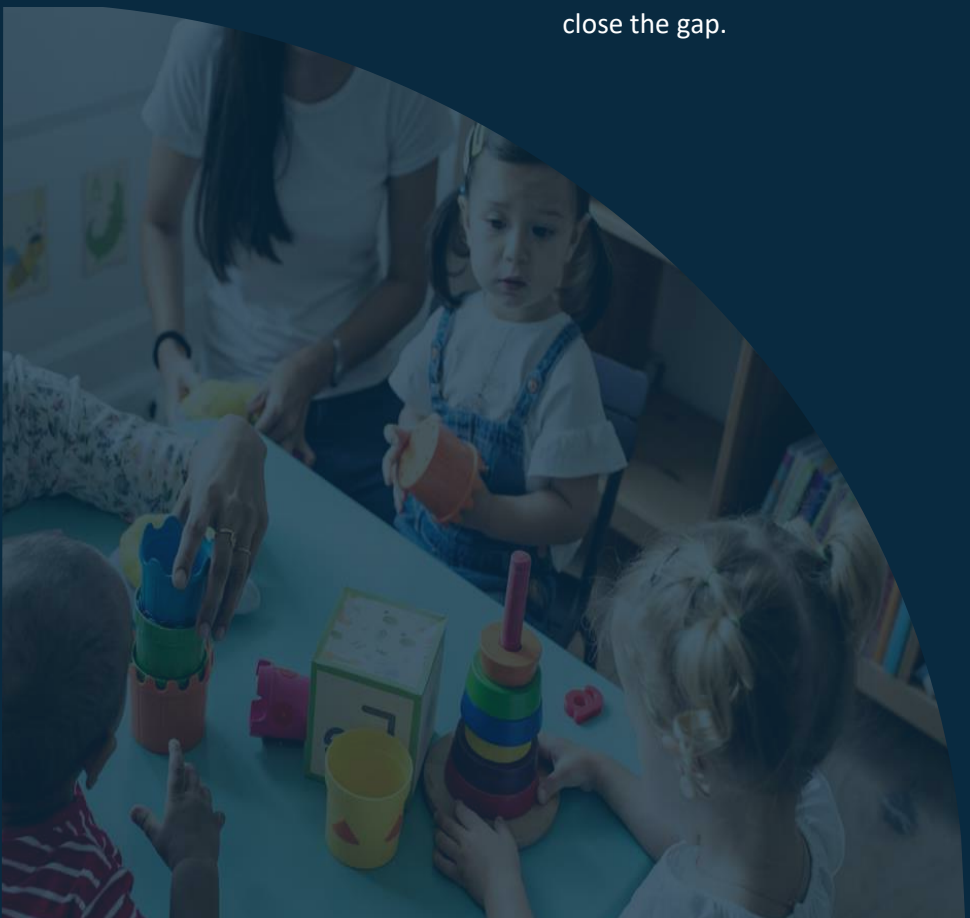
It is also inevitable that political parties will set out different pledges when they publish their manifestos. Once those manifestos are published, we will provide independent analysis as to whether those pledges are likely to improve outcomes and reduce inequalities, and what the likely cost might be.

Whichever party wins the next general election, we urge them to consider the independent and evidence-based recommendations in this report.

We are very grateful, as ever, to the Nuffield Foundation for supporting this important research.

Early years

Around 40 per cent of the disadvantage gap at age 16 is already evident by age 5, with disadvantaged children being, on average, over 4 months behind their more affluent peers. The biggest single influence on a child's development is their parental background and associated home environment, one of the areas of education policy hardest to impact directly. A high-quality early years education is a vital tool in starting to close the gap.



Early childhood education and care (ECEC) has the potential to improve outcomes and help close the disadvantage gap

High quality early education can improve children's educational and wider outcomes in the short and longer-term,[1] including educational attainment, wellbeing, and socio-emotional skills.[2] It is staffed by responsive carers, with the knowledge and capacity to nourish, support, and engage with children, providing them with communication and interactions, within safe environments.[3] Low staff turnover and consistency of care are important so that children can be secure and flourish.[4]

High quality ECEC can have a protective effect for disadvantaged children, and this can stretch into adulthood. An earlier start from age 2 is particularly beneficial for the most disadvantaged children, aiding their verbal development and overall progress in early schooling.[5]

Accessible and affordable childcare can also support parents to work and progress in their careers.[6] However, systems that deliver good outcomes on child development goals do not necessarily have an impact on parental employment and vice versa.[7] For example, the Norwegian system of subsidised ECEC improved children's attainment but had virtually no impact on mothers' working decisions.[8] By contrast, a $7 a day cap on childcare fees in Quebec, Canada helped many mothers to work[9], but had little benefit for children.[10]

There are challenges around the complexity of support and the sufficiency of funding

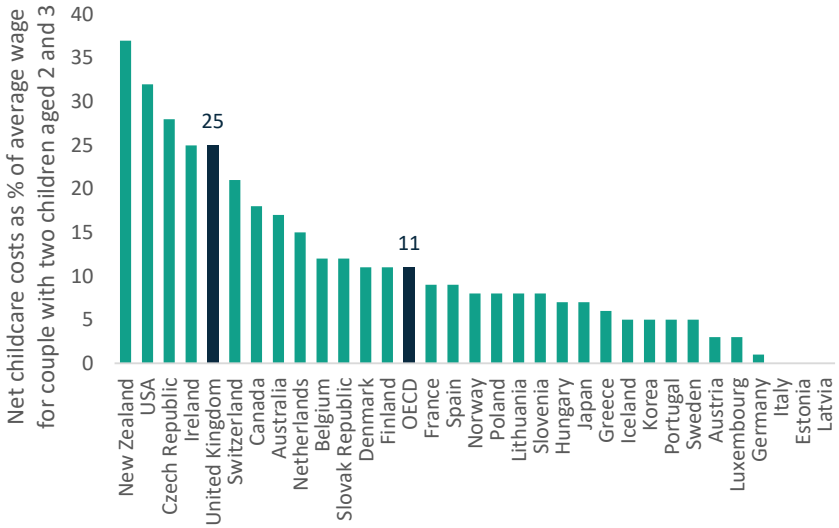
ECEC is administered across three departments: the Department for Education offers free early education for all 3- and 4-year-olds and disadvantaged 2-year-olds; HMRC administers tax-free childcare that offers a 25 per cent subsidy to working families (up to a capped amount); and DWP administers Universal credit where parents can claim back up to 85 per cent of childcare costs.

Complexities can be a barrier to take-up, particularly among lower income families, digitally excluded households, families where English is spoken as an additional language[11] and those living in deprived areas.[12]

The current system offers little support to families with the youngest children. The 2023 Spring Budget announced an extension of 30 hours of free childcare to working parents of children aged 9 months to 2 years, but this will not address the issue of lack of accessibility of ECEC for the poorest children whose parents are not in work and may even reduce accessibility if disadvantaged children are crowded-out or providers are forced out of business.

