

Statistics of Education:

Education and Training Expenditure Since 1993-94



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EDUCATION AND TRAINING EXPENDITURE SINCE 1993-94

Introduction

The Bulletin provides detailed central government and local authority education and training outturn in England for the financial years 1993-94 to 2001-02 together with estimated figures for 2002-03.

This bulletin updates the Department for Education and Skills (DfES) Statistical Bulletin 06/02 and provides longer, more detailed time-series and supplementary analyses than appear in the DfES's Departmental Report (Cm 5902) published in May 2003.

The commentary and tables presented are split into two sections.

SECTION A. The first and largest section (tables 1-6b) covers central government and local authority expenditure on education (both current and capital) and expenditure on training initiatives.

SECTION B. The second section (tables 7-10) sets recurrent expenditure and revenue funding against pupil or student numbers for the different sectors of education, resulting in the calculation of costs per pupil or student.

A glossary of the terms used throughout this publication is included at the back.

Key Facts

SECTION A: Central Government and Local Authority education and training expenditure

Overall expenditure

- Between 1993-94 and 2002-03, expenditure rose from £ 35,267 million to an estimated £ 44,636 million which represents a real terms increase of 27 per cent (**table 1b**).
- The distribution of recurrent expenditure between various sectors of education has been steadily changing since 1993-94. The proportion of expenditure deployed in the schools sector increased from 63 per cent in 1993-94 to 69 per cent in 2002-03. The proportion of expenditure rose slightly in the further education sector (**table 6b**)

Central Government expenditure

- In 2002-03, it was estimated that Central Government's own expenditure was £ 14,875 million on education and training which represents a third of all education and training expenditure;
- Since 1993-94 Central Government expenditure has risen in real terms by 58 per cent;

Local Authority expenditure

- Total recurrent spending in real terms in England increased from £ 25,869 million in 1993-94 to an estimated £ 29,761 million (**table 1b**);
- The vast majority of recurrent expenditure is spent in maintained primary schools (33%) and secondary schools (41%) (**chart 2**).

SECTION B: Recurrent expenditure and funding unit costs

Expenditure and funding per pupil

- Since 1997-98, primary, secondary and special schools have all shown real terms funding increases in their school based expenditure per pupil of 28%, 20% and 20%, respectively (**table 7**)
- Between 1997-98 and 2002-03 revenue funding in maintained schools has increased in real terms by £ 730 per pupil or 25 per cent (**table 9**)

Funding per student

- Since 1998-99, there have been year-on-year increases in real terms total funding per student in further education (**table 10**)
- Real terms unit funding in higher education has remained broadly constant since 1997-98 (**table 10**)

Statistical Commentary

SECTION A. Central government and local authority education and training expenditure - tables 1 to 6b

1 In making comparisons between years and between central and local government, it is important to bear in mind the changes that have occurred in the pattern of the education service and the funding mechanisms:

- the return of GM schools to local education authority maintenance from 1999-00;
- the introduction of Fair Funding from April 1999;

The figures presented in **tables 1, 2, 3 and 5** include the Welsh element of student loans and mandatory awards. Also, **tables 1a and 1b** include *net* local authority capital spending i.e. capital spending net of local authority receipts. Tables 6a and 6b exclude all non-England elements of expenditure (i.e. Welsh mandatory awards and student loans) and reflect *gross* capital spending at local authority level.

Expenditure on education and training in England

2 **Tables 1a and 1b** set out total central and local government expenditure on education and training in

cash and real terms, split between capital and current spending. For the purposes of this table, central government's own expenditure does not include grant support for local authorities,

3 Total education and training expenditure measured in 2002-03 prices rose from £35,267 million in 1993-94 to an estimated £44,636 million in 2002-03. Overall this corresponds to a real terms increase in central and local government expenditure on education and training between 1993-94 and 2002-03 of 27 per cent. From 1993-94 to 2002-03 central government's own expenditure, defined for the purposes of this table as central government expenditure excluding support for local authorities, shows an increase of around 58 per cent compared with a modest increase in real terms in local authority expenditure – though both of these figures in part reflect shifts of responsibilities (see paragraph 1 above).

4 Since the introduction of *resource accounting* in 1998-99, which has brought about a clearer separation of capital and recurrent budgets, current expenditure has risen. Local Authority capital expenditure in *cash terms* rose from £ 1,169 million in 1998-99 to £1,914 million in 2001-02 and is estimated to have increased to £ 2,134 million in 2002-03.

5 **Chart 1** shows central government's own expenditure as a proportion of total expenditure on education and training over the last decade. Since 1993-94, central government expenditure as a proportion of all expenditure increased in real terms from 27 per cent in 1993-94 to an estimated 32 per cent in 2001-02. It is also estimated for 2002-03 that a third of expenditure on education and training in England will be central government's own expenditure. When considering the time series, it is worth noting that during the last decade there was a switch of nursery voucher scheme monies from local authorities to central government in 1997-98 and then the subsequent transfer of these monies back to local authorities in 1998-99.

6 **Tables 2a and 2b** set out the DfES and OFSTED education and training expenditure programme and grants to local education authorities in cash and real terms (2002-03 prices). As well as the central government spending identified in tables 1a and 1b, tables 2a and 2b also include grant support for local authorities (which are further represented in table 3).

7 The figures for higher education do not take into account the contributions made by students and their families to the costs of tuition. The figures have changed from previous years as a result of some technical accounting adjustments arising from the full introduction of resource accounting and budgeting for the Higher Education Funding Council for England (HEFCE). These changes include the addition of a provision of £ 385 million to the HEFCE accounts for 1999-00. The footnotes to the tables give more information, including information about the trends excluding these technical changes.

8 Total DfES and OFSTED expenditure, including support for local education authorities, rose, in real terms (table 2b), from £ 12,891 million in 1993-94 to an estimated £ 22,348 million 2002-03, a rise of 73 %.

Local authority current expenditure on education in England.

9 **Table 3** sets out local authority current expenditure in cash terms. Total current spending by local education authorities in England increased from £19,812 million in 1993-94 to an estimated £27,627 million in 2002-03 although this reflects in part the transfer of responsibilities from central government.

10 **Chart 2** shows the allocation of expenditure between different schools' sectors. It shows that 3 out of every 4 pounds are spent in maintained primary and secondary schools.

CHART 1:
Expenditure by Central and Local Government on education and training in England (2002-03 prices)

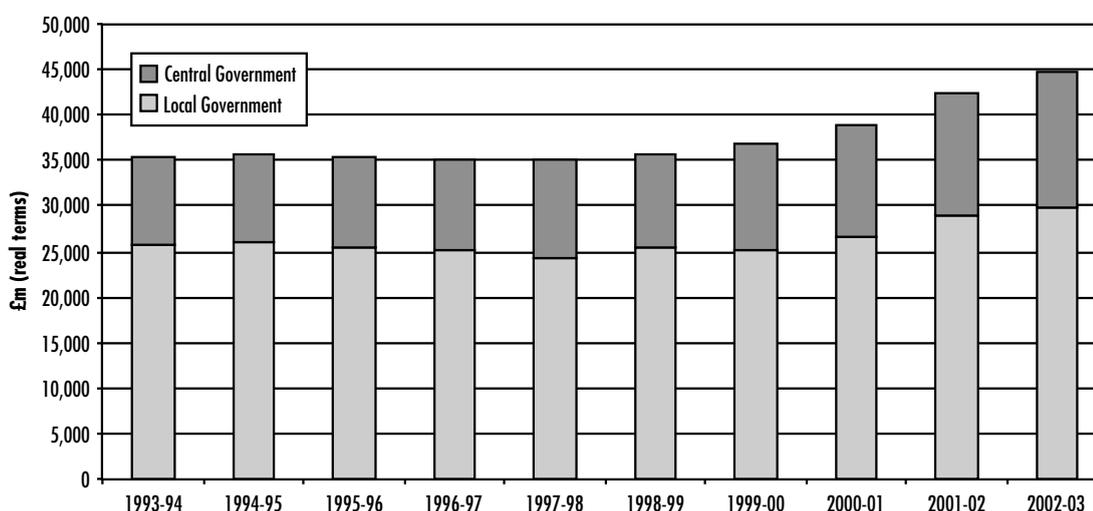
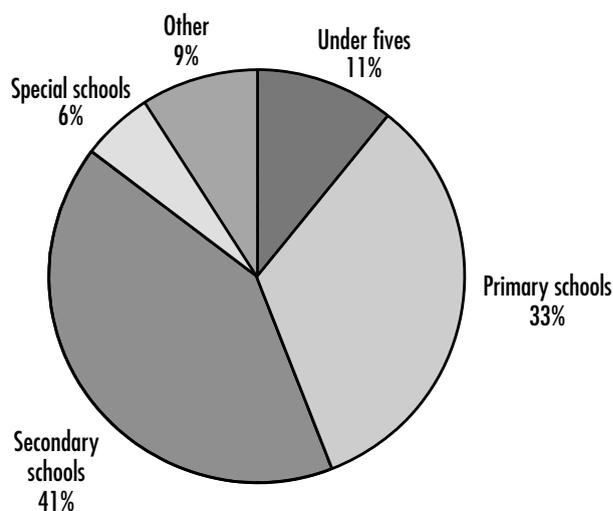


CHART 2:
Percentage Distribution of Local Authority current expenditure (cash terms) in schools,
England: 2002-03



Section 52 Outturn 2001-02 Table 4 England Summary

11 Table 4 is a replica of the outturn statement required from each LEA summed to provide all England figures. It shows LEA expenditure split by employee costs, premises related costs, supplies and services, third party payments and transfer payments for each educational sector. The income elements can be subtracted to provide net rather than gross figures. Columns (k) and (l) show the management and support element which is then distributed across each of the sectors through recharging in lines (25) and (26). Full descriptions of the row and column headings can be found in "The Education (outturn statements) (England) regulations 2002 and accompanying guidance". A breakdown of these figures to LEA level is available on the DFES statistics website at www.dfes.gov.uk/statistics/

12 Charts 3a and b are based on the data in table 4 and show a distribution of revenue expenditure in local authority maintained schools in England 2001-02. In both primary and secondary schools, staffing costs represent approximately three quarters of LA revenue expenditures in both sectors. There are however differences in the distributions of expenditure between teaching staff and non-teaching staff. The percentage of LA expenditure allocated to employing non-teaching staff was higher in primary schools (17%) than Secondary schools (11%). However, in relative terms a larger proportion of secondary school expenditure went on teaching staff than they did for primary schools.

Local Authority capital expenditure on education in England

13 Table 5 sets out local authority capital expenditure in cash terms. Gross capital spending (including, from 1997-98, the New Deal for Schools) fluctuated between

1993-94 and 2000-01. However, in the following 2 years, it experienced significant cash terms increases and in 2002-03 was estimated to have risen to £2,358 million. **Chart 4** which is based on the data in Table 5 shows that since 1996-97, net authority capital spending has experienced a steady upwards trend.

Education expenditure in England of central and local government by sector

14 Tables 6a and 6b show the breakdown of central and local government expenditure on education by sector in *cash and real terms*. These tables have been derived from central and local government outturn where available; figures have been estimated for the latest year. Adjustments have been made to show the data on an England only basis (as described in paragraph 1 above). No account has been taken of any minor transfers of responsibility for expenditure between Departments.

15 As with tables 2a and 2b, the time series for higher education do not take account of private contributions towards the costs of tuition and reflect some technical accounting adjustments. This particularly affects the year 1999-00. The figures in the higher education student support line take account of a number of changes to the system during the period, and reflect the resource accounting and budgeting treatment of student loans. Under this system, the economic costs of issuing the loans, which reflect future loan repayments, are recorded in the totals rather than the loan payments themselves. The figures for later years are not therefore directly comparable with the earlier ones.

