



2010/20

27 May 2010

The coalition government moved swiftly into Phase 2 of its life plan this week with two set piece announcements. First was the package of cuts that will make up the bulk of the £6.2bn savings targeted for this financial year and second the legislative programme for the next 18 months. Neither perhaps comes as a great surprise; the cuts had been heavily trailed throughout the election campaign while the legislative programme appeared in the press over the weekend. Both, however, are important in setting the tone of the new government as it moves out from its coalition agreement into the full glare of government activity.

The spending cuts first and at this stage a snip rather than a full blown cut. With a fiscal deficit running at £156bn, this was as much about changing behaviours as drawing blood. The front page of *The Independent* on the morning after showing the £6.2bn shown as a small shadow on a mountain of debt put things clearly in perspective. "We're only in the foothills," Vince Cable noted but preparing mentally for the climb is the point. A point David Laws was equally keen to make, "these are only the first steps."

Described as "cuts with care," where care stands for protecting the needy and front-line services as far as possible, the news was not all bad at this stage at least. Yes both education depts take big hits, £836m in the case of BIS and £670m for DfE but there are straws. The £670m from the DfE budget will come from "reducing waste and quango costs elsewhere in its budget." This means that for this year at least individual school budgets will not be slashed while both ends of the spectrum, Sure Start and 16-19 participation, will be protected. As for BIS there's "re-investment" of £150m to help fund 50,000 new apprenticeship places and a token £50m into capital investment projects in FE. The downside sees further cuts for HE where the number of additional places promised this year will now be halved to 10,000 as well as a £1.2bn cut to local authority grants, with at least £311m of this being applied to education services.

In all, the cuts announced can be grouped under four headings.

First, as indicated, from savings offered up by most depts except for those of defence, health and international development where in each case savings accrued will be recycled straight back into dept budgets, prior to dept reviews later this year. In relative terms, the two education depts don't fare too badly with savings of just over 1% of total budget for DfE and just under 3% for BIS. This compares to 5.7% for Work and Pensions and 7.4% for Communities and Local Government, both incidentally prime movers in developing the Big Society architecture.

Second, from stripping out costs from government where a lead is being shown from the top with David Cameron and Nick Clegg both eschewing the Ministerial saloon for the short walk to the House of Commons and the Cabinet agreeing a 5% pay cut. Symbolic these may be but all part of the Coalition's desire to demonstrate a new, post-expenses efficiency and transparency for the way in which government is run.

Third, cutting back on low priority areas of spending. This may be more contentious as there will be different priorities to juggle with. Some savings will come from cutting back on so-called middle class benefits where the scrapping of Child Trust Fund payments from 2011 is an early example. And some will come from cutting back on so-called low-impact initiatives including scrapping the Future Jobs Fund, re-directing some of the Train to Gain funding into supporting apprenticeships and colleges and scaling back a number of quango activities. More to follow in the forthcoming Budget.

Fourth, cutting out waste generally where a start has already been made in adopting the back office savings programme drawn up Sir Peter Gershon and Martin Read who have been working behind the scenes to advise the government on efficiencies. The savings programme includes things like cutting back on big IT projects, reducing discretionary expenditure in areas like consultancy and advertising and cutting back on running costs of quangos. The intention as David Laws put it is " *to send shock-waves through government departments.*" To ensure depts are kept wired in, they will now be advised by a new Ministerial led Group, the Efficiency and Reform Group.

The second set piece announcement of the week was the Queen's Speech which took place the day after the cuts had been announced and thereby in a slightly more subdued atmosphere than is normal for a new government. In all, the Coalition is lining up 23 Bills for the next 18 months, not a particularly heavy programme, given 10 Bills alone were announced for Gordon Brown's last five months, but in many ways a significant one in terms of transforming the country around the three declared principles of ' *freedom, fairness and responsibility.*'

At least eight of the Bills, including of course the headline Academies Bill, will be introduced before the summer recess in late July and at least five of the full list of Bills will be of particular interest to the world of education.

The two headline Bills at the front of the queue are the Academies Bill and the Welfare Reform Bill, both of which have been under preparation for some time and both of which have attracted attention. The Academies Bill with its proposals to speed up and simplify the process by which schools can become Academies with outstanding schools, even in the primary sector automatically earning the right, has the potential to transform the school sector. Michael Gove called it a " *permissive*" policy and this will no doubt attract many heads seeking to rid themselves of some of the shackles of the past but with a White paper on 'free' schools following closely behind, the challenge will be to ensure that such schools can improve things for all pupils rather than just some.

The Welfare Reform Bill is also intended to transform an existing system, here the benefits system. According to a Report from Iain Duncan Smith's think tank last year, there are over 50 different types of benefit and his dept now has the task of simplifying this miasma and making it easier for people to take up work. The Welfare Reform Bill is likely to be followed by further 'orders' as the work on tackling Incapacity Benefit and making benefits contingent on taking up training and other options, continues.

Of the three other Bills, the Education and Children's Bill will follow later this year and introduce greater freedom over the curriculum while providing for changes to school accountability, pupil 'premium' funding and teachers' powers. The worry here for heads is that a duty may be placed on them to close the performance gap between the richest and poorest pupils. The other two Bills deal with quangos. The Decentralisation and Localism Bill proposes to introduce Local Enterprise Partnerships potentially in place of some RDAs while the Public Bodies Reform Bill establishes the procedure for quango reform in the future. Public bodies will be reviewed every three years and subjected to three tests. Things are beginning to feel very different.

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Phase 2 begins

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