Childcare can be a significant proportion of family budgets, particularly for those with the youngest children. For a couple with two children aged 2 and 3, net costs represent 25 per cent of their average wage, over double that of the OECD average.[13]

Figure 1: The cost of childcare in the UK is higher than in many other countries



Source: OECD (2023), Net childcare costs (indicator). doi: 10.1787/e328a9ee-en (Accessed on 27 June 2023)

The cost varies widely across children of different ages, with higher costs for younger children, partly because staff-to-child ratios are smaller. But the primary driver is less generous financial support for younger children, despite the higher costs. Difficulty in meeting childcare costs also varies by family income. Among parents who pay for childcare, almost half (45 per cent) of families earning under £10,000 per year finding it 'difficult' or 'very difficult' to meet their childcare

costs, falling to just 13 per cent of families earning £45,000 or more.[14] However, the poorest families are least likely to pay for childcare in the first place – among all families using childcare (regardless of whether they pay for it), reported difficulties are actually slightly higher among better-off families. [15]

These issues pose challenges for retaining parents, particularly mothers, in the workforce.[16] The more time that women spend outside the labour market, the lower their future expected earnings, worsening the UK's gender pay gap.[17]

Funding pressures risk squeezing out children

There has been a sizeable shift in early years spending away from the tax and welfare system towards the free entitlement. This growth in funded hours has been popular with parents but has put pressure on providers. It has disproportionately benefited those higher up the income distribution.[18] Whilst early education has the potential to benefit those from disadvantaged backgrounds the most, existing use is highest amongst better off families.[19]

The current rate at which the government funds the free entitlement hours is less than the cost to provide them.[20] And due to rising costs for providers – particularly the minimum wage – core funding for 3- and 4-year-old places has declined by 14 per cent in real terms since its 2017-18 peak[21]. This can mean some providers cross-subsidise these hours by raising prices for younger children.

Funding pressures on providers have knock-on implications for access, with low-income children and those with additional needs most at risk of being crowded-out. Children with special educational needs and disabilities (SEND) are markedly underserved, with many failing to be provided with a place.[22] Only 18 per cent of local authorities in England have sufficient pre-school provision for disabled children.[23]

ECEC options for families living in disadvantaged areas have disproportionately been limited to 'weak' or expensive private providers, alongside a restricted number of maintained sector nurseries.[24] There are growing indications that children from poorer backgrounds are becoming less likely to attend maintained settings, that have qualified teachers, suggesting limited and decreasing opportunities for access to quality ECEC for children from lower-income families.[25]

Under-funding also has implications for the problem of low pay in the sector and could harm the quality of care on offer. Whilst the hourly funding rate for the free entitlement is set to rise to around £8 per hour for 2-year-olds (from September 2023, a 30 per cent increase from the current national average of £6) and be introduced at around £11 per hour for under 2s, it is not yet clear if these rates will be sufficient. [26]

The early years workforce faces issues with recruitment and retention

The early years workforce comprised around 339,800 paid staff in 2022.[27] Whilst national figures across the whole early years sector are broadly stable, there are major issues in both recruitment and retention. This is a long-standing problem, likely exacerbated by the pandemic and other factors since 2019.[28]

These challenges seem to be more acute in PVI settings than in school-based settings, with reasons for high turnover including low pay, unfavourable working conditions and unrealistic staff expectations of the role.[29] In interviews with childminders – an important part of the workforce whose numbers have almost halved in the last decade – long hours, admin requirements, challenges with EY entitlements and, again, low pay, are cited as some of the challenges.[30] The 2023 Spring Budget recognised the problem of declining childminder numbers, announcing financial incentives aimed at reversing this trend: though the extent to which these incentives are sufficient to improve recruitment to the sector has been questioned, and they do little to address retention.

Alongside pay, the major determinant of staffing costs is staff-to-child ratios. Internationally, England has some of the lowest ratios, especially for under 2s, though other differences in countries' workforces (such as average qualification levels) makes direct comparisons to the English context difficult.

A relaxation of ratios from 1:4 to 1:5 for 2-year-olds in England from September 2023, to align with Scotland and other countries, was announced in the 2023 Spring Budget. Higher ratios pose risks for staff morale and turnover which may indirectly harm children's outcomes.[31] It also risks a two-tier system, with low-income parents having to go to providers with higher ratios.

While higher pay is likely to help improve workforce sustainability, it will not address challenges around continuing professional development and career progression. And despite the vital importance of early educators in mitigating the disadvantage gap that emerges even before children start school, they do not have the same status as other workforces, including teachers.[32]

The benefits of ECEC are not being realised

In England, the 15-hour universal entitlement has led to only small improvements in attainment at age 5, with no apparent benefits by age 11.[33] It has also had a relatively small impact on parents' working decisions, unlike the point at which children start school which does significantly increase labour force participation.[34]

This limited impact on either child development or parental employment might seem disappointing, though it is consistent with a policy that is operating as an income transfer to many parents. At a time when child poverty remains high and families are struggling with the cost of living, this direct support for families may still be a worthwhile policy objective in its own right. However, without a clear strategy for the early years, there is a lack of clarity as to the purpose of early education and care, the relative priorities of different policies stretching across children and parents and any trade-offs between them.

Lessons from Sure Start children's centres – which were a central plank of the early years sector under the Labour government and operated as 'one-stop shops' for families with children under 5 – underline that early years objectives can take years to achieve. IFS analysis finds that greater access to children's centres during the first five years of life significantly reduced the probability of being hospitalised as a teenager – years after children would have stopped attending centres particularly among boys and in more disadvantaged neighbourhoods.[35]

Recommendations

Funding should be simplified so it is easier for parents to navigate and be weighted much more heavily towards children from low-income families and children with SEND: to equalise access to quality early years services, no matter family background or location. Specifically, the early years pupil premium – currently just £342 per year, compared to £1,455 for primary school pupils and £1,035 for secondary school pupils – should be increased so that it is commensurate with the pupil premium in later school years. The Disability Access Fund – currently worth about £800 per year, available only to children in receipt of DLA – should also be increased, alongside broadening the eligibility criteria.

The Family Hub model should continue to be rolled out: ensuring a family-focussed and integrated system of care, education and wider holistic support for young children and their carers. This roll-out should be rigorously evaluated to ensure government continues to learn about what does and does not work.

A new government should publish an early years strategy which should set out plans to: improve accessibility for disadvantaged children in particular; create a sustainable model for providers while also affordable for families; and provide a clear strategy for ensuring a high-quality workforce.

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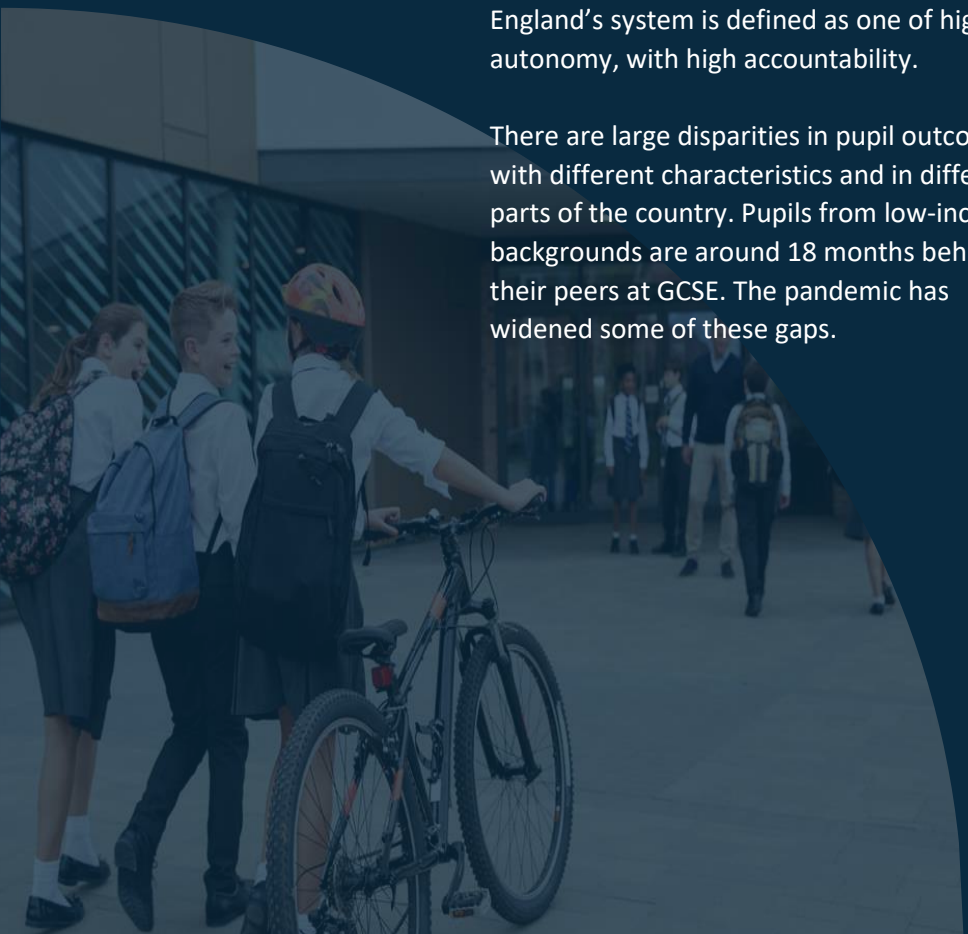
School organisation and outcomes

