



Institute for  
Fiscal Studies

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## **BSF and the squeeze on capital spending**

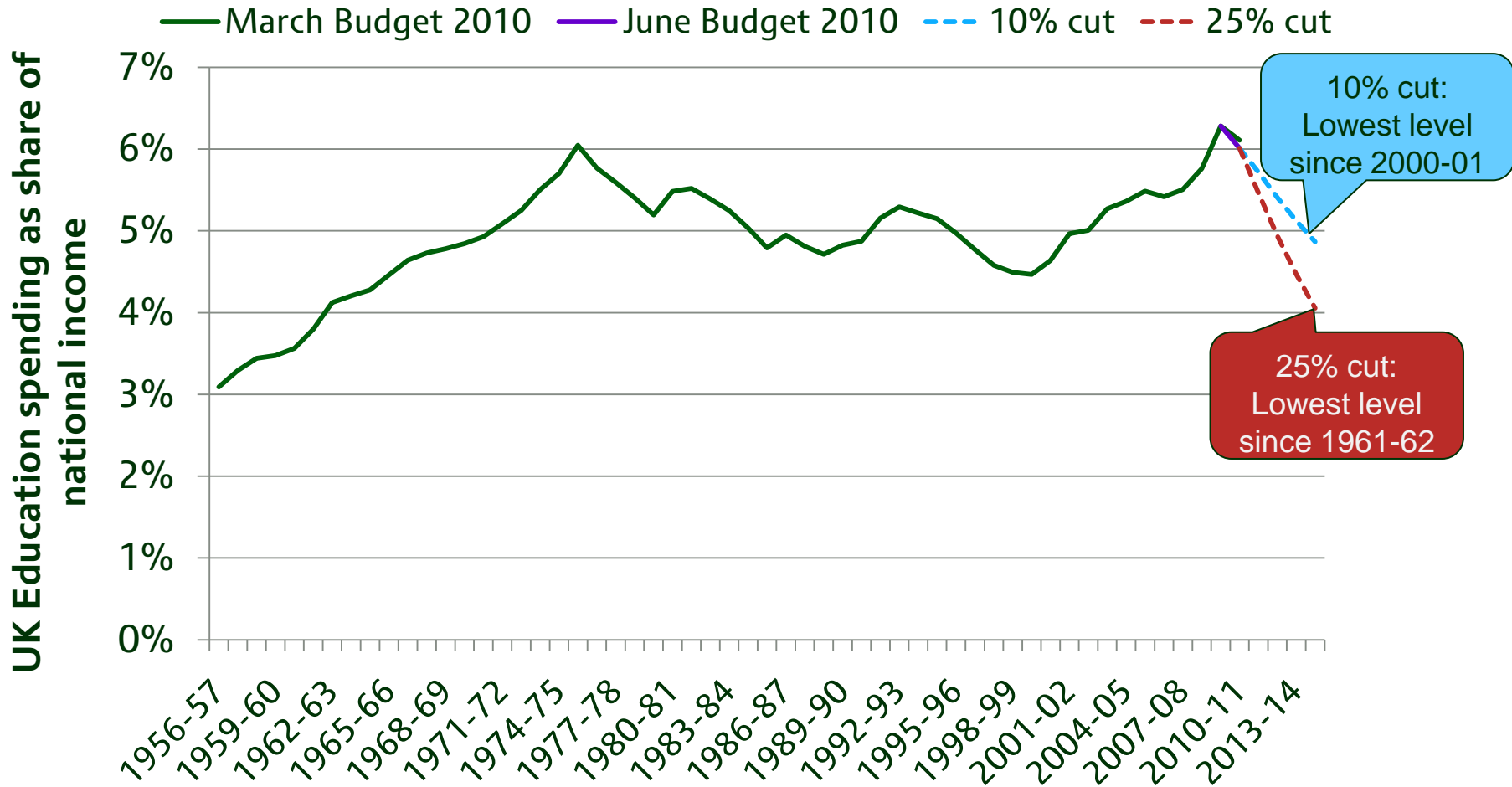
Luke Sibieta, Institute for Fiscal Studies

