

## DEBATE PACK

Number CDP-2018-0167, 29 June 2018

# Spending of the Department for Education

## Summary

On 3 July 2018 there will be an Estimates Day debate on the spending of the Department for Education.

The subject for this debate was selected by the Backbench Business Committee as part of the new process for choosing subjects of Estimates Day debates, following the publication of the 2018-19 Main Estimates on 19 April 2018. The application to the Committee was made by Robert Halfon MP, chair of the Education Select Committee.

This debate comes at a time when the Government has recently introduced a new funding formula for schools, and the Education Select committee has launched an inquiry into the funding of schools and colleges.

The House of Commons Library prepares a briefing in hard copy and/or online for most non-legislative debates in the Chamber and Westminster Hall other than half-hour debates. Debate Packs are produced quickly after the announcement of parliamentary business. They are intended to provide a summary or overview of the issue being debated and identify relevant briefings and useful documents, including press and parliamentary material. More detailed briefing can be prepared for Members on request to the Library.

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# 1. Background

## Summary

The Department for Education is one of the big four spending departments, along with health, defence and work & pensions. DFE's spending is dominated by grants to schools, making up around £50 billion of DFE's planned 2018-19 Resource Departmental Limit of £66.5 billion. In addition, £4.9 billion goes on education standards and curriculum, with another £4 billion to the Education and Skills Funding Agency. Higher education, including write downs in the value of the student loan book, make up a further £5.9 billion.

DFE's planned 2018-19 capital budget includes £2.7 billion in capital grants to schools and £2 billion in capital funding for the Education and Skills Funding Agency.

An estimated £21.3 billion in student loans are expected to be paid out, with receipts totalling £2.6 billion (capital repayments) and £3.2 billion (interest).

The Government has introduced a new national funding formula for schools from April 2018. For the present at least, while amounts are determined based on factors relevant to each school, funding is distributed to local authorities who decide how to allocate funding to schools in their areas according to local formulae.

Funding for schools has been relatively protected, by Government pledges, from spending reductions in recent years in various ways. The Institute for Fiscal Studies (IFS) estimates that under the Coalition Government, schools funding was largely constant in real terms per pupil but from 2015-16 to 2017-18, fell in real terms by just over 4% per pupil. The IFS also note that school funding per pupil is now expected to be frozen in real terms between 2017-18 and 2019-20.

Where school rolls increase, schools attract additional per pupil funding. Government policies have channelled targeted funding to schools with pupils with particular needs through a "pupil premium". Despite these measures, and while schools funding has been relatively protected, schools have faced additional cost pressures from pay, additional employers' national insurance payments and other sources.

The Education Select Committee has recently launched an inquiry into the funding of schools and colleges.

## 1.1 Where DFE's funding goes

DFE plans a Resource Expenditure Limit (covering most of its day-to-day spending) of £66.5 billion in 2018-19, 3.6% above last year<sup>1</sup>. The main components of this total are:

- Grants to schools (both local authority maintained and academies) (£50 billion)
- Higher education, including write downs in the value of the student loan book (£5.9 billion)

- Education standards, curriculum and qualifications (£4.9 billion)
- Education and Skills Funding Agency (£4.0 billion)
- School infrastructure and centrally funded education functions (£0.9 billion)
- Further education (£0.5 billion)
- Social care, mobility and equalities (£0.25 billion)

In addition, DFE's proposes a Capital Departmental Expenditure Limit budget of £5.1 billion, covering:

- Capital grants to schools (£2.7 billion)
- Education and Skills Funding Agency (£2.0 billion)
- Higher education (£0.2 billion)

Beyond these totals, some DFE spending and receipts lie outside the normal pre-set expenditure limits<sup>2</sup>, although annual spending limits still need to be approved by Parliament through Estimates. These include:

- Spending on payment of student loans, estimated at £21.3 billion, less £2.6 billion in loan repayments (making net spend of £18.6 billion).
- Receipts of interest paid on student loans, forecast at £3.2 billion.

