

**Debate Pack**

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# Estimates: Spending of the Department for Education on adult education, post-16 education, further education and colleges

On Wednesday 5 July there will be an Estimates Day Debate on the spending of the Department for Education on adult education, post-16 education, further education and colleges. The topic for the debate was proposed by the Backbench Business Committee, on applications from Margaret Greenwood MP and Robin Walker MP, Chair of the Education Committee.

The Department for Education (DfE) [Main Estimate Memorandum 2023-24](#) contains a detailed breakdown of the department's spending, including key drivers of spending change since last year.

The Library briefing [Further education Funding in England](#) gives an explanation of the different systems of funding available to providers in England, looks at funding trends and recent funding announcements and considers related issues facing the sector. Some of this analysis is included in this debate pack, alongside details of the DfE's Main Estimate 2023-24, recent Parliamentary material and press coverage of the issue.

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# 1 16-19 education funding

The Education and Skills Funding Agency (ESFA) funds sixth-form colleges, further education colleges, sixth forms in schools and academies, special schools and academies, independent learning providers (ILPs), local authorities, special post-16 institutions, and some higher education institutions. These institutions are funded to provide study programmes for:

- students aged 16 to 19;
- students up to the age of 25 when they have an education, health, and care plan (EHCP);
- 14- to 16-year-olds who are directly enrolled at further education providers;
- home educated students of compulsory school age at further education providers.

In 2022/23, £7.2 billion was allocated by the ESFA to almost 2,800 providers in England for 16-19 education.<sup>1</sup> An overview of 16-19 funding is available in an ESFA guidance document, [16 to 19 funding: how it works](#).<sup>2</sup>

## 1.1 Trends in funding

The briefing paper [16-19 education funding in England since 2010](#) gives a detailed description of changes in funding between 2010 and 2019.

In early August 2022 IFS published its [latest report on trends in funding for this sector](#). It formed part of their [Annual report on education spending in England: 2022 published later in the year](#). Its key findings on 16-19 further education were:

Between 2010–11 and 2019–20, spending per student aged 16–18 fell by 14% in real terms in colleges and by 28% in school sixth forms. For colleges, this left spending per student at around the level it was in 2004–05, while spending per student in sixth forms was lower than at any point since at least 2002.

In the 2019 and 2021 spending reviews, the government announced extra funding for colleges and sixth forms. As a result, overall per-student spending in 16–18 education is set to rise by 9% in real terms between 2021–22 and 2024–25. Yet even with the additional funding, college spending per pupil in

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<sup>1</sup> DfE, [16 to 19 allocation data: 2022 to 2023 academic year](#)

<sup>2</sup> ESFA, [16 to 19 funding: how it works](#), 28 April 2022

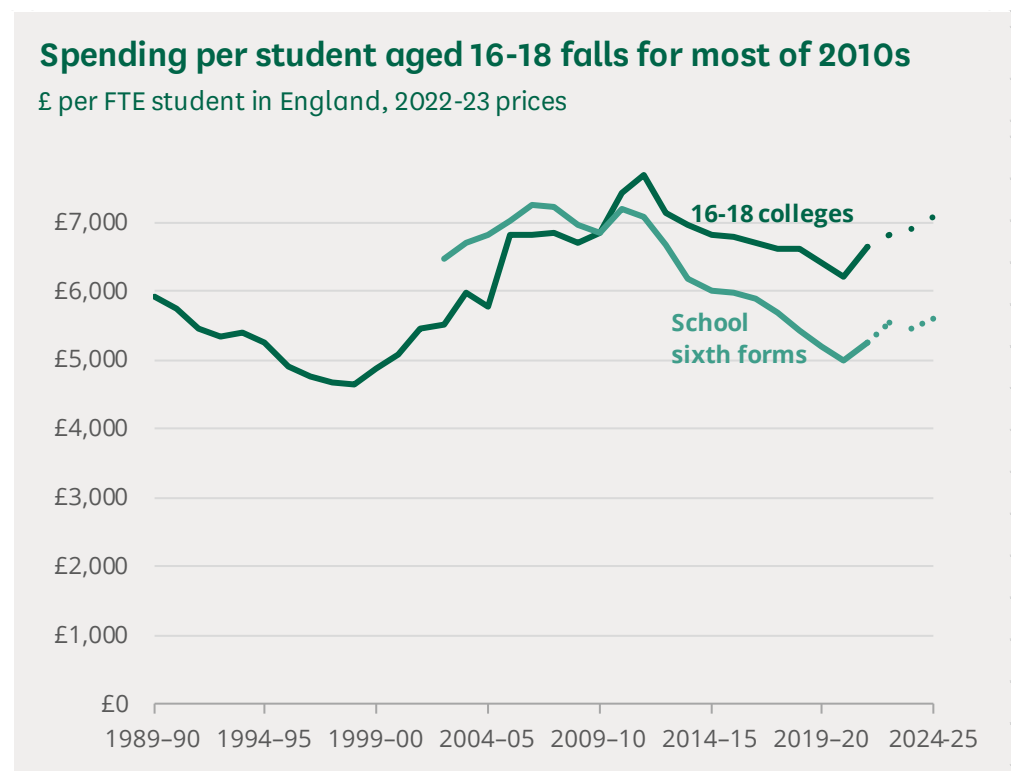
2024–25 will still be around 5% below 2010–11 levels, while school sixth-form spending per sixth-form pupil will be 22% below 2010–11 levels.

Colleges and sixth forms have seen a long-term decline in spending per student relative to schools. Further education spending per student aged 16–18 in 2022–23 was £6,800, which is lower than spending per pupil in secondary schools and only 11–12% greater than in primary schools having been more than two times greater in the early 1990s.<sup>3</sup>

The chart below shows changes in real levels of spending per student over the past three decades and plans to 2024-25. It is based on the IFS data on per student funding in 16-18 further education and includes school sixth forms and '16-18 colleges' (sixth form colleges and further education colleges).

Spending in school sixth forms was higher than that in 16-18 colleges for most of the 2000s. It peaked in 2006-07 and 2010-11. Spending increases were faster in 16-18 colleges in the 2000s. Spending per student in these colleges surpassed that in school sixth forms in 2009-10 and the gap has grown since then.

There were consistent real falls in spending per student in both sectors for most of the 2010s. Levels in 2021-22 were 27% below their peak for school sixth forms (almost £2,000 per student in 2022-23 prices), and 14% in sixth form colleges (£1,100 per student).



Source: IFS, [Further education and skills](#) (2 August 2022)

<sup>3</sup> IFS, [Annual report on education spending in England: 2022](#) (12 December 2022)

Real levels of spending appear to fall in 2020-21 and bounce back in 2021-22. This is in large part due to volatility of the GDP deflator (used to produce real time series) during the pandemic.<sup>4</sup> If the 2020-21 data are disregarded then there was a modest real increase in spending per pupil in both sectors between 2019-20 and 2021-22.

Spending per student is planned to increase to 2024-25. However, 2024-25 levels will still be 22% and 8% below their recent peaks for schools sixth forms and 16-18 colleges respectively.

The time series data on spending are converted to 'real prices' (adjusted to prices in a constant base year) using data and forecasts of economy-wide inflation. This is the conventional approach, but some sectors could potentially face different levels of inflation, higher or lower than the average for the whole economy. In October 2022, the IFS said that these assumptions represented a 'fair' measure of the cost presumes faced by school sixth forms. The pay offer at the time for colleges was lower than expected increases in schools which would imply lower inflation for colleges. However, the IFS said:

Delivering a significantly lower pay award for college staff than that in schools could risk exacerbating recruitment and retention difficulties at a time when the workforce will need to expand to meet the growing student population.<sup>5</sup>

Even if colleges did want to give higher pay rises, the IFS said that planned increases in funding per student mean they have little scope to offer this.<sup>6</sup>

## 1.2

## Recent funding announcements and future challenges

On 31 August 2019, the Chancellor announced an additional £400 million for 16-19 education funding in England for 2020-21. This consisted of £190 million to increase the base rate of funding, £120 million for higher cost subjects, £35 million for level 3 students re-sitting GCSE maths and English, plus extra funding for T Levels, the advanced maths premium, and to recruit and retain teachers.<sup>7</sup>

The government expected the additional money to increase funding per 16-19 student in further education sector colleges by around £440 in 2020/21.<sup>8</sup> This

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<sup>4</sup> IFS, [Latest trends in further education and sixth form spending in England](#) (24 October 2022)

<sup>5</sup> IFS, [Latest trends in further education and sixth form spending in England](#) (24 October 2022)

<sup>6</sup> IFS, [Latest trends in further education and sixth form spending in England](#) (24 October 2022)

<sup>7</sup> "[Chancellor announces £400 million investment for 16-19-year olds' education](#)", [Gov.UK](#), 31 August 2019

<sup>8</sup> [PQ 179740](#) [Further education: Expenditure] 12 April 2021

would have been a real terms increase of almost 8%,<sup>9</sup> but, if applied to the data in the chart on the previous page, would still mean funding in colleges was below the real levels between 2010 and 2013.