16 The distribution of expenditure between various sectors has been steadily changing since 1993-94. Current expenditure on schools has risen from 59 per

CHART 3a:
Distribution of local authority revenue expenditure (cash terms) in maintained pre-primary and primary schools in England: 2001-02

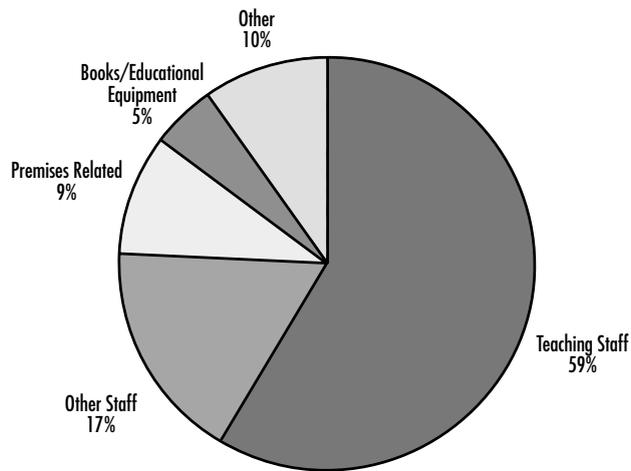


CHART 3b:
Distribution of local authority revenue expenditure (cash terms) in maintained secondary schools in England: 2001-02

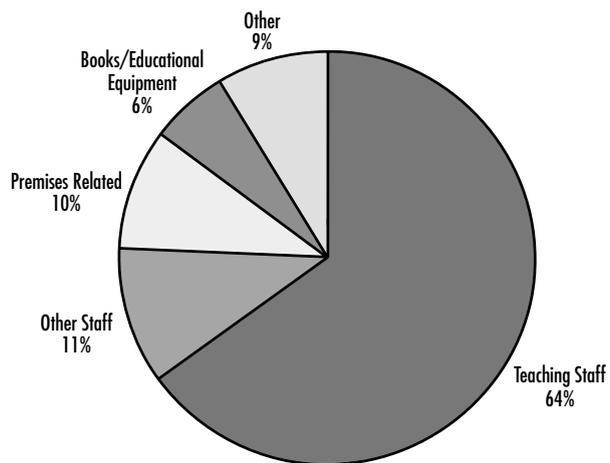
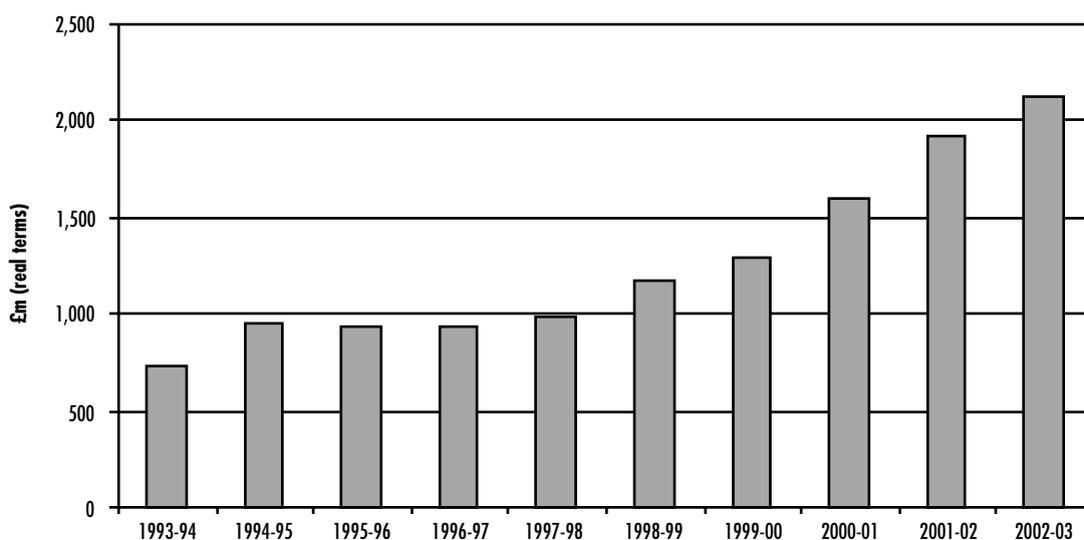


CHART 4:
Local authority capital expenditure on education in England (net) 02-03 prices



cent of the total in 1993-94 to an estimated 64 per cent in 2002-03. The proportion of expenditure on FE and other adult learning has remained steady (11-12%) whilst expenditure on the HE sector has fallen steadily by an estimated 4 percentage points from 16 per cent of the total in 1993-94 to an estimated 12 per cent in 2002-03. The proportion of expenditure on student support has shown a steady fall from 5 per cent in 1993-94 to an estimated 3 per cent in 2002-03. This reflects the demographic changes and Governments' priorities for early years and school education. Finally, the proportion of expenditure on administration, inspection costs and miscellaneous services fell from 5 per cent in 1993-94 to an estimated 3 per cent in 2002-03. In part, the changes in the "Schools" and "Administration, inspection costs and miscellaneous services" lines of the tables reflect the revised category definitions as detailed in Table 3.

17 Table 6b shows that, in real terms, expenditure on education in England under this definition rose by 3 per cent between 1993-94 and 1994-95 before falling from £34,268 million in 1995-96 to £33,740 million in 1997-98. It then rose to an estimated £43,387 million in 2002-03. These changes correspond to an overall real terms increase of 29 per cent between 1993-94 and 2002-03.

SECTION B. Recurrent expenditure and funding unit costs – Tables 7, 8, 9 and 10

Net Institutional expenditure per pupil in maintained schools

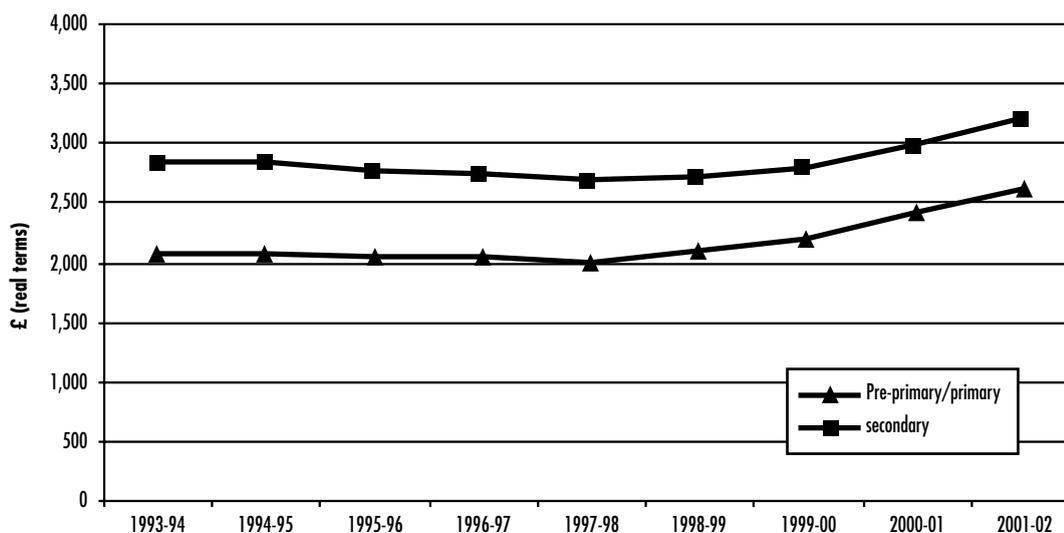
18 Table 7 relates spending (in real terms) in local education authority maintained schools to the number of pupils in order to reveal the trend in spending per pupil – the unit cost.

19 The spending data for local education authority maintained schools covers net school-based expenditure, including the pay of teachers and school-based support staff, school premises costs, books and equipment, and certain other supplies and services, less any capital items funded from recurrent spending and income from sales, fees and charges. They exclude the cost of support services such as home to school transport, school meals, local authority administration and the financing of capital expenditure.

20 Between 1993-94 and 1998-99, total school-based expenditure in local education authority maintained pre-primary/primary schools, increased by 5 per cent in real terms while pupil numbers increased by 3 per cent leading to an increase in real terms unit costs of 1 per cent. The equivalent figures for maintained schools were decreases of 6 per cent, 2 per cent and 5 per cent respectively. Expenditure decreased by 1 per cent in local education authority maintained special schools between 1993-94 and 1998-99 while pupil numbers increased by 3 per cent leading to a real terms decrease in unit costs in special schools of 4 per cent. In 1997-98 costs per FTE pupil in maintained primary and secondary schools fell to their lowest point along side a continuing rise in pupil numbers. Real term unit costs were £1,980 for pre-primary/primary pupils and £2,680 for secondary pupils. Figures rose again in 1998-99 to £2,080 and £2,700, respectively.

21 In 1999-00 grant maintained schools returned to local authority maintenance. This contributed to real terms increases in school-based expenditure between 1998-99 and 1999-00 in pre-primary/primary, secondary and special schools of 10 per cent, 32 per cent and 6 per cent respectively with corresponding increases in pupil numbers of 3 per cent, 28 per cent and remaining the same in special schools. Against these changes unit costs

CHART 5:
Net Institutional Expenditure per full-time equivalent pupil in local authority maintained schools in England (2002-03 prices)



increased in real terms by 5 per cent, 3 per cent and 6 per cent respectively

22 Between 1993-94 and 2001-02 school-based expenditure increased by 34 per cent in primary schools, 47 per cent in secondary schools and 17 per cent in special schools. Over this period pupil numbers rose by 5 per cent in pre-primary/primary schools, 29 per cent in secondary schools and 1 per cent in special schools. These changes correspond to a real terms increase in unit costs of 28 per cent in pre-primary/primary schools, 13 per cent in secondary schools and 15 per cent in special schools, see **chart 5**.

Net Current Expenditure per pupil in maintained schools

23 **Table 8** shows the net current expenditure (NCE) per pupil. This differs from the school based expenditure figures shown in **table 7**. A description of the 2 measures is provided in the glossary of terms at the end of the bulletin.

24 Between 1993-94 and 2001-02 school-based expenditure increased by 30 per cent in primary, 32 per cent in secondary schools and 21 per cent in special schools. Pupil numbers are the same as previously used in **table 7**. These changes correspond to a real terms increase in unit costs of 24 per cent in pre-primary/primary schools, 2 per cent in secondary schools and 19 per cent in special schools

Revenue funding per full time equivalent pupil in maintained schools

25 Revenue funding (defined as education standard spending plus all schools related revenue grants in DfES's departmental expenditure limit which are

relevant to pupils aged 4 to 19) per pupil educated in maintained schools in real terms is shown in **table 9**. Total revenue funding increased by 29 per cent between 1994-95 and 2002-03 while the number of pupils (aged 4-19) increased by 6 per cent, leading to a 22 per cent increase in real terms unit funding per pupil. Unit funding per pupil fell by 3 per cent between 1994-95 and 1995-96, followed by a period of little change through to 1997-98. Between 1997-98 and 2002-03 there were year on year increases, with rises of 1 per cent between 1997-98 and 1998-99, 4 per cent between 1998-99 and 1999-00, 7 per cent between 1999-00 and 2000-01, 6 per cent between 2000-01 and 2001-02 and 5 per cent between 2001-02 and 2002-03, see **chart 6**. It should be noted that these figures are not comparable with those in **table 7** as they are calculated on a different basis using an alternative data source from which 2002-03 data is available.