#### Department for Education Main Estimates: further information

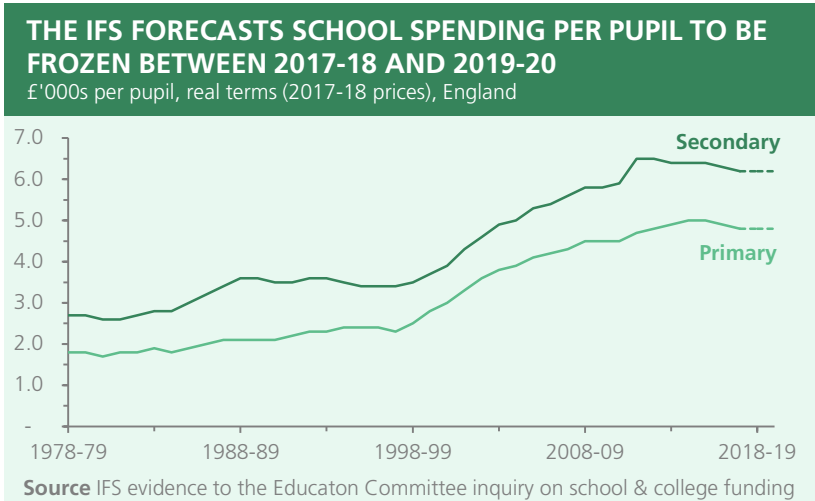
Further information on DFE's 2018-19 Main Estimate is available from:

- The House of Commons Scrutiny Unit's [Department for Education](#) briefing. This includes a range of charts analysing the latest DFE estimates.
- The House of Commons Library's [Main Estimates: Government spending plans for 2018-19](#) research briefing. This briefing discusses Parliament's approval of the Government's spending plans and summarises plans for 2018/19. See Annex A, pages 23 in particular.
- The DFE's [estimates memorandum](#), which explains the proposed budgets in greater detail.

## 1.2 Schools funding

According to [research published by the Institute for Fiscal Studies](#), school spending per pupil has risen by around 2% per year in real terms for secondary schools and 2.4% per year for primary schools since the mid-1970s. Much of this growth occurred in the 2000s, with funding per pupil growing by an average of 5% per year in real terms between 1999-00 and 2009-10.

<sup>2</sup> In a category of spending known as Annually Managed Expenditure (AME)



Funding per pupil largely held constant in real terms under the Coalition Government and, from 2015-16 to 2017-18, fell by just over 4%.

Following the Government's July 2017 announcement of additional money for school funding allocations, the IFS estimates that "school funding per pupil is now expected to be frozen in real terms between 2017-18 and 2019-20." In real terms, the IFS therefore expects spending per pupil in 2018-19 and 2019-20 to be roughly equivalent to spending in 2011-12.

Most schools' funding is provided through the **Dedicated Schools Grant**, with top-ups such as **Pupil Premium**, and additional funding for capital expenditure.

Core schools' funding is distributed to local authorities, who use local formulae to determine individual school allocations. DFE is committed to providing at least £4,600/ £4,800 per secondary pupil and £3,300/ £3,500 per primary pupil in 2018-19 and 2019-20 respectively, and to providing a 0.5% cash increase in per pupil funding compared to 2017-18 baseline, and 1% by 2019-20. Whether this reaches individual schools is for local authorities to determine.<sup>3</sup>

### National Funding Formula for Schools

From 2018-19 a new National Funding Formula (NFF) will be used to calculate the amount of core revenue funding that mainstream schools in England will attract. There are also new formulas for high needs funding (see above) and for services still centrally provided by local authorities.

The schools NFF will operate as a soft formula in 2018-19 and 2019-20, to work out notional individual school budgets only. These will then be aggregated; it will be up to local areas to then determine how to share out overall core funding between schools. They will do this in line with Government guidance, which has been revised so that the NFF can be more closely followed in local arrangements.