In Spending Review 2020, the Chancellor [announced additional funding of £291 million for 16 to 19 education in 2021 to 2022](#). This was in addition to the £400 million the government had provided in 2020 to 2021. This increase was “to ensure that core funding for 16 to 19-year-olds is maintained in real terms per learner”. Information on this is available on GOV.UK at [16 to 19 funding: information for 2021 to 2022](#).

In [Spending Review 2021](#), the government announced an additional £1.6 billion by 2024-25 for 16-19 education. This was said to maintain real levels of funding per student and represent a 18% increase in total 16-19 funding compared to 2019-20. The extra resources would provide additional classroom hours for students studying new T Levels and fund 40 hours of additional learning per student per year.<sup>10</sup>

The IFS has set out a range of challenges faced by the further education sector. These are rising costs, recruitment and retention problems (particularly in colleges), and an ongoing increase in the number of 16- and 17- year-olds in the population:

Further education colleges and sixth forms are in a particularly difficult position at present. They saw larger cuts than other areas of education after 2010 and there was no extra funding announced in the 2022 Autumn Statement to help colleges and sixth forms cope with larger-than-expected cost increases.

Based on existing budgets, college staff have only been offered a pay rise of 2.5% for this year, well below the 5% offered to teachers; this could exacerbate recruitment and retention difficulties in colleges.

The number of 16- to 18-year-olds is projected to rise by 18% between 2021 and 2030, which would make for 200,000 extra students by 2030. This comes at a time when the government has scaled back departmental spending plans after 2024.<sup>11</sup>

## 1.3

## Allocation of funding

A national funding formula is used to calculate annual funding allocations for most 16-19 institutions (funding for special schools and special academies is calculated using place numbers only). This is based on learner numbers,

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<sup>9</sup> Adjusted using HMT GDP deflators from March 2021. Deflator growth forecasts have been averaged across the three years 2020-2023 to smooth the distortions caused by pandemic-related factors.

<sup>10</sup> HM Treasury, [Autumn Budget and Spending Review 2021](#), pp117-118

<sup>11</sup> IFS, [Annual report on education spending in England: 2022](#), 12 December 2022

national funding rates for study programmes, and other elements detailed below. This allocation is supplemented by additional funding for [high needs students](#) and [financial support](#) to help students with their education.

## Study programmes

16-19 education providers receive funding from the Education and Skills Funding Agency (ESFA) to deliver ‘study programmes’ to their students. Study programmes are tailored to the prior attainment of each student, with clear goals. They include:

- substantial qualifications or work experience
- [maths and English](#) for students who have not achieved grade 9 to 4, A\*-C GCSE in these subjects by age 16
- high-quality [work experience](#)
- added value non-qualification activity

Most study programmes have a [core aim](#), which is either the completion of a substantial qualification (academic or vocational), or work experience. Core aims are an essential part of the funding allocations calculation.

Funding for study programmes is based on their size as measured in planned hours. Hours are categorised as either qualification hours (planned learning hours), or non-qualification hours (planned employment, enrichment, and pastoral hours). These hours might include work experience, completing the Duke of Edinburgh Award, or playing sport for a college team.

Information about how 16 to 19 funding is allocated is set out in ESFA guidance on [16 to 19 education funding allocations](#).<sup>12</sup> The most recent funding allocations for individual institutions are for [2022/23](#), and allocations from [earlier years](#) are also available online.

## The national funding formula

The 16-19 funding formula provides a nationally consistent method of calculating funding for all institutions delivering 16 to 19 education each year. The formula includes the elements listed below, and its working is set out in ESFA guidance: [Funding guidance for young people 2022 to 2023. Rates and formula](#).<sup>13</sup> The ESFA guidance [Advice: funding regulations for post-16 provision](#) also has more detailed information about some of the elements.<sup>14</sup>

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<sup>12</sup> ESFA, [16 to 19 education: funding allocations](#), last updated 11 May 2023

<sup>13</sup> ESFA, [Funding guidance for young people 2022 to 2023. Rates and formula](#), March 2022

<sup>14</sup> ESFA, [Advice: funding regulations for post-16 provision](#), March 2022

## The formula



## Core funding formula elements

### Number of students

The number of students participating at an institution over a previous period. This is referred to as 'lagged student numbers' and is calculated in different ways for different types of provider. Full-time students must remain on their study programmes for six weeks to qualify for funding.

### The national funding rate per student

This is determined by the size of a student's study programme based on their planned hours, whether it is a T Level programme, the student's age, and whether the student has high needs.

### Retention factor

This recognises the number of students who remain in learning to the planned end date of their study programme. Each student who is not retained attracts 50% of the full funding rate.

### Programme cost weightings

This recognises that some subjects cost more to deliver.

### The level 3 programme maths and English payment

Providers receive additional funding to deliver maths and English to students who have not yet attained a GCSE grade 9 to 4 (or equivalent) if their study programme includes at least 2 A levels, or is a level 3 qualification of at least 360 guided learning hours or a T Level.

### Disadvantage funding

- Disadvantage Block 1 funding is to support students from areas of economic deprivation based on the index of multiple deprivation (IMD).
- Disadvantage block 2 funding accounts for the additional costs incurred for teaching and supporting students who have low prior attainment (defined as not achieving English and/or maths GCSEs at grades 9 to 4 by the end of year 11).

### Large programme funding

The [large programme uplift](#) reflects that some study programmes are much larger than average. The uplift provides increased funding above the full-time national rate for students that successfully study 4 or 5 A levels, a [Technical Baccalaureate \(TechBacc\)](#), a full International Baccalaureate, or a T Level and an additional A or AS level.

### Area cost allowance

This recognises that education costs in London and parts of the Southeast are higher than in the rest of England, due to the cost of premises, maintenance, and staff.

## Additional elements

To calculate the total programme funding, four additional elements are taken into account:

- Condition of funding adjustment (relevant for students who have not achieved at least a grade 4, or C, in Maths and English)
- Advanced maths premium payment
- High value courses premium
- T Levels industry placement funding

There are also several additional elements that contribute to the total funding that an institution receives, but which are calculated outside of the funding formula, including:

- Care standards funding for institutions that have residential accommodation for students under the age of 18



- Capacity and delivery funding (CDF) to help institutions prepare to deliver substantive industry placements for students
- High needs funding
- Student support schemes

More detail on each of the core and additional funding elements is available in the ESFA guidance document, [16 to 19 funding: how it works](#).

## 1.4 National funding rates

The national funding rate for students aged 16- and 17-years-old, and students aged 18 and over with high needs, doing a study programme of at least 580 hours is **£4,542 per year** for the 2022/23 academic year. Funding for 18 to 19-year-olds is **£3,757**.

The national funding rate for students doing a two-year T Level programme of at least 1,730 hours is **£13,068 in total**.

More information on the national funding rate is available in the ESFA guidance document [16 to 19 funding: information for 2022 to 2023](#)

## 1.5 Student support schemes

Institutions can apply for financial support to help their students take part in education and training. Information on all the financial support available to young people in further education is available in the ESFA guidance [16 to 19 education: financial support for students](#).<sup>15</sup>

The briefing [Further Education Funding in England](#) gives more background, including descriptions of the different schemes.<sup>16</sup>

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<sup>15</sup> ESFA, [16 to 19 education: financial support for students](#), accessed 18 May 2022

<sup>16</sup> See section 2.5

## 2

## T levels

This section gives a very brief introduction to T Levels. For more detail see the Library Briefing [Technical education in England: T Levels](#) and the Department for Education's [T Level action plan: 2022 to 2023](#).

### What are T Levels?

T Levels are two-year technical courses taken after GCSEs and equivalent in size to three A Levels. Launched in September 2020, they offer students practical and knowledge-based learning at a school or college and on-the-job experience through an industry placement of approximately 45 days (20% of the course).

T Levels are intended to sit alongside apprenticeships within a reformed skills training system. They will be based on the same set of employer-designed standards as apprenticeships, but while apprentices will train for a single occupation, T Level students will undertake a broader programme, gaining skills and knowledge relevant to a range of occupations.

The first three T Levels were launched in September 2020, with 1,235 full-time students aged 16- to 18-years-old undertaking courses in construction, digital, and education and childcare. Seven further T Levels were launched in September 2021 and the total number of full-time T Level students increased to 6,062. Six more T Levels were introduced in September 2022 and the total number of students who had started a T Level course since 2020 increase to “over 16,000”. Seven further courses are due to be introduced in 2023 and 2024.<sup>17 18</sup>

### The development of T Levels

In July 2016, the Government published its [Post-16 Skills Plan](#), which committed to implementing the recommendations from the 2016 [Report of the Independent Panel on Technical Education](#).

The Plan outlined the Government's desire for academic and technical options at age 16 to be held in similar esteem. The technical option will be delivered by either college-based technical education or apprenticeships, and underpinned by a new framework of 15 ‘technical education routes’ divided into ‘pathways’.

