



BRIEFING PAPER

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Adult further education funding in England since 2010

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Summary

2010-11 to 2015-16

The initial teaching and learning funding allocations for adult further education (FE) and skills in England fell from a 2010-11 baseline of £3.18 billion to £2.94 billion in 2015-16, a reduction of 8% in cash terms or 15% in real terms. The allocation for 2015-16 fell further as a result of the 2015 Summer Budget, which reduced the non-apprenticeship part of the Adult Skills Budget (ASB) by an additional 3.9%.

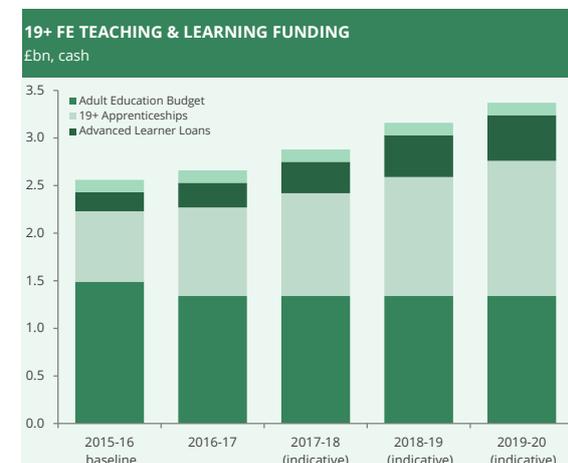
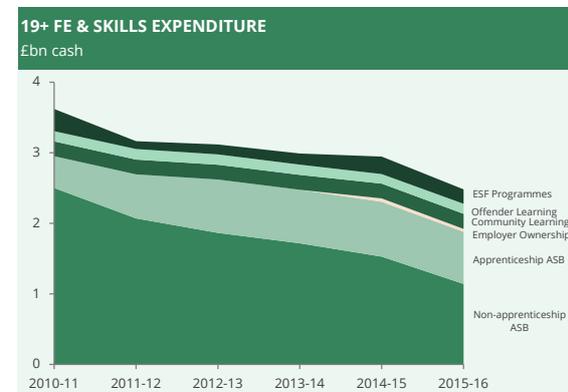
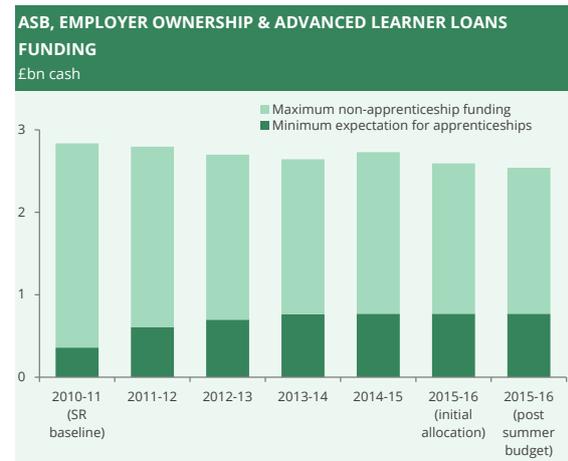
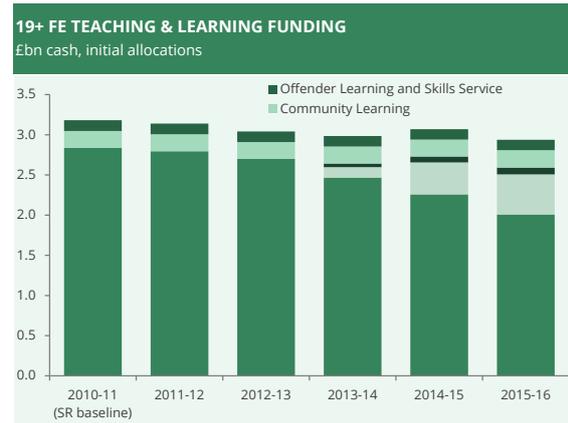
While funding for community learning and offender learning stayed fairly constant over the period, ASB funding declined by 29% in cash terms between 2010-11 and 2015-16 – this in part connected to the replacement of grant funding with loan funding for some learners from 2013-14 onwards. The minimum annual funding allocated to adult apprenticeships increased by 113% between 2010-11 and 2015-16, meaning that non-apprenticeship funding comprised a smaller proportion of the reduced ASB.