The NFF and associated funding reforms will not be introduced in full in 2018-19; the Government has set out transitional arrangements for 2018-19 and 2019-20, with caps on gains in respect of schools considered underfunded, and minimum per-pupil cash increases in respect of all schools.

Further information is available in Library Briefing 8106, [Implementation of the national funding formula for schools in England](#).

<sup>3</sup> IFS' 2016 report on school funding was published before the Government made these commitments for 2018-19 which were achieved by diverting other education funding into direct funding for schools.

## Pupil Premium

Introduced in 2011 by the Coalition Government, the Pupil Premium is additional funding provided to publicly-funded schools in England with the aim of raising the attainment of disadvantaged children.

In 2017-18, £2.4 billion of Pupil Premium funding was allocated in respect of around 2 million pupils, with the following pupils attracting funding:

- Children registered as eligible for free school meals (FSMs) at any point since May 2011 (referred to as Ever 6 FSM). £1,320 was allocated for each such pupil in reception to year 6; £935 was allocated for each such pupil in years 7 to 11.
- £1,900 for each child looked after by a local authority, or who left the care of a local authority in England or Wales because of adoption, a special guardianship order, or a child arrangements order (sometimes referred to as Pupil Premium Plus).

The £2.4 billion also includes a Service Premium of £300, which is paid in respect of pupils who have had a parent in the regular armed forces at any point since January 2012 (referred to as Ever 6 service children), or who are in receipt of a pension under the Armed Forces Compensation Scheme or the War Pensions Scheme after their parent died while serving the armed forces.

The Spending Review and Autumn Statement 2015 committed to protect the Pupil Premium “at current rates” during the Spending Review Period (up to 2020).<sup>4</sup>

The Pupil Premium Grant is paid as a separate grant to the Dedicated Schools Grant (the main source of revenue funding for schools). As such, it is for the most part unaffected by the introduction of a National Funding Formula for schools (see box 1). However, the National Funding Formula will not include a looked-after-children factor; instead, school funding for looked after and previously looked-after children will be targeted through the Pupil Premium Plus. As a result of the change, the Pupil Premium Plus rate will increase to £2,300 per eligible pupil from 2018-19.

### Pupil Premium: further information

The Library's [The Pupil Premium](#) research briefing (paper 6700) provides further information.

## Special educational needs

Funding for special educational needs (SEN) in England is not allocated as a separate amount per pupil. SEN funding is part of the overall Dedicated Schools Grant allocated to each local authority to fund their schools budget. It is for local authorities, in consultation with their schools forums, to determine the individual allocation to schools.

Broadly, SEN funding in mainstream schools has two components:

<sup>4</sup> HM Treasury, [Spending Review and Autumn Statement 2015](#), Cm9162, November 2015, p44.

- **Core funding:** this comes from a school's core budget allocated through the local funding formula. Schools are expected to have sufficient funding in their budget to enable them to provide up to £6,000 of additional support to pupils with SEN. Local authorities identify a notional SEN budget within a school's budget for this purpose.
- **Top-up funding:** if the cost of supporting a pupil with SEN is more than allocated through core funding, then the local authority provides top-up funding to the school from its high needs budget (one of the other blocks of the Dedicated Schools Grant).

Special schools receive place funding of £10,000 per commissioned place, paid from the local authority's high needs block. Per-pupil top-up funding is then paid by the local authority in addition to this.

As with the Schools Block, from 2018-19 local authorities will receive their high needs funding through a national formula derived from, among other factors, a basic unit of per-pupil funding for pupils in specialist SEN provision, historic spend, and also proxy measures such as population, school attainment, and numbers of children in bad health. In 2018-19 the High Needs block of the Dedicated Schools Grant will be worth just under £6 billion.<sup>5</sup>

#### SEN support: further information

The Library's [Special Educational Needs: support in England](#) research briefing (paper 7020) provides further information.

