

## Education and training in a period of economic crisis.

### Day 2 (1 June 2010; 10.30 – 11.00 h): Input from education councils.

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The UK experienced a significant economic downturn during 2008-2009. It is widely acknowledged that the recession brings both economic and social challenges. The recession has led to an increased public debt and government's decision to curtail public expenditure. The UK budget deficit reached €161 billion by 2010, the highest of G20. As part of the €4.9 billion cuts across all public spending in 2010-2011, the past Labour government intended to introduce substantial funding cuts in the further and higher education sectors and some skill investment programmes, while ringfencing the funding of schools. As the unemployment has risen significantly since the start of the recession, the government's policy initiatives in this area are warranted, particularly those dealing with the young unemployed and some other vulnerable groups. OECD warns that given the cyclical rise in unemployment, it will be a significant challenge to ensure that joblessness does not become entrenched, even if the UK labour market is relatively flexible<sup>[1]</sup>.

In May 2010, the new coalition government announced further cuts in education and training sector across the UK, as part of the €7.1 billion savings in 2010-2011 in order to sustain economic recovery. The Secretaries of the State agreed with Treasury and the Bank of England that the foreseen savings on this scale are feasible and advisable.

The government plans that savings will be taken out budgets, without affecting the quality of key frontline services, which includes education, and to cut waste of public institutional administration (€710 million on quangos, such as QCDA and Becta), leading to a substantial loss of jobs in the public sector (estimate up to 300,000).

In terms of education, spending on programmes, such as Sure Start (pre-school education) and Diploma, new applied qualifications, and other for 16-19 year olds will be protected from any in-year spending cuts.

At the same time, substantial cuts are expected to affect young unemployed. The government is to end further rollout of temporary jobs through the Young Person's Guarantee (the 'Future Jobs Fund', an active labour market policy under the Labour government)

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<sup>[1]</sup> OECD, UK Economic Outlook, 2009