The school system has undergone significant structural reform since 2010 with over half of all pupils now being educated in academies. The school system is underpinned by a system of accountability in which schools are compared through performance tables and Ofsted inspections. By international standards, England's system is defined as one of high autonomy, with high accountability.

There are large disparities in pupil outcomes with different characteristics and in different parts of the country. Pupils from low-income backgrounds are around 18 months behind their peers at GCSE. The pandemic has widened some of these gaps.



There are wide disparities in pupil outcomes that worsened over the course of the pandemic

Prior to the pandemic, the attainment gap between disadvantaged pupils and their peers had stopped closing for the first time in a decade and was equivalent to around 18 months of learning by the time pupils finished their GCSEs.[36]

Periods of restrictions to in-person learning for the majority of pupils during the pandemic were associated with pupils making less progress in reading and mathematics than previous cohorts, with pupils from low-income backgrounds being particularly affected.[37]

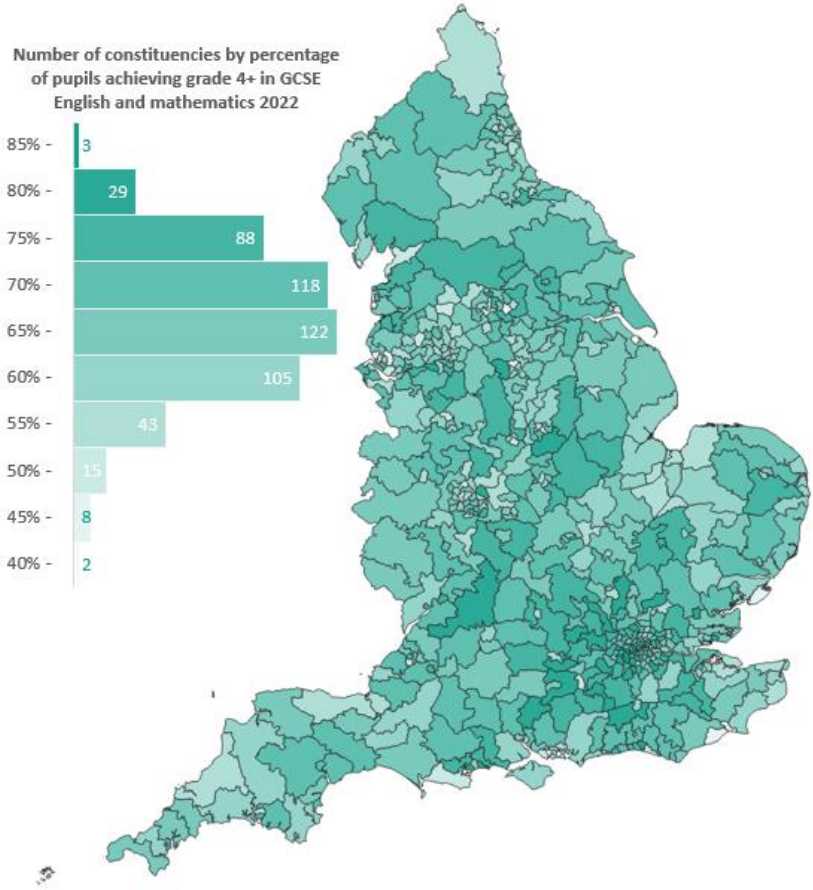
National curriculum assessments in 2022 showed the proportion of pupils achieving the expected standard in reading, writing and mathematics at the end of primary school in 2022 was 59 per cent, down 6 percentage points from the last pre-pandemic assessments in 2019.[38] This fall was driven by lower attainment in both writing and mathematics.

However, those same assessments showed that results in reading had been recovered, and this is supported by assessments carried out during the 2022/23 academic year[39] and in international comparisons where results in England in 2022 were at the same level as they were when last measured in 2016.[40]

Outcomes in primary mathematics have not recovered to pre-pandemic levels and while, on average, outcomes in reading have largely recovered there is still evidence of a wider gap in attainment between schools with high and low levels of disadvantage than was seen before the pandemic.[41] DfE data shows that the gap between disadvantaged pupils and their peers widened over the course of the pandemic such that the disadvantage gap in 2022 was the highest it had been in a decade at both key stage 2 and key stage 4.

Geographic disparities persist at all ages. In summer 2022, around a quarter of students in London completed compulsory schooling having not achieved a grade 4 in English and mathematics. Across the north of England this increased to a third, and in some local authorities as many as a half of students did not achieve this threshold that is critical to many opportunities of further study or employment.[42]

Figure 2: There are wide disparities in outcomes in GCSE outcomes across the country



Sources: Department for Education, 'Key Stage 4 performance: academic year 2021/22', (February 2023) Office for National Statistics licensed under the Open Government Licence v.3.0. Contains OS data © Crown copyright and database right 2023.

The high levels of absence during the peak of the pandemic have risen further and a significant number of children are missing from education altogether

In the autumn term of 2022/23, the overall absence rate was 7.5 per cent, compared with 4.9 per cent in autumn 2019/20 (the last term of data prior to the pandemic). Persistent absence - defined as when a pupil misses at least 10 per cent of possible sessions – has also risen sharply, from 13.1 per cent of all pupils to 24.2 per cent over the same period.[43] Both series are now at their highest levels since they began in 2006/07 and persistent absence is particularly high amongst pupils eligible for free school meals.[44]

Understanding the root causes of absence and the barriers which prevent pupils attending school will be vital to developing an effective strategy to reverse these trends. Any strategy to combat absence needs to reflect its range of causes and address the importance of providing greater support to children with additional needs.

