



## Cultural Learning Alliance Briefing: Budget 2016

16 March 2016

On 16 March the Chancellor set out the 2016 Budget. You can read his speech in full [here](#). And the full Budget documents [here](#).

### Key Quotes: themes and headlines for CLA members

*'This is a budget for the next generation.'*

The Chancellor was keen to point out that this Budget is focussed on children – ensuring that young people don't inherit a deficit, investing in young people through education reform and in protecting them through measures like the sugar tax (see below for details).

*'North, South, East and West – the devolution revolution is taking hold.'*

Much of the budget is structured around devolution, with investment articulated by Nation and Region, and some big references to Elected Mayors.

### Summary Points for Cultural Learning

- Investment in education reform and changes to the school funding formula will mean shake-ups for everyone
- A 'Sugar Tax' set to pay for more school sport (including dance) and, potentially, after-school arts provision
- Investment in a new STEAMHouse in Birmingham – indicating the Chancellor understands the importance of moving from STEM to STEAM
- Further cuts to be found from the public sector in coming years. **No direct further cuts to Local Authorities** but moving towards no central government funding by 2020. Cuts for disabled people, and to pension provision for public sector workers (including teachers)

### What the Budget means for children & young people

George Osborne announced that Nicky Morgan, Secretary of State for Education, would be publishing a White Paper on 17 March setting out some large-scale

education reform. However, there was also some significant policy included within this budget that gave us a flavour of what to expect:

- **All schools to become Academies by 2020**
- **A National Funding Formula for schools from 2017-18**  
(including £500m of additional core funding to schools over the course of this Spending Review, on top of the commitment to maintain per pupil funding in cash terms)
- Professor Sir Adrian Smith to author a **review on how to improve the study of maths** from 16 to 18, including looking at the case and feasibility for **more or all students continuing to study maths to 18**. The review will report during 2016.
- **Invest £20 million a year of new funding in a Northern Powerhouse Schools Strategy**. Sir Nick Weller will lead a report into this.
- The implementation of a **'sugar tax'** on the drinks industry (a new soft drinks industry levy targeted at producers and importers of soft drinks that contain added sugar). It is expected to raise **£520m** in the first year and will:
  - **double the primary school PE and sport premium** from £160m per year to £320m per year from September 2017
  - provide up to £285m a year to give **25% of secondary schools** increased opportunity **to extend their school day by up to 5 hours per child per week** to offer a wider range of activities for pupils
  - provide £10m funding a year to **expand breakfast clubs** in up to 1,600 schools starting from September 2017

## **Our analysis**

The Government's focus on the academisation of all schools in the country is not unexpected and fits with their wider ideology of shrinking local government and devolving powers and responsibility to teachers, parents and local stakeholders (though, of course, still overseen directly by Whitehall). As we've reported before, we don't see academisation in itself as either good or bad – there is a widely differing practice in different chains and schools across the country, and for some schools, the academy route is a choice that fits their needs.

However we are concerned that:

- **There is no real evidence** to show that academisation drives up standards, meaning that this is another instance of the government making blanket policies without the data to back them up
- This will mean a **wholesale sidelining of the National Curriculum** – if no-one is required to follow it, and if teachers don't have to be qualified, what will this mean for the arts in schools?
- There is no information on the extra £500m for schools in the newly proposed funding formula. Is this just the **cost of converting so many extra academies**? Or will it be used to ease the new funding formula changes?
- The new National Funding Formula aims to make things fairer for schools across the country – this will mean **winners, but also losers**, with schools in areas like inner-London (historically better funded) likely to have much less per pupil.
- This will deeply affect the remaining **Children's Services** that are shared across a local authority and schools – particularly those for disabled or for gifted and talented pupils. How will each autonomous school – particularly primaries which have fewer resources – be supported to work together to ensure they are joined-up when **local authorities are likely to have the same responsibilities but no revenue**? Partnerships with other schools will be even more essential.
- The extra funds for extending the school day and for extra-curricular activities are welcome, especially as they **could be used to benefit the arts** – but it seems a little **arbitrary that they will only go to 25% of schools** when so many already offer this kind of provision.
- The **doubling of funds for the PE and Sport Pupil Premium** is welcome, particularly as it will significantly benefit dance provision, but we would have been delighted if the government had listened to the CLA request for an Arts Pupil Premium to match it.
- Schools will also have to manage **changes to public sector pensions** – meaning that they will have significant real term cuts to manage.
- There is **surprisingly little here** that supports the Prime Minister's recent [Life Chances strategy](#) (though this is some funding in Manchester). For example, there is no mention of the proposed *Cultural Citizenship Service*.
- Despite the additional funding for Breakfast Clubs and mentoring for disadvantaged pupils there is **little to mitigate child poverty** caused by the

benefits freeze. The changes to the Personal Independence Payment for disabled adults will also affect the young carers supporting them.

You can read responses to the education implications of the budget from the [Association of College Leaders](#), from [School's Week](#), and from the [Guardian](#).

## What the budget means for arts and culture

As reflected across the rest of the budget, there was a focus on tax breaks and capital projects for the arts.

### Tax breaks

The government will:

- introduce a **new tax relief from 1 April 2017 for museums and galleries** to display their collections across the country. This will be available for the costs of developing temporary or touring exhibitions and will follow a consultation on its design over summer 2016.
- broaden the eligibility criteria for the **VAT refund scheme for museums and galleries**, with new guidance to allow a wider range of free museums to access the support.