July 20<sup>th</sup> 2010

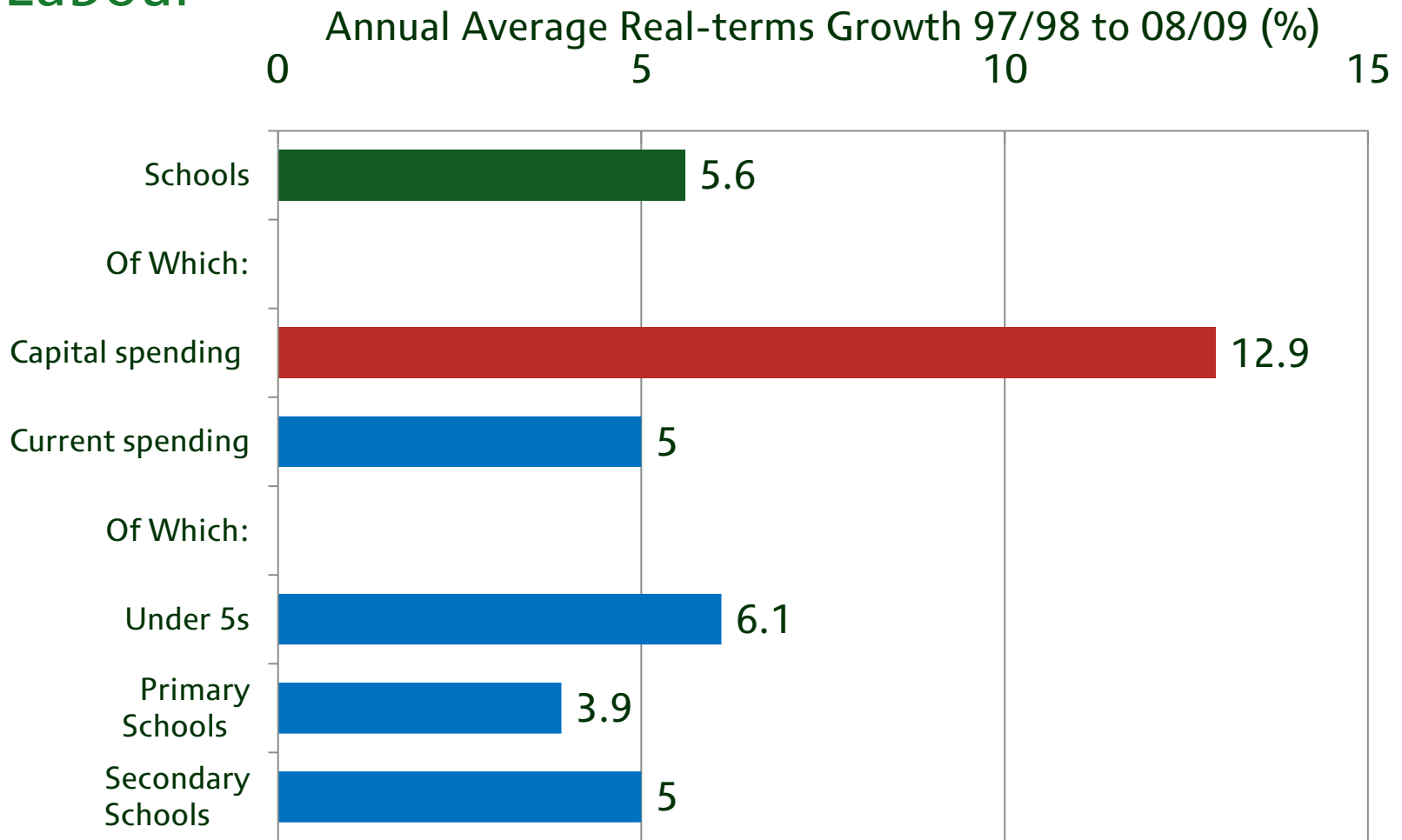
# BSF and the squeeze on capital spending

- Trends in education spending and coming cuts
- Changes in elements of schools spending
- Implications of planned cuts in overall net investment
- Tensions and challenges facing new government