Actual expenditure on adult FE by the Skills Funding Agency (the predecessor funding body to the ESFA) shows a similar pattern, with expenditure on community learning and offender learning staying constant but ASB spending falling by 32% in cash terms between 2010-11 and 2015-16, from £3.63 billion to £2.48 billion. Within the ASB, expenditure on adult apprenticeships increased from £0.45 billion to £0.71 billion over the period (an increase of 58%), while non-apprenticeship ASB spending fell by 54%, from £2.50 billion to £1.14 billion. It should be noted that these figures, and the chart opposite, do not include spending on Advanced Learner Loans. In the 2013-14 academic year, the Student Loans Company paid out £116 million in loans; in 2014-15 it paid out £145 million, and in 2015-16 it paid out £182 million.

2016-17 onwards

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

Under the Spending Review settlement, funding for apprenticeships and loans was set to increase by 92% and 140% respectively between the 2015-16 baseline and 2019-20. From 2017-18 onwards, apprenticeship funding has, in part, been provided via the apprenticeship levy.



4 Adult further education funding in England since 2010

The Spending Round 2019 set out the Government's spending plans for 2020-21 only. The overall settlement comprised a 3.3% real-terms increase to the DfE resource budget compared to 2019-20, including an additional £400 million for 16-19 education. The Spending Round document did not refer specifically to adult FE.

Analysis published by the Institute for Fiscal Studies in September 2019 stated, among other things, that:

- Spending on apprenticeships and other work-based learning for adults fell by about 25% in real terms between 2009-10 and 2018-19. Specific spending on apprenticeships (including 16-18 and 19+ apprenticeships) rose by about 36% in real terms over the same period.
- Funding for other adult education (mostly classroom-based and community learning) peaked at around £4.1 billion in 2003-04. It then fell by nearly two thirds by 2018-19 (32% fall between 2003-04 and 2009-10 and a further 47% fall between 2009-10 and 2018-19).
- Most of the fall in non-apprenticeship adult FE can be accounted for by declining learner numbers, which fell from 4.4 million in 2004-05 to about 1.5 million in 2017-18.

Review of Post-18 Education and Funding

In February 2018, the then Prime Minister, Theresa May, announced a wide-ranging review of Post-18 Education and Funding. She additionally stated that the review would be informed by advice from an independent panel led by Philip Augar.

The report of the independent panel was published on 30 May 2019. It highlighted the fall in funding for adult skills between 2009-10 and 2017-18 and stated that the impact of this could be seen in declining learner numbers. The report made a number of recommendations concerning adult FE funding generally and specifically relating to FE at Levels 3, 4, 5 and 6.

In October 2019 the Government stated that it had "not taken any decisions with regards to the recommendations" and would "provide Parliament with an update later in the year."

1. Introduction

There are two systems of revenue funding for post-16 further education (FE) in England: the 16-19 funding system and the adult education funding system. This briefing provides information on the latter. Information on the former is provided in Library Briefing 7019, [16-19 education funding in England since 2010](#).

1.1 What is adult further education?

The term adult FE is used in this briefing to refer to education for individuals aged 19 and over that takes place outside of school and the higher education sector.¹

In 2017-18, there were around 2.2 million publicly-funded learners aged 19+ in some form of adult FE. This included 638,200 on an apprenticeship and 504,500 on community learning courses.² The total number of learners has declined by 31% since 2011-12. Over 1,000 providers were allocated some form of public funding to deliver adult FE in 2019-20.³

Community learning covers a wide range of non-formal courses, such as IT courses, employability skills and family learning. It is provided primarily by local authorities and FE colleges.

1.2 How is adult further education funded?

The budget for adult FE is set by the Government, often in an annual skills funding statement or letter. After it has received details of its budget, the Education and Skills Funding Agency (ESFA) confirms each FE provider's funding allocation or maximum contract value for the forthcoming year.⁴ Providers then earn funding up to their maximum by delivering education and training that is approved for public funding. Information on the qualifications and learning that is approved for funding in 2019-20 can be found in the [ESFA's funding rules guidance](#).

Box 1: Creation of the ESFA

From April 2017 the Education Funding Agency and the Skills Funding Agency merged to form one body – the ESFA. The ESFA is responsible for the funding of education for 5-16 year olds, education and training for 16-19 year olds, apprenticeships and adult education, and for managing school building programmes.⁵

Details of funding allocations for individual providers are available via the links below (NB: allocations for 2019-20 only cover non-devolved Adult Education Budget provision):

- [2019-20](#)
- [2018-19](#)
- [2017-18](#)

¹ Any references in the briefing to further education or adult education should be taken as referring to learners aged 19 and over.