It was estimated that around a quarter of a million children were missing out on formal, full-time education prior to the pandemic.[45] It is thought that many children simply did not return to school after restrictions to in person teaching ended.[46] However, there is no consistent data on children who are home educated and government plans to introduce a statutory register have been postponed.[47]

A focus on structural reform is changing how schools are operating, but no evidence that it raises attainment at a system level

It is 13 years since the start of the rapid expansion of the academies programme. By May 2023, 41 per cent of state-funded primary schools, 81 per cent of state-funded secondary schools, and 45 per cent of state-funded special schools, were academies or free schools.[48] The majority were in multi-academy trusts, but around 16 per cent were in trusts of just one or two schools. In March 2022 the government signalled its intention for all schools to be in “strong” trusts, though an associated target of achieving this by the end of the decade has subsequently been dropped.[49,50]

Multiple studies have found either limited or no effects of academisation on attainment. Amongst secondary academies the early sponsored academies demonstrated improvements equivalent to one grade in each of five GCSE subjects.[51] The impact of later sponsored academies was less conclusive with small improvements quickly tailing off. There were also improvements in previously outstanding converter academies but not for those rated good or below. Analysis of outcomes in primary schools found evidence that there was no effect of attending a primary academy on pupil achievement.[52]

Differences have been identified within the overall group of MATs. One exploration of the performance of MATs found that after controlling for other relevant characteristics, pupils in small and mid-sized MATs tended to perform better than standalone academies or maintained schools, though those in larger MATs tended to perform worse.[53]

Research has also focussed on how academy trusts and similar groups are operating. This has identified significantly higher movement of the teacher workforce within academy trusts than is found than between non-MAT schools over similar geographies.[54] Of note is the propensity of classroom teachers in multi-academy trusts to move into schools with higher levels of disadvantage, which is higher than among maintained schools.

Academisation is also influencing how schools manage their budgets and the extent to which that is delegated to individual academies. Trusts can amalgamate grant funding from all constituent schools to meet the running costs of any of its schools, a process known as 'GAG pooling'. Nearly one quarter of trusts are managing funding in this way.[55]

There can be other impacts on children beyond attainment. For those with more severe needs, those living in areas in England with very few academy schools are ten times more likely to be identified with SEND by their local authority than similar children living in areas that have many academy schools. While this effect is not necessarily causal, these differences were not explained by deprivation levels, ethnic mix, or a range of other factors.[56] Children attending academy schools are also half as likely to be identified as having SEND by their local authority than those attending other schools.

The school system in England is facing a decline in pupil numbers over the next decade

In 2022, the pupil population in state-schools was 7.86 million and the Department for Education estimates that will fall by 944,000 by 2032, returning pupil numbers to a similar level to that seen prior to the post-millennium population bulge.[57] The number of primary aged pupils is already in decline and the number of pupils in secondary and special schools is expected to peak in the middle of this decade.

This change could have several effects. For example, while per pupil funding may be maintained, the overall funding for individual schools may be lower than in previous years. In extreme cases, such as in small primary schools, this may be managed through school closures and mergers. On the other hand, at a system level, a fall in the number of pupils is associated with a reduced demand on the number of teachers.

These population effects are not consistent, with around one sixth of local authorities expecting increases in the primary aged population by 2026/27. Just under one fifth of schools in England are currently operating at or over capacity.[58] Pupil place planning remains the responsibility of local authorities, and managing fluctuations in pupil numbers is made more challenging by the fact that they have no statutory levers to direct academies to adjust admissions numbers.[59]

Children and young people are increasingly facing issues with their mental health

Mental health issues amongst children and young people had been gradually increasing over the two decades leading up to the pandemic.[60] A raft of evidence indicates that this trend has worsened significantly since. In 2017, around 1 in 9 children aged 7-16 had a probable mental health disorder, this increased to 1 in 6 by 2020.[61] Referrals to NHS mental health services for young people increased by 80 per cent through the pandemic.[62] While there are socio-economic and ethnic differences in the prevalence of mental health issues, gender is the key axis of inequality: around a third of females aged 17 to 24 have a probable conditions, compared to a fifth of males.[60]

Mental Health Support Teams (MHSTs) serving groups of schools and colleges are the cornerstone of the current government's response to young people's mental health issues. Despite this investment, need currently far outstrips available support. The MHSTs only serve a minority of schools in the country, and many continue to lack access to mental health professionals including counsellors and educational psychologists. As a universal service, schools are a non-stigmatising environment in which to deliver mental health support. At the same time, there is evidence that school practices are linked to worse mental health in children, particularly those with existing needs, including exclusion, isolation, failure to identify additional needs and long wait times for support to be put in place.[63]

School accountability

The school system in England is underpinned by a system of accountability in Ofsted inspections and the publication of performance data for individual schools. International evidence suggests that school accountability which allows the direct comparison of schools has a positive impact on pupil outcomes, with standardised testing achieving better results than localised or subjective information.[64] While visiting a potential school is the most important source of information, 44 per cent of parents reported using Ofsted reports when choosing a school for their child. However, they are of limited use in determining future academic, behavioural, leadership, and parental satisfaction outcomes.[65]

Schools with more disadvantaged pupils have been less likely to be rated 'outstanding' while schools with low disadvantage and high prior attainment are more likely to receive positive judgements from Ofsted.[66] In response, Ofsted say that while the overall effectiveness ratings of more disadvantaged schools are lower they are more likely to receive a higher rating for leadership and management than their overall rating than other schools are; this is supported by inspection data.[67]

In practice it is the overall grade that carries weight, with the government saying that the single one-word judgements are 'clear and easy to understand.'[68] The reach of Ofsted judgements goes beyond accountability to children and parents. Local authority maintained schools that are rated as inadequate are required by law to become academies and those that are 'coasting' – receiving two consecutive ratings that are less than good – are also eligible for intervention

though will not necessarily face academisation.[69] Schools that receive a series of ratings that are less than good often face more challenging circumstances, higher teacher turnover, and higher levels of disadvantaged pupils and pupils with special educational needs – though poor Ofsted outcomes are only a 'modest' contributory factor to lack of improvement over time and many other schools share these characteristics.[70]

Recommendations

Tackle the widening gap in pupil outcomes, particularly amongst those from vulnerable groups, through a renewed focus on the disadvantage gap; addressing absence in a way that reflects its range of causes, providing greater support to children with additional needs; and reinstating the commitment to a register of home educated pupils.

Clarify the role of local authorities including in pupil place planning, SEND provision, and managed moves, giving them powers where necessary. Recognise that wholesale structural reform is likely to have limited impact on outcomes in and of itself but there is an ongoing need to understand the evidence on what makes an effective school group and how best practice can be spread across the system.

Continue the focus on providing mental health support through schools, including continuing to evaluate the impact of mental health support teams and exploring a consistent approach to measuring wellbeing across schools. This could be used to identify groups of pupils who need additional support and to measure the impact of interventions but should not be part of the school accountability framework.

Reform the current accountability framework including the role of Ofsted and its gradings, to ensure that it is not delivering perverse incentives such as curriculum narrowing or unnecessary workload and operates in a way that supports school improvement and inclusion across all types of school.