Funding per full time equivalent student in further and higher education in England

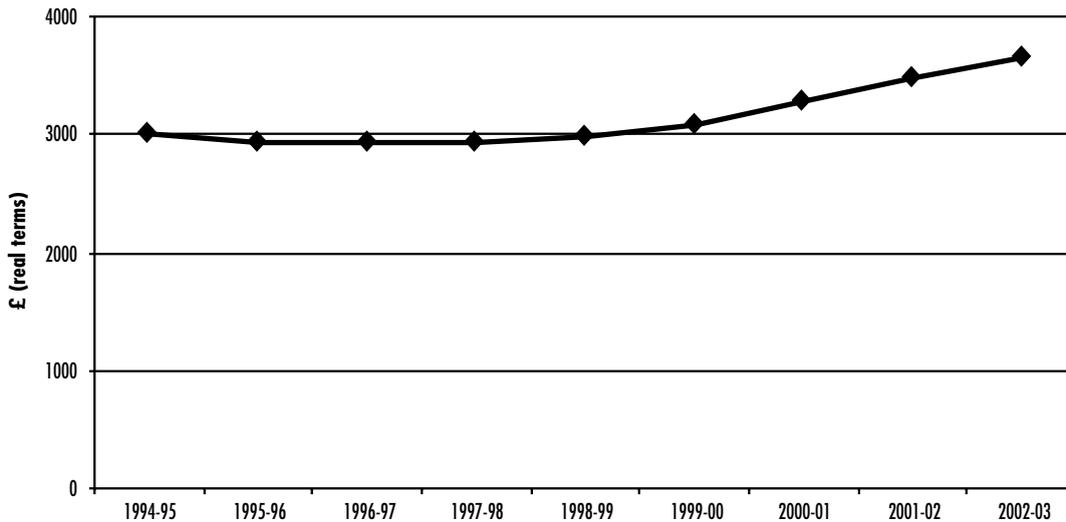
26 Unit funding (excluding student maintenance awards, student loans and Access Funds) for students in further and higher education is shown in **table 10**. The table covers LSC (responsibility passed from the FEFC to the LSC in April 2001) and publicly funded higher education institutions. Notional estimates are shown for the HE sector back to 1993-94. This table does not include the funding the HE sector receives in support of research via the Research Councils, earmarked grant for capital investment and funding for measures to widen access.

Further Education

27 The basis for participation FE unit funding figures from 2001-02 onwards has changed slightly compared to

CHART 6:

Unit revenue funding per full-time equivalent pupil in local authority maintained schools in England: 2002-03 prices



the previous bulletin. As announced as part of the outcome of Spending Review 2002, some previously targeted funds have been consolidated into participation funding. From 2001-02 funding for participation includes all monies for the Teaching Pay Initiative (TPI) and some Standards Fund monies to give a more consistent picture of participation funding for colleges. The total funding line includes funding for participation; funds that are targeted on areas such as raising standards and increasing capital investment; and substantial additional funding to support the Success for All reform agenda.

28 Real terms variations in unit funding are influenced by a number of factors which are difficult to predict, including FTE student numbers fluctuations and the timing of when funding is brought to account. FTE student numbers fell in the academic year 2000/01 due entirely to a reduction in adult FTE student numbers. The reduction in adult FTE numbers was despite an increase in the actual number of adult learners with the vast majority studying part-time. This impacts on both financial years 2000-01 and 2001-02 and has the effect of increasing the unit of funding per FTE in those two years. The 2001-02 increase in the unit of participation funding is also partly explained by the consolidation of TPI and some Standards Funds (referred to above).

29 Based on total funding (as defined), real terms unit funding per FTE student fell from £4,030 in 1993-94 to £3,420 in 1998-99, a decrease of 15 per cent. It then by rose 17 per cent between 1998-99 and 2001-02 and the plans are for a further small increase in 2002-03, see **chart 7**.

30 Based on participation funding only, real terms unit funding per FTE student also fell by 15 per cent between 1993-94 and 1998-99, it then increased by 11 per cent by 2001-02. However, the plans show a decrease for 2002-03.

Higher Education

31 The HE sector's total publicly planned funding (includes grant payments to the Higher Education Funding Council for England and the Teacher Training Agency and public and private contributions towards the costs of tuition) increased steadily in real terms between 1997-98 and 2002-03. Real terms unit funding fell by 16 per cent from 1993-94 to 1997-98, representing an average annual decline of 4 per cent over this period. Between 1997-98 and 2002-03 unit funding remained broadly constant. See **chart 8**.

Further information

32 Enquiries about the contents of this bulletin should be addressed to the contact points shown on the inside cover. Press enquiries should be made to the Department's Press Office at Sanctuary Buildings, Great Smith Street, London SW1P 3BT (Tel: 020-7925-6487).

CHART 7:

Total Unit of funding per full-time equivalent student in further education in England: 2002-03 prices

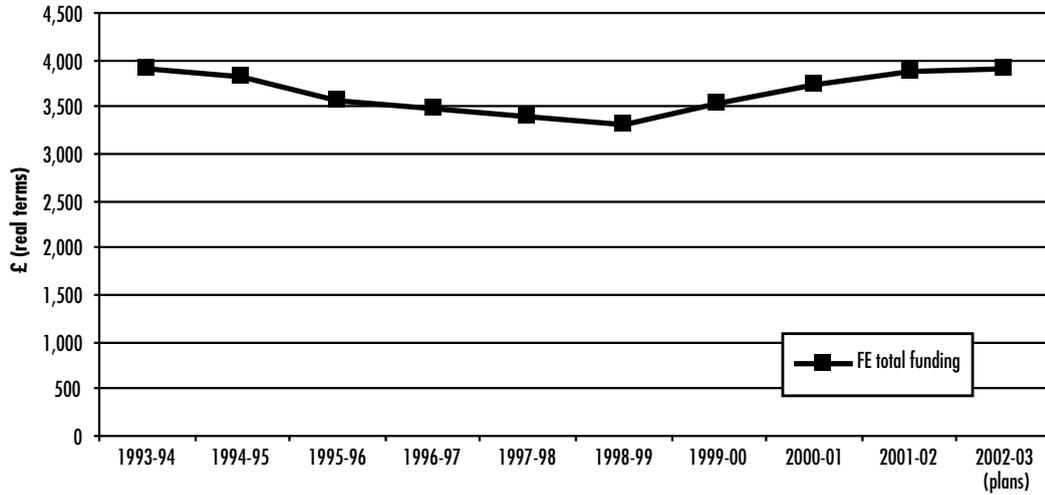


CHART 8:

Unit funding per full-time equivalent student in higher education in England 2002-03 prices

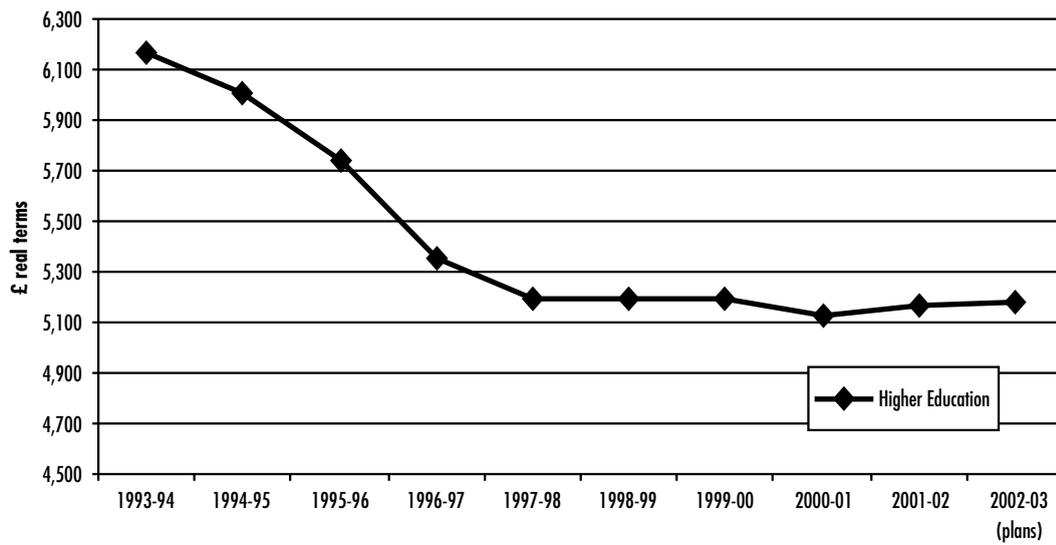


TABLE 1a:
Expenditure on education and training in England¹ in cash terms

	£million in cash prices									
Outturn	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03 estimated
Local authority expenditure										
Capital ²	736	944	940	931	982	1,169	1,289	1,599	1,914	2,134
Current ³	19,812	20,088	20,077	20,540	20,472	21,947	22,136	23,635	26,051	27,627
Total	20,548	21,032	21,017	21,471	21,454	23,116	23,425	25,234	27,965	29,761
Central government's own expenditure^{4,5}										
Capital	7	4	4	2	2	4	5	30	127	207
Current ⁶	7,457	7,673	8,289	8,556	9,361	9,097	10,762	11,532	12,943	14,668
Total⁷	7,465	7,678	8,292	8,558	9,363	9,101	10,767	11,562	13,071	14,875
Total expenditure										
Capital	743	948	944	933	984	1,173	1,294	1,629	2,041	2,341
Current	27,269	27,762	28,366	29,096	29,834	31,044	32,898	35,168	38,994	42,296
Total	28,013	28,710	29,309	30,029	30,817	32,217	34,191	36,797	41,035	44,636

1 Includes the Welsh element of student support expenditure. Figures may not sum due to rounding.

2 As set out in Table 5.

3 As set out in Table 3.

4 Central government expenditure (as set out in Table 2a) excluding grants to local authorities which are included in the Local authority expenditure lines above.

5 This table has been produced using HM Treasury's 2003-04 Departmental Expenditure Limit (DEL) classifications, in which Capital Charges and Provisions have been re-classified from Annually Managed Expenditure (AME) to DEL and Capital Grants DEL† to third parties has been re-classified as Resource Grants DEL to third parties.

6 A sum of £527m for nursery vouchers was transferred from local to central government spending in 1997-98 and returned to local government from 1998-99.

7 The figures for 2002-03 reflect a re-classification of 'Employment' and 'Education' programmes by the Treasury.

TABLE 1b:
Expenditure on education and training in England¹ in real terms²

£million at 2002-03 prices

Outturn	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03 estimated
Local authority expenditure										
Capital ³	927	1,173	1,136	1,090	1,115	1,292	1,391	1,688	1,972	2,134
Current ⁴	24,943	24,960	24,254	24,051	23,254	24,262	23,893	24,946	26,834	27,627
Total	25,869	26,132	25,390	25,141	24,369	25,554	25,284	26,633	28,805	29,761
Index (1993-94 = 100)	100	101	98	97	94	99	98	103	111	115
Central government's own expenditure^{5,6}										
Capital	9	5	4	2	2	4	5	32	131	207
Current ⁷	9,389	9,534	10,013	10,019	10,634	10,057	11,616	12,172	13,332	14,668
Total⁸	9,398	9,540	10,017	10,021	10,636	10,061	11,622	12,204	13,463	14,875
Index (1993-94 = 100)	100	102	107	107	113	107	124	130	143	158
Total expenditure										
Capital	936	1,178	1,140	1,093	1,118	1,296	1,397	1,719	2,103	2,341
Current	34,331	34,494	34,268	34,069	33,888	34,319	35,509	37,118	40,166	42,296
Total	35,267	35,672	35,408	35,162	35,005	35,616	36,906	38,837	42,268	44,636
Index (1993-94 = 100)	100	101	100	100	99	101	105	110	120	127

1 Includes the Welsh element of student support expenditure. Figures may not sum due to rounding.

2 Cash figures adjusted to 2002-03 levels using June 2003 GDP deflators.

3 As set out in Table 5.

4 As set out in Table 3.

5 Central government expenditure (as set out in Table 2a) excluding grants to local authorities which are included in the Local authority expenditure lines above.

