

Autumn Statement 2023

NFER representation

1 Introduction

Ahead of the Autumn Statement 2023, NFER submitted a representation to HM Treasury to comment on existing policy and suggest policy recommendations, drawing upon our key areas of knowledge, research and evidence.

Our representation has been divided into four sections: disadvantage, further education (FE), school funding, and teacher workforce, and we have focussed our representation on likely effectiveness and value for money for the Exchequer, supporting growth, and education sector impacts.

2 Disadvantage

2.1 Funding for disadvantaged pupils and their families

The Education Act 1996 requires schools to provide free school meals to pupils from low-income households who meet the criteria. A key criterion is the household being in receipt of Universal Credit, provided their household income is no more than £7,400 a year. This threshold of eligibility has been in place since 2018. In addition, the pupil premium grant was introduced by the coalition Government in 2011 to raise the attainment of disadvantaged pupils. Currently, schools get £1,455 for every primary age pupil and £1,035 for every secondary age pupil who has been eligible for free school meals in the last 6 years¹.

As the funding mechanisms to support disadvantaged pupils are not linked to inflation, the value of these funding mechanisms has been eroded over time and have not been successful at protecting funding for disadvantaged pupils over time². This is at a time when the disadvantage gap remains wider than before the Covid-19 pandemic³ as disadvantaged pupils have been worse affected by the disruption caused by the pandemic.

We recommend that the Government commit to funding an annual increase in the pupil premium grant and extending the income threshold of eligibility for free school meals to reflect inflationary pressures since 2018/19. There is a strong case for also extending pupil premium eligibility to all pupils who have been eligible for free school meals at any point in the past⁴. This would help ensure that pupil premium support is being targeted towards all the pupils who are likely to benefit most.

1 [SN06700.pdf \(parliament.uk\)](#)

2 [Investigating the changing landscape of pupil disadvantage - NFER](#)

3 [Impact of Key Stage 1 school closures on later attainment and... | EEF \(educationendowmentfoundation.org.uk\)](#)

4 [Investigating the changing landscape of pupil disadvantage - NFER](#)

2.2 Disadvantage measures

We encourage the Government to explore the feasibility of adopting a measure of economic disadvantage based on household income in place of the current measure based on eligibility for free school meals (FSM). While this will incur some administrative costs for the Government, we believe these will be outweighed by the benefits.

A new measure is needed because the current measure is no longer fit for purpose⁵. Due to the Universal Credit transitional arrangements (2019–2025), pupils who would ordinarily no longer be entitled to FSM will continue to be so. The implications of this are that between 2024 and 2036, the definition of disadvantage will effectively change each year, making it impossible to assess progress in reducing the disadvantaged pupils' attainment gap because it will no longer be comparing like with like from one year to the next.

Exploring the potential of a new measure based on household income also affords the possibility to provide the basis to achieve a greater understanding of the relationship between the extent of economic disadvantage and pupil outcomes, which is not possible using the existing binary FSM eligibility measure. This could enable the Government to more effectively target greater support on pupils whose attainment is most profoundly affected by economic disadvantage.

Through further data linkage, the construction of a household-level dataset would also provide an opportunity to generate insights into the impact of other household factors (such as access to health services) on the relationship between family income and education outcomes. Such insights would help the Government to target services and provide support more effectively in future.

3 Further education

3.1 Apprenticeships

Evidence suggests that for young people, especially the lower attaining and disadvantaged, apprenticeships have the potential to be a vehicle for social mobility, as well as supporting economic activity and growth in productivity. However, evidence⁶ also suggests that for 16–19-year-olds in particular there are considerable barriers to starting an apprenticeship. Since 2015, the number of starts for this age group has declined by half⁷.