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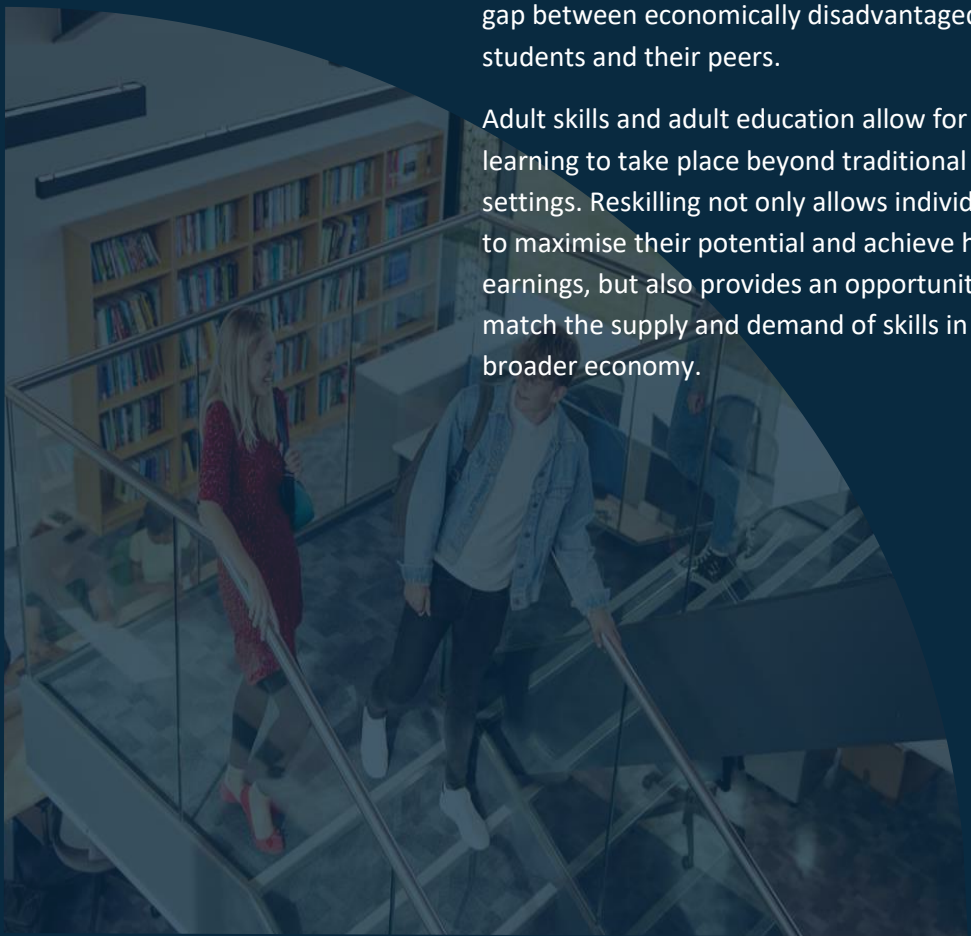
Post-16 and higher education

The post-16 system opens up a variety of routes for young people as they prepare for employment or higher education, and the system must ensure that these routes are accessible to all.

Recent growth in enrolment in higher education has contributed to widening participation, including closing the progression gap between economically disadvantaged students and their peers.

Adult skills and adult education allow for learning to take place beyond traditional settings. Reskilling not only allows individuals to maximise their potential and achieve higher earnings, but also provides an opportunity to match the supply and demand of skills in the broader economy.



Younger apprentices lack incentives

Apprenticeships provide on-the-job training to young people which can lead to stable employment prospects and increased returns.[71] They also provide an opportunity to fill the skills gaps and match students' interests to industry demands. Despite their benefits however, take-up amongst younger people has continued to suffer. In 2022/23, only 28 per cent of starts were by apprentices under the age of 19.[72] Starts for 16- to 18-year-olds have fallen by 42 per cent and take up is particularly low for disadvantaged young people. This is despite clear benefits for young people taking this route. Instead, there is a growing trend of existing employees entering apprenticeships.[73]

T levels risk removing other more suitable qualifications

T levels present an alternative route for students after their GCSEs. They are designed to provide two years of vocational and technical education, are equivalent to three A levels, and incorporate a three-month job placement. While reports have indicated satisfaction with the quality of teaching and appreciation for job placement component of the course, there remain a number of challenges to the roll out and implementation of T levels including securing sufficient job placements and increasing awareness amongst students and higher education institutions.[74]

There has also been a policy choice to defund other, shorter qualifications that are available to students. Removing other options for students poses the risk of leaving students behind who may find the demands of T levels too high, restricting future educational opportunities. A quarter of students in higher education enrol with only BTECs or a mix of BTECs and A level qualifications, this rises to 40 per cent amongst disadvantaged students.[75]

Further, while the cutoff of a standard pass in mathematics and English GCSEs has been removed as an exit requirement, 98 per cent of T level students had achieved this level when enrolling in 2021, with most T level providers setting this threshold as an entry requirement.[76] Meanwhile around a quarter of students taking qualifications due to be defunded did not achieve this threshold, potentially leaving them with no alternative but to take a lower level qualification.

HE finances remain unsustainable

Both the benefits and the costs of higher education are currently shared between individual learners and society, but finding a balance of contributions that is sustainable has been an ongoing challenge for recent governments. The current system (30-year repayment period with a minimum income threshold of £27,295) aims to be progressive, with greater contributions from higher earners. In reality, graduates in the highest decile of lifetime earnings pay 1.4 per cent towards loan repayments compared with 2.9 per cent for graduates in the middle decile.[77] The system is set to become even more regressive from September onwards with the changes to the repayment period and minimum income threshold. In addition, the level of maintenance support has been based on uncorrected forecasts of inflation. Students from the poorest families will be £1,500 per year worse off than if forecasts had been accurate.[78]

More broadly, the impasse on tuition fees has contributed to a freeze in per-student funding, providing a real terms fall in funding for the HE sector. Universities have been relying on uncapped international fees from overseas students to make up for the difference. The dependence on overseas students for fees creates a significant risk for providers, while 32 per cent experienced an in-year deficit in 2019/20.[79]

The government has recently proposed two student-facing policies for ensuring value for money from higher education investment. First, it has floated Student Number Controls (SNCs) to reduce the provision of low-quality courses by restricting enrolment in those courses and discouraging universities from charging maximum fees for courses with low delivery costs. Though a valid aim, the quality regulation already occurs through the Office for Students (OfS), and introducing number caps risks harming disadvantaged students disproportionately.[80] The government has also proposed introducing Minimum Entry Requirements (MERs) which would require grade 4 or above in English and mathematics at GCSE or grade E in two A levels in order to access student loans for undergraduate degrees (level 4 and 5 qualifications would remain available).

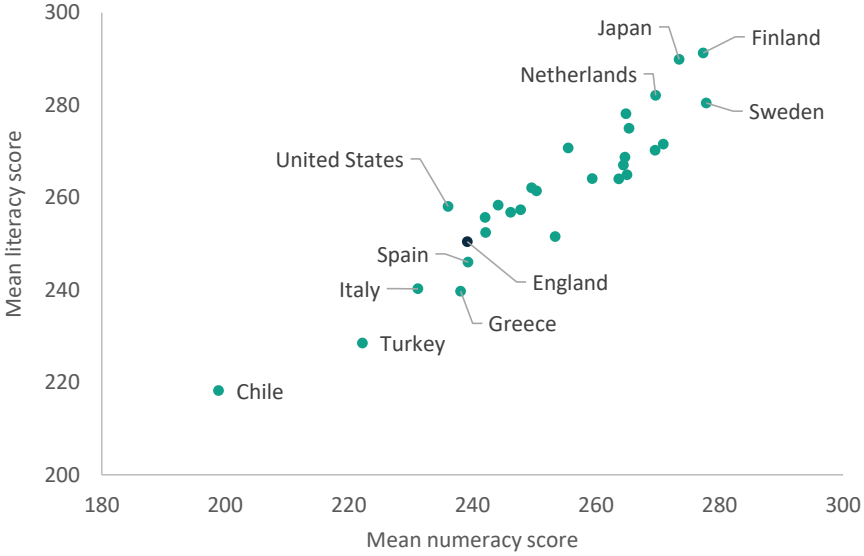
MERs are designed to ensure investments in higher education yields the greatest individual and societal returns, by only allowing access for those that are well-equipped to navigate the rigours of higher education. Currently, one in ten

entrants to higher education did not reach the GCSE threshold, yet the majority appear to achieve good degree outcomes. A significant portion of these students belong to underrepresented groups. Critically, there is a lack of evidence that entering such students on to alternative study at lower levels would be more beneficial for them.