6 This table has been produced using HM Treasury's 2003-04 Departmental Expenditure Limit (DEL) classifications, in which Capital Charges and Provisions have been re-classified from Annually Managed Expenditure (AME) to DEL and Capital Grants DEL† to third parties has been re-classified as Resource Grants DEL to third parties.

7 A sum of £527m for nursery vouchers was transferred from local to central government spending in 1997-98 and returned to local government from 1998-99.

8 The figures for 2002-03 reflect a re-classification of 'Employment' and 'Education' programmes by the Treasury.

TABLE 2a:**Central Government expenditure and grants to local authorities within the education and training programmes in cash terms¹**

£million in cash prices

Outturn	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03 estimated ²⁰
Early Years¹						#	7	56	134	211
Sure Start						#	7	56	134	211
Schools^{1,2}	982	1,220	1,346	1,519	2,364	1,944	2,417	4,696	5,668	8,221
Nursery Education ^{2,3}	1	1	1	21	637	134	150	247	224	326
Investment in School Buildings ⁴ of which	597	633	616	657	738	924	1,012	1,810	1,862	2,322
<i>Voluntary Aided Schools</i>	114	111	95	83	104	118	130	106	171	258
<i>Capital Grants within Standards Fund</i>						67	71	382	786	1,251
<i>Credit approvals</i>	395	379	395	431	399	376	450	540	559	812
<i>New Deal for Schools</i>					87	231	234	702	316	
Other Standards Fund (including Excellence in Cities) ⁵	192	184	152	161	219	264	530	1,315	1,509	1,846
School Standards Grant									683	686
Schools Sixth Form Funding (through the Learning and Skills Council)										1,379
Information and Communications Technology	10	10	10		10	51	59	127	155	214
Modernising the Teaching Profession ⁶	11	18	138	199	212	224	260	668	984	1,138
Other miscellaneous programmes ^{7,8} of which	173	374	428	480	548	348	406	529	250	310
Support for Young People^{1, 9}	671	813	845	944	958	1,018	1,149	967	298	435
of which										
Work Based Training for Young People ¹⁰	640	647	635	734	740	712	799	837		
Careers Service ¹¹	20	149	193	199	208	205	227			
Education Maintenance Allowances ¹²									109	127
Neighbourhood Support Fund ¹¹							10			
Millennium Volunteers							4	14	19	18
Youth Services	5	6	11	6	4	4	5	4	5	31
Childrens Fund									37	129
Other Miscellaneous Programmes	6	11	6	4	6	97	104	111	128	130
Higher Education¹	5,719	6,131	6,059	5,857	5,933	5,956	6,237	5,887	6,189	6,593
of which										
Higher Education Funding Council for England etc ¹³	2,792	3,419	3,612	3,448	3,508	3,540	4,413	4,273	4,708	4,938
Student loans RAB charge ¹⁴	110	200	260	330	359	410	604	794	733	833
Mandatory Awards: Maintenance and Fees	2,749	2,437	2,107	2,008	1,982	1,877	1,073	670	617	634
Access funds and Bursaries	24	27	28	22	22	39	82	87	88	123
Student support administration	14	17	19	16	19	18	36	31	41	43
British Academy	22	23	24	24	29	29	31	34	36	13
Other Miscellaneous Programmes (including CFERs)	9	9	10	10	15	42	-2	-3	-34	9

TABLE 2a: CONTINUED

 Central Government expenditure and grants to local authorities within the education and training programmes in cash terms¹

£million in cash prices

Outturn	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03 estimated ²⁰
Further Education, Adult Learning, Skills and Lifelong Learning^{1,15}	2,793	2,912	3,093	3,211	3,202	3,499	3,672	4,142	5,822	6,675
<i>of which</i>										
Further Education ¹⁰	2,701	2,840	3,025	3,154	3,154	3,148	3,275	3,551		
FE student support ^{10,16}				6	6	24	52	90		
Learning and Skills Council ¹⁷								45	5,289	6,181
Adult Education and Skills Initiative	5	6	4	5	5	93	70	147	353	207
Adult Learning Inspectorate / Training Inspectorate ¹⁸						5	7	10	33	25
Union Learning Fund						2	3	4	6	10
Career Development Loans ¹¹	8	10	12	14	11	13	15			
FE collaboration fund						27				
Learning Partnership Fund							5	10	10	10
Training and Enterprise Council (TEC) Strategy Budget ¹⁰						114	104	118		
University for Industry						5	42	58	51	102
Prisoners' Learning and Skills									57	67
Other Miscellaneous Programmes	79	56	52	32	27	69	99	109	23	73
Activities to support all functions - miscellaneous programmes^{1,15}	28	17	7	7	7	8	6	6	12	13
Total Department for Education and Skills	10,193	11,094	11,350	11,538	12,464	12,426	13,488	15,753	18,123	22,147
OFSTED¹⁹	46	63	82	122	150	112	88	106	164	201
TOTAL DfES and OFSTED	10,239	11,157	11,432	11,660	12,614	12,538	13,576	15,859	18,287	22,348

1 Sub-Total figures will differ from last year's figures due to Departmental re-organisation. Figures may not sum due to rounding. Amounts below £500,000 are indicated by #.

2 £527 million for nursery vouchers was transferred from local to central government spending in 1997-98 and returned to local government from 1998-99.

3 The majority of Under Fives funding from 2001-02 has been transferred to local authorities.

4 Other programmes in this table include an element of capital spending. This line shows the remaining capital spend. These figures include New Deal for Schools allocations which have been re-designated as part of the Departmental Expenditure Limit (DEL). They do not include Private Finance Initiative Credit Approvals as they are outside of DEL.

5 This excludes School Standards Grant in 2000-01 and 2001-02. It also excludes expenditure on National Grid for Learning and Education Actions Zones from 2001-02.

6 Includes Teachers Pay, Teacher Training Agency and National College of Schools Leadership programmes.

7 This includes elements of residual funding for former grant-maintained schools, a proportion of funding for the National Grid for Learning, International services and elements of funding for teacher recruitment, literacy and numeracy and school publications.

8 Includes expenditure on Specialist schools and City Technology Colleges.

9 Summary figures change from 2001-02 due to transfer of funding for Work Based Training for Young People to the Learning and Skills Council.

10 Funding from April 2001 became the responsibility of the Learning and Skills Council.

11 The absence of figures from 2000-01 onwards reflect changes in the Treasury classifications of Education and Employment programmes.

12 Education Maintenance Allowances were funded through the Standards Fund. The figure for 2001-02 does not include money for the Schools Sixth Form Access Fund.

13 The figures for the Higher Education Funding Council for England (HEFCE) take account of some technical accounting adjustments arising from the full introduction of resource accounting and budgeting. In 1999-00 provision of £385 million was available to HEFCE for funding staff related commitments of certain universities and colleges of higher education formerly maintained by local authorities. This provision, its unwinding and utilisation has been reclassified from AME to DEL. This adjustment has been applied retrospectively to HE budgets. Without these changes and other technical adjustments the figures for HEFCE, etc would be £3,538m in 98-99, £4,074m in 99-00, £4,342m in 00-01, £4,721m in 01-02 and £4,952m in 02-03.

14 Includes the cost of bearing loan repayments and the interest rate subsidy on the loan portfolio.

15 Figures for 1998-99 to 2000-01 differ from last year's as they include capital charges and Provisions which are now classified as DEL instead of AME.

16 This total covers funding for FE access funds, FE childcare support, FE residential students, some HE students attending FE colleges and some pilot funding.

17 Figures exclude from 2001-02, transitional funding for bodies other than the LSC included in some other tables.

18 This work and other smaller programmes was taken over by the Adult Learning Inspectorate from April 2001.

19 From 2001-02 OFSTED has taken on responsibility for regulation of childcare.

20 2002-03 estimates are as at February 2003.

TABLE 2b:Central Government expenditure and grants to local authorities within the education and training programmes in real terms^{1,2}

£million at 2002-03 prices

Outturn	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03 estimated ²¹
Early Years¹						0	8	59	138	211
Sure Start						0	8	59	138	211
Schools^{1,3}	1,237	1,516	1,625	1,778	2,685	2,150	2,609	4,956	5,838	8,221
Nursery Education ^{3,4}	1	1	1	25	723	148	162	261	231	326
Investment in School Buildings ⁵ of which	751	787	745	770	838	1,021	1,093	1,911	1,918	2,322
Voluntary Aided Schools	143	138	115	98	118	130	141	112	176	258
Capital Grants within Standards Fund						74	77	403	810	1,251
Credit approvals	497	471	477	505	453	416	486	570	576	812
New Deal for Schools					98	255	253	741	326	
Other Standards Fund (including Excellence in Cities) ⁶	241	229	184	188	249	292	572	1,388	1,555	1,846
School Standards Grant									704	686
Schools Sixth Form Funding (through the Learning and Skills Council)										1,379
Information and Communications Technology	13	12	12		11	56	64	134	160	214
Modernising the Teaching Profession ⁷	13	22	167	233	241	247	281	705	1,013	1,138
Other miscellaneous programmes ^{8,9} of which	217	465	517	562	622	385	438	558	258	310
Support for Young People^{1, 10}	845	1,011	1,020	1,106	1,088	1,126	1,240	1,020	307	435
of which										
Work Based Training for Young People ¹¹	806	804	767	860	840	787	862	883		
Careers Service ¹²	25	185	233	233	236	227	245			
Education Maintenance Allowances ¹³									112	127
Neighbourhood Support Fund ¹²							11			
Millennium Volunteers							5	15	19	18
Youth Services	6	7	13	8	5	4	5	5	5	31
Childrens Fund									38	129
Other Miscellaneous Programmes	7	13	8	5	7	107	112	118	132	130
Higher Education¹	7,200	7,618	7,319	6,858	6,739	6,585	6,732	6,213	6,375	6,593
of which										
Higher Education Funding Council for England etc ¹⁴	3,515	4,248	4,363	4,037	3,985	3,914	4,764	4,510	4,850	4,938
Student loans RAB charge ¹⁵	138	248	314	386	407	453	652	838	755	833
Mandatory Awards: Maintenance and Fees	3,460	3,029	2,546	2,351	2,251	2,075	1,158	708	635	634
Access funds and Bursaries	30	33	33	25	25	43	88	91	90	123
Student support administration	18	21	23	18	22	20	39	33	43	43
British Academy	28	28	29	28	32	32	34	36	38	13
Other Miscellaneous Programmes (including CFERs)	11	11	12	12	17	47	-3	-3	-35	9

TABLE 2b: CONTINUED

 Central Government expenditure and grants to local authorities within the education and training programmes in real terms^{1,2}

£million at 2002-03 prices

Outturn	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03 estimated ²¹
Further Education, Adult Learning, Skills and Lifelong Learning^{1,16}	3,516	3,618	3,737	3,760	3,638	3,868	3,963	4,371	5,997	6,675
<i>of which</i>										
Further Education ¹¹	3,401	3,529	3,654	3,694	3,583	3,481	3,535	3,748		
FE student support ^{11,17}				7	7	26	56	95		
Learning and Skills Council ¹⁸								47	5,448	6,181
Adult Education and Skills Initiative	6	7	5	5	6	103	76	156	364	207
Adult Learning Inspectorate / Training Inspectorate ¹⁹						6	8	11	34	25
Union Learning Fund						2	3	4	7	10
Career Development Loans ¹²	10	12	14	16	12	14	16			
FE collaboration fund						29				
Learning Partnership Fund							5	11	10	10
Training and Enterprise Council (TEC) Strategy Budget 11						126	113	124		
University for Industry						6	45	61	53	102
Prisoners' Learning and Skills									59	67
Other Miscellaneous Programmes	99	69	63	38	30	76	107	115	23	73
Activities to support all functions - miscellaneous programmes^{1,17}	35	22	9	8	8	8	7	6	13	13
Total Department for Education and Skills	12,833	13,784	13,711	13,510	14,158	13,737	14,559	16,626	18,667	22,147
OFSTED²⁰	58	78	99	143	170	124	95	112	169	201
TOTAL DFES and OFSTED	12,891	13,863	13,810	13,653	14,328	13,861	14,654	16,738	18,836	22,348

1 Sub-Total figures will differ from last year's figures due to Departmental re-organisation. Figures may not sum due to rounding. Amounts below £500,000 are indicated by #.