## Capital funding

Basic Need capital allocations are made to local authorities (LAs) to support the capital requirement for providing new pupil places by expanding existing maintained schools, free schools or academies, and by establishing new schools. In 2018-19 local authorities will receive allocations totalling £679 million. Total allocations between 2018-19 and 2020-21 are expected to be around £2.3 billion.<sup>6</sup>

In addition to basic need allocations, each year the Government also provides school condition funding to improve and maintain the school estate. This is distributed through three separate allocations:

- Devolved formula capital (DFC) allocations – direct funding for individual schools rather than via local authorities. Allocations are based on a simple formula which takes school type and pupil numbers into account.
- School condition allocations (SCA) – funding for organisations responsible for large numbers of schools, such as local authorities and large multi-academy trusts
- Condition improvement fund (CIF) allocations – funding for smaller multi-academy trusts, single academy trusts and sixth-form colleges. (The CIF replaced the Academies Capital Maintenance

<sup>5</sup> Education and Skills Funding Agency, [Dedicated schools grant \(DSG\): 2018 to 2019](#), last updated 11 June 2018.

<sup>6</sup> Department for Education, [Basic need allocations](#), 29 May 2018.

Fund (ACMF) and the Building Condition Improvement Fund (BCIF)).

For 2018-19 only, £100 million of funding from the soft drinks industry levy has also been allocated alongside the school condition allocation (Healthy Pupils Capital Fund). It was originally announced that £415 million of funding would be available in 2018-19 but this was reduced in order to part-fund the additional £1.3 billion for the core schools budget announced by the Secretary of State in July 2017. Further information on the Healthy Pupils Capital Fund is available in section 2.2 of Library Briefing 6836, [School Sport in England](#).

Details of school condition allocations for 2018-19 are available at: [School capital funding allocations](#).

The Chancellor's 2016 Autumn statement announced £50 million a year of additional capital funding would be also made available for grammar school expansion. The [Selective Schools Expansion Fund](#) was launched in May 2018, and funding for this has been included in the 2018-19 Main Estimate.

#### **Capital funding: further information**

The Library's [School buildings and capital funding \(England\)](#) research briefing (paper 7375) provides further information.

## **Education Committee inquiry**

The Education Select Committee launched an [inquiry](#) into school and college funding in April 2018. The inquiry will examine what the Department for Education's priorities should be for the next Spending Review period as they relate to schools and colleges.

## 2. Cost pressures facing schools

### Pupil numbers

Core funding for schools, provided through the national funding formula to local authorities, and reflected in local formulae employed by local authorities, is derived from pupil data provided by schools the previous October. Local authorities can provide additional funding for growing schools through a growth fund.

### Teachers' pay

Staff pay is by far the single largest item of expenditure in a school budget, with teachers' pay typically representing around 50% of school expenditure and pay for non-teaching staff typically representing around 30%.<sup>7</sup> Teaching unions and other groups have raised concerns that future pay increases for teachers and other school staff could put additional pressure on school budgets. For example, in January 2018 the Times Educational Supplement reported that, following announced pay rises for school support staff, "[unfunded pay rises spell 'catastrophe' for schools](#)".

The School Teachers' Review Body (STRB) makes recommendations on the pay of teachers in England and Wales, in line with a remit set by the Secretary of State. In its [2017-18 report](#), the STRB stated that in the future it is "likely that further uplifts of more than 1% will be required to elements of the pay framework in the coming years to make pay more competitive for teachers at all stages of their careers."

In September 2017, the Chief Secretary to the Treasury wrote to the STRB to set out the Government's position on public sector pay in 2018-19. The letter stated that the Government recognises that "more flexibility" on pay in some sectors is needed, particularly in "areas of skill shortage."

Consequently, in February 2018 the Department for Education stated that the School Teacher's Review Body no longer has to limit its pay recommendations on teacher pay to a 1% average increase.<sup>8</sup> The STRB has submitted its report with recommendations for the 2018 teacher pay award to the Government. However, it has not been published yet and the Government is yet to respond.<sup>9</sup>

The Government estimates that, nationally, school staffing costs could increase by a further 2.2% in 2018-19 and 1.4% in 2019-20 before schools would face real terms pressures in spending.

