

2011/26

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Policy Watch – The Chancellor’s Autumn Financial Statement. What did it mean for education and training?

Introduction

Some 20 different education and training measures were announced as part of the Chancellor’s [Autumn Financial Statement](#) this week. Not all were new. Many, such as the Youth Contract and employer ownership of some skills funding had been announced as part of the build up to the Statement, together they underlined the importance being attached to raising education and skill levels, a key feature of the Chancellor’s plans to build a stronger economy for the future.

The background to the Statement

The Chancellor had originally intended that this Autumn Statement would be a fairly low-key affair. Having laid out the overall direction of travel in last year’s Emergency Budget and Comprehensive Spending Review, he was anxious to stick with Plan A and keep adjustments to a minimum. Growing market turbulence over the summer and a string of gloomy economic statistics and forecasts, most recently from the OECD on the eve of the Statement, made this impossible. The OECD, for instance, argued that growth had stalled across the 30+ OECD countries, that the eurozone was “*in a mild recession*” and that the UK was likely to see growth stuck, unemployment up and prospects flat albeit with inflation now “*peaking*.”

It left the Chancellor with limited room for manoeuvre and pointing to a series of accompanying Reports, including the Office for Budget Responsibility’s ‘[Economic and Fiscal Outlook](#),’ the Treasury’s ‘[National Infrastructure Plan 2011](#)’ and the Cabinet Office’s ‘[Open Data Measures](#)’ for both crumbs of comfort and justification.

The format of the Statement

Overall the Statement was in three parts.

Part **one** dealt with measures to protect the economy, providing a shelter from the debt storm, ‘*external inflation shock*’ and the other forms of turbulence that the Chancellor outlined. ‘Protective’ measures to be taken here included gritting our teeth for a further few years with spending reductions continuing on into 2015/16 and 2016/17, a low (average 1%) rate of public sector pay awards from 2012 for at least the next two years and a bringing forward of the increase in the pensionable age from 66 to 67 to 2026. There were some straws, a stronger credit rating and some investment, £30bn in all, into infrastructure projects to name two.

Part **two** was where the growth measures came in as part of the rebuilding of a stronger economy. The initial [Plan for Growth](#) was launched alongside this year’s Budget in March and contained a lot of measures intended to stimulate growth, remove barriers and develop the workforce. The Statement claims that “*work has started on all 153 commitments and substantial progress has been made*.” For the world of education and skills this can be seen in areas such as the big push on apprenticeships, the reform of the vocational qualification system for young people and the emergence of enterprise partnerships and activity. Measures outlined here included some additional money to support the school system, confirmation of the Youth Contract and support for regional growth and business development along with changes to employment, housing and planning.

Part **three** covered the theme of fairness and was where issues like re-balancing the economy, protecting ‘hard working’ families and limiting cost increases came in. Measures announced here included deferring and limiting the increase in fuel duty, adding a bit more on to the levy on banks and putting more money into the provision of free education and care for two year olds.

A list of the main education and training measures announced

- **Free Schools.** A promised £600m to fund an extra 100 Free Schools, including new specialist Maths Free Schools for 16-18 year olds, *"supported by strong university maths depts and academics,"* by the end of this Parliament
- **School places.** An extra £600m from 2012/13 to help fund an extra 40,000 places as councils struggle to cope with extra demand
- **Apprenticeships.** As already announced, a requirement on providers to support GCSE English and maths, a further round of bidding in 2012 for Higher Apprenticeship places and an employer-led review into quality and standards in spring 2012
- **Science teaching.** £10m over 5 years from 2013/14 to improve the quality of science teaching in schools
- **Ofqual.** Support for a proposal from Ofqual to work with the OFT and others on how well the qualification market is working
- **Youth Contract.** As already announced, a £940m scheme over the Spending Review period, to provide work placements, apprenticeships and advice and guidance for 18-24 yr olds with particular support for 16-17 yr old NEETs
- **Work experience.** £4.5m over the next two years to support post-16 work experience with particular emphasis on making it easier for small businesses to take on recruits
- **Careers.** £4.2m over 3 years (from out of the Youth Contract) to provide careers interviews for 18-24 yr olds who have been on JSA for 3 months or more
- **Destination Data.** Destination data on 16 and 18 yr olds to be published by Government from spring 2013
- **Job seekers.** Confirmation that longer-term claimants, those over 6 months, will be referred to full-time training for up to 8 weeks while remaining on JSA
- **HE Global.** The launch of a new online portal to work with HEIs looking to expand abroad
- **Undergraduate mentoring.** Extension of the existing network of STEM Ambassadors to help raise the profile of the STEM sector
- **Employer ownership.** As already announced, employers to be able to bid into a new £250m fund from early 2012 to help develop and 'buy' the voc training they want
- **Kite-marking.** Employer kitemarking of some key sector courses notably in STEM areas to help learners understand the courses that are most valued by the labour market
- **Regional Growth Fund.** A further £1bn added and the Fund extended to 2014/15
- **Enterprise Zones.** Support for the development of further Zones with enhanced allowances and flexibilities for Zones in the most 'depressed' areas
- **Adult literacy and numeracy.** Piloting of an incentive based funding model
- **Innovation and Research.** Publication of a new Strategy with an extra £200m put into science R/D and an extra £75m into SMT technology-based developments

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