2 Cash figures adjusted to 2002-03 prices using June 2003 GDP deflators.

3 £527 million for nursery vouchers was transferred from local to central government spending in 1997-98 and returned to local government from 1998-99.

4 The majority of Under Fives funding from 2001-02 has been transferred to local authorities.

5 Other programmes in this table include an element of capital spending. This line shows the remaining capital spend. These figures include New Deal for Schools allocations which have been re-designated as part of the Departmental Expenditure Limit (DEL). They do not include Private Finance Initiative Credit Approvals as they are outside of DEL.

6 This excludes School Standards Grant in 2000-01 and 2001-02. It also excludes expenditure on National Grid for Learning and Education Actions Zones from 2001-02.

7 Includes Teachers Pay, Teacher Training Agency and National College of Schools Leadership programmes.

8 This includes elements of residual funding for former grant-maintained schools, a proportion of funding for the National Grid for Learning, International services and elements of funding for teacher recruitment, literacy and numeracy and school publications.

9 Includes expenditure on Specialist schools and City Technology Colleges.

10 Summary figures change from 2001-02 due to transfer of funding for Work Based Training for Young People to the Learning and Skills Council.

11 Funding from April 2001 became the responsibility of the Learning and Skills Council.

12 The absence of figures from 2000-01 onwards reflect changes in the Treasury classifications of Education and Employment programmes.

13 Education Maintenance Allowances were funded through the Standards Fund. The figure for 2001-02 does not include money for the Schools Sixth Form Access Fund.

14 The figures for the Higher Education Funding Council for England (HEFCE) take account of some technical accounting adjustments arising from the full introduction of resource accounting and budgeting. In 1999-00 provision of £385 million was available to HEFCE for funding staff related commitments of certain universities and colleges of higher education formerly maintained by local authorities. This provision, its unwinding and utilisation has been reclassified from AME to DEL. This adjustment has been applied retrospectively to HE budgets. Without these changes and other technical adjustments the figures for HEFCE, etc would be £3,538m in 98-99, £4,074m in 99-00, £4,342m in 00-01, £4,721m in 01-02 and £4,952m in 02-03.

15 Includes the cost of bearing loan repayments and the interest rate subsidy on the loan portfolio.

16 Figures for 1998-99 to 2000-01 differ from last year's as they include capital charges and Provisions which are now classified as DEL instead of AME.

17 This total covers funding for FE access funds, FE childcare support, FE residential students, some HE students attending FE colleges and some pilot funding.

18 Figures exclude from 2001-02, transitional funding for bodies other than the LSC included in some other tables.

19 This work and other smaller programmes was taken over by the Adult Learning Inspectorate from April 2001.

20 From 2001-02 OFSTED has taken on responsibility for regulation of childcare.

21 2002-03 estimates are as at February 2003.

TABLE 3:
Local authority current expenditure on education in England¹ 1993-94 to 2002-03 (£ million)

£ million at cash prices

Outturn	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02 provisional	2002-03 estimated
Schools	15,484	16,190	16,577	17,187	17,162	18,635	20,385	22,321	24,890	26,442
Under fives ^{2,3}	1,312	1,408	1,467	1,540	1,049	1,765	2,010	2,233	2,698	2,873
Primary schools	5,305	5,592	5,761	5,971	6,153	6,397	6,806	7,496	8,298	8,762
Secondary schools	6,458	6,744	6,905	7,140	7,299	7,633	8,210	8,999	10,172	10,901
Special schools	966	977	1,011	1,061	1,092	1,156	1,166	1,251	1,373	1,494
Meals ⁴	413	396	365	366	355	357	348	336	331	319
Transport ⁵	349	389	396	415	461	485	531	587	613	655
Non-maintained school fees ⁶	191	203	203	217	240	248	273	277	312	331
Teacher development ⁷	108	91	63	69	73	76	74	106	76	72
Access/Pupil support ⁸	67	58	55	42	38	39	30	39	37	37
Other support services ⁹	315	332	351	366	402	479	939	997	981	998
Higher and Further Education^{10,11}	308	270	222	196	170	163	183	209	210	229
Miscellaneous Services and Research and Administration										
Youth service	253	256	252	247	248	257	268	272	288	304
Other community services ¹²	59	71	72	74	64	70	51	61	62	62
Central Administration ¹³	801	750	754	750	778	872	381	366	389	411
Total current spending less expenditure funded by specific grants outside AEF^{14,15}	16,905	17,538	17,876	18,454	18,423	19,996	21,269	23,229	25,839	27,449
Technical and vocational education initiative	104	65	35	14	3	2				
Work related further education ¹⁶	29	35	47	53	54	60	59	77	81	87
Receipts from PCFC/HEFCE ¹⁷	16	13	12	11	11	11	11	12	12	12
Mandatory student awards ¹⁸	2,758	2,437	2,107	2,008	1,982	1,877	796	318	127	79
Total current spending on education	19,812	20,088	20,077	20,540	20,472	21,947	22,136	23,635	26,059	27,627

- Local authority expenditure includes central government support, self financed expenditure and a range of other grants (such as Revenue Support Grant). Only the first of these elements is included in Table 2a and Table 2b. Outturn data up to 1998-99 was drawn from education Revenue Outturn Statements which LEAs submitted to the Department of Environment, Transport and the Regions. Figures from 1999-00 onwards were drawn from Section 52 (Table 3) outturn statements which LEAs submitted to the DFES, the change in source is shown by the dotted line. 2002-03 figures are estimated.
- 1997-98 outturn expenditure reflects the transfer of £527 million from local government to central government for the nursery voucher scheme.
- Includes expenditure on rising fives, nursery schools, all under fives in primary schools and in the private, voluntary and independent sectors. Rising fives are defined as those children registered at the January census date who were aged under five in the preceding August.
- Includes all net expenditure on meals, whether paid by the local authority or from schools' delegated budgets.
- Includes some transport for further education students.
- Mainly for pupils with special educational needs. Excludes expenditure on under fives in the private, voluntary and independent sectors.
- Includes the cost of trainers who train existing teachers and the costs of the various teacher and curriculum training centres.
- Includes support for young people to continue in education without hardship. Figures for 1999-00 onwards exclude expenditure on Educational Maintenance Allowance (EMA).
- Includes expenditure associated with the educational welfare and psychological services, operational units such as computer centres, educational technology centres, education support centres and field centres. In addition for 1999-00 onwards, includes costs associated with other support services including Educational Development Plans, Asset Management Plans, school places planning, admissions and appeals and, for 1999-00 only, advice to and support for schools on financial and personnel administration.
- Local Education Authorities' (LEAs) powers to make discretionary awards to further and higher education (FE/HE) students were changed from 1999-00. Awards continue for some FE students but a new award scheme was introduced for those on dance and drama courses. Part-time HE students are entitled to increased Hardship Funds and loans of £500 and fee waivers have been introduced.
- Figures for 1999-00 onwards include Education Maintenance Allowance.
- Includes expenditure on the hiring of school premises to community groups and contribution costs in respect of leisure centres.
- Prior to 1999-00 includes administration and inspection costs. From 1999-00 includes cost of carrying out statutory and regulatory duties. Other administration costs and inspection costs are now included within the other categories of this table.
- Aggregate External Finance. Within the current structure for local authority funding, introduced in April 1990, AEF represents the combined total of Government grants to local authorities (both general Revenue Support Grant and certain specific grants) and the National Non-Domestic Rate. AEF supports the spending by local authorities which is covered by the annual standard spending settlements. The Government also pays certain grants to local authorities which are outside the Standard Spending framework; for education these include Technical and Vocational Education Initiative (TVEI), Work Related Further Education (WRFE) and mandatory awards.
- For 2002-03 includes expenditure funded by the Learning and Skills Council.
- The figure for 2001-02 is estimated and thus liable to be revised.
- Grants from the Higher Education Funding Council for England in respect of prescribed courses of higher education in local authority institutions.
- Includes payments to public sector higher education institutions as reimbursements of fees for European Union students. Figures for 2001-02 and 2002-03 are based on central government estimates. Includes spending on mandatory awards in Wales. LEA mandatory awards are being phased out and replaced by additional student loans administered through the Student Loans Company.

TABLE 4:
Education expenditure analysis in England: Section 52 Education Outturn Statement 2001-02.