These routes and their pathways will provide training for skilled occupations where technical knowledge and practical skills are required. 11 of the technical routes will have pathways that begin with one or more T Levels,

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<sup>17</sup> Department for Education, [Participation in education, training and employment age 16 to 18](#).

<sup>18</sup> Department for Education, [T Level Action Plan: 2022 to 2023](#) (and earlier editions), March 2023.

while the other four routes and their pathways will be covered by apprenticeships.

Between November 2017 and February 2018, the Government [consulted on how best to implement the proposals for T Levels](#) it had set out in its Post-16 Skills Plan and [2017 T Level action plan](#).

## How do T Levels work?

T Levels all follow the same broad framework and primarily consist of:

- A **technical qualification**. This is the main, classroom-based element and includes core content followed by occupational specialisation. Students will learn about their chosen sectors through a curriculum designed by employers and developed by an awarding organisation.
- An **industry placement** with an employer. This runs for a minimum of 315 hours (45 days) overall and will give students practical insights into their sector and an opportunity to embed the knowledge and skills learned in the classroom.
- **English and maths provision**. This is built into the classroom-based element of the T Level with the aim of giving those students who need it a solid foundation of transferable skills.

To pass a T Level and be awarded a certificate, students need to pass all components of the programme. The Government hopes T Levels will then support progression directly into skilled employment, an apprenticeship at level 4 or higher, and degrees and other higher education courses in related technical areas.

For students who are not ready to start a T Level, but who may have the potential to progress onto one following some initial preparation, a one-year, post-GCSE [T Level Transition Programme](#) has been designed.

## Reaction and issues

The Government's proposals for T Levels, as set out in its Post-16 Skills Plan, received a broadly positive response from stakeholders when they were announced. Labour has welcomed the introduction of T Levels, but has said it wants to address what it sees as "current flaws" within the new qualification.

There have been concerns raised about some aspects of the T Level programme as well as subsequent policy developments, particularly around the decision to remove funding from other level 3 qualifications that will overlap with T Levels. The full rollout of T Levels has also been delayed on several occasions, while education providers and employers have expressed concerns about their ability to deliver the industry placement component of the course.

## 3

# 19+ adult further education funding

The majority of public funding for non-apprenticeship, 19+ further education in England is currently provided by the Education and Skills Funding Agency (ESFA) through the [Adult Education Budget \(AEB\)](#).

There are additional streams of funding for classroom-based adult education, which include:

- The [National Skills Fund](#), which was announced in 2020 to help adults to train and gain skills to improve their job prospects. It currently funds [Skills Bootcamps](#) and the government's [Free courses for jobs](#) offer.
- The [UK Shared Prosperity Fund](#), which was created to replace EU structural funds and is currently funding the numeracy programme [Multiply](#).
- Advanced Learner Loans / Higher Education Student Finance, which fund certain [level 3 to 5 qualifications](#). From 2025, this funding will be replaced by the [Lifelong Loan Entitlement](#).

In May 2019, the independent panel report to the government's Review of Post-18 Education and Funding published its findings, which included an overview of the further education sector and its finances.<sup>19</sup> The report particularly [highlighted the decline in adult education funding](#) over the last decade:

Funding for adult learners in FE is fragmented, unpredictable and sits at a much lower level per learner than both HE and 16-18 funding... Largely reflecting the collapse in learner numbers, total spending on adult skills has fallen by approximately 45 per cent in real terms between 2009/10 and 2017/18. This is one of the most important statistics in this entire report and cannot be justified in terms of either economics or social equity.

## 3.1

### Trends in funding

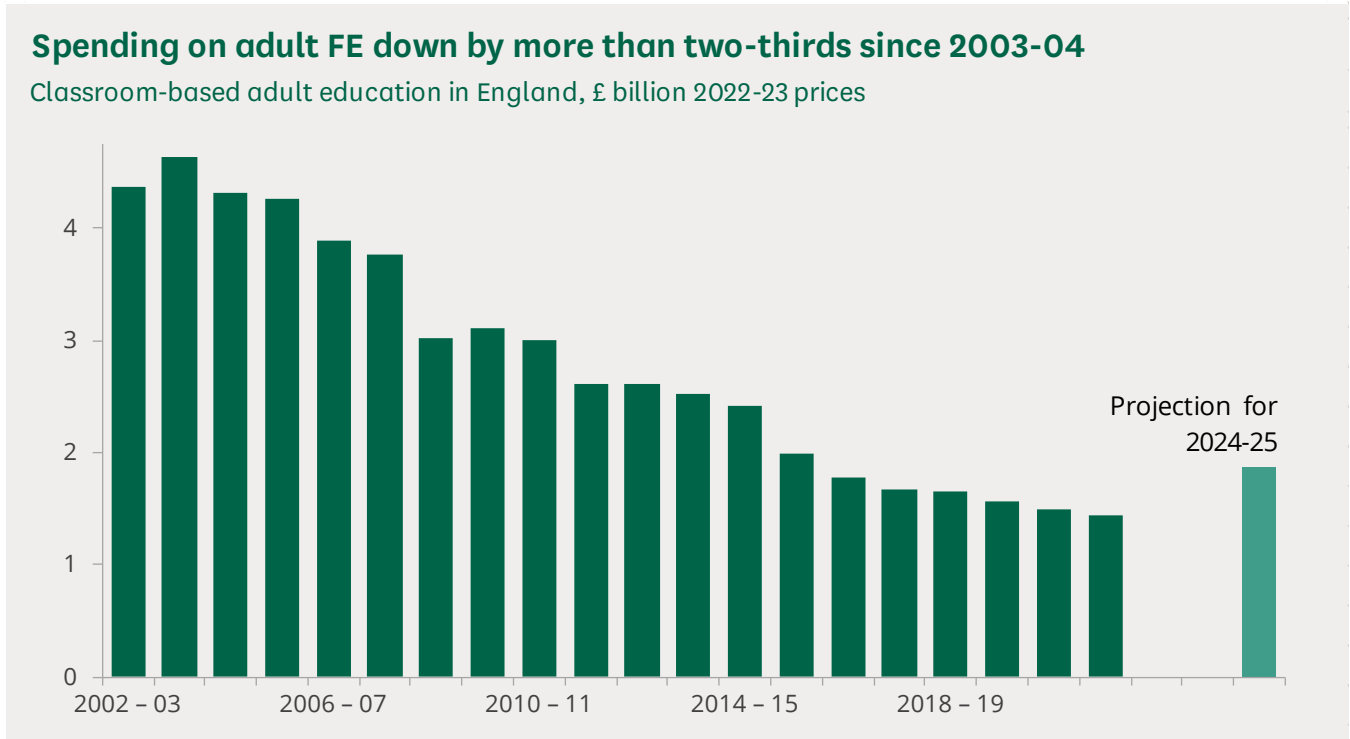
The Library briefing paper [Adult further education funding in England since 2010](#) gives a detailed description of changes in 19+ funding between 2010 and 2019.

The Institute for Fiscal Studies latest report on [Adult education and skills](#) spending found that total spending on classroom-based adult education in 2021-22 was more than two-thirds lower in real terms than in 2003-04 and just over 50% lower than in 2009-10. It stood at £4.6 billion in 2003-04 (2022-

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<sup>19</sup> DfE, [Independent panel report to the Review of Post-18 Education and Funding](#), May 2019, pp114-141

23 prices) and fell to £3.0 billion in 2010-11 and to £1.4 billion in 2021-22.<sup>20</sup> This trend is illustrated below alongside the projected level in 2024-25, which includes the additional expenditure announced in the [Spending Review 2021](#).



Source: IFS, [Adult education and skills](#) (2 August 2022)

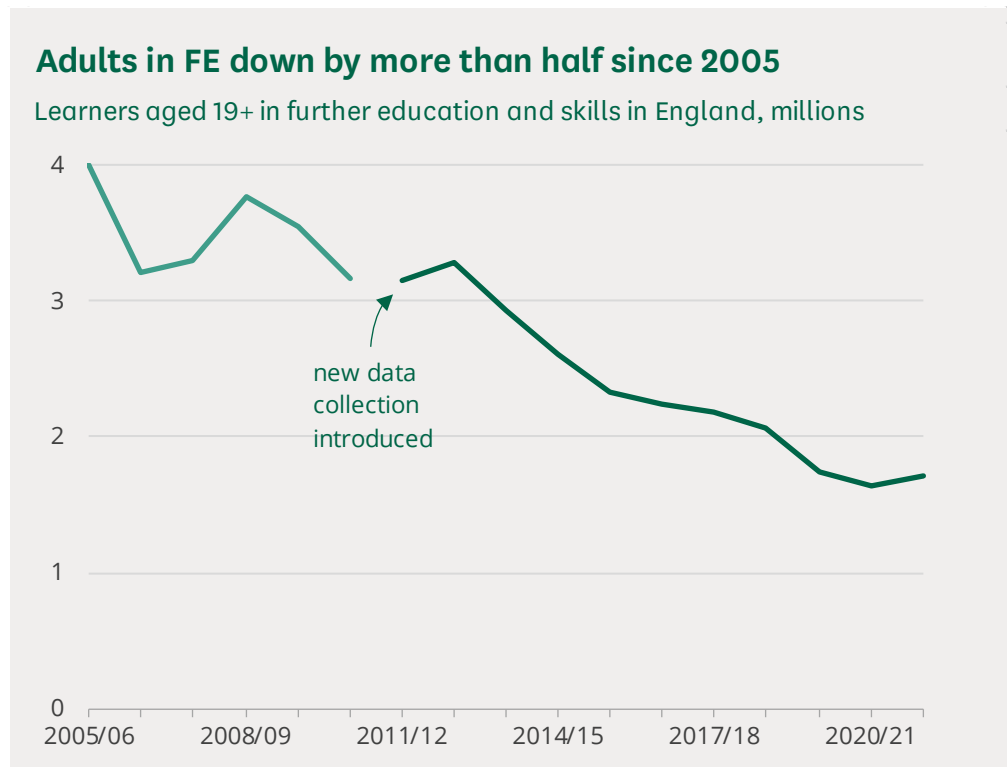
These figures exclude spending on Advanced Learner Loans which are detailed in [section 3.6](#) of this paper.