### Fantastic investment in STEAM!

It really is fantastic to see that the Chancellor has listened and understood the value of STEAM and has endorsed the concept with in-principle **funding of £14m for a new [STEAMHouse](#) in Digbeth**, Birmingham. Congratulations Turning Point West Midlands.

### Other capital investment

This will:

- Support the **British Library's** ambition to develop land to the north of its St Pancras site
- Help to fund the expansion of the **Royal College of Art's Battersea Campus**
- Provide £2m towards the refurbishment of the **Hall for Cornwall** in Truro
- Provide £1m towards the transformation of the **Drapers' Hall in Coventry** into a multi-purpose music venue
- Support the creation of '**International Screen School Manchester**' (in principle)
- Provide £1m to **S1 Artspace** to create an arts complex
- Provide £5m for **Shakespeare North** to build new theatre & education centre celebrating William Shakespeare
- Provide £5m to the **V&A Dundee** and £150,000 towards local regeneration projects in New Cumnock

In addition the government:

- Invites **bids** from northern cities and towns to **host the Great Exhibition of the North** in 2018
- Pledges a further **£13m to Hull City of Culture 2017** (including **£5m towards refurbishment of Hull New Theatre** and £8m for legacy)

## What the budget means for local authorities, Scotland and Wales

The headline of this budget was the ‘devolution revolution’ with the Chancellor announcing that **100% of local government resources will come from local government by 2020** – so no central government spending through Local Authorities. This obviously has huge implications for fairness across the country – for example, those authorities with significant businesses to pay rates will be able to raise far more than others.

- **Further Cuts**  
The Chancellor announced that very significant further public spending ‘efficiencies’ need to be found by 2020 – a further £3.5bn. This will come from a further ‘efficiencies review’ and the implications for local government are not yet clear. As has been widely reported by disability charities such as [Scope](#), he confirmed changes to **Personal Independence Payment (PIP)** assessments which **will affect 640,000 disabled people** and which aim to save £1.2bn.
- **Elected Mayors**  
There are **new deals for elected mayors** across the country with West of England, East Anglia and Greater Lincolnshire as well as agreeing additional mayoral devolution deals with Greater Manchester and Liverpool City Region (Sheffield City Region, the North East, Tees Valley, Liverpool City Region and the West Midlands already have deals in place).

There is a **new City Deal in Cardiff** and **one planned for Edinburgh**.

- **Local Enterprise Partnerships and local growth fund**
  - up to **£1.8bn** will be allocated through a further round of Growth Deals with Local Enterprise Partnerships later this year.
  - **Local Enterprise Partnership Small Business Representative** – the government will require all Local Enterprise Partnerships to have a nominated Small Business Representative on their Board. This could have significant value to the the arts and creative sector, as it is really important that our voice is heard at this table.

- The **Coastal Communities Fund**, for projects starting in 2017-18, will open for applications this summer.

You can read the Local Government Association response to the budget [here](#).

## What the budget means for business and the creative industries

- **Apprenticeship Levy**  
From April 2017, employers will receive a 10% top-up to monthly levy contributions in England, to spend on apprenticeship training.  
(For a quick briefing on the Apprenticeship Levy, do read CCSkills' Pauline Tambling's [blog](#))
- **Higher Education**  
**More loans for students:** for level 3 to level 6 training in further education, part-time second degrees in STEM, postgraduate taught master's courses and for PhDs

*'The government will bring together information about the wages of graduates of different courses and the financial support available across further and higher education.'*

**We do have some concerns about this policy** as it reflects some of the thinking in the recent HE Green paper.

The Green Paper recommends employment after graduation as a metric for success for HE providers. It is not unusual for creative graduates to enjoy highly successful portfolio careers; indeed, almost all artists, performers, directors, producers, writers, choreographers and curators are freelancers. Around a quarter of graduates from creative programmes go on to be self-employed. Arts organisations rely on a network of freelancers and a supply chain of micro-businesses. This would not be captured under current proposals and may have the effect of putting off potential students from applying for creative courses – particularly if they are led to believe that FTE employment is the only measure of success.

The Green Paper also references student 'value for money' from their course. It is well understood that creative employment does not attract high levels of remuneration. We want the definition of 'value for money' from higher education to include the full spectrum of intellectual property, entrepreneurialism and enterprise, as well as the creation of cultural, social and economic value.

- **Business rates:**  
Here is some [excellent analysis from NCVO](#):

*'The other major announcement on business rates are changes to reliefs for small businesses. The starting threshold for the standard business rates*

*multiplier is rising from £18,000 to £51,000, meaning that if an organisation has a rateable value between £18,000 and £51,000, they'll now be paying the lower small business multiplier. Voluntary organisations with smaller premises should see a small reduction in the 20% of their business rates bills that they're liable for.*

*The small business rates relief is also being doubled, meaning that if you are a **social enterprise** with a rateable value of anywhere up to £12,000 you'll get 100% business rates relief, tapering to 0% as you approach a rateable value of £15,000.*

*The cost of these changes is around £6.7bn, but the treasury has said it will be compensating local authorities for the lost income, so claims there shouldn't be an impact from this specific decision on local government finances."*