£millions

EXPENDITURE	Schools						Continuing Education			Management & Support			TOTAL
	Pre-primary Education	Primary Education	Secondary Education	Special Schools	Education Out of School	Adult Education	Other		Other Community Services	Statutory / Regulatory Duties	Other Support Services		
							Continuing Education	Youth Service					
(a)	(£) (b)	(£) (c)	(£) (d)	(£) (e)	(£) (f)	(£) (g)	(£) (h)	(£) (i)	(£) (j)	(£) (k)	(£) (l)	(£) (m)	
EMPLOYEES													
1 Teaching Staff	87.3	6529.3	6937.0	573.3	136.3	103.7	9.2	25.6	8.9	12.8	202.6	14626.0	
2 Education support staff	60.7	1123.7	554.3	260.5	20.0	19.3	4.0	23.7	7.0	22.0	235.3	2330.5	
3 Premises-related staff	4.7	282.6	229.1	36.2	2.6	6.3	0.8	8.1	2.5	5.8	21.9	600.5	
4 Administrative and clerical staff	69.9	476.7	515.6	64.3	16.9	58.7	29.8	45.2	16.4	158.3	360.3	1812.1	
5 Other staff	16.1	210.3	94.7	32.1	2.0	26.6	10.2	122.6	15.4	4.4	62.5	596.8	
6 PRC and Crombie payments	0.6	44.3	45.5	4.7	0.2	1.8	27.1	0.6	0.4	5.7	8.0	139.0	
7 Mandatory PRC payments	0.3	21.6	22.9	3.0	0.1	0.1	5.1	0.1	0.1	3.5	3.0	60.0	
8 Other indirect employee expenses	13.6	187.4	172.2	18.9	5.4	7.1	7.1	6.7	2.5	16.5	44.3	481.6	
PREMISES RELATED EXPENDITURE													
9 Repair and maintenance of buildings, fixed plant & grounds	7.7	308.1	309.3	34.6	3.2	7.1	2.1	13.0	4.2	4.5	35.9	729.7	
10 Other premises-related expenditure	11.9	451.5	488.4	32.2	4.9	22.3	4.3	25.2	10.3	7.8	47.2	1106.0	
SUPPLIES AND SERVICES and TRANSPORT-RELATED EXPENDITURE													
11 Educational equipment, furniture and materials	31.0	541.0	640.9	56.9	8.1	21.1	4.5	13.7	9.2	18.2	79.0	1423.4	
12 Other institutional expenditure	174.5	923.8	922.0	105.1	21.8	69.4	31.2	67.9	25.9	116.9	504.8	2963.3	
13 Home to school/college transport	1.7	100.1	206.9	253.5	5.8	2.1	29.7	0.5	0.2		22.5	623.0	
THIRD PARTY PAYMENTS													
14 Inter-authority recoupment	0.2	7.5	11.3	108.6	4.6		13.3					145.6	
15 Payments to LSC or HEFCE	0.0	0.0	0.1	0.1	0.7	7.0	1.3	0.2	0.1	0.0	0.1	9.6	
16 Other services of the Authority	19.6	72.2	52.6	11.5	2.5	8.3	6.7	11.3	2.9	87.7	112.5	387.9	
17 Other third party payments	224.8	34.4	28.7	261.7	8.0	15.8	10.9	9.3	5.6	7.1	35.2	641.6	
TRANSFER PAYMENTS													
18 Mandatory awards							134.3					134.3	
19 Other Awards	2.1	1.6	10.4	2.0	0.0		45.1	0.5	0.2		0.2	62.1	
20 Other transfer payments	6.1	5.2	13.7	3.3	0.1	1.8	25.6	1.1	3.0	1.1	43.4	104.4	
21 Joint authority arrangements	0.5	5.0	7.4	3.8	0.9	0.6	0.3	0.1	2.0	0.0	2.7	23.3	
22 GROSS EXPENDITURE before recharges (TOTAL Lines 1 to 21)	733.3	11326.3	11263.1	1866.5	243.9	379.1	402.5	375.3	117.0	472.2	1821.3	29000.5	
23 TOTAL INCOME (brought forward from Line 39)	57.9	643.2	720.3	151.5	30.7	314.0	64.2	73.9	34.9	81.6	749.9	2922.2	
24 NET CURRENT EXPENDITURE before recharges (Line 22 minus Line 23)	675.3	10683.1	10542.8	1715.0	213.2	65.1	338.3	301.4	82.1	390.6	1071.5	26078.4	
RECHARGES OF MANAGEMENT AND SUPPORT SERVICES													
25 Statutory/Regulatory Duties	9.6	194.9	141.3	23.3	3.3	4.5	6.8	5.0	1.9	-390.6			
26 Other Support Services	26.8	535.6	378.0	84.5	8.7	7.1	15.7	10.9	4.2		-1071.5		
27 NET CURRENT EXPENDITURE after recharges (Lines 24,25 & 26)	711.7	11413.5	11062.2	1822.8	225.2	76.7	360.9	317.3	88.2			26078.4	

TABLE 4: CONTINUED

Education expenditure analysis in England: Section 52 Education Outturn Statement 2001-02.

£millions

INCOME	Schools				Continuing Education				Management & Support			TOTAL
	Pre-primary Education (£) (a)	Primary Education (£) (b)	Secondary Education (£) (c)	Special Schools (£) (d)	Education Out of School (£) (e)	Adult Education (£) (f)	Other		Other Community Services (£) (j)	Statutory / Regulatory Duties (£) (k)	Other Support Services (£) (l)	
							Continuing Education (£) (g)	Youth Service (£) (h)				
							(h)	(i)				
GRANTS (OTHER THAN SPECIFIC GRANTS), REIMBURSEMENTS AND CONTRIBUTIONS												
28 Inter-authority recoupment	0.4	9.1	12.8	87.0	3.1		16.0				0.6	129.1
29 Other grants, reimbursements, and contributions (NOT government grants recorded at Lines 42 or 43)	19.7	150.3	138.3	15.1	7.6	51.6	12.9	25.5	10.8	8.0	34.2	473.9
RECEIPTS												
30 Sales	5.6	135.7	158.8	9.9	4.1	5.1	3.6	4.7	4.0	23.3	204.6	559.3
31 Tuition fees and charges							39.1	4.7	3.8	1.1	14.8	63.4
32 Learning and Skills Council - related work	0.1	0.0	1.5	0.0	0.0	169.3	6.2	1.6	1.7	0.5	0.7	181.7
33 Transport-related parental contributions	0.6	2.0	4.3	0.5	0.0		2.9				0.2	10.5
34 Other parental contributions	0.7	13.0	16.1	1.1	0.0		0.3				5.9	37.1
35 Other fees and charges	29.3	292.8	324.2	33.9	14.5	46.0	15.1	33.3	12.0	46.2	193.7	1041.0
36 Income from schools for support services											283.4	283.4
37 Rents and lettings	0.4	29.5	53.1	2.6	0.1	2.6	1.1	4.2	3.8	2.6	5.9	105.9
38 Joint authority arrangements	1.0	10.9	11.1	1.3	1.3	0.5	1.5	0.8	1.6	1.0	5.9	36.9
39 TOTAL INCOME (Lines 28 to 38)	57.9	643.2	720.3	151.5	30.7	314.0	64.2	73.9	34.9	81.6	749.9	2922.2
MEMORANDUM ITEMS RE REVENUE RESERVES												
40 Opening Balances held for schools with budget at 1/4/2001		656.8	289.8	72.4								1019.0
41 Closing Balances held for schools with budget at 31/3/2002		749.4	282.7	77.0								1109.0
MEMORANDUM ITEM RE GOVERNMENT GRANTS												
42 Government Grants Inside AEF	314.9	1396.9	1128.7	90.9	29.8	13.8	41.8	4.7	4.1	4.5	240.1	3270.3
43 Government Grants Outside AEF	16.4	36.0	39.0	2.4	3.5	40.1	170.3	12.4	16.3	1.2	16.1	353.8
MEMORANDUM ITEMS RE CERTAIN EDUCATION SERVICES AND BUY-BACK												
44 School meals and milk - net expenditure	2.4	194.4	94.2	14.1	0.4						17.9	323.4
INCOME												
45 Educational consultancies - raising standards		34.1	17.5	1.6							63.1	9.9
46 Financial, legal, personnel and computer services		83.8	41.4	5.9							117.8	-13.3
MEMORANDUM ITEM RE PUPILS WITH STATEMENTS												
47 Net expenditure on pupils with statements (Reported within Lines 1 to 38, excluding Lines 14 and 28)	10.4	386.0	282.4	1191.5	20.3	0.5	1.1					1892.1
MEMORANDUM ITEMS RE NET EXPENDITURE ON UNDER-FIVES												
48 Nursery Schools												174.3
49 Other under-fives expenditure in COLUMN (b)	285.8											
50 Under-fives expenditure in COLUMN (c) maintained primary												1389.5
51 Under-fives expenditure in COLUMN (e) special												73.5
52 Total net expenditure on under-fives (Lines 48 - 51)												1923.1
MEMORANDUM ITEM RE CAPITAL CHARGES												
53 Capital charges	23.2	1526.6	1471.2	157.7	6.0	18.3	7.6	38.2	7.7	7.3	34.5	3298.3

TABLE 5:
Local authority capital expenditure¹ on education in England

Outturn	£ million at cash prices									
	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02 provisional	2002-03 estimated
Capital spending										
Gross capital spending ²	957	1,072	1,016	1,052	1,037	1,027	1,184	1,016	1,744	2,358
Local authority receipts	-221	-128	-76	-121	-133	-82	-102	-119	-146	-224
Total net capital spending on education (excluding New Deal for Schools)	736	944	940	931	904	945	1,082	897	1,598	2,134
New Deal for Schools					78	224	207	702	316	0
Total net authority capital spending	736	944	940	931	982	1,169	1,289	1,599	1,914	2,134

1 Includes expenditure from the educational component of the Urban and Regeneration Programme

2 Gross capital spending includes schools, youth and other education services. Excludes most further education and all higher education.

TABLE 6aEducation expenditure^{1,2} in England by central and local government³ by sector in cash terms

£million in cash prices

	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03 estimated
Schools⁴										
Capital⁵	1,027	1,009	977	1,009	1,072	1,203	1,330	1,642	1,926	2,195
Current	15,732	16,426	16,903	17,595	18,236	19,092	20,898	23,037	25,863	27,829
Of which,										
Under fives	1,372	1,469	1,531	1,614	1,751	1,832	2,079	2,358	2,907	3,169
Primary	5,653	5,944	6,124	6,351	6,541	6,804	7,212	7,926	8,763	9,269
Secondary	7,264	7,542	7,696	7,963	8,153	8,522	9,090	9,908	11,147	11,945
Other ⁶	1,443	1,471	1,553	1,667	1,791	1,934	2,517	2,845	3,046	3,447
Further education, other adult learning and other education initiatives⁷	2,831	2,970	3,147	3,263	3,270	3,370	3,478	3,773	4,659	5,146
Higher education^{8, 9}	4,317	4,606	4,587	4,423	4,496	4,571	4,959	4,663	5,146	5,392
Student support	1,432	1,524	1,443	1,390	1,351	1,398	1,253	1,300	1,138	1,345
Of which,										
Further Education ¹⁰	144	120	94	88	69	72	96	187	189	280
Higher Education ¹¹	1,288	1,404	1,349	1,302	1,282	1,326	1,157	1,113	949	1,066
Administration, inspection costs and miscellaneous services¹²	1,300	1,294	1,309	1,235	1,279	1,500	1,027	1,090	1,326	1,479
Total	26,639	27,828	28,366	28,915	29,704	31,134	32,945	35,505	40,057	43,386

1 This table has been produced using HM Treasury's 2003-04 Departmental Expenditure Limit (DEL) classifications, in which Capital Charges and Provisions have been re-classified from Annually Managed Expenditure (AME) to DEL and Capital Grants DEL to third parties has been re-classified as Resource Grants DEL to third parties.

2 Excludes DFES expenditure on Work-Based Training for Young People, careers service, career development loans, learndirect, improving the training market, management development and Investors in People. Figures for 1998-99 onwards are resource-based. Central government figures upto 1997-98 are cash-based. The shading of the table reflects this.

3 The recurrent local authority figures in this table are drawn from Table 3; the footnotes to that table set out the underlying data sources which changed from the Department of Environment, Transport and the Regions' education Revenue Outturn return (the 'RO1') to the DFES's Section 52 Outturn Statement in 1999-00, the change in source is shown by the dotted line. They reflect actual expenditure for 1995-96 to 2000-01, provisional for 2001-02 and are estimated for 2002-03.

4 Includes expenditure on county, voluntary-aided, special agreement, grant-maintained schools, city technology colleges and other specialist schools. Central government funding on grant-maintained schools has been appointed to under-fives, primary and secondary sectors using pupil numbers. Under-fives figures include expenditure on Sure Start. Secondary school figures include expenditure on the assisted places, music and ballet schemes and the Technical and Vocational Education Initiative.

5 Includes local authority schools capital expenditure financed by central government grants (including New Deal for Schools and information communication technology funded through the National Grid for Learning), credit approvals, local education authorities' own contributions and the schools element of the Capital Modernisation Fund. Excludes Private Finance Initiative (PFI) credits (£35m in 1997-98, £130m in 1998-99, £350m in each of 1999-00 and 2000-01, £450m in 2001-02 and £850m in 2002-03).

6 Includes expenditure on meals, transport, non-maintained school fees, teacher development, access/pupil support and other support services. Also includes expenditure by the Teacher Training Agency.