This fall in funding was mainly driven by the removal of public funding from some (mainly lower level) courses and a resultant drop in learner numbers.

Trends in the total number of adult learners are shown in the chart below. This includes those on adult apprenticeships and community learning courses. There is a break in this series,<sup>21</sup> but it is still clear that learner numbers have fallen over time from four million in 2005/06 to below three million from 2013/14 to around 1.7 million in the latest figures.

<sup>20</sup> IFS, [Adult education and skills](#), 2 August 2022

<sup>21</sup> This is thought to have reduced counts of learner numbers by around 2%.



Source: DfE, [Further education and skills: November 2022](#)

Since 2011/12, the number of learners on classroom-based education and training has fallen by 42%, community learning by 55%, and adult apprenticeships by less than 1%.

The largest fall in numbers by level was in those studying at ‘full level 2’ (equivalent to 5+ GCSEs), where numbers fell by 86% or around 890,000 between 2011/12 and 2021/22.<sup>22</sup> Participation at level 4+ (such as a higher national certificate or higher apprenticeship) increased from 39,000 to 245,000 over the same period. This growth has been driven by increases in numbers taking higher apprenticeships. The number starting level 4+ education and training courses was only 14,1000 in 2021/22 and has fallen by 16% since 2017/18.<sup>23</sup>

This large overall fall in learner numbers means that funding *per student* will not have fallen to the same extent as total funding. The IFS reports on education spending do not calculate funding per student in adult (19+) further education.

The authors of the [2020 edition of this report](#) said: “there has also been a large and deliberate shift from classroom-based to apprenticeship training”.<sup>24</sup> Spending on apprenticeships and other types of work-based

<sup>22</sup> When the full range or ‘width’ of course aims a learner is taking are summed they are equivalent to five or more GCSEs.

<sup>23</sup> DfE, [Further education and skills: November 2022](#)

<sup>24</sup> IFS, [2020 Annual report on education spending in England](#), 3 November 2020, section 4

learning doubled in real terms between 2002-03 and 2009-10. It fell over the following few years and has been around £2 billion for most of the last decade. Its level in 2021-22 was 11% below the real terms peak in 2009-10. This was a smaller fall than in classroom-based education and training (54% shown in the first chart above). Total spending across all areas of adult education and skill in England was broadly maintained in real terms between 2002-03 and 2009-10. It fell through the 2010s and in 2021-22 was 34% less than its 2009-10 level in real terms.<sup>25</sup>

Funding for classroom-based adult education is projected to increase by 30% in real terms between 2021-22 and 2024-25. The increase for apprenticeships and other types of work-based learning doubled is slightly smaller at 13%. However, this increase in funding only partially reverses earlier cuts.<sup>26</sup>

The IFS spending data do not include spending on skills bootcamps<sup>27</sup> or the £560 million (UK-wide 2022-25) Multiply programme. They estimate that including the latter could increase the 2024-25 total by £150-160 million in England.<sup>28</sup>

## 3.2

# Recent funding announcements and future challenges

## Budget 2020

In March 2020, the Budget committed **£2.5 billion over the course of the parliament** to a new [National Skills Fund](#) to improve adult skills in England.<sup>29</sup>

## Spending review 2020

The Chancellor outlined how £375 million from the National Skills Fund would be spent at the [Spending Review in November 2020](#). This included £43 million to expand skills bootcamps and £95 million to support adults in completing a level 3 qualification.<sup>30</sup>

## Spending Review 2021

The [Autumn Budget and Spending Review 2021](#) allocated high-level funding for the period to 2024-25. It included £3.8 billion in new funding for skills and lifelong learning (including 16-19 education), to be delivered between 2021-22

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<sup>25</sup> IFS, [Adult education and skills](#), 2 August 2022

<sup>26</sup> IFS, [Adult education and skills](#), 2 August 2022

<sup>27</sup> This spending is included in the projected total for 2024-25

<sup>28</sup> IFS, [Adult education and skills](#), 2 August 2022

<sup>29</sup> HM Treasury, [Budget 2020](#) (PDF), March 2020, p48

<sup>30</sup> HM Treasury, [Spending Review 2020](#) (PDF), November 2020, p62

and 2024-25.<sup>31</sup> This was said to be a 26% real increase compared to 2019-20. Some details of the overall spending for this sector, not just new money, included:

- £2.8 billion capital investment across the spending review period. This funding will establish Institutes of Technology across England and raise the condition of further education colleges in England.
- Apprenticeships funding to reach £2.7 billion by 2024-25.
- £560 million across the spending review period for adults across the whole of the UK to develop their numeracy skills through the Multiply programme, funded through the UK Shared Prosperity Fund.
- £554 million (part of the National Skills Fund) by 2024-25 to substantially increase retraining and upskilling opportunities for adults. According to the Treasury:

This provides a 29% real terms uplift in adult skills funding compared to 2019-20 and meets the government's commitment to a National Skills Fund.

Detailed funding for individual years up to 2024-25 has not yet been published. The chart in [Section 3.1](#) includes total funding for the sector in 2024-25. The latest IFS [Annual report on education spending in England](#) gives more commentary on background on the spending review outcome for the sector.<sup>32</sup>

## Budget 2023

No major funding was announced at the spring 2023 Budget, but an additional £63.2 million was made available to increase the numbers of Skills Bootcamps and Sector-Based Work Academy Programme placements.<sup>33</sup> Along with accelerated apprenticeships, these will be promoted together to the over 50s as 'returnerships'.<sup>34</sup>

## Future challenges

The IFS has said that overcoming the scale of funding cuts and the fall in participation over the past decade and meeting its high aspirations for the sector represents a "huge challenge" to the government. Other challenges include how well the Mayoral Combined Authorities and the Greater London Authority are able to use the devolved Adult Education Budget and

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<sup>31</sup> HM Treasury, [Autumn Budget and Spending Review 2021](#), October 2021, pp96-97

<sup>32</sup> Institute for Fiscal Studies, [2021 Annual report on education spending in England](#), 30 November 2021, pp40-42

<sup>33</sup> HM Treasury, [Spring Budget 2023](#) (PDF), March 2023, p57

<sup>34</sup> DfE Education Hub blog, [Budget 2023: What are 'returnerships' and who are they for?](#), 17 March 2023



addressing the skills gap among non-graduates funding through the new “relatively untested” national programmes: Skills Bootcamps and Multiply.<sup>35</sup>

## Reforms to the funding and accountability systems

In the government’s [Skills for Jobs White Paper](#), published in January 2021, it set out a number of reforms to post-16 technical education and training, including funding and accountability.<sup>36</sup>

In July 2021, the Department for Education consulted on reforms to simplify the adult skills funding system and the further education accountability system, and to increase the focus on outcomes in both.<sup>37</sup> This informed a second consultation, launched in July 2022, which set out in greater detail the proposed reforms and how these could be implemented.<sup>38</sup> The second consultation said:

Fundamentally, our reforms are about changing the incentives in the further education (FE) system by focussing accountability on outcomes and simplifying the funding system, so providers have the flexibility that they need to deliver in the most effective way.<sup>39</sup>

In the second consultation, the Department for Education set out proposals for:

- A single Skills Fund, which would include funding for Adult Education Budget (AEB) provision, including Community Learning and the Free Courses For Jobs offer.
- A Single Development Fund for all development funding in the next Spending Review.
- A new set of funding rates for adult skills to both simplify funding and boost funding for training in areas of greatest skills need.
- Refocusing the purpose of all ESFA-funded non-qualification / non-formal provision (which is generally delivered to adults in local communities as adult community education) so it meets at least one of the following objectives:
  - achieving employment outcomes for all learners

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<sup>35</sup> IFS, [Adult education and skills](#), 2 August 2022

<sup>36</sup> DfE, [Skills for Jobs: lifelong learning for opportunity and growth](#), January 2021

<sup>37</sup> DfE, [Reforms to Further Education Funding and Accountability](#), 7 October 2021. A summary of responses and the Government’s response is available: [DfConsultation outcome: Reforms to further education \(FE\) funding and accountability](#), July 2022

<sup>38</sup> DfE, [Implementing a New FE Funding and Accountability System](#), July 2022

<sup>39</sup> DfE, [Implementing a New FE Funding and Accountability System](#), July 2022, p8

- achieving progression to further learning that moves individuals closer to the labour market, for all learners
- helping those with learning difficulties and/or disabilities to support their personal development and access to independent living.