² Department for Education, [Further education and skills: November 2018](#), 28 March 2019.

³ Including public funding in the form of an Advanced Learner Loan facility.

⁴ Learners with learning difficulties and disabilities were funded by the Education Funding Agency up to the age of 25.

⁵ [New agency to provide joined-up education and skills funding](#), Department for Education, 28 March 2017

- [2016-17](#)
- [2015-16](#)
- [2014-15](#)
- [2005-2013](#)

Devolution of the Adult Education Budget

Control over the AEB, which funds the majority of non-apprenticeship adult FE in England, transferred to six Mayoral Combined Authorities (MCAs) and the Greater London Authority (GLA) from the 2019-20 academic year. The devolved authorities are:

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

Following devolution, the devolved authorities are responsible for commissioning and funding AEB provision for learners resident in their areas. In total, £632 million of AEB funding was allocated to the devolved authorities in 2019-20, representing 49% of the AEB participation budget.

The ESFA remains responsible for funding provision for residents of non-devolved areas, representing 51% of the AEB.

Further information is available in Library Briefing 8596, [Devolution of the Adult Education Budget](#).

1.3 What does this briefing cover?

This briefing provides an overview of high level funding for adult FE in England since 2010, focusing on the funding provided by the Government to the sector as a whole rather than the distribution of funding between individual providers.

2. Funding for adult further education in 2010-11

Initial funding allocations for adult FE in 2010-11 were set out in the [Skills Investment Strategy 2010-11](#), published by the Labour Government in November 2009. The strategy allocated total funding of £4.5 billion, including £3.16 billion for adult and employer responsive provision and £0.21 billion for adult safeguarded learning.

Box 2: Adult FE participation funding streams 2010-11

- **Adult responsive provision:** traditionally comprised learning delivered to adults in further education colleges. By 2010-11 it included adult learning delivered by a range of providers but excluded learning delivered wholly on an employer's premises.
- **Employer responsive provision:** learning that took place wholly on the employer's premises, including adult apprenticeships and Train to Gain (training for employees who lacked basic skills or qualifications below a specified level).
- **Adult Safeguarded Learning** (referred to as community learning from 2013-14 onwards): funding for occupational courses, delivered by FE colleges, local authorities, the voluntary sector and other training providers.
- **Offender Learning and Skills Service:** funding for the provision of vocational and employability skills for offenders in custody.

These 2010-11 allocations were altered following the 2010 general election. In a speech shortly after the election, the new Chancellor, George Osborne, announced that £6.25 billion of “wasteful spending across the public sector would be cut”, £500 million of which would be re-invested. The cut included a reduction in spending by the Department for Business, Innovation and Skills of £836 million.⁶

In a [letter](#) of 17 June 2010, the then Secretary of State for Business, Innovation and Skills, Vince Cable, set out the revised budget for the SFA in 2010-11, as detailed in the table opposite.

The letter stated that Train to Gain funding would be reduced by £200 million, with £150 million being used to deliver additional apprenticeship places and £50 million used for additional capital investment in FE colleges. An extra £15 million was also allocated to the SFA “to support the sector to deliver genuine efficiencies”.⁷

19+ FE & SKILLS BUDGET			
England, £ billion cash			
	Skills Investment Strategy, Nov 2009	Skills Funding Letter 2010-11, June 2010	% change Nov 2009 to June 2010
Adult Learner Responsive	1.78	1.80	+1%
Employer Responsive	1.38	1.31	-5%
<i>Adult Apprenticeships</i>	0.40	0.55	+38%
<i>Workplace Learning (Train to Gain)</i>	0.98	0.76	-23%
Total Responsive Funding	3.16	3.11	-2%
Adult Safeguarded Learning	0.21	0.21	0%
Offender Learning and Skills Service	0.13	0.15	+8%
Total Participation Funding	3.51	3.46	-1%
Learner Support	0.16	0.16	0%
FE Development, Capacity and Quality	0.24	0.23	-5%
Total Capital Grants	0.51	0.56	+9%
Total Administration	0.08	0.10	+27%
Grand Total	4.50	4.51	0%

Sources: BIS, *Skills Investment Strategy, 2010-11*, November 2009; BIS, *Funding Letter to Skills Funding Agency*, 17 June 2010.