7 Includes recurrent and capital expenditure on further and adult education by local authorities, and, up to 2000-01, by the Further Education Funding Council (FEFC) and, from 2001-02, the estimated element of funding on education by the Learning and Skills Council. Also includes other expenditure by the Department on further and adult education such as prisoner learning and skills.

8 Includes Higher Education Funding Council for England (HEFCE) institutional recurrent and capital funding, other HE funding and the public contributions to tuition fees estimated to have been paid on behalf of students resident in England. In 1999-00 provision of £385 million was available to HEFCE for funding staff related commitments of certain universities and colleges of higher education formerly maintained by local authorities. This provision, its unwinding and utilisation has been reclassified from AME to DEL. This adjustment has been applied retrospectively to HE budgets.

9 The expenditure data in this table and those used in the calculation of funding per student in HE in table 10 are not directly comparable since the latter are based on a subset of funding passing through HEFCE.

10 Includes Education Maintenance Allowances and other support for students in further education and school sixth forms.

11 Includes the maintenance element of student support, estimated for students resident in England, funded via the Student Loans Company and local authorities. Also includes discretionary awards, access funds, postgraduate awards, fees for European Union students, resource charges for student loans and the sale of student debt.

12 Includes local government administration costs, local and central government expenditure on the Youth Service (recurrent and capital), central government expenditure on qualifications, international services, Ofsted, post-16 transitional funding and other miscellaneous services. Excludes the DFES's administration costs. From 1999-00, a portion of local authority administration and inspection costs is delegated to schools and is included within the school current expenditure lines. These figures in part reflect the transfer of responsibilities for early years inspection from local authorities to Ofsted.

TABLE 6b
Education expenditure^{1,2} in England by central and local government³ by sector in real terms⁴

£million in 2002-03 prices

	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03 estimated
Schools⁵										
Capital⁶	1,293	1,254	1,180	1,182	1,218	1,330	1,435	1,734	1,984	2,195
Current	19,806	20,409	20,420	20,602	20,714	21,106	22,557	24,314	26,640	27,829
Of which, Under fives	1,727	1,825	1,849	1,889	1,989	2,025	2,244	2,488	2,995	3,169
Primary	7,117	7,385	7,398	7,437	7,430	7,522	7,785	8,366	9,026	9,269
Secondary	9,145	9,371	9,297	9,324	9,261	9,421	9,811	10,458	11,482	11,945
Other ⁷	1,817	1,827	1,876	1,952	2,034	2,138	2,717	3,002	3,138	3,447
Further education, other adult learning and other education initiatives⁸	3,564	3,690	3,802	3,821	3,714	3,725	3,755	3,982	4,799	5,146
Higher education^{9, 10}	5,435	5,722	5,541	5,179	5,106	5,054	5,353	4,922	5,301	5,392
Student support	1,803	1,894	1,743	1,628	1,535	1,546	1,352	1,372	1,172	1,345
Of which, Further Education ¹¹	181	149	113	103	78	80	103	197	195	280
Higher Education ¹²	1,622	1,744	1,629	1,525	1,457	1,466	1,249	1,175	977	1,066
Administration, inspection costs and miscellaneous services¹³	1,637	1,608	1,581	1,446	1,452	1,658	1,108	1,150	1,366	1,479
Total	33,538	34,576	34,268	33,857	33,740	34,419	35,561	37,474	41,261	43,387

- 1 This table has been produced using HM Treasury's 2003-04 Departmental Expenditure Limit (DEL) classifications, in which Capital Charges and Provisions have been re-classified from Annually Managed Expenditure (AME) to DEL and Capital Grants DEL to third parties has been re-classified as Resource Grants DEL to third parties.
- 2 Excludes DFES expenditure on Work-Based Training for Young People, careers service, career development loans, learndirect, improving the training market, management development and Investors in People. Figures for 1998-99 onwards are resource-based. Central government figures upto 1997-98 are cash-based. The shading of the table reflects this.
- 3 The recurrent local authority figures in this table are drawn from Table 3; the footnotes to that table set out the underlying data sources – which changed from the Department of Environment, Transport and the Regions' education Revenue Outturn return (the 'RO1') to the DFES's Section 52 Outturn Statement in 1999-00, the change in source is shown by the dotted line. They reflect actual expenditure for 1995-96 to 2000-01, provisional for 2001-02 and are estimated for 2002-03.
- 4 All figures have been converted to 2002-03 price levels using the June 2003 Gross Domestic Product (GDP) deflators.
- 5 Includes expenditure on county, voluntary-aided, special agreement, grant-maintained schools, city technology colleges and other specialist schools. Central government funding on grant-maintained schools has been appointed to under-fives, primary and secondary sectors using pupil numbers. Under-fives figures include expenditure on Sure Start. Secondary school figures include expenditure on the assisted places, music and ballet schemes and the Technical and Vocational Education Initiative.
- 6 Includes local authority schools capital expenditure financed by central government grants (including New Deal for Schools and information communication technology funded through the National Grid for Learning), credit approvals, local education authorities' own contributions and the schools element of the Capital Modernisation Fund. Excludes Private Finance Initiative (PFI) credits (£35m in 1997-98, £130m in 1998-99, £350m in each of 1999-00 and 2000-01, £450m in 2001-02 and £850m in 2002-03).
- 7 Includes expenditure on meals, transport, non-maintained school fees, teacher development, access/pupil support and other support services. Also includes expenditure by the Teacher Training Agency.
- 8 Includes recurrent and capital expenditure on further and adult education by local authorities, and, up to 2000-01, by the Further Education Funding Council (FEFC) and, from 2001-02, the estimated element of funding on education by the Learning and Skills Council. Also includes other expenditure by the Department on further and adult education such as prisoner learning and skills.
- 9 Includes Higher Education Funding Council for England (HEFCE) institutional recurrent and capital funding, other HE funding and the public contributions to tuition fees estimated to have been paid on behalf of students resident in England. In 1999-00 provision of £385 million was available to HEFCE for funding staff related commitments of certain universities and colleges of higher education formerly maintained by local authorities. This provision, its unwinding and utilisation has been reclassified from AME to DEL. This adjustment has been applied retrospectively to HE budgets.
- 10 The expenditure data in this table and those used in the calculation of funding per student in HE in table 10 are not directly comparable since the latter are based on a subset of funding passing through HEFCE.
- 11 Includes Education Maintenance Allowances and other support for students in further education and school sixth forms.
- 12 Includes the maintenance element of student support, estimated for students resident in England, funded via the Student Loans Company and local authorities. Also includes discretionary awards, access funds, postgraduate awards, fees for European Union students, resource charges for student loans and the sale of student debt.
- 13 Includes local government administration costs, local and central government expenditure on the Youth Service (recurrent and capital), central government expenditure on qualifications, international services, Ofsted, post-16 transitional funding and other miscellaneous services. Excludes the DFES's administration costs. From 1999-00, a portion of local authority administration and inspection costs is delegated to schools and is included within the school current expenditure lines. These figures in part reflect the transfer of responsibilities for early years inspection from local authorities to Ofsted.

TABLE 7:
School Based Expenditure¹ in real terms² per full time equivalent pupil in local education authority maintained schools^{3,4} in England

2002-03 prices

	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02
School based expenditure⁵									
(£m real terms) ²									
Pre-primary/primary	8,308	8,407	8,402	8,433	8,263	8,706	9,452	10,304	11,135
Secondary	7,111	6,890	6,721	6,674	6,548	6,677	8,834	9,606	10,459
Special	1,012	1,027	1,017	1,016	1,002	1,006	1,065	1,131	1,185
Full-time equivalent (FTE)									
number of pupils (thousands)									
Pre-primary/primary	4,047	4,073	4,122	4,160	4,183	4,187	4,313	4,288	4,253
Secondary	2,515	2,443	2,434	2,436	2,444	2,469	3,162	3,215	3,253
Special	88	91	91	90	90	91	91	90	89
Unit Costs (per FTE pupil)⁶									
(£ in real terms) ²									
Pre-primary/primary	2,050	2,060	2,040	2,030	1,980	2,080	2,190	2,400	2,620
Secondary	2,830	2,820	2,760	2,740	2,680	2,700	2,790	2,990	3,210
Special	11,540	11,240	11,210	11,310	11,130	11,060	11,750	12,590	13,310

1 School based expenditure and pupils FTEs in this table and the figures in Table 9 showing total revenue funding per pupil and pupil FTEs have not been calculated on the same basis and therefore the unit costs and unit funding in the two tables are not directly comparable. Spending in 1997-98 reflects the transfer of monies from local government to central government for the nursery vouchers scheme. These were returned to local government from 1998-99.

2 Cash figures are adjusted to 2002-03 levels using June 2003 GDP deflators.

3 The expenditure data to 1998-99 are drawn from the annual 'ROI' spending returns which local authorities submitted to the Department of Environment, Transport and the Regions. Expenditure data from 1999-00 onwards are taken from local education authorities' Section 52 Outturn Statements submitted to the DfES. The pupil data are drawn from the DfES Annual Schools Census.

4 The 1999-00 figures reflect the return of GM schools to local authority maintenance. Prior to 1999-00, GM schools received Annual Maintenance Grant (AMG), the payments for which were recouped from local authorities which had not received credit for such pupils in their education SSAs. These payments are not included in this table or in the calculation of school-based unit costs because of differences in the coverage of GM and LEA maintained school budgets.

5 Net institutional expenditure is a wider definition than that used in Table 3.

6 Figures are rounded to the nearest £10.

TABLE 8:
Net Current Expenditure¹ in real terms² per full time equivalent pupil in local education authority maintained schools³ in England

	2002-03 prices								
	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02
LEA expenditure									
(£m real terms) ²									
Pre-primary/primary	9,599	9,835	9,423	9,417	9,239	9,768	10,684	11,507	12,490
Secondary	8,612	8,507	7,502	7,418	7,296	7,473	9,710	10,388	11,395
Special	1,556	1,593	1,551	1,570	1,611	1,631	1,679	1,771	1,878
Full-time equivalent (FTE)									
number of pupils (thousands)									
Pre-primary/primary	4,047	4,073	4,122	4,160	4,183	4,187	4,313	4,288	4,253
Secondary	2,515	2,443	2,434	2,436	2,444	2,469	3,162	3,215	3,253
Special	88	91	91	90	90	91	91	90	89
Unit Costs (per FTE pupil)⁴									
(£ in real terms) ²									
Pre-primary/primary	2,370	2,410	2,290	2,260	2,210	2,330	2,480	2,680	2,940
Secondary	3,420	3,480	3,080	3,050	2,980	3,030	3,070	3,230	3,500
Special	17,750	17,430	17,100	17,460	17,900	17,920	18,530	19,720	21,080

1 LEA expenditure and pupils FTEs in this table and the figures in Table 9 showing total revenue funding per pupil and pupil FTEs have not been calculated on the same basis and therefore the unit costs and unit funding in the two tables are not directly comparable. Spending in 1997-98 reflects the transfer of monies from local government to central government for the nursery vouchers scheme. These were returned to local government from 1998-99.

2 Cash figures are adjusted to 2002-03 levels using June 2003 GDP deflators.

3 The expenditure data to 1998-99 are drawn from the annual 'RO1' spending returns which local authorities submitted to the Department of Environment, Transport and the Regions. Expenditure data from 1999-00 onwards are taken from local education authorities' Section 52 Outturn Statements submitted to the DFES. The pupil data are drawn from the DFES Annual Schools Census. The 1999-00 figures reflect the return of GM schools to local authority maintenance.