The Department for Education will introduce the Skills Fund in the 2024/25 academic year.<sup>40</sup> It has said it will respond to the second consultation in due course. Some sector bodies have warned the non-qualification provision proposals would have a “devastating” impact on learning opportunities for the most vulnerable adults.<sup>41</sup>

### 3.3 Adult Education Budget

The Adult Education Budget (AEB) covers funding for adult education (excluding apprenticeships), community learning, and learner support. It fully funds or co-funds (when the student or their employer must pay part of the costs) skills provision for eligible adults aged 19 and above from [pre-entry to level 3](#).<sup>42</sup>

The AEB is targeted at groups of learners with low skills, including young adults, unemployed individuals actively seeking work, and employed individuals in receipt of a low wage. It also provides funding for certain subject legal entitlements, such as English and maths. Eligibility for full funding or co-funding is based on an individual’s age, their prior educational attainment, personal circumstances (such as their immigration and residency status), and on the course they wish to take. Which courses are funded may also differ between devolved and non-devolved areas.

#### Learner funding legal entitlements

There is a statutory entitlement to full funding for certain adult learners. As set out in the [Apprenticeships, Skills and Children Learning Act 2009](#), eligible adult learners are fully funded for the following qualifications:

- English and maths, up to and including level 2, for individuals aged 19 and over, who have not previously attained a GCSE grade 4 (C), or higher
- first full qualification at level 2 for individuals aged 19 to 23
- first full qualification at level 3 for individuals aged 19 to 23

<sup>40</sup> PQ 110750 [[Further Education: Finance](#)] 21 December 2022

<sup>41</sup> “[Community educators want FE accountability consultation axed](#)”, FE Week, 11 September 2022 (accessed 26 June 2023)

<sup>42</sup> GOV.UK, [What qualification levels mean](#)

- Essential digital skills qualifications, up to and including level 1, for individuals aged 19 and over, who have digital skills assessed at below level 1.

If an individual meets the legal entitlement eligibility criteria, and other criteria including residency eligibility, providers should not charge them any course fees.

Under the Spending Review 2015 settlement, the AEB (comprising the previous non-apprenticeship Adult Skills Budget, plus community learning and learner support) was set to be held constant in cash terms at £1.5 billion up to 2019-20. However, the government subsequently decided that a portion of the AEB would be retained centrally to spend on other Department for Education priorities. As a result, the annual AEB was reduced to £1.34 billion from 2016-17 onwards. The AEB remains at £1.34 billion in 2022-23.

## Funding allocation

The budget for adult further education is set by the government, often in an annual skills funding statement or letter. Funding allocations reflect government priorities for provision.

A guidance document on how the ESFA allocates the AEB is available on the ESFA website, [19+ funding allocations](#). The latest allocations for individual providers are for [2022/23](#), and allocations from [earlier years](#) are also available online.

## Devolution of the AEB

Guidance on how the AEB is distributed in England is available on GOV.UK at [Adult education budget \(AEB\) devolution](#), and discussed in the Library briefing [Devolution of the Adult Education Budget](#).

Since 1 August 2019, around 60% of the AEB has been devolved to nine mayoral combined authorities (MCAs) and the Greater London Authority (GLA). The devolved authorities are:

- Cambridgeshire and Peterborough
- Greater Manchester
- Liverpool City Region
- Tees Valley
- West Midlands
- West of England
- North of Tyne

- South Yorkshire
- West Yorkshire
- Greater London

The devolved authorities are responsible for commissioning and funding AEB provision for learners resident in their areas. In exercising their adult education functions, the devolved areas must have regard to [statutory guidance](#) issued by the Secretary of State. Funding allocations for devolved areas were published in separate grant determination letters for each area in [2019/20](#), [2020/21](#), [2021/22](#), [2022/23](#), and [2023/24](#).

The ESFA remains responsible for funding learners in England that are resident outside of the devolved areas.

## AEB funding methodology

Further education providers are allocated AEB funding on an annual basis using a nationally consistent methodology. As a general principle, funding is based on historic delivery of provision and aims to ensure that allocations are in line with what providers can realistically earn from the delivery of education and training that is approved for public funding.

Information on the qualifications and learning approved for funding can be found in the ESFA publication [Adult education budget \(AEB\) funding rules 2023 to 2024](#).<sup>43</sup>

### Formula

Individual provider allocations are calculated based on a formula that takes into account the type of courses provided, learner numbers, and the demographics of the provider. Details of the funding formula are set out in the ESFA publication [ESFA Funded Adult Education Budget Funding Rates and Formula 2023 to 2024](#).<sup>44</sup>

The formula comprises three elements:

- **Rate:** This is determined by the learning aim, which may be a qualification or other learning activity. Some courses are funded at a higher rate than others. These programme weightings recognise the relative costs of delivering training in different sectors and subjects.
- **Disadvantage uplift:** This provides extra funding to support the most disadvantaged learners, recognising that they are sometimes more costly to recruit and retain.

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<sup>43</sup> ESFA, [Adult education budget \(AEB\) funding rules 2023 to 2024](#)

<sup>44</sup> ESFA, [ESFA Funded Adult Education Budget Funding Rates and Formula 2023 to 2024](#)

- **Area cost uplift:** This reflects the higher cost of delivering training provision in some parts of the country, such as London and the South East.

## Community learning

The community learning budget was combined into the newly created AEB in 2016, following the 2015 Spending Review settlement. In 2017/18, the community learning budget was 18% (£0.24 billion) of the total £1.34 billion AEB.<sup>45</sup> In 2022-23 funding for community learning made up 20% of the value of AEB allocations made outside of devolved areas.<sup>46</sup>

Prioritised for disadvantaged learners, the government has said community learning can provide a “stepping stone” for adults who are not ready for formal accredited learning, or who would benefit from learning in a more informal way.<sup>47</sup> It is primarily managed and delivered by local authorities, general further education colleges, and charities.

Most community learning provision is at level 2 (equivalent to GCSE level) or below, including non-formal learning which does not lead to accreditation. It covers a wide range of areas, such as English, maths, digital skills and English for Speakers of Other Languages (ESOL) qualifications, as well as learning aimed at developing employability skills and improving well-being, family-oriented programmes, and learning for leisure and enjoyment.

## 3.4

## National Skills Fund

The [Conservative Party manifesto for the 2019 election](#) included a plan for a National Skills Fund. It was to be worth £3 billion over the next parliament and provide matching funding for individuals and small and medium enterprises (SMEs) for high-quality education and training.<sup>48</sup>

The Department for Education has published an overview of the [National Skills Fund](#), explaining what it currently funds for adult learners.<sup>49</sup>

## Skills for Jobs white paper

On 29 September 2020, the Prime Minister [announced a Lifetime Skills Guarantee](#), to give people the opportunity to train and retrain throughout their lives.

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<sup>45</sup> [PQ 216425](#) [Adult Education: Expenditure] 4 February 2019

<sup>46</sup> DfE, [Funding allocations to training providers: 2022 to 2023 \(April 2023\)](#)

<sup>47</sup> [PQ HL330](#) [Adult Education] 2 June 2021

<sup>48</sup> [The Conservative and Unionist Party Manifesto 2019](#)

<sup>49</sup> DfE, [National Skills Fund](#)

More detail on this policy was included in a government white paper published in January 2021, [Skills for Jobs: lifelong learning for opportunity and growth](#), which said the National Skills Fund “will deliver key elements of the Prime Minister’s Lifetime Skills Guarantee”.<sup>50</sup>

### Consultation

In July 2021, the government launched a consultation on the National Skills Fund, which focused on how the fund could meet critical skills needs and outlined two of the offers already available as part of the Lifetime Skills Guarantee (Skills Bootcamps and Free level 3 qualifications for adults).<sup>51</sup>

The government [responded to the consultation in April 2022](#), setting out its decision to expand Skills Bootcamps and its plan to raise awareness of the Free Courses for Jobs offer.<sup>52</sup>

### Skills bootcamps

Skills Bootcamps are free courses of 12 to 16 weeks for adults aged 19 or over who are either in work or recently unemployed, giving them the opportunity to build up sector-specific skills and get a fast-track interview with a local employer. They are developed in partnership with employers, colleges, training providers, and local authorities.