One of the key barriers is affordability for the learner, with the low minimum apprenticeship wage⁸ being a key concern. Although it has increased to £5.28 from April 2023, the minimum wage is still low, particularly when set in the context of the current cost-of-living crisis. Findings from our research⁹ both with SMEs and providers indicate that the low wage can be off-putting for young people and lead to them choosing higher paid low-skilled jobs with limited opportunities for career progression or taking on second jobs which can

5 <https://www.nfer.ac.uk/publications/measuring-pupil-disadvantage-the-case-for-change/>

6 <https://www.nfer.ac.uk/key-topics-expertise/education-to-employment/nfer-apprenticeship-research/>

7 <https://www.gov.uk/government/statistics/apprenticeships-and-traineeships-october-2023>

8 The minimum apprenticeship rate is the same as the national minimum wage for those under 18

9 <https://www.nfer.ac.uk/publications/barriers-to-young-people-accessing-intermediate-and-advanced-apprenticeships-perspectives-from-apprenticeship-providers/>

jeopardise the completion of the apprenticeship. The minimum apprenticeship rate for under 18s should be brought in line with the 18–20-year-old rate.

Another affordability concern is the cost of travel for young apprentices, especially in rural areas where being able to travel is essential. Public transport or running a car may simply not be feasible on the apprenticeship wage¹⁰. The Government should incentivise local and combined authorities to offer discounted travel passes for young apprentices in line with the good practice of Transport for London and the Greater Manchester Combined Authority.

Another barrier is the way apprenticeships are classified for benefit purposes. Despite education being compulsory to 18, apprenticeships are not included as “education and training” but as work. This means that their households become ineligible for child benefit. This is a significant barrier to apprenticeships for young people from lower income households where child benefit is an essential component of their income¹¹. The regulations should be reviewed to consider the inclusion of apprenticeships in child benefit eligibility in line with T Levels and other post-16 technical and vocational training options.

3.2 Level 3 Reform

T Levels, the ‘new gold standard in technical education’ are a rigorous technical alternative to A Levels, with a significant industry placement which sets them apart from other technical/vocational provision. Due to the level of the programme, the vast majority of T Level students in the first two cohorts started their programmes already having achieved English and maths at grade 4 or above¹². However, they will not be an appealing or realistic choice for many young people due to their academic nature, large size (which can impact on part-time work and caring responsibilities), and level of specialism.

In 2022-23 there were 281,260 students studying at least one level 3 Applied General Qualifications (AGQ), and 15,410 were studying a T-level. 191,257 students are studying qualifications that the government has already deemed to be ineligible for reapproval and will scrap by 2026. The remaining 90,003 are studying qualifications that the government will consider reapproving.

There are considerable challenges in the level of growth needed in T levels to ensure opportunities for those that may have previously pursued an AGQ. Not least, ensuring a sufficient number of placements and the amount of supervision needed for those placements^{13,14}.

The defunding will potentially leave many disadvantaged young people without a suitable post-16 option, especially given the declining number of intermediate and advanced apprenticeships, set against the ‘upmarket’ trend in apprenticeships with employers increasingly using their levy funds to put employees through higher level technical

10 <https://www.nfer.ac.uk/publications/equalising-access-to-apprenticeships/>

11 £1133 per year for the first child and £751 for subsequent children

12 https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/114_1405/T_Level_Action_Plan_2022-2023.pdf

13 [Employer pulse survey 2021 - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/114_1405/Employer_pulse_survey_2021.pdf)

14 [Research into T Levels and industry placements in councils in England | Local Government Association](https://www.local.gov.uk/research-into-t-levels-and-industry-placements-in-councils-in-england)

qualifications (such as degree apprenticeships)¹⁵. There will not be parity of opportunity of the different pathways across England. The DfE's own equalities impact assessment concluded that disadvantaged young people are amongst those with the most to lose from the government's plan: "those from SEND backgrounds, Asian ethnic groups, disadvantaged backgrounds, and males [are] disproportionately likely to be affected."¹⁶

Moreover, the T Level Transition Programme has not to date served as an effective stepping-stone to T Levels, with only 14% of the first cohort progressing onto a T Level¹⁷. However, it has attracted good proportions of young people with special educational needs and disabilities and supported progression to other Level 3 routes¹⁸. The recent rebranding as the T Level Foundation programme and tightening of the recruitment criteria may not be sufficient to ensure greater T Level uptakes. In addition, raising the level to support progression to T Levels whilst maintaining access to a wide range of groups will be a difficult balance to achieve.