Adult skills

Closing the gap between skill supply and employer demand is estimated to increase national productivity by 5 per cent and wages by 12 per cent.[81] More than half of adults who do not currently hold any qualifications are economically inactive compared to 11 per cent of those with a level 4 qualification or above.[82] Similarly, figure 3 shows the relatively low literacy and numeracy scores of non-tertiary education adults in England compared to other OECD countries. As technical and digital skills are anticipated to be in demand over the next five to ten years, investment in adult education remains critical such that those with lower literacy and numeracy proficiency do not lag behind.[83]

Figure 3: Mean literacy and numeracy proficiency among non-tertiary educated 20-24-year-olds in the OECD



Source: OECD, 'Survey of adult skills, Programme for the International Assessment of Adult Competencies' 2012 & 2015.

Despite its importance to the wider economy, the budget for adult education has continuously fallen over the last decade including a 38 per cent reduction in expenditure on adult education and apprenticeships between 2010-11 and 2020-21 and a 50 per cent cut in classroom-based education.[84]

There is also a well-documented employer underinvestment in employee training. Findings from Employer Skills Survey (ESS) in 2017 indicate that the average number of training days per trainee fell from 7.8 in 2011 to 6.4 in 2017, and from 4.2 to 2.0 per employee.[85] There is a shortage of incentives for employers to invest in employee development when set against other priorities for the reinvestment of profits.[86]

The government has introduced two recent policies that aim to provide support for retraining. First, the Lifetime Skills Guarantee allows adult learners to undertake a level three qualification for those who have not previously completed one. Second, the Lifelong Loan Entitlement provides adults with loan entitlement

to undertake post-18 education (levels 4-6) throughout their lifetime from 2025. Universal credit, under this scheme, is available to unemployed learners. However, whilst maintenance support is available for those studying at higher levels, there is no comparable offer for those studying at level 3, or below.

Recommendations

Create incentives for young apprentices to increase take up and provide a robust vocational route for young people.

Ensure that the expansion of T levels does not squeeze out other appropriate routes so that vocational and technical qualifications aren't too narrow. Carry out a broader review of post 16 curriculum including consideration of maths to 18.

Ensure the higher education funding model supports high quality and sustainable provision now that the UK is set on a 50 per cent plus participation system and with limited political appetite for further fee rises. The funding model should ensure that universities' finances are sustainable, such that there are adequate resources for high levels of participation.

Create a progressive student financing model that ensures disadvantaged students are sufficiently supported to reap the benefits of higher education. Overall maintenance support should be increased to reflect recent increases in inflation and should then be maintained in real terms. Additionally, the loan repayment terms should ensure that both low and medium earning graduates repay less than the highest earners.

Provide maintenance support for adults who are learning at intermediate levels to allow more people to reskill.

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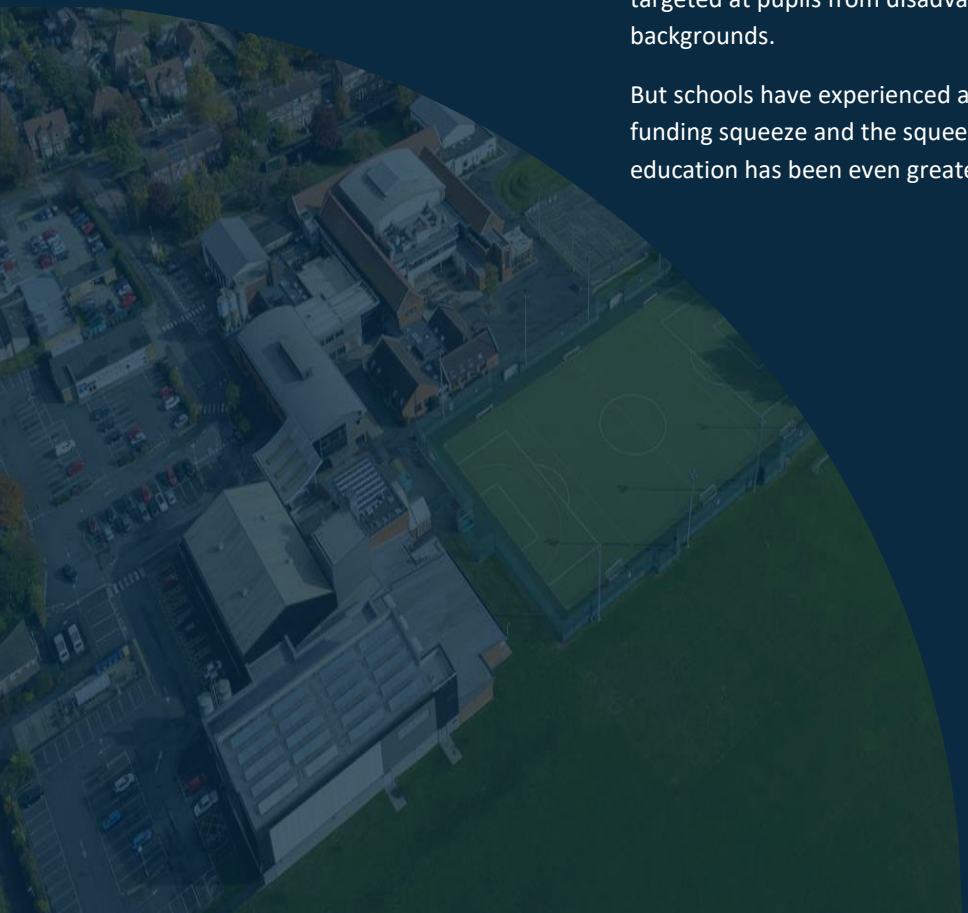
School and college funding

Increases in school funding have a positive effect on pupil attainment. The effects of increased funding are felt more strongly in schools serving disadvantaged communities and those with low prior attainment.

In 2023-24, total funding for schools and high needs is £57.3bn, of which £2.9bn is delivered via the Pupil Premium, primarily targeted at pupils from disadvantaged backgrounds.

But schools have experienced a long-term funding squeeze and the squeeze in 16-19 education has been even greater.



Schools have experienced a long-term funding squeeze meaning we are not yet back to 2010 levels of funding

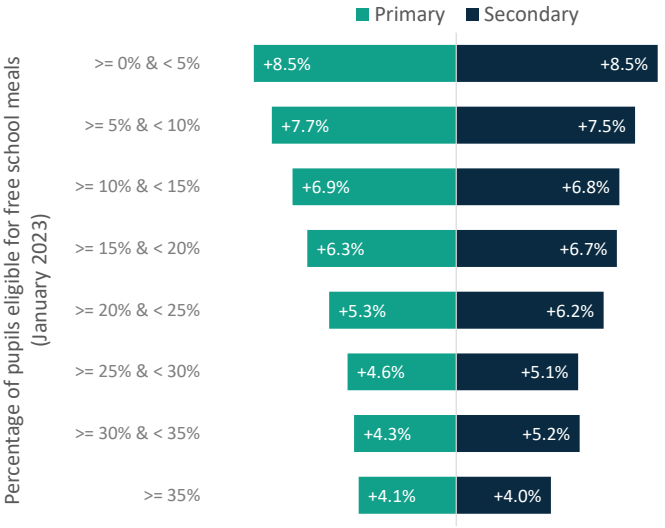
Analysis by the IFS shows that school spending per pupil fell by 9 per cent in real terms in the decade to 2020.[87] Recent increases in school funding will mean that per pupil funding will return to 2009-10 levels in 2024-25, after accounting for school-specific rates of inflation such as increases in teacher pay.