# Deep cuts coming in education spending



# Strong growth in schools capital spending under Labour



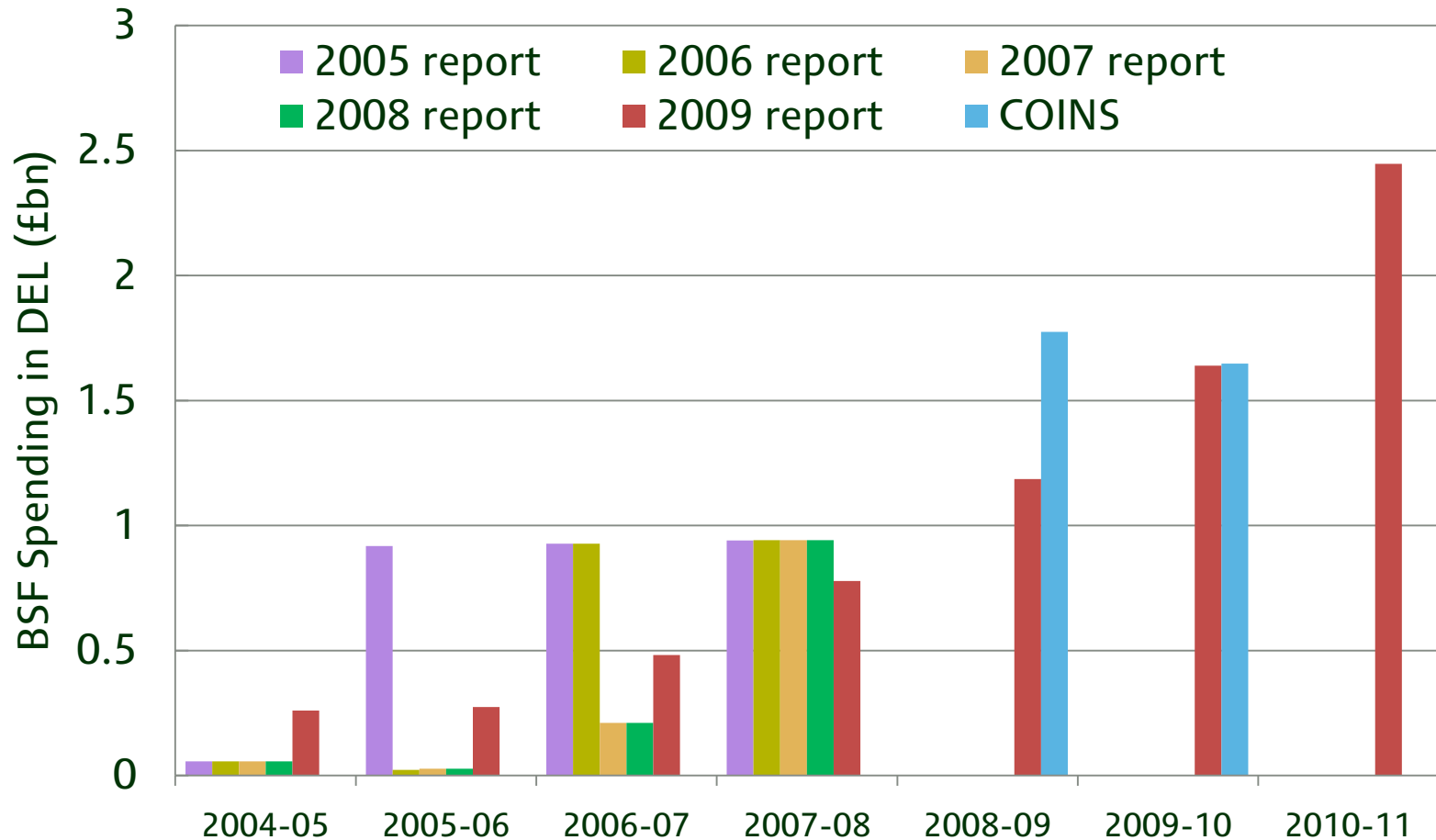
# Very deep cuts in net investment spending coming under 2010 CSR

- Labour planned to cut public sector net investment as part of plan to cut deficit
  - From 2.7% of GDP in 2010-11 to 1.3% in 2014-15
  - Total real-terms cut close to 50%
- Coalition to keep to these plans
  - Cut from £39bn in 10/11 to £19bn in 14/15 (10/11 prices)
- What are the implications for schools capital spending?
  - Not known how these cuts will be shared
  - Equal cuts would imply a cut from £6.7bn in 2010-11 to £3.3bn in 2014-15 (DfE Capital Budget)
  - Lowest real-terms level since 2002-03

# Tensions and challenges facing coalition

- Continuing with aims underlying BSF very difficult with less money available
- Learning from programme
  - Slow start time and considerable under-spending at start of BSF

# Profile of under-spending at start of BSF



Sources: Taken from departmental reports (2005 to 2009) and COINS public database

Notes: 2009 Report and COINS includes Academies

# Tensions and challenges facing coalition

- Continuing with aims underlying BSF very difficult with less money available
- Learning from programme
  - Slow start time and considerable under-spending
- Inevitable tension between setting up free schools and rebuilding or refurbishing existing schools
- Either need to scale back plans for free schools, existing schools or find new ways to reduce costs