Before the reforms are further progressed and the 2024 defunding occurs, it is essential to better understand the scale of these risks and how likely it is that reforms to post-16 technical and vocational qualifications will narrow the progression of disadvantaged young people¹⁹. The government should pause the intended timetable for the defunding of BTECs and other Applied General Qualifications to allow some taking stock of implications, together with the Advanced British Standard consultation, and allow the post-16 education and training system, its learners and providers, to have a period of much needed stability.

4 School funding

The decline in school funding in England over the last decade has been well documented, with spending per pupil in England falling by nine per cent in real terms between 2009/10 and 2019/20²⁰. This has been recognised by the Government through uplifts in school budgets since 2019. However, whilst the schools budget is set to increase by £3.5 billion for 2023/24 and £1.5 billion in 2024/25 (alongside funding to cover three percent of teacher salary increases), these increases are only intended to return schools to 2010 funding levels. These increases will not address the unprecedented costs schools are currently contending with due to higher-than anticipated inflation, the increased cost of living, and increased levels of pupil need.

4.1 Urgent cost pressures facing schools

NFER research shows that most schools are making cuts in their budgets to meet the direct costs brought about by the increased cost of living (e.g. energy/food/salary costs) and to provide increased welfare, mental health and wellbeing support for pupils in need²¹.

15 <https://feweek.co.uk/apprenticeships-bounce-back-stalls-and-disparities-persist/>

16 https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/109_1841/Revised_Review_of_post-16_qualifications_at_level_3_in_England_impact_assessment.pdf

17 <https://feweek.co.uk/pre-t-level-course-flops-in-its-first-year/>

18 <https://www.nfer.ac.uk/blogs/t-levels-and-t-level-transition-programmes-early-perspectives-from-learners/>

19 NFER research to undertake this evaluation is due to report in early 2024

20 <https://ifs.org.uk/publications/annual-report-education-spending-england-2022>

21 [Cost-of-living crisis: Impact on schools - NFER](#)

These include cuts to teachers/teaching assistants (or their hours), learning resources and school trips and enrichment activities²². Senior leaders and teachers report that this has negatively impacted on the quality of teaching and learning in their schools. Additionally, most senior leaders in mainstream and special schools reported concern about their ability to fully meet the needs of their pupils and having sufficient budget to fully support pupils with Special Educational Needs and Disabilities.

NFER research showed that schools are expecting their budget situations to worsen next year with just under half of mainstream schools and two-fifths of special schools expecting both to have an in-year deficit and needing to make cuts to provision in 2023/24.

In other words, our research suggests that school funding has not kept up with the cost pressures (particularly inflation) with which schools are contending. This appears to be compromising children's safety, teaching and learning and pastoral provision. Without action now, this is likely to have persistent and long-lasting impacts on young people leading to a less productive workforce and lower economic growth²³.

We therefore recommend that the Government provides greater financial support to schools to address (increased) pupils' pressing well-being and welfare needs, alongside meeting the additional direct costs (e.g. energy and school meal costs) associated with the increased cost of living.

Additionally, in early October, Permanent Secretary Susan Acland-Hood announced there had been an error in DfE's calculation in school's funding allocation for the 2024/25 academic year²⁴, with an allocation 0.62 per cent greater than budgeted. It means that the national funding formula (NFF) is increasing by 1.9 per cent, as opposed to 2.7 per cent as previously stated by DfE in July. Whilst the overall budget will stay the same, schools will now receive less funding, revised down by £55 per pupil in secondary schools and £45 per pupil in primary schools²⁵. Schools had yet to receive their funding, but it is likely that they would have used the allocation previously published in July as an indication of their future budget and are now facing tough decisions, having to redraw their budgets with less funding than anticipated. This is only likely to exacerbate the impact of the aforementioned funding pressures on schools.