This estimate was published in the DfE's [Schools' costs](#) report 2018 and is based on the department's Teacher Supply Model, which takes into account national changes in pupil and teacher numbers. The report further states that, at a national level, total core schools and high needs

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<sup>7</sup> Department for Education, [Schools' costs 2018-19](#), February 2018, p7.

<sup>8</sup> Department for Education, [Government evidence to the STRB: The 2018 pay award](#), February 2018, p12.

<sup>9</sup> [PO 149065](#), 6 June 2018.



funding with rise over the period 2018-20 by 3.1% on a per pupil basis; inflation is forecast to rise by 2.9% over this period.

It should be emphasised, however, that the DfE analysis is based on the overall national picture. While some schools will see more than a 3.1% increase in their per-pupil funding over 2018-19 and 2019-20, some will see less. This could depend on a range of factors, including decisions made by local authorities and cost pressures faced by individual schools. The point at which individual schools would experience real terms costs pressures could, therefore, be different from the national average.

The Government has not said whether additional funding will be provided to cover increases in teacher pay. However, it has emphasised that “affordability and value for money” continue to be key considerations for the STRB when making recommendations on teacher pay.

#### **Teacher recruitment and retention: further information**

The Library's [Teacher recruitment and retention in England](#) research briefing (paper 7222) provides further information on teacher recruitment, salaries and retention.

### **Apprenticeship levy**

The Department for Education published a [Schools' guide to apprenticeship reforms](#) in March 2017.

Only some schools will pay the levy, and whether they do will primarily depend on whether the employer of the staff who work within the school has an overall pay-bill of over £3 million.

The governing body employs the staff in voluntary-aided schools, foundation schools, free schools and academies. Like other employers, these schools will pay the levy if they have a pay bill of over £3 million per year.

The local authority employs the staff in other maintained schools, and therefore the local authority would be responsible for paying the levy for schools under their control. Each local authority with a pay bill of greater than £3 million will pay the levy.

For local authorities who will pay the bill, they will be able to decide how they will pay it. They may pass the cost of the levy onto schools.

Multi-academy trusts will pay the levy if the pay bill for all the schools within the trust is greater than £3 million, and they will get a single annual allowance of £15,000.

According to a December 2016 [report by the National Audit Office](#), the Department for Education has estimated that the levy will add 0.4% to the cost of schools. The DfE reiterated this estimate in its February 2018 [Schools' Costs](#) report and estimated that around half of single school academy trusts, around 90% of multi academy trusts and 10% of Foundation and Voluntary-aided schools might be affected. and half of single school academy trusts, around 90% of multi academy trusts and 10% of Foundation and Voluntary-aided schools might be affected.

Independent schools will only pay the levy if their annual pay bill is over £3 million per year.

## Policy changes

There have been concerns expressed by some that changes in policies—such as changes to A levels, new style GCSEs and compulsory resits for those failing to pass Maths and English GCSEs, can impose additional costs on schools. NAO said in its 2016 [Fiscal sustainability report](#) that:

While the Department has estimated the pressures from inflation and increased pay-related costs, it has not assessed the financial impact for schools of its policy changes. The Department compiles a list of future policy changes that it expects will affect schools but has no plans to assess the financial implications for schools of these changes. It does not therefore have assurance that its policies are affordable within current spending plans without adversely affecting educational outcomes. It leaves schools and multi-academy trusts to manage the consequences individually.

## Education Services Grant

The Education Services Grant (ESG) was introduced in 2013 to replace the Local Authority Central Spend Equivalent Grant (LACSEG), which was paid to academies to cover the cost of the services that local authorities provide centrally to maintained schools but that academies must secure independently.