In April 2018, the Department for Education introduced the national funding formula (NFF) for schools to address some of the inequalities in school funding. However, there are no detailed and robust estimates of the cost of running a school. As such the NFF is designed to distribute the total pot of money fairly, based on a set of school and pupil characteristics, but is not necessarily consistent with a school being funded 'correctly'.

The effects of the NFF, and the subsequent policy of 'levelling-up' funding for schools[88], have not been felt equally across schools. The design of the NFF has meant that, since 2018, additional funding has been disproportionately targeted towards schools that had historically lower levels of funding and these schools have tended to have less-disadvantaged intakes.

Figure 4 shows how per pupil funding has changed in primary and secondary schools between 2017-18 (the final year before the introduction of the NFF) and 2023-24, by the proportion of pupils in the school who are eligible for free school meals. Schools with high levels of FSM eligibility have typically seen funding via the 'schools block' increase by around 4 per cent in real terms. Schools with the very lowest levels of FSM eligibility have seen such funding increase by 8.5 per cent – though these schools still receive lower per pupil funding overall.

Figure 4: Schools serving the most disadvantaged communities saw the smallest increases in schools block funding between 2017-18 to 2023-24



Source: Analysis of Department for Education, 'National funding formula tables for schools and high needs'

Additional funding to support pupils from disadvantaged backgrounds has not kept pace with inflation

The effects of increased funding are more pronounced in schools serving disadvantaged communities. One study of outcomes at the end of Key Stage 2 estimated that the attainment effects of funding for pupils eligible for free school meals were about a third higher than other pupils.[89]

Additional funding for pupils from low-income backgrounds is provided via both the NFF and the pupil premium.[3] In 2023-24, the value of the pupil premium for pupils from low-income backgrounds is £1,455 for primary-aged pupils and £1,035 for secondary-aged pupils. While the value of the pupil premium increased rapidly in the years immediately after its introduction, what followed was a period in which per pupil allocations were maintained at the same level or increased largely

[3] Eligible pupils are those who have been eligible for free school meals at any point in the previous 6 years; those with no recourse to public funds; and children who are, who were previously looked after.

in line with inflation. As such the value of the pupil premium in 2023-24 is over 11 per cent lower in real terms than it was in 2014-15.

There are big differences in how different schools and trusts spend their funding

Type of expenditure is important for pupil outcomes and schools can draw on evidence to inform resource allocation and improve efficiency. Around half of all school revenue expenditure is on teachers with a further fifth on other staffing costs.[90] Additional expenditure on teachers and reducing pupil/teacher ratios is positively associated with GCSE outcomes and expenditure on support staff can have disproportionate benefits for some groups.[91]

As part of a 2016 study by the National Audit Office (NAO), DfE estimated that a total of £3.0bn of efficiencies could be made, comprising £1.3bn through improved procurement and £1.7bn through changes to staff deployment.[92] The Department for Education's Schools Financial Benchmarking service allows schools and academy trusts to compare their expenditure with schools and trusts operating in similar circumstances with the aim of improving resource management.[93]

In an exploratory analysis of school and trust financial efficiency the most significant differences between more and less efficient schools and trusts related to the size of leadership team relative to pupil numbers and lower spends on 'back office' functions as a proportion of total expenditure.[94]

Funding for pupils with SEND has struggled to meet needs

There is an ongoing rise in children and young people with SEND and Education, Health and Care Plans (EHCPs). EHC plans identify educational, health and social needs and set out the additional support required to meet those needs.

A combination of factors is contributing to these rising numbers. These include population growth, advances in medicine which mean that children born prematurely or with disabilities survive and live longer than before (this also means that additional needs are more complex than ever before), increased diagnosis of some conditions (e.g. autism), increased parental expectations about the support their child should receive, high levels of poverty and the extension of services for children and young people with SEND up until the age of 25.

In 2023-24, funding for high needs totalled in £10.1 billion. It is largely allocated through the high needs national funding formula using twelve factors comprising: a basic entitlement, historic spending, six 'proxy' factors describing the local pupil population, the funding floor, funding for alternative provision, and a factor to account for cross-local authority movement.

Almost 30 per cent of funding is allocated via the historic spending factor – set at 50 per cent of a local authority's actual spend in 2017-18.[95] In other words around a third of high needs expenditure reflects historic spending not current need.

High needs funding and its distribution has struggled to cope with rising demand. In January 2022 there were just over 355,000 pupils with an EHCP (or statement of special educational needs) in schools in England, an increase of nearly half in the preceding five years. These numbers do not account for the number of pupils who are home educated because of a lack of suitable provision, nor, as concluded by the Education Select Committee, that special provision faces "practices of rationing, gatekeeping and, fundamentally, children and young people's needs being unidentified and unmet."[96]

The funding squeeze in 16-19 education is bigger than that experienced by schools

Over the last decade, 16-19 funding has fallen in real terms while participation in full-time education has been on the rise. Cuts in 16-19 education have been at twice the rate of those in other school phases.[97] The national base rate was frozen at £4,000 from 2013 until 2020, leading to a 9 per cent cut in real terms spending.[98] Additionally, while the funding formula considers the area-based index of multiple deprivation (IMD), it does not consider individual student-level disadvantage, thereby excluding potential marginal increases from including both measures.[99]

Funding has been funneled back into the system through T levels, and the funding formula in use today puts a greater emphasis on disadvantaged students than previously. T levels nonetheless continue to experience similar problems caused by funding shortfalls as in other parts of the 16-19 system, including poor pay and high staff turnover.

There has been under-investment in the school and college estate

Between 2016-17 and 2022-23 the Department for Education distributed an average of £2.3bn a year in capital funding for school rebuilding, maintenance and repair. HM Treasury has allocated capital funding for 2021-25 amounting to £3.1bn a year, well below the amount that DfE proposed was needed to maintain schools and mitigate the most serious risks of building failure. The National Audit Office estimated that some 700,000 pupils are now learning in a school that requires major rebuilding or refurbishment.[100]

The Autumn Budget and Spending Review 2021 also provided capital investment across the FE sector of £2.8 billion between 2022-23 and 2024-25.[101]

Funding for tuition and extending the school day

One-to-one and small group tuition can be highly effective in supporting learning. The Education Endowment Foundation's Learning and Teaching Toolkit summarises the evidence base for both approaches and shows that one-to-one tuition has a more extensive and consistent evidence base compared to small group tuition.[102]

The effects of extending the school day depend on how the time is used. It is most effective when it draws on existing and well-trained staff, integrated to existing classes and activities.[103] Providing this approach is followed, extra funding to enable extended school time is likely to yield consistent and strong returns.

Recommendations

Increase per pupil revenue funding, funded, in part, by the expected fall in pupil numbers, and increase capital expenditure. In particular, address the fact that the most disadvantaged schools have seen the smallest increases in recent years and that the capital funding budget allocated to the Department for Education is below that required to maintain the school estate.

Ensure funding is targeted to help close the disadvantage gap and extend the reach of funding to particularly vulnerable groups. Raise the rate of the pupil premium to at least its previous level in real terms and consider additional funding targeted at persistently disadvantaged pupils where the gap is the largest. Extend the pupil premium to support pupils with child protection plans and students in post-16 education and fund post-16 alternative provision.

Deliver consistent and sustained funding from secondary education onwards, that is coherent across post-16 phases and education levels including adult skills so that all pathways can be of high and equal quality and students are able to transition between pathways. Address the particularly low funding of 16-19 education which is significantly below funding in other phases and low against international comparators.