4.2 Investing in the school estate

Currently, over 170 schools and colleges²⁶ are facing unforeseen issues with Reinforced Autoclaved Aerated Concrete (RAAC) closing some of their facilities. Although 'reasonable' RAAC revenue costs will be funded by DfE²⁷, some leaders at affected schools report they face indirect consequences for their budgets as some parents chose to withdraw pupils from

22 [cost of living impact on schools school provision.pdf \(nfer.ac.uk\)](#)

23 <https://www.oecd.org/education/The-economic-impacts-of-coronavirus-covid-19-learning-losses.pdf>

24 [Susan Acland-Hood letter to Robin Walker, Chair ESC -NFF update \(publishing.service.gov.uk\)](#)

25 [School funding: DfE admits £370m error in calculations \(schoolsweek.co.uk\)](#)

26 [List of schools affected by RAAC and what you need to know about the new guidance - The Education Hub \(blog.gov.uk\)](#)

27 [RAAC: DfE now says 'reasonable' revenue costs will be funded \(schoolsweek.co.uk\)](#)

affected schools²⁸. This has impacted teaching and learning provision in affected schools, with some pupils learning remotely²⁹.

The RAAC crisis is only one aspect of a broader issue. Since summer 2021, the DfE has assessed the threat to safety in school buildings as a critical risk. The National Audit Office (NAO) estimates that 700,000 pupils are currently learning in a school which requires major rebuilding or refurbishment. The NAO report also highlights that funding is also often used for urgent repairs rather than planned maintenance which risks not offering good long-term value for money³⁰. Our recent research also highlights that these challenges are only likely to be exacerbated by the current cost pressures affecting schools: roughly half of schools report making cuts to their building and maintenance spending in response to recent cost-of-living increases³¹.

We therefore recommend that the Government prioritises the critical and urgent investment required across the school estate to ensure that school infrastructure does not become a major barrier to providing pupils with a high-quality education.

4.3 Ensure services around families are sufficiently funded and responsive to those in need

A range of research and data has highlighted the decline in mental health and wellbeing amongst children and young people prior to and over the course of the pandemic³² and as a consequence of cost-of-living pressures on households. NFER's own research shows that schools are dealing with increases in the number of pupils requiring additional support³³. As a result, schools have expanded the scale and range of support available to pupils and in some cases their families. Schools have also told NFER they feel unable to access the support they need from external agencies and are stepping in to fill gaps in provision for pupils and their families. This comes at a time where there are already pressures on school staff's time due to a national shortage of teaching and support staff³⁴. An immediate increase in funding to address pupils' wellbeing and mental health is necessary. The Government should ensure sufficient funding to increase capacity and responsiveness of children and young people's mental health services (CYPMHS) and other services around families to ensure that pupils can access the appropriate support and specialist services in a cost-effective and timely manner, rather than schools having to step in and fill those important gaps.

²⁸ [RAAC: School leaders fear impact of pupil withdrawal \(schoolsweek.co.uk\)](https://schoolsweek.co.uk/raac-school-leaders-fear-impact-of-pupil-withdrawal/)

²⁹ [List of settings with confirmed RAAC at 14 September 2023.xlsx \(live.com\)](#)

³⁰ [Condition of school buildings \(nao.org.uk\)](https://nao.org.uk/condition-of-school-buildings/)

³¹ [cost of living impact on schools school provision.pdf \(nfer.ac.uk\)](https://nfer.ac.uk/cost-of-living-impact-on-schools-school-provision.pdf)

³² [Children and young people's wellbeing and mental health during the Covid-19 pandemic - NFER](#)

³³ [Cost-of-living crisis: Impact on schools - Pupils and Families - NFER and Ask Research](#)

³⁴ [Teacher Labour Market in England Annual Report 2023 - NFER](#)

5 Education workforce

5.1 School workforce

Recruiting and retaining sufficient numbers of high-quality teachers is essential for a well-functioning and improving education system. Healthy teacher supply is also key to achieving key government objectives, such as delivering maths to 18, ‘levelling up’ and encouraging economic growth fuelled by science and technology. When teacher supply is weak, it is schools serving the most disadvantaged areas that struggle to attract high-quality teaching staff, and it is subjects with attractive outside options for graduates (such as maths, physics and chemistry) that struggle to recruit and retain teachers.