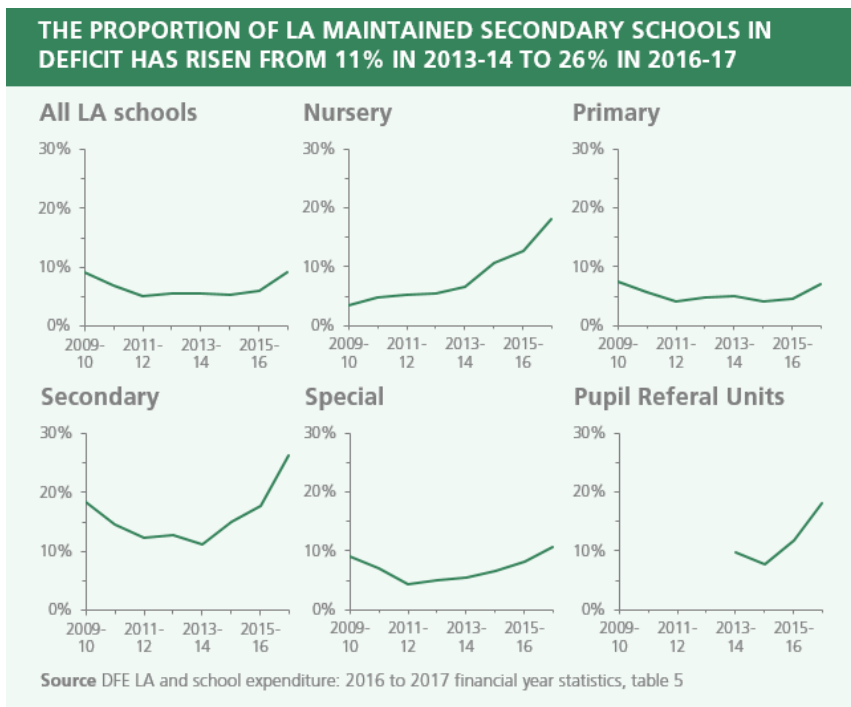
The 2013 Spending Round reduced the annual grant by £200 million a year from 2015-16; the 2015 Spending Review made further reductions of up to £600 million to this grant. Transitional payments were made until September 2017. The ministerial statement [here](#) and results of an earlier consultation [here](#) provide further background. There have been concerns from some that costs previously covered by this grant have had to be met from other resources.

## School deficits

[DfE data](#) shows that the proportion of local authority maintained schools in deficit has risen in recent years. In 2016-17 around 9% of all LA maintained schools were in deficit, compared to 5% in 2014-15. Of all schools in deficit, total deficit was around 6.3% of total income in 2016-17 compared to 4.4% in 2012-13.

The proportion of local authority maintained secondary schools in deficit has increased from 13% in 2012-13 to 18% in 2015-16 and 26% in 2016-17. Among these schools, total deficit was 8.4% of total income in 2016-17 compared to 5.2% in 2012-13.

Note, however, that the figures above do not include academy schools.



The [Education Policy Institute](#) has also analysed these trends. In March 2018 [the Institute noted that](#):

- The proportion of local authority schools in deficit nearly trebled from 8.8% in 2012-13 to 26.1% in 2016-17.
- The average local authority maintained secondary school deficit rose over this 7 year period, from £292,822 in 2010-11 to £374,990 in 2016-17
- The average primary school deficit also noticeably increased, from £72,042 in 2010-11, to £107,962 in 2016-17.
- Over two-thirds of local authority maintained secondary schools spent more than their income in 2016-17. 40 per cent of local authority maintained secondaries have had balances in decline for at least two years in a row.

For academies, the [National Audit Office](#) found (in December 2016):

- That some single academy trusts have been building up reserves. Also, an increasing proportion of academies, including multi-academy trusts, have been spending more than their income.
- The proportion of single academy trusts with a surplus worth 15% or more of their annual income increased from 24.7% in 2011/12 to 38.5% in 2014/15 (Figure 9);
- The proportion of primary single academy trusts in deficit decreased from 3.2% (seven trusts) in 2011/12 to 1.6% (13 trusts) in 2014/15.
- In contrast, the proportion of secondary single academy trusts in deficit increased from 3.2% (25 trusts) to 6.1% (74 trusts) over the same period;