⁶ [Speech by the Chancellor of the Exchequer, Rt Hon George Osborne MP, announcing £6.2 billion savings](#), HM Treasury, 24 May 2010; [George Osborne outlines detail of £6.2bn spending cuts](#), BBC News, 24 May 2010.

⁷ BIS, [Funding Letter to Skills Funding Agency: 2010-11](#), 17 June 2010.

3. Funding for adult FE from 2011-12 to 2015-16

3.1 Spending Review 2010

The Comprehensive Spending Review 2010 set out the parameters for public spending over the period 2011-12 to 2014-15. Under the settlement, the adult FE resource budget was to fall by 25% from a baseline of £4.3 billion in 2010-11 to £3.2 billion in 2014-15.⁸

A strategy document published by the Coalition Government in November 2010, [Further Education – New Horizon: Investing in Skills for Sustainable Growth](#), provided further information on the spending review settlement and outlined a number of reforms to be made over the period to 2014-15:

- fully-funded provision would be focused on learners with very low levels of skills and there would be an expectation that learners and employers would contribute to the costs of intermediate and higher level courses;
- grant funding for learners aged 24 and over studying at levels 3 and 4 would be removed and replaced with a new loans facility (Advanced Learner Loans);
- spending on adult apprenticeships would increase by “up to £250 million a year by 2014-15 compared with the 2010-11 spending review baseline;
- the community learning budget would be protected;
- Train to Gain would be abolished and funding for workplace training would be focused on SMEs; and
- English for Speakers of Other Languages (ESOL) would be “refocused”, including removing funding for ESOL delivered in the workplace.⁹

The Spending Round 2013 extended the spending review settlement to 2015-16 and announced further savings to the FE budget of “at least £260 million”, to be made “by prioritising higher value qualifications, and reducing non-participation spending.”¹⁰

3.2 Annual funding allocations

The November 2010 strategy document set out the adult FE funding allocations for 2011-12 and also outlined the 2010-11 funding baselines used for the 2010 spending review. It should be noted that the spending review baselines are not directly comparable with the 2010-11 funding allocations set out in section 1 of this briefing.

⁸ [Department for Business, Innovation and Skills Spending Review Settlement](#), BIS, 20 October 2010.

⁹ BIS, [Further Education – New Horizon: Investing in Skills for Sustainable Growth](#), November 2010, pp4-5.

¹⁰ HM Treasury, [Spending Round 2013](#), Cm 8639, June 2013, p40.

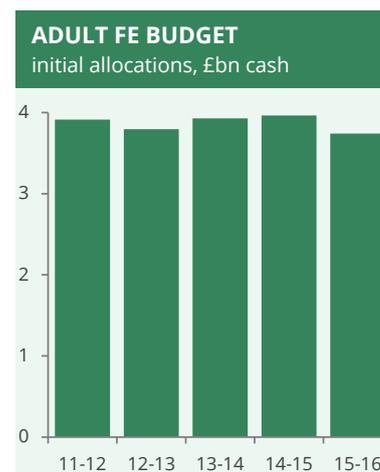
Funding allocations for the later years of the spending review period were set out in a series of subsequent publications:

- 2012-13 - [Skills Investment Statement 2011 – 2014: Investing in a World Class Skills System](#), 1 December 2011.
- 2013-14 – [Skills Funding Statement 2012-2015](#), December 2012
- 2014-15 – [Skills Funding Statement 2013-2016](#), February 2014.
- 2015-16 - [Skills funding letter: April 2015 to March 2016](#), February 2015.

Total adult FE funding

Total funding allocated to adult FE (excluding the European Social Fund) declined from £3.91 billion in 2011-12¹¹ to £3.74 billion in 2015-16 – a reduction of 4.4% in cash terms and 10.1% in real terms.¹² These figures include funding for Advanced Learner Loans, for which some additional funding was obtained outside of the spending review settlement.¹³ If funding for loans is excluded then total direct funding for adult FE fell from £3.91 billion in 2011-12 to £3.24 billion in 2015-16 – a fall of 17% in cash terms and 22% in real terms.

A more detailed breakdown of funding over the period of the 2010 spending review is provided in the following two sections.