At the [Spending Review in November 2020](#), the Chancellor announced £375 million in National Skills Fund investment,<sup>53</sup> including £43 million for skills bootcamps in the 2021-22 financial year.<sup>54</sup>

At the [2021 Spending Review](#), a further £550 million investment over the next three financial years was announced to expand Skills Bootcamps.<sup>55</sup>

At the spring 2023 Budget, the government announced an additional £34 million to increase the numbers of Skills Bootcamps, with an aim of delivering 64,000 training places from next year.<sup>56</sup>

### Free level 3 qualifications for adults

Since 1 April 2021, adults aged 19 and over who do not have a full [level 3 qualification](#), which is equivalent to A levels or an advanced technical certificate or diploma, have been able to access fully-funded courses on an

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<sup>50</sup> DfE, [Skills for Jobs: lifelong learning for opportunity and growth](#), January 2021

<sup>51</sup> DfE, [The National Skills Fund consultation](#), July 2021

<sup>52</sup> DfE, [National Skills Fund consultation response](#), April 2022

<sup>53</sup> HM Treasury, [Spending Review 2020](#), November 2020, p62

<sup>54</sup> [PQ 68265 \[Skills Bootcamps\] 2 November 2021](#)

<sup>55</sup> HM Treasury, [Autumn Budget and Spending Review 2021](#), October 2021, pp96-97

<sup>56</sup> DfE Education Hub blog, [Budget 2023: What are ‘returnerships’ and who are they for?](#), 17 March 2023

approved list. There are over 400 qualifications available in areas such as engineering, social care, and accounting.<sup>57</sup>

The offer is also available to adults in England who earn less than the National Living Wage annually (£20,319 from April 2023) or who are unemployed. This is regardless of their prior qualification level.

At the [Spending Review in November 2020](#), the Chancellor announced £375 million in National Skills Fund investment,<sup>58</sup> including £95 million for the free level 3 qualification offer.

## 3.5 UK Shared Prosperity Fund

The UK Shared Prosperity Fund (UKSPF) is intended to replace the EU's structural funds, which are designed to support economic development and reduce inequality between and within countries. The UKSPF will provide £2.6 billion of funding for local investment by March 2025. Funding is confirmed for three financial years:

- £400 million for 2022-23
- £700 million for 2023-24
- £1.5 billion for 2024-25.<sup>59</sup>

### Multiply

The first priority of the UKSPF was Multiply, a programme for improving adult numeracy skills, with up to £559 million in funding available. All local areas in the UK will receive funding to deliver bespoke adult numeracy programmes in their area.

- Adults who do not already have a GCSE grade C/4 or higher in Maths will be able to access free courses in person or online, at work or in the evening.
- Employers can work with their Local Authority and training providers to deliver Maths GCSEs or work-ready Functional Skills Qualifications and design and deliver bespoke programmes for their workforce.<sup>60</sup>

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<sup>57</sup> DfE, [Find a free level 3 qualification](#)

<sup>58</sup> HM Treasury, [Spending Review 2020](#), November 2020, p62

<sup>59</sup> Department for Levelling up, Housing, and Communities, [UK Shared Prosperity Fund: prospectus](#)

<sup>60</sup> DfE Education Hub blog, [Everything you need to know about the new Multiply programme](#), 27 October 2021

The Greater London Authority, Mayoral Combined Authorities, and upper tier/unitary authorities outside of these areas in England can develop investment plans for the adult numeracy programmes. These programmes must be delivered across the Spending Review period (2022-23 to 2024-25), and, in return for funding, the government expects an increase in the number of adults participating in, and achieving, adult numeracy qualifications up to and including level 2 (both GCSE Grade C/4 or above, and Functional Skills Qualifications).

More information is available in [several Multiply guidance documents published on GOV.UK](#).

## 3.6

### Advanced Learner Loans

Students studying courses not eligible for higher education student finance, such as diplomas, certificates, and awards in a wide range of vocational areas from levels 3 to 6, can access [Advanced Learner Loans](#) (ALLs) for support with tuition fees. Students cannot access maintenance loans for these courses, but there is a bursary fund to help with study-related costs, such as financial hardship and childcare.

Advanced Learner Loans (ALLs) were first introduced in 2013/14 for learners aged 24 and older on full level 3 and level 4 courses. They were subsequently extended to learners aged 19-23 on full level 3 and level 4 courses and to all learners aged 19 and older on level 5 and 6 courses.

#### Eligibility

Eligibility for ALLs depends on the learners age, nationality and residency status, previous study history, and on the level of course to be taken. Details of eligibility requirements are available on the [Student Finance England for practitioners website](#).

#### Costs and take-up

ALLs only cover the costs of course fees. Repayment terms for these loans are the same as for current higher education undergraduate student loans. The average loan amount paid per learner was £2,390 in 2021/21.<sup>61</sup>

The table below gives trends in take-up. Uptake of ALLs has fallen since 2016/17, with fewer loans taken out for level 3 courses. The number taken out in 2021/22 was the lowest since this data was first reported. The value of loans

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<sup>61</sup> Student Loans Company, [Advanced Learner Loans paid in England AY 2022/23, Aug to Apr](#) (Table 2)



awarded fell by 45% in cash terms between academic year 2016/17 and 2021/22 to its lowest recorded level.

Advanced learner loan take-up, England								
	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
<i>Number of learners with loans</i>								
Level 3	70,700	89,000	110,200	99,500	97,600	86,400	76,900	57,300
Level 4+	4,800	6,300	9,100	9,900	10,300	9,900	10,000	9,000
<b>Total</b>	<b>75,400</b>	<b>95,000</b>	<b>119,000</b>	<b>109,000</b>	<b>107,300</b>	<b>95,800</b>	<b>86,200</b>	<b>65,800</b>
Value of loans awarded								
(£ million cash)	148.8	195.2	236.2	208.0	200.3	182.4	166.9	130.4

Source: DfE, [Further education and skills 2022/23](#)

To put these figures in context 1.3 million home undergraduate higher education students took out student loans in England in 2021/22 with a total value of almost £18.6 billion.<sup>62</sup>

<sup>62</sup> Student Loans Company, [Student Support for Higher Education in England 2022](#) (Table 2A)

## 4 Capital funding

Capital funding is allocated to providers to repair, upgrade, or expand further education buildings, facilities, and equipment.

The government's [2021 Skills for jobs White Paper](#) included a proposal to “continue to invest in the college estate, to transform facilities and enable high-quality provision.”<sup>63</sup> The Department for Education has published guidance on the type of capital funding available, what it can be used for, and when providers can apply.<sup>64</sup>

The rest of this section gives brief details of recent announcements on funding. The briefing [Further Education Funding in England](#) gives more background, including descriptions of specific funds and links to allocations.<sup>65</sup>

### 4.1 Recent funding announcements

#### Budget 2020

[Budget 2020](#) committed £1.5 billion over five years for capital spending across all further education sites in England. In June 2020, the government [announced that £200 million of the capital funding would be brought forward to 2020-21](#):

The £200m for FE colleges this year brings forward plans announced by the Chancellor at Spring Budget this year for £1.5bn of investment over five years to transform the FE college estate.

This fast tracked activity will further support the government's wider plans to protect jobs and incomes and drive forward the country's economic recovery from the pandemic.<sup>66</sup>

#### Spending Review 2021

The [Autumn Budget and Spending Review 2021](#) said capital investment across the further education sector would be £2.8 billion between 2022-23 and 2024-25. This is total funding and will include some of the £1.5 billion figure announced at Budget 2020.<sup>67</sup>

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<sup>63</sup> DfE, [Skills for jobs: lifelong learning for opportunity and growth](#), January 2021, p11

<sup>64</sup> DfE, [FE Capital Funding](#), last updated 7 June 2023

<sup>65</sup> See sections 4.2 to 4.6

<sup>66</sup> DfE press release, [“PM announces transformative school rebuilding programme”](#), 29 June 2020

<sup>67</sup> HM Treasury, [Autumn Budget and Spending Review 2021](#), October 2021, pp 96-97

## Reclassification of colleges

Following the reclassification of further education colleges, sixth form colleges, and designated institutions in England to the public sector in November 2022, an additional £150 million in capital funding was made available to be spent between 1 April 2023 and 31 March 2025.<sup>68</sup>

## Energy efficiency funding

In December 2022, the Government announced £500 million of capital funding for schools and further education institutions in England for energy efficiency upgrades.<sup>69</sup> £53 million was made available to eligible further education colleges and designated institutions.<sup>70</sup>

This funding is understood to have come from underspends across the Department for Education's other capital budgets.<sup>71</sup> It was allocated according to the number of students a provider had rather than their level of need, and so was criticised by some colleges for being insufficient to fund their planned projects.<sup>72</sup>

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<sup>68</sup> DfE, [FE Capital Funding: FE reclassification capital allocation](#), last updated 7 June 2023

<sup>69</sup> DfE, [Investment to shield schools from high energy bills and boost to budgets](#), 6 December 2022

<sup>70</sup> DfE, [Additional FE capital funding for the 2022 to 2023 financial year](#), last updated 7 June 2023

<sup>71</sup> "[Smaller colleges cold-shouldered by energy capital funding](#)", FE Week, 10 December 2022 (accessed 26 June 2023)

<sup>72</sup> "[Smaller colleges cold-shouldered by energy capital funding](#)", FE Week, 10 December 2022 (accessed 26 June 2023)

## 5

# Education Main Estimate 2023-24

## What are Estimates?

One of Parliament's longest-standing functions is the consideration and authorisation of government's spending plans, requiring the government to obtain parliamentary consent before spending public money. Main Estimates are the documents that contain the detail of those spending plans for a particular year. There is a separate Estimate for each government department. Changes are presented at the end of each year through Supplementary Estimates (final spending plans). A previous Library briefing paper set out details of the [government's final spending plans for the previous financial year, 2022/23](#).