- For those single academy trusts in deficit, the average deficit fell in real terms from £58,000 to £48,000 for primary academy trusts, and from £350,000 to £238,000 for secondary academy trusts;
- The proportion of primary academies spending more than their income rose from 32.1% in 2012/13 to 44.1% in 2014/15; and of secondary academies spending more than their income from 38.8% to 60.6%

### 3. Education funding for 16-19 year olds

Most 16-19 education funding is allocated to individual providers (e.g. school sixth forms, sixth form colleges and general further education colleges) by the Education and Skills Funding Agency. The majority of each provider's annual allocation is determined using a national funding formula which was introduced from 2013-14. Additional elements of funding are then allocated outside of the formula, including, for example, funding for high needs students, and for some student support schemes (e.g. Dance and Drama Awards).

The 2015 Spending Review included a cash terms protection of the current national base per student funding rate (£4,000 for 16 and 17 year olds). It additionally stated that "some targeted savings will be made from 16-19 funding, including from declining demographics and funding outside the national base rate per student."<sup>10</sup> It is expected that these savings will be mainly realised through the gradual removal of formula protection funding, which has been paid to some providers since the introduction of the national funding formula in 2013-14. The last formula protection funding payments are expected to be paid to providers in 2020-21.<sup>11</sup>

#### 16-19 expenditure

Based on the three main categories of 16-19 expenditure (16-19 further education (i.e. sixth form colleges and general FE colleges), academies with sixth forms, and maintained schools with sixth forms), total expenditure on 16-19 education fell from £6.39 billion in 2010-11 to £5.79 billion in 2016-17, a reduction of 9.3% in cash terms and 17.5% in real terms.<sup>12</sup>

The expenditure on school sixth forms (both maintained schools and academies) fell by 11.6% in cash terms over the period, or 19.6% in real terms. Expenditure on 16-19 FE (which includes sixth form colleges and general FE colleges) fell by 8.0% in cash terms and 16.3% in real terms.

The Institute for Fiscal Studies has estimated that in 2016-17 prices:

- Spending per full time 16-19 student in further education (e.g. sixth form colleges and general FE colleges) fell from a high of £6,046 in 2010-11 to £5,639 in 2015-16. Expenditure per student in 1989-90 was estimated to be £5,190 in 2016-17 prices.
- Spending per student in school sixth forms declined from £6,212 in 2010-11 to £5,121 in 2015-16. Estimated per student

<sup>10</sup> HM Treasury, [Spending Review and Autumn Statement 2015](#), Cm9162, November 2015, pp90-91.

<sup>11</sup> Education Funding Agency, [Funding for academic year 2017 to 2018 for students aged 16 to 19 and students aged 19 to 25 with an education, health and care plan](#), 21 December 2016.

<sup>12</sup> Real terms figure calculated using 2016-17 prices based on the December 2017 GDP deflator.

expenditure in 2002-03 (the earliest year for which it was possible to produce estimates) was £5,508 in 2016-17 prices.<sup>13</sup>

## T-Levels

The March 2017 Budget announced that additional funding would be provided to increase the number of programme hours for 16-19 year studying T Levels to “over 900 hours a year on average.” It said that this would result in over £500 million of additional funding per year once routes are fully implemented (currently expected to be September 2022).<sup>14</sup>

### T Levels: further information

The Library's [T Levels: Reforms to Technical Education](#) research briefing (paper 7951) provides further information.

## The advanced maths premium

The Autumn Budget 2017 announced that from 2019-20 the Government would give schools and colleges £600 for every extra pupil who takes Maths or Further Maths A levels or Core Maths (now referred to as the Advanced Maths Premium). There will be no cap on numbers and £83.2 million of funding will be available initially until 2022-23 (£4.6 million in 2019-20, £15 million in 2020-21, £26.6 million in 2021-22 and £37 million in 2022-23).<sup>15</sup>

The Government has subsequently confirmed that the £600 premium will be paid per year per additional student for one or two years, depending on the type and size of qualification studied.