The school system in England currently faces an intensifying teacher supply challenge, particularly in secondary schools, where pupil numbers are rising and several key subjects are failing to recruit the necessary numbers to maintain supply³⁵. Our latest forecast of teacher training recruitment in England, based on applications to training so far, suggests that only 52% of the target numbers for secondary training will be met³⁶.

The DfE (and indirectly, schools) need sufficient resource to be able to address these teacher supply issues. This should include sufficient funding for:

- generous training bursaries for secondary subjects, which are effective at improving recruitment. There is further scope to increase these to improve recruitment of subjects that are not recruiting the numbers of teachers required and currently have a low bursary.
- early career payments for key shortage subjects, which are effective for improving retention, but need to be scaled up to reach more schools and be more generous to have further impact.
- pay increases for teachers that address the low competitiveness that is affecting recruitment and retention. Teacher salaries should increase at a rate that is higher than average earnings growth, to improve competitiveness relative to the outside labour market. In addition, there is a strong case for a one-off, consolidated increase in teacher pay to compensate for the increase in hybrid working and flexibility in the wider labour market since the Covid-19 pandemic. Research shows that workers value this increase in flexibility, so the lack of flexibility in teaching due to its nature needs to be compensated to maintain the level of competitiveness relative to other graduate profession teaching had before the pandemic³⁷.

5.2 FE workforce

Evidence from DfE’s new workforce statistics³⁸, alongside existing estimates of FE teacher pay based on pension records, highlights that the real-terms earnings of teachers working in

35 <https://www.nfer.ac.uk/publications/teacher-labour-market-in-england-annual-report-2023/>

36 <https://twitter.com/JackWorthNFER/status/1697545083376095318>

37 <https://www.nfer.ac.uk/publications/teacher-labour-market-in-england-annual-report-2023/>

38 <https://explore-education-statistics.service.gov.uk/find-statistics/further-education-workforce/2021-22#dataBlock-115d10ac-f382-412d-1d72-08db8eaeaf03-charts>

general FE colleges fell between 2019/20 and 2021/22. This continues a decade-long trend of below-inflation pay rises for teaching staff, with the average salary within FE being £9,000 lower than for teachers in secondary schools. This is likely to be one of the key reasons for the high number of unfilled teacher vacancies in FE colleges.

For example, whilst the DfE FE workforce data shows that salaries for teachers/lecturers in Construction, Engineering and Digital tends to be higher than for other subjects, unfilled vacancy rates in the same subjects also tend to be significantly higher than other subjects³⁹. This is perhaps not surprising when the evidence⁴⁰ suggests that pay gaps between FE teaching and industry occupations are largest in these same industries, and significantly so for experienced workers. This salary disparity, coupled with a demanding workload, is demoralising for the FE workforce and likely to be a major contributing factor to poor retention⁴¹.

Staff shortages have immediate and direct impacts on students, as colleges struggle to recruit teachers with the appropriate technical and teaching skills. Staff shortages may also impact on the government's ability to continue to roll out policies such as 'maths to 18' and the overhaul of A Levels and T levels into the proposed Advanced British Standard.

Patterns in the data do not suggest that the necessary foundation for success of this and other policies – a sufficiently strong FE teaching workforce – is firmly in place. Government needs to urgently consider the parity of pay between FE and school teachers, as well as how best to attract expert staff from industry is urgently needed in order to ensure that post-16 provision and delivery is not further compromised.

39 https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/848_233/Identifying_further_education_teacher_comparators.pdf

40 NFER forthcoming report on FE workforce pay comparisons funded by the Gatsby Foundation (in press)

41 NFER forthcoming report on FE workforce pay comparisons funded by the Gatsby Foundation (in press)