



2023-0024032SoSPO

**The Rt Hon Gillian Keegan MP**  
Secretary of State for Education

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The Rt Hon Sir George Howarth MP  
By email: [george.howarth.mp@parliament.uk](mailto:george.howarth.mp@parliament.uk)

18 July 2023

Dear Sir George,

Thank you so much for your email of 29 June, on behalf of your constituents, regarding concerns about school and further education (FE) funding following analysis commissioned by Unison.

### **Schools**

I recognise that school costs have risen as a result of inflation, higher energy prices, and teacher pay awards. In the Autumn Statement 2022, the Chancellor of the Exchequer made clear that the best way to alleviate these pressures is to tackle high inflation, which means taking a disciplined and fiscally responsible approach to public spending. This is essential to ensuring confidence and stability in the economy and properly funding public services over the long term.

The additional £2 billion announced for schools in each of the next two years, 2023-24 and 2024-25, demonstrates the central importance this government attaches to education. As the Chancellor has said, being pro-education is being pro-growth and we are prioritising helping schools through this difficult time.

We have also recently announced an additional £525 million of funding this year, to support schools with the teachers' pay award, and a further £900 million in 2024-25. This means overall school funding is rising by over £3.9 billion this year alone, compared with 2022-23, on top of a £4 billion increase last year. Together this is a 16% increase in just two years. Next year, school funding will be £59.6 billion, the highest ever level in real terms per pupil, and £24.6 billion higher, in cash terms, than the £35 billion allocated in 2010-11.

### **Further education and skills**

On FE funding, I want to be clear that my department is committed to investing in 16-19 education and to ensuring that the FE sector is financially sustainable. We have recently taken several steps to increase FE funding. Throughout this Parliament, we have increased overall funding for the sector with an extra £1.6 billion for 16-19 education in 2024-25 compared with 2021-22, which is the biggest increase in 16-19 funding in a decade.

We will invest £185 million in 2023-24 and £285 million in 2024-25 to drive forward skills delivery in the FE sector. This funding will help colleges and other providers to address key priorities which are of critical importance to our economic growth and prosperity. This is in addition to the £125 million of funding we have already announced for the financial year 2023-24 to ensure 16 to 19 year olds, regardless of where they live or their background, will continue to have access to the courses and qualifications they need to go on to successful and rewarding careers.

In addition, in February 2023, we announced a 10% increase to the national funding rates for T Levels (bands 6 to 9) specifically for academic year 2023/24. 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.

We are also continuing to invest in education and skills training for adults through the Adult Education Budget (AEB), which totalled £1.34 billion in the 2022-23 financial year. In 2022-23 the government devolved approximately 60% of the AEB to 9 Mayoral Combined Authorities (MCAs) and the Greater London Authority (GLA). Devolved MCAs and the GLA decide how to make best use of the AEB to meet the needs of their areas.

The Education and Skills Funding Agency (ESFA) is responsible for the remaining AEB in non-devolved areas. ESFA funded AEB also supports colleges and providers to help adult learners to overcome barriers which prevent them from taking part in learning. This includes Learner Support to support learners with a specific financial hardship.

To support FE providers of adult skills in the current economic landscape, we are increasing provider earnings within AEB for academic years 2022/23 and 2023/24, in non-devolved areas. This will give providers an increase in funding before we introduce the new funding rates that will apply to the ESFA skills fund for 2024/25.

We will also apply a 20% boost on top of earnings for all AEB formula-funded provision in 6 sector subject areas: Engineering, Manufacturing Technologies, Transport Operations and Maintenance, Building and Construction, ICT for Practitioners, and Mathematics and Statistics.

Your email draws attention to VAT that is paid by colleges. Many public bodies cannot recover the VAT they incur. The government keeps all taxes under review, and any proposals to change the tax system would need to be considered in the context of the broader public finances.

### **School and college buildings**

With regard to school buildings, nothing is more important than the safety of pupils and teachers. This is why my department has been significantly investing in transforming school buildings across the country. Where there are serious safety issues with a building, we take immediate and swift action to ensure the safety of pupils and school staff.

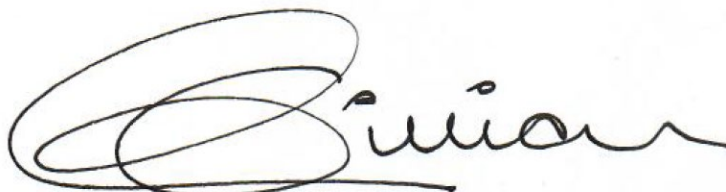
My department allocates significant funding to those responsible for the school estate to improve their buildings and to keep them safe and in good working order. We have allocated over £15 billion for this since 2015, including £1.8 billion committed for 2023-24. This is informed by consistent data on the condition of schools. In addition, the School Rebuilding Programme will transform buildings at 500 schools, prioritising poor condition and potential safety issues.

It is the responsibility of those who run schools – academy trusts, local authorities, and voluntary-aided school bodies – to manage the safety and maintenance of their schools, and to alert the department if there is a concern with a building. We provide support on a case-by-case basis if we are alerted to a serious safety issue by these responsible bodies.

My department also provides guidance, tools, and support to help schools and responsible bodies effectively manage their school buildings and keep them safe. More information can be found here: [tinyurl.com/4UKM5EMH](https://tinyurl.com/4UKM5EMH). Any trust, local authority, or voluntary-aided body which has a serious issue with its buildings that it cannot address from its existing resources can approach the department for additional advice and support.

I hope this response reassures your constituents of my department's commitment to education funding across the sector.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Gillian Keegan'. The signature is fluid and cursive, with a large loop at the beginning.

**The Rt Hon Gillian Keegan MP  
Secretary of State for Education**