### 16-19 funding: further information

The Library's [16-19 education funding in England since 2010](#) research briefing (paper 7019) provides further information.

<sup>13</sup> Institute for Fiscal Studies, [Long-run comparisons of spending per pupil across different stages of education](#), February 2017, Appendix B.

<sup>14</sup> HM Treasury, [Spring Budget 2017](#), HC 1025, March 2017, p41.

<sup>15</sup> HM Treasury, [Autumn Budget 2017](#), HC 587, November 2017, p47; [PQ 116028](#), 28 November 2017.

## 4. Adult further education funding

In 2016-17 there were around 2.2 million publicly funded learners aged 19+ in some form of adult further education (i.e. education taking place outside of schools and the higher education sector, including apprenticeships). Around 1,200 providers received some form of public funding to deliver adult FE from the Education and Skills Funding Agency in 2017-18.

The budget for adult FE is set by the Government, usually in an annual skills funding statement or letter. After it has received details of its budget, the ESFA confirms each FE provider's funding allocation or maximum contract value for the forthcoming year. Providers then earn funding up to their maximum allocation by delivering education and training that is approved for public funding.

Adult Skills Budget (ASB) spending (comprising funding for classroom-based adult FE, adult apprenticeships and other workplace training) fell by 32% in cash terms from £3.63 billion to £2.48 billion between 2010-11 and 2015-16. Within the ASB, expenditure on adult apprenticeships increased from £0.45 billion to £0.71 billion over the period (an increase of 58%), while non-apprenticeship ASB spending fell by 54%, from £2.50 billion to £1.14 billion. These figures do not include spending on Advanced Learner Loans, which replaced grant funding for learners aged 24 and over studying at levels 3 and 4 (e.g. A-levels) from 2013-14. In the 2013-14 academic year, the Student Loans Company paid out £116 million in loans; in 2014-15 it paid out £145 million, and in 2015-16 it paid out £182 million.

Under the Spending Review 2015 settlement the newly created Adult Education Budget (comprising non-apprenticeship part of the ASB plus community learning and discretionary learner support) is set to be held constant in cash terms at £1.5 billion up to 2019-20. Funding for apprenticeships and Advanced Learner Loans is set to increase by 92% and 140% respectively between the 2015-16 baseline and 2019-20. From 2017-18 onwards, apprenticeship funding has, in part, be provided via the apprenticeship levy.

### Adult education funding: further information

The Library's [Adult further education funding in England since 2010](#) research briefing (paper 7708) provides further information.

## 5. Higher Education funding

There were fundamental changes to higher education funding in England in 2012, and there have been further, smaller, changes since then. A separate House of Commons Library [paper](#) has recently been published on this topic.

DFE's 2018-19 Main Estimate includes proposed budgets for higher education as follows:

- Funding through DFE and funding councils; also changes in the estimated amounts of student loan that will not eventually be repaid (£5.9 billion) (Resource DEL)
- Loans to students (£20.8 billion) (Capital AME)
- Repayment of loan capital (£2.6 billion in receipts) (Capital AME)
- Payment of loan interest (£3.2 billion in receipts) (Resource AME)

### **Higher education funding: further information**

The Library's [Higher education funding in England](#) research briefing (paper 7973) provides further information.



## 6. Published material on education funding

Institute for Fiscal Studies

[IFS Long term trends in school funding in England](#), April 2016

[Evidence to Education Select committee inquiry](#), June 2018

Education Policy Institute

[School funding pressures in England](#) (March 2018)

[Research Note: Where next on school funding and the National Funding Formula?](#) (July 2017)

[The implications of the National Funding Formula for schools](#) (March 2017)

National Audit Office

[Capital funding for schools](#) (February 2017)

[Financial sustainability of schools](#) (December 2016)

[Funding for disadvantaged pupils](#) (July 2015)

Department for Education

[Schools' costs: Technical note](#) (February 2018)

Education Committee

[School and college funding Inquiry: published oral and written evidence.](#)

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