

# Funding the Future

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The [House of Commons Library](#) reported recently that:

*In financial year 2021-22 capital spending by the Department for Education was around £4.9 billion, this was the lowest amount recorded since 2009-10 (in real terms 2022-23 prices). This includes capital spending on schools and also other establishments such as early years or further education providers.*

*Overall, between 2009-10 and 2021-22, Department for Education capital spending declined by 37% in cash terms and 50% in real terms.*

In the context of the developing crisis about school buildings made from reinforced autoclaved aerated concrete (RAAC), this matters. What it shows are three things.

The first was that Tory austerity massively cut investment in schools when, in fairness to Labour, they had appreciated the need to replace schools and had a programme to do so in 2010.

Secondly, as a result, the net investment in UK schools has declined significantly, and that now shows. There are more than 20,000 schools in England and 572 may contain unsafe (RAAC), according to a National Audit Office (NAO) report published in June. That is three per cent, near enough. But a decade or so ago, the issue would not have been of concern because beams were not falling out of ceilings at that time, and now they are. What could have been managed is now a crisis precisely because money was not spent at the right time.

Third, nothing is going to be done about this. Jeremy Hunt told Laura Kuenssberg yesterday that money would be spent to solve this problem. By the evening, that money was apparently coming from existing education budgets already allocated to schools. Even those schools with the immediate problem of finding new premises because theirs are dangerous are not, apparently, going to receive assistance.

A number of thoughts flow from this. The first is to ask who is in charge at the Treasury when the Chancellor can say one thing in the morning and someone is briefing something very different by the evening? That seems an especially important question

that needs an answer.

Second, I seriously wonder how the Treasury does imagine a school with a fixed budget can manage this situation without support. There are always contingencies budgeted for within the Treasury. If this is not a situation demanding their use, I wonder what might be now?

Third, the politics of this need consideration. £1.6 billion can be found for a useless barge but nothing for the safety of children, whose education must be sacrificed to school repairs now.

Fourth, will real anger finally flow from this?

And fifth, when will people join up the dots? This problem is already happening in hospitals. And the evidence of the failure to invest is growing, everywhere. From rivers, to schools, to hospitals, to the failure to train people, to the simple breakdown in systems supplying things as basic as driving tests, the evidence of the failure to invest to make sure that public services can be supplied is overwhelming.

In most cases, there are three explanations for why that is happening. The first, of course, is a lack of spending on the necessary investment.

But to move beyond the obvious, the bigger reason for why that has not been noticed to date is that the government fails dismally to account for its actions on a proper basis by producing regular income statements and balance sheets that are reconciled by a cash flow statement. As a result, it has no perception of the scale of underinvestment that austerity has created. It has simply pretended that this is not an issue.

Third, a system of national accounting that emphasises only debt without matching it with asset creation creates a fixation on all the wrong measures of economic performance, the consequences of which are coming home to roost now.

I am well aware that the Office for National Statistics - whose failure to supply useful data to the government is at the heart of this - will claim it has to account as it does to match international norms, to which my answer is that this is utter nonsense. As any accountant knows, just because such norms exist does not prevent you from producing information in the format required for best management decision-making. So, in all companies, there will be accounts in the required format to meet the needs of published financial reporting and other accounts in management format that are designed to inform decision-making. Ideally, they can be reconciled - but they will very often show quite different views, and that is quite acceptable. They are data prepared for different purposes. It's time the ONS met the country's needs for decision-useful data and not nonsense that has no perception of time within it and which almost entirely ignores the need to invest in the asset base of the country - which asset base the ONS is almost entirely oblivious to whilst it obsesses with debt.

To summarise, austerity has brought us to our knees.

Government dogma has permitted that.

Government accounting has overlooked and even encouraged the failure.

We need massive investment now, or matters will get very much worse.

This will cut income available for consumption in the short term - and we need to come to terms with that. We have been living way beyond our means.

But the funding for this is available. In a country with £15 trillion of financial wealth it is absurd to suggest otherwise.

What we will, however, need is the willingness to turn that wealth to public advantage and if inflation is to be controlled, that will require significant new taxes on wealth. My publication programme on this issue will begin this week.