Each of the Estimates must be authorised by Parliament before they take effect. In the early part of the year, funding is provided via an advance of 45% of last year's approved spending, through what is known as the Vote on Account.

## The Estimates cycle

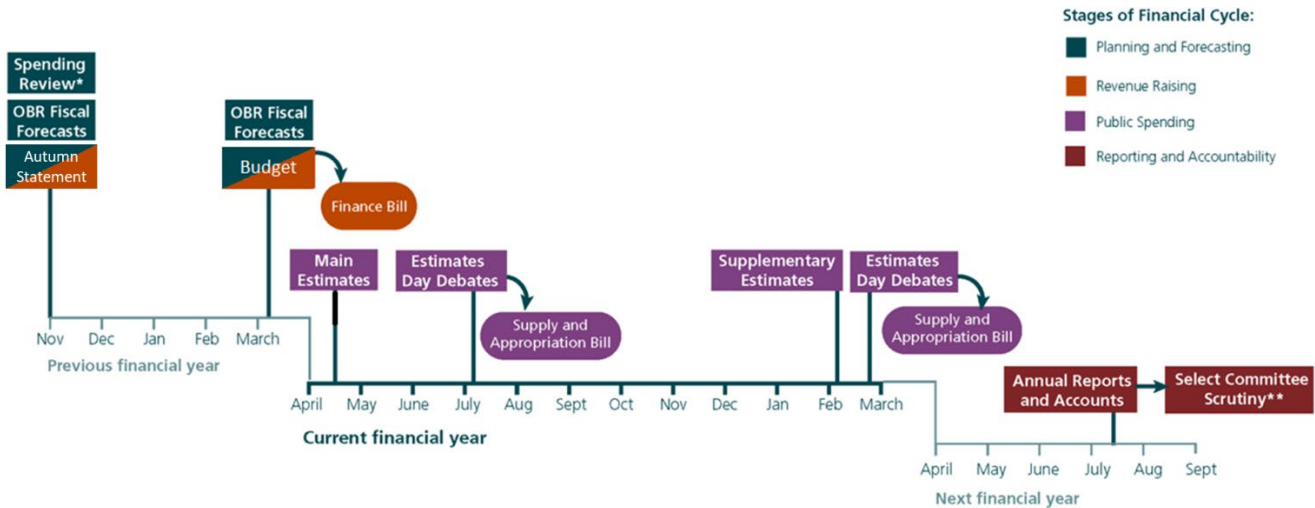
The approval of public spending through Estimates (the supply process) operates on the basis of 'annuality', whereby money is voted for use in a particular financial year only. The normal steps in this process are:

**Vote on Account:** consideration and approval of an advance of funding for the first four months of the financial year (April to July) for each government department. The Vote on Account is normally published in February and approved by Parliament in March, in time for the start of the new financial year commencing in April.

**Main Estimates:** consideration and approval of the spending plans for the new financial year for each government department. Main Estimates are normally published in April, but not approved until July. Money already authorised through the Vote on Account is deducted from the amounts required for the year to provide government with funding for the remainder of the financial year.

**Supplementary Estimates** (where required): consideration and approval of any changes to amounts or purposes of money required by departments. Supplementary Estimates are normally published in February and approved in early March to allow for any additional funds to be spent before the end of the financial year. Exceptionally, government may present an '**out-of-turn**' **Supplementary Estimate** outside of the usual cycle, where urgent provision is required at short notice and this cannot wait for a normal Estimates round.

**Statement of excesses** (where required): consideration and retrospective approval of any spending beyond the level or coverage previously approved by Parliament. This normally occurs only where inevitable spending is incurred or where mistakes have arisen, and is exceptional.<sup>73</sup>



Notes:  
 \* Spending Review happens once every 3-4 years  
 \*\* Select Committee Scrutiny of Departmental Annual Reports and Accounts may continue well into the financial year

## Content of an Estimate

Separate Estimates and Votes on Account are produced for each government department and published together by HM Treasury in a single volume. The key components of each Estimate are spending limits and ambits, which in each case apply to a single department for a single year only.

## Spending limits

Within each Estimate, spending is divided into a number of distinct budgetary limits for each department, covering spending of a specific type determined by HM Treasury. (Changes to the categorisation of spending between categories require prior consultation with Parliament.)

### Box 1: Types of spending

Departmental Expenditure Limits (DELs) cover net spending which is subject to limits set in Spending Reviews and which it is assumed government departments can control.

<sup>73</sup> In such cases a report is prepared by the Comptroller and Auditor General, and the Public Accounts Committee may call for explanation and detail of measures taken to prevent recurrence.

Resource DEL (also referred to as ‘day-to-day spending’) covers costs of running and purchasing goods and services; staff costs; current grants; rent; and maintenance costs. It also includes profit or loss on the sale of assets; depreciation; and some impairments.

Capital DEL (also referred to as ‘investment spending’) covers the purchase, disposal and major improvement of assets; capital grants (i.e. grants to purchase or enhance assets) and loans.

Annually Managed Expenditure covers net spending which is more difficult to control and forecast:

Resource AME covers benefits and state pensions; some impairments; and provisions for liabilities.

Capital AME covers student loans and some financial transactions, mainly relating to the post-2008 financial crisis.

Switches of funding are not normally permitted by the Treasury from capital to resource (although exceptions, such as for health, are sometimes made), or from AME to DEL. Once Parliament has voted the limits, savings on any voted limit (DEL or AME) are not permitted to be used in support of spending under another.

## Ambits

The ambit is the description of what the spending within each of the limits will be spent upon. Government departments must ensure that their ambits are accurate and, subsequently, that no spending falls outside their scope. Should it do so, it would constitute an ‘excess vote’, i.e. illegal spending outside the authority authorised by Parliament.

## Detail of spending plans

Further detail of spending plans – breaking them down into a number of lines, known as subheads, within the totals above – is given within each Main and Supplementary Estimate. These breakdowns represent the Government’s best estimation of planned spending within the totals at the time the Estimates are prepared, but do not constitute limits within the totals. Government departments are totally free to switch resources from one subhead to another, providing they do not exceed the overall spending limits, or incur expenditure beyond the scope of the ambit.

## Estimates memoranda

Government departments are required to produce an explanatory memorandum to explain the content of each Main and Supplementary Estimate. This memorandum should compare spending plans to previous

years and explain the reasons for changes proposed. Select committees currently publish memoranda on their webpages and the Scrutiny Unit uses the memoranda to prepare briefings for select committees and other Members.

## Department for Education

The Department for Education (DfE)'s [Main Estimate Memorandum 2023-24](#) was published on 23 May 2023.

The Department for Education (DfE) proposes a **Resource DEL (day to day spending) budget of £85,993.3 million for 2023/24**, an increase of £10,195.9 million (+13.5%) compared with last year's final budget of £75,797.4 million.

The main drivers of this increase are:

- £5,316.6 million higher initial budget for costs associated with the student loan book. This increase includes the annual revaluation and impairment charge<sup>74</sup>; and
- £3,568.2 million increase in school funding including £2,000 million for core schools' budget announced in the Autumn Statement 2022.

DfE proposes a **Capital DEL (investment spending) limit of £7,037.9 million for 2023/24**, an increase of £769.2 million (+12.3%) compared with last year's final budget of £6,268.7 million.

The main drivers of this increase are:

- £665.0 million increase in the budget for Further Education due to costs relating to reclassification and the capital transformation programme;
- £153.2 million increase in funding for Higher Education Arm's Length Bodies (ALBs) related to the Office for Students and the Student Loan Company; and
- £133.0 million increase in budget for broadband and fibre in schools; and sustainability and decarbonisation.

These are partially offset by a £143.5 million reduction in the budget for Grants to Academies due to a one-off allocation in 2022/23 for energy efficiency.

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<sup>74</sup> This is a highly variable area sensitive to wider economic variables, and the budget set at Main Estimate is always reviewed at Supplementary Estimate to ensure appropriate budget cover for the remainder of the year.

DfE proposes a **Resource AME limit of £-4,431.6 million for 2023/24, an increase of £5,959.8 million (+57.4%)** compared with last year's final budget of £-10,391.4.

This forecast is net income related to the student loan book and is expected to reduce in 2023/24 due to reduced RPI forecasts. The budget required to cover the annual revaluation of the student loan book is highly variable and the final position for 2023/24 is expected to be covered within the Supplementary Estimate, in line with usual practice.