4 Figures are rounded to the nearest £10.

TABLE 9:
Revenue funding¹ in real terms² per full-time equivalent pupil in maintained schools in England

	2002-03 prices									
	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03 provisional
Total revenue funding³										
(£m in real terms)										
	21,339	21,479	21,103	21,365	21,534	21,997	22,973	24,582	26,193	27,634
Number of pupils aged 4-19 years (thousands)										
(all maintained pupils for financial year)										
	7,030	7,125	7,227	7,302	7,361	7,411	7,449	7,471	7,497	7,556
Unit funding⁴ per pupil aged 4-19										
(£ in real terms)										
	3,040	3,010	2,920	2,930	2,930	2,970	3,080	3,290	3,490	3,660

1 Total revenue funding per pupil and pupil FTEs in this table have not been calculated on the same basis as Net Institutional Expenditure and pupil FTEs in table 7 and therefore the unit costs and unit funding in the two tables are not directly comparable.

2 Cash figures adjusted to 2002-03 prices using June 2003 GDP deflators.

3 Funding consists of Education Standard Spending plus all schools-related revenue grants in DFES's departmental expenditure limit which are relevant to pupils aged 4 to 19.

4 Rounded to the nearest £10.

TABLE 10:
Funding in real terms¹ per full-time equivalent student in further and higher education in England

	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02 provisional	2002-03 plans
Expenditure										
<i>(£m in real terms)¹</i>										
FE participation ^{2,3}	3,466	3,592	3,625	3,666	3,557	3,429	3,472	3,495	3,891	3,928
FE total funding ^{3,4}	3,466	3,592	3,625	3,666	3,557	3,429	3,562	3,664	4,109	4,342
Higher Education ^{5,6}	5,402	5,665	5,673	5,393	5,298	5,318	5,400	5,459	5,615	5,695
Full-time equivalent number of students (thousands)										
Further Education ⁷	860	914	989	1,027	1,020	1,004	977	953	1,027	1,080
Higher Education ⁸	876	944	989	1,007	1,019	1,023	1,041	1,064	1,087	1,101
Unit funding (per FTE student)⁸										
<i>(£ in real terms)¹</i>										
FE participation	4,030	3,930	3,670	3,570	3,490	3,420	3,550	3,670	3,790	3,640
FE total funding	4,030	3,930	3,670	3,570	3,490	3,420	3,650	3,850	4,000	4,020
Higher Education ⁹	6,170	6,000	5,740	5,360	5,200	5,200	5,190	5,130	5,170	5,170

1 Cash figures adjusted to 2002-03 levels using June 2003 GDP deflators.

2 From 1999-00, the figures include all monies provided to colleges for FE core participation (i.e. including Qualifying for success and widening participation). The basis for participation unit of funding figures from 2001-02 onwards has changed slightly compared to the last report. From 2001-02 the figures now include all monies for Teaching Pay Initiative and some Standards Fund monies. There is no assumed additional employer contributions.

3 From 1999/00 onwards, the figures exclude 18,500 FTE Higher National Certificate and Higher National Diploma students and their associated funding which has been transferred to HEFCE. Figures for 2000-01 reflect some adjustments between FE budgets which impact on the expenditure and student numbers included in the calculation of unit funding in that year.

4 Total FE grant to the FEFC or LSC, but not including FEFC or LSC administration costs. The figures include monies provided for FE participation and certain FE funding earmarked purposes, including capital, FE standards Fund and other special grants to colleges.

5 Publicly planned funding of higher education institutes in England includes block grants from the HEFCE, and the Teacher Training Agency (TTA), and public and private contributions towards the costs of tuition.

6 In addition to the expenditure shown in this table the HE sector also received funding in support of research via the Research Councils, earmarked grant for capital investment and funds for measures to widen access.

7 Full-time-equivalent (FTE) students funded by the Further Education Funding Council (FEFC) until 2000-01 and the Learning and Skills Council (LSC) from 2001-02 in either further education sector colleges (further and higher education students) or in external institutions, specialist designated institutions and higher education institutions (further education students only). Minor technical adjustments have been made to FTEs since the last bulletin.

8 Rounded to the nearest £10.

9 FTEs in Higher Education include publicly funded, home and EU domiciled, full and part time students. The FTE factor for part time students is 0.35. The maximum student contribution to fees of £1,100 in 2002/03 and £1,125 for 2003/04, which forms part of the unit funding shown above, represents around 20 to 25% of the average cost of a course.

GLOSSARY OF TERMS

Aggregate External Finance (AEF)

The majority of local authority current expenditure is supported by a combination of grants from central government and the national non-domestic rate, which together represent Aggregate External Finance (AEF). The total amount of AEF which local authorities receive is determined by the view central government takes each year of the appropriate level of local authority spending (Total Standard Spending). AEF also includes certain specific grants earmarked for particular purposes, which are included in the programmes of the relevant spending departments.

Formula spending shares

Formula Spending Shares are the mechanism by which general revenue funding is allocated between local authorities. Education Formula Spending Shares refer to general revenue funding for education. Each authority receives a formula allocation: its share of the £25 billion Education Formula Spending pot. The actual money an authority receives is given out through Revenue Support Grant. This takes into account the formula spending share for each service (of which education is just one) and the authority's ability to raise local council tax.

There are two main funding blocks within the education formula: one for schools encompassing all pupil provision, and one for LEAs, in order to clearly match funding to the separate responsibilities of schools and LEAs. The main structure of the schools formula delivers a basic entitlement per pupil, plus enhancements for schools and pupils in authorities where significant deprivation adds to education cost; and a separate enhancement for areas where schools need to pay more to recruit and retain staff. The formula for distributing the primary sub-block also has an addition for sparsity, to reflect the higher cost of maintaining small schools in sparse areas.

Fair Funding

Fair Funding is the non-statutory name commonly used to denote the new statutory framework for school funding which took effect on 1 April 1999, superseding the framework introduced in 1990 and commonly known as Local Management of Schools. Within this new framework, the level of financial delegation to schools has been raised considerably; items particularly affected include non-capital building repairs and maintenance, school meals and financial and personnel services. All maintained schools, including GM schools, came into the scope of the new system from its inception.

Further Education

The FE sector was created on 1 April 1993, and was made up largely of further education and sixth form colleges. These became independent of local authority

control on the same date (1 April 1993). The FEFC also funded further education at institutions of higher education and at other institutions outside the further education sector. In April 2001, the existing further education and training functions of the FEFC and Training and Enterprise Councils in England as well as local authorities' responsibility for funding adult and community learning were transferred to the LSC (which was established as a result of the Learning and Skills Act 2000).

Higher Education

The HEFCE is responsible for funding teaching, research and related activities in all universities and colleges of higher education in England (other than the University of Buckingham and private colleges), with the exception of funding for teacher training which became the responsibility of the Teacher Training Agency (TTA) from 1995/96. HEFCE is also responsible for funding prescribed higher education courses in further education colleges. The HE sector also receives direct grants and support in kind from the UK science budget - mainly from the Research Councils (as the UK science budget is the responsibility of the Department of Trade and Industry, these figures are not included in this bulletin). These councils decide how much of their UK science budget to release to support the higher education sector. In addition, the HE sector receives capital earmarked for Information and Communications Technology (ICT) and research infrastructure.

Gross Domestic Product (GDP)

A measure of the economic activity taking place in UK economic territory. Measured by the ONS, GDP is equivalent to the value added to the economy by this activity.

GDP Deflators

The Gross Domestic Product (Market Prices) deflators as published by National Statistics in their Quarterly National Accounts First Releases are used to convert the cash expenditure figures to constant 2002-03 price levels by making allowances for changes in purchasing power as a result of inflation (real terms expenditure). It is important to note that the definition of real terms contained in the bulletin is that used by Her Majesty's Treasury and as such measures general inflation. It does not measure real changes in purchasing power in the schools sector where inflation has often been much higher.

The GDP deflator for each year is revised as more data on actual pay and price movements in that year progressively become available. As such, updating the deflator has a consequential impact on the calculation of real terms figures and thus on real terms spending trends. The GDP deflators published in June 2003 have been used for this bulletin.

School Based Expenditure

All school-based recurrent funding including teaching and non-teaching staff salaries, school premises costs, equipment and supplies, and unspent balances held by schools at year end. They exclude spending on special schools, LEA central administration, the cost of home to school transport as well as capital expenditure.

Net Current expenditure

NCE includes expenditure within schools and also that incurred centrally by LEAs.

Cash Terms

The amount of money actually spent or planned to be spent regardless of its purchasing power.

Real Terms

Expenditure measured against a standard base year, making allowances for changes in purchasing power as a result of inflation.

Resource Accounting

Resource accounting is based on techniques in which expenditure and income are matched to the period in which they are incurred or earned. Therefore in resource accounting, expenditure and income are recorded in the year to which they relate - even if the money was paid out or received in a different year. The introduction of resource accounting has brought about a clearer separation of capital and recurrent budgets so that, for example, capital expenditure by the Higher Education Funding Council (HEFCE), Further Education Funding Council (FEFC) and the Teacher Training Agency (TTA) no longer appears as current expenditure. This explains, for example, the switch between central government current and capital expenditure in **Tables 1a and 1b**.

Cash Accounting

In cash accounting, expenditure and income is recorded in the period in which cash is actually paid out or received.

Outturn Statements

Annual Cash Expenditure statements made by LEAs to the DfES.

Revenue Support Grant (RSG)

The biggest grant within AEF is Revenue Support Grant, which is a block grant within the programme of the Office of the Deputy Prime Minister.

The Statistics in this bulletin were obtained from the following sources:

Pre-primary/primary, secondary and special school pupil numbers

DfES Annual Schools' Census.

Expenditure on schools, adult education centres and local education authority maintained colleges

Revenue Outturn returns and Section 52 surveys.

The data to 1998-99 are drawn from the local education authorities' Revenue Outturn returns (the "RO1") made to the DETR (now Office of the Deputy Prime Minister). From 1999-00 data are drawn from the local authorities' Section 52 outturn statements that are submitted to the DfES. The change in source is shown by a vertical dotted line.

School funding

DfES records of Education Standard Spending Assessments, special and specific DfES Grants to local education authorities

Further education

Further Education Funding Council

Higher education

Higher Education Statistics Agency

GDP deflators

– Office for National Statistics (ONS), First Release: Quarterly National Accounts, 2nd quarter 2003, published 27 June 2003

Resource Accounting

www.hm-treasury.gov.uk/documents/public_spending_and_services/resource_accounting_and_budgeting/pss_rab_mrintro.cfm

Related publications

The DfES Departmental Report, The DfES's Departmental Report (Cm 5902) published in May 2003 sets out details of planned expenditure for all the programmes it administers, including OFSTED. The Report covers the further education sector, which, until the introduction of the Learning and Skills Council (LSC) in April 2001, was funded through the FEFC, and funding for higher education institutions in England, which is distributed by the HEFCE. The Departmental Report also gives a breakdown of outturn expenditure on education since 1996-97, by central government and by local authorities.

Further information about unit costs can be obtained from the *Education Statistics 1999-00 Actuals incorporating the Handbook of Unit Costs* (published by Institute of Public Finance, ISSN 0309-5614).

Data showing international comparisons of public expenditure on education (including UK level expenditure) are not covered by this bulletin but will be given in the 2003 edition of *Education Statistics for the United Kingdom*. The Stationery Office schedules this volume for publication in November this year.

Data showing UK Total Managed Expenditure on education as well as the proportion of GDP spent on education is published in *Public Expenditure Statistical Analyses (PESA) HM Treasury* (Cm 5901).