Reform allocation of the high needs block of school funding both increasing the overall level of funding to provide for increased prevalence of SEND and changing the funding formula to better reflect current need.

Support schools to deliver their wider role including reviewing and extending funding for an extended school day, particularly in disadvantaged schools, funding for mental health support in schools, and continuing to fund tuition.

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The education workforce

Teacher quality is widely accepted to be one of the most important factors in determining pupil attainment, particularly for disadvantaged pupils.

An adequate supply of effective teachers is central to high educational standards but the quality and stability of the workforce, particularly in disadvantaged schools, has been a long-running issue. The school system is facing ongoing challenges relating to pay, recruitment, and retention and these are being felt even more acutely in further education colleges.

Teacher pay has fallen in real terms over the past decade

There have been real-terms reductions in teacher salaries since 2010. Salaries for more experienced and senior teachers have fallen by 13 per cent in real-terms since 2010 and starting salaries have fallen by 5 per cent in real-terms.[104] The relative protection for starting salaries in schools reflects government policy to increase starting salaries to £30,000.[105]

The situation is even worse in FE colleges where pay has declined by 18 per cent in real terms since 2010.[106] There is a widening gap between teacher pay in schools and in colleges which can exacerbate recruitment and retention issues in the FE sector. Median pay of a school teacher is now around £41,500 compared with £34,500 for a college teacher.

In comparison to other OECD nations, England was near the bottom of the table for pay growth over the decade from 2010. In some countries, teacher's real pay rose by over 30 per cent during that decade but, in England, it fell.[107]

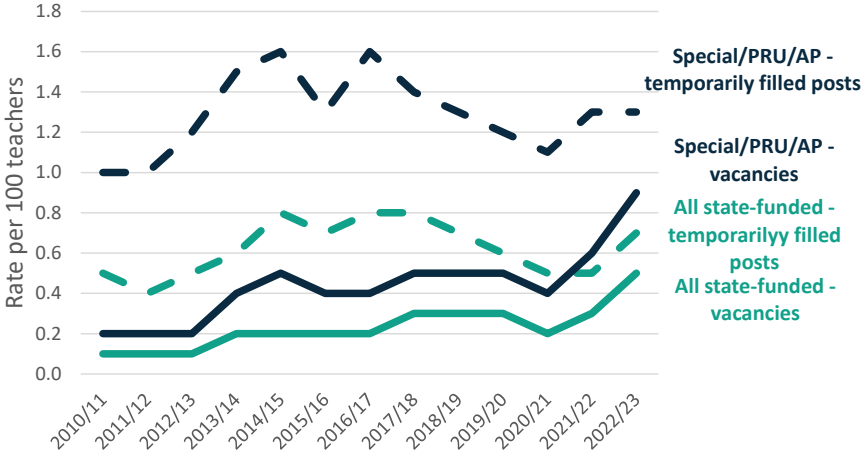
Teacher pay has become less competitive, and particularly so in shortage subjects

Certain subjects, like STEM, face more significant recruitment and retention challenges, often as result of pay in competitor occupations being higher than that of teachers' pay. This pay disincentive impacts younger teachers to a greater extent, with our research revealing that teachers outside of London and under the age of 30 earn 10 per cent less than other professionals their age. Those in their 50s earn only 3.5 per cent less.[108] Targeted pay supplements in shortage subjects can be an effective way to improve retention.[109]

Teacher training targets are not being met and there are issues around retention

Prior to the pandemic, teacher numbers in both primary and secondary schools failed to rise in line with increasing pupil numbers. [110] The situation has worsened since then with recruitment into initial teacher training substantially below targets set by the Department for Education. In 2022/23 the percentage of the Postgraduate Initial Teacher Training (PGITT) target achieved across primary and secondary schools was 71 per cent, with the problem particularly acute in secondary schools (59 per cent).[111]

Figure 5: Vacancies in special schools and alternative provision are almost twice the rate of other state-funded schools and the number of temporarily-filled posts is also higher in these schools



Source: Department for Education, 'School workforce in England: reporting year 2022', (June 2023)

There are particular recruitment challenges in specific subjects and in more disadvantaged schools. Under-recruitment is greatest in computing, design and technology and physics. In physics, less than a fifth of the required trainees were recruited, in part reflecting an increased target because of substantial shortfalls in previous years.[112] Teacher vacancies are highest in special schools and alternative provision at 0.9 vacancies per 100 teachers (almost double the rate across all state-funded schools).[113] These schools also have a higher rate of posts being filled on a temporary basis though this is below the recent peak in 2016/17.

Following the Government's market review of initial teacher training there could be up to 68 fewer providers in 2024 than is currently the case. While this shortfall is likely to hinder recruitment efforts more generally, regions that have lost a greater proportion of their providers, such as the North East, are likely to suffer the most.[114]

Teacher retention is also a challenge that is, again, felt even more acutely in further education colleges. In 2019 (the latest point at which there is comparable data) around 25 per cent of college teachers left the profession after one year compared with 15 per cent of teachers in schools. Almost half of college teachers

had left the profession after three years (compared with just over a quarter of teachers in schools).[106]

Teacher workload and working conditions

Workload is often cited by teachers as a serious concern in surveys and teachers in England work longer hours compared to other high-performing OECD countries, though this is not new.[115] Working hours for full-time teachers remain higher than for similar graduates by around 4.5 hours but are lower than before the pandemic.[116]

Nevertheless, more detailed analysis tells us that the issue is not as straightforward as the total number of hours worked. Primary teachers work more hours than secondary teachers yet retention rates for primary teachers are better than they are for secondary teachers.[117] Analysis of international data collected through the 2013 Teaching and Learning International Survey (TALIS) suggested that other important factors are how supported teachers feel and their overall job satisfaction.[118] Reducing hours worked may only be part of the solution, alongside improving school leadership, working conditions and training opportunities. In addition, higher flexibility over working arrangements in other occupations since the pandemic (such as home working) may also make teaching a less attractive option.[119]

The early career framework and national professional qualification are a step towards a more professionalised, evidence-informed workforce

High-quality CPD for teachers has a significant effect on pupils' learning outcomes. CPD programmes have the potential to close the gap between beginner and more experienced teachers: the impact of CPD on pupil outcomes is of a similar magnitude to having a teacher with ten years' experience rather than a new graduate.[120]

Evidence suggests that quality CPD has a greater effect on pupil attainment than other interventions schools may consider, such as implementing performance-related pay for teachers or lengthening the school day.[121]

However, a large number of CPD programmes fail to produce meaningful improvements in teaching and it can be difficult for schools to know which programmes will benefit them. The Education Endowment foundation provides resources to support schools in accessing and successfully implementing well designed professional development.[122]

Recommendations

Ensure teaching is a competitive career in both schools and colleges and particularly in shortage subjects by extending the levelling up premium to all existing teachers, not only early-career teachers; reinstating early career payments to retain new teachers in shortage subjects; returning teachers' pay to parity with comparable professions and ensuring schools and colleges are funded to deliver that pay rise; and reviewing the pay regions and regional funding to ensure teachers' salaries are competitive with local pay.

Support improved retention with a focus on teacher wellbeing including considering the role of the school accountability framework, teacher workload, and flexible working arrangements.

Recognise the benefits of high-quality CPD with a continued focus on improving the standard of teachers' professional development through evidence-backed programmes.

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Economic challenges, including energy prices and the cost of living, mean that there is a risk education will not be a key priority in party manifestos and public discourse ahead of the next general election. However, the education system in England is faced with multiple challenges.

This report provides evidence for policymakers on the key education priorities, and the evidence behind effective interventions.

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