DfE proposes a **Capital AME limit of £34,428.7 million for 2023/24, an increase of £7,175.5 million (+26.3%)** compared with last year's final budget of £27,253.2 million. The increase in Capital AME since the 2022/23 Supplementary Estimate also stems from the revaluation of the student loan book due to increase interest rates. The budget required to cover the annual revaluation of the student loan book is highly variable and the final position for 2023/24 is expected to be covered within the Supplementary Estimate.

### **Further Education Reclassification**

In November 2022 the Office for National Statistics (ONS) announced it has reclassified FE colleges, sixth form colleges and designated institutions in England to the central government sector. Work continues with HM Treasury on the impact of this upon the Estimate, and DfE have obtained a derogation for main estimate 23-24.



## 6 Parliamentary material

### 6.1 Debates

[School and College Funding: The Midlands](#) | 9 May 2023 | Debates | House of Commons | 732 cc126-152WH

### 6.2 Parliamentary questions

#### [Further Education: Finance](#)

**27 Jun 2023 | Written questions | Answered | House of Commons | 190583**

**Asked by:** Lewell-Buck, Mrs Emma

To ask the Secretary of State for Education, what the real-terms change to funding for Further Education Colleges has been in each year since 2010.

**Answered by:** Robert Halfon | Department for Education

The department does not hold this information, as it does not record or calculate the real terms changes to funding as requested.

There will be an extra £1.6 billion in 16-19 education by the 2024/25 financial year compared with 2021/22.

We are making a capital investment in skills over this Spending Review period of over £2.8 billion, to improve the condition of post-16 estate, provide new places in post-16 education, provide specialist equipment and facilities for T Levels, and deliver the commitment to 21 Institutes of Technology across England. This investment will ensure that colleges are able to deliver the skills that local areas need, including in key sectors like biosciences and green energy.

#### [Further Education: Finance](#)

**15 Jun 2023 | Written questions | Answered | House of Commons | 188304**

**Asked by:** Julian Knight

To ask the Secretary of State for Education, what assessment her Department has made of the effectiveness of 16 to 19 education funding.

**Answered by:** Robert Halfon | Department for Education

The department is committed to investing in 16 to 19 education, and to ensuring that further education is financially sustainable.

Throughout this Parliament, we have increased overall funding for the sector. An extra £1.6 billion was allocated for 16 to 19 education in 2024/25 compared with 2021/22, which is the largest increase in 16 to 19 funding in a decade.

In the 2023/24 financial year, the department will invest a further £125 million in increasing funding rates for 16 to 19 education, including a 2.2% increase in the national funding rate for the 2023/24 academic year to £4,642, and an increase in funding for specific high value subject areas in engineering, construction and digital, to help institutions with the additional costs of recruiting and retaining teachers in these vocational areas.

In addition, in February 2023, we announced a 10% increase to the national funding rates for T Levels (bands 6 to 9) specifically for the 2023/24 academic year. This is to recognise the extra cost for providers transitioning from study programmes to T Levels, and to support providers with growing their T Level offer.

To simplify funding arrangements, a national funding formula to calculate an allocation of funding to each institution for each academic year was put in place from 2013/14. Revisions have been made to the formula, but the core elements have been consistent.

While there are performance measures for 16 to 19 education and Ofsted judgements on its quality, no specific evaluation of overall 16 to 19 funding has been commissioned or is planned.

More information about funding arrangements for 16 to 19-year-olds can be found here: <https://www.gov.uk/government/collections/funding-education-for-16-to-19-year-olds>(opens in a new tab).

### **Further Education: Finance**

**14 Jun 2023 | Written questions | Answered | House of Commons | 187767**

**Asked by:** Vicky Foxcroft

To ask the Secretary of State for Education, whether she plans to include specialist post-16 colleges in future FE capital funding schemes.

**Answered by:** Robert Halfon | Department for Education

The further education (FE) Condition Data Collection and Condition Data Collection covers the statutory FE sector, namely FE corporations and sixth form college corporations. Specialist post-16 institutions (SPIs) are not part of the statutory FE sector and therefore are not covered by Condition Data Collection surveys.

The department allocates condition funding to SPIs with ESFA-funded students to support them in keeping their buildings safe and well-maintained. In 2023/24, eligible SPIs were allocated £4,685,201 in school condition allocations (SCA) to invest in the condition of their buildings, and £831,874 in devolved formula capital for smaller capital projects.

To receive SCA, an SPI must be in receipt of revenue funding from ESFA for the relevant financial year. SPIs can choose how they spend their school condition allocations on improving and maintaining the condition of their buildings.

In 2022 to 2023, eligible schools and sixth-form colleges received an allocation from an additional £447 million of capital funding to improve buildings and facilities, prioritising energy efficiency. This was part of an additional £500 million of capital funding for schools and further education institutions in England. This funding was for institutions, including SPIs, that were eligible for devolved formula capital in 2022 to 2023.

The Spending Review 2021 announced a £2.8 billion capital investment in skills to improve the condition of post-16 estate, provide new places in post-16 education, provide specialist equipment and facilities for T Levels and deliver the commitment to 21 Institutes of Technology across England. Future FE capital funding is subject to the next Spending Review. The department keeps the capital needs of all post-16 education providers under review.

### [Adult Upskilling](#)

27 Feb 2023 | Oral questions - Lead | Answered | House of Commons | 903754 | 728 cc513-5

**Asked by:** Antony Higginbotham

What steps her Department is taking to support upskilling opportunities for adults.

**Answered by:** Robert Halfon | Department for Education

We have a range of programmes designed for adults to upskill. Skills bootcamps are free flexible courses of up to 16 weeks, offering learners the opportunity to develop skills with the offer of a job interview, and we delivered 16,120 training places over the last year, 2021-22. Following the commitment of £550 million at the spending review in autumn 2021, we are making thousands more training places available.

### [Adult Education: Finance](#)

23 Jan 2023 | Written questions | Answered | House of Commons | 123915

**Asked by:** Grahame Morris

To ask the Secretary of State for Education, what assessment her Department

has made of the potential merits of reallocating potential underspend from the 16-18 education budget to the adult education budget for further education colleges.

**Answered by:** Robert Halfon | Department for Education

The department manages its budget within the Departmental Expenditure Limit to best achieve government objectives, including re-purposing underspends on some budgets to help with pressures and priorities elsewhere.

The department recognises the importance of adult education. Through a range of programmes, we are targeting provision at adults to equip them with the skills employers look for, and the skills that will lead to better jobs, better wellbeing, and better options for the future.

This includes through the Adult Education Budget, apprenticeships, Skills Bootcamps, and Free Courses for Jobs.

The Adult Education Budget, worth £1.34 billion this year, funds skills provision for adults to help them gain the skills that they need for work, an apprenticeship or further learning.

The UK Shared Prosperity Fund (UKSPF), worth over £2.6 billion, will help to level up and create opportunity across the UK. The first skills priority for UKSPF will be to help adults improve their maths skills via the Multiply programme, worth up to £559 million.

The department is also investing £1.6 billion through the National Skills Fund across the 2022 to 2025 financial years, including an investment of up to £550 million to significantly expand Skills Bootcamps, and investment to expand the eligibility for delivery of the Free Courses for Jobs offer, which is now open to more adults.

### [Adult Education](#)

**9 Jan 2023 | Written questions | Answered | House of Commons | 114751**

**Asked by:** Rachael Maskell

To ask the Secretary of State for Education, what recent assessment he has made of the impact on local economies of the number of people undertaking adult learning at FE colleges.

**Answered by:** Robert Halfon | Department for Education

The department is continuing to invest in education and skills training for adults through the Adult Education Budget (AEB). This budget totals £1.34 billion in the 2022/23 financial year. The AEB fully funds, or co-funds, skills provision for eligible adults aged 19 and above from pre-entry to level 3

qualifications. This supports adults to gain the skills they need for work, an apprenticeship or further learning.

In 2022/23 the government has devolved approximately 60% of the AEB to 9 Mayoral Combined Authorities (MCAs) and the Mayor of London, acting where appropriate through the Greater London Authority (GLA). These authorities are now responsible for the provision of AEB-funded adult education for their residents and allocation of the AEB to providers. Devolution enables MCAs and the GLA to use the AEB to shape education and skills provision in a way that best fits the needs of their residents and local economy.

The Education and Skills Funding Agency is responsible for funding learners in England that are resident outside the devolved areas. In 2021/22, 1,007,400 learners participated in AEB-funded learning.

The Unit for Future Skills is supporting decision making at the local level, including the development of Local Skills Improvement Plans (LSIPs) , by providing information on local employment and skills in a single, accessible place via a public dashboard. The dashboard provides up to date data on learners undertaking further education (FE) courses, local jobs and employment, and local enterprises. This can be accessed here:<https://department-for-education.shinyapps.io/local-skills-dashboard/>*(opens in a new tab)*.

The LSIPs place employers at the heart of local skills systems and facilitate direct and more dynamic working arrangements between employers, FE colleges and other skills providers. Once developed, LSIPs will set out the priorities for a local area to make technical education and skills training more responsive to employers' needs and to help people develop the skills they need to get good jobs.

## 7

## Press material

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9 November 2022

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