Box 3: European Social Fund

Money from the European Social Fund (ESF) is used to support individuals who are not supported by the standard funding system. The total value of the ESF programme for 2007-2013 was £1.6 billion and the follow on programme for 2014-2020 is expected to total £1.0 billion.¹⁴ An estimate of the likely ESF funding to be used in a given year has been included in some skills investment statements, but not on a consistent basis. Between 2011-12 and 2015-16 the estimated funding from the ESF in any given year ranged between £0.17 billion and £0.18 billion.

After the UK leaves the EU it will no longer receive European structural funding (of which the social fund is a part). In order to replace this funding, the Government has pledged to set up a Shared Prosperity Fund to “reduce inequalities between communities and help deliver sustainable, inclusive growth.”¹⁵ In the short term, under the terms of the Withdrawal Agreement the UK would continue to participate in the current round of ESF funding until programme closure.¹⁶ In the event of a no-deal Brexit, the Government has guaranteed to fund all ESF projects that would have been funded by the EU under the 2014-2020 programme period, with payments up to 2023.¹⁷

¹¹ The baseline for 2010-11 used in the 2010 Spending Review does not provide a figure for total FE and Skills funding in 2010-11 that is comparable to later years.

¹² Real terms reduction calculated using 2019-20 prices based on the September 2019 GDP deflator.

¹³ BIS & SFA, [Skills Funding Statement 2012-2015](#), December 2012, p6.

¹⁴ SFA, [Annual Report and Accounts 2015 to 2016](#), July 2016, p12.

¹⁵ Education and Skills Funding Agency, [Funding for academic year 2019 to 2020 for people aged over 16](#), December 2018.

¹⁶ [PQ 630](#), 21 October 2019.

¹⁷ Department for Business, Energy and Industrial Strategy, [European Social Fund \(ESF\) after Brexit](#), last updated 21 October 2019.

Funding for teaching and learning

From 2011-12, funding for classroom-based adult FE, adult apprenticeships and other workplace training was combined to form a single Adult Skills Budget (ASB). Some teaching and learning funding remained outside the ASB, however, including:

- **Community learning:** referred to as Adult Safeguarded Learning until 2013-14, community learning comprises a wide range of non-formal courses, such as IT courses, employability skills and family learning, primarily provided by local authorities or further education colleges; and
- **Offender learning and skills service (OLSS):** the OLSS contracts with four organisations who provide learning and skills training for offenders in custody in England.

These funding streams remained broadly unchanged through to 2015-16, with the addition of funding for [24+ Advanced Learner Loans](#) and the Employer Ownership pilots from 2013-14 onwards.¹⁸

Box 4: Advanced Learner Loans

From 2013-14, grant funding for learners aged 24 and over studying at levels 3 and 4 (e.g. A-levels) was removed and replaced with Advanced Learner Loans. Initially, loans also replaced grants for apprentices aged 24 and over studying at level 3 and above. However, loans for apprentices were dropped from February 2014 onwards, in part due to low take-up, and higher level apprenticeships were instead made eligible for grant funding from the ASB.¹⁹

Since the 2016-17 academic year, Advanced Learner Loans have additionally been available for 19-23 year olds studying at levels 3 and 4, and to learners aged 19 and over studying at levels 5 and 6.²⁰ The availability of loans does not replace the entitlement to full grant funding for learners aged 19-23 undertaking their first level 3 qualification.²¹

The amount a learner can receive in a loan depends on the course they are studying and their fees. They begin to repay their loan (plus interest), subject to income, from the April following the completion of their course. Repayments are made at 9% of any income in excess of £25,716 a year.

More information on Advanced Learner Loans is available on the Gov.uk website at, [Advanced Learner Loan](#) and in ESFA guidance, [Advanced learner loans funding rules 2019 to 2020](#).

Initial ASB funding fell from £2.84 billion in 2010-11 to £2.01 billion in 2015-16, a reduction of 29% in cash terms and 34% in real terms. It should be noted, however, that from 2013-14 onwards, part of this reduction is associated with the introduction of funding for Advanced Learner Loans and Employer Ownership pilots.

¹⁸ Under the Employer Ownership Pilot Scheme funding for vocational training was allocated directly to employers who were invited to enter a competition to secure funds. More information is available at: [Employer Ownership of Skills pilot](#).

¹⁹ SFA & BIS, [Skills Funding Statement 2013-2016](#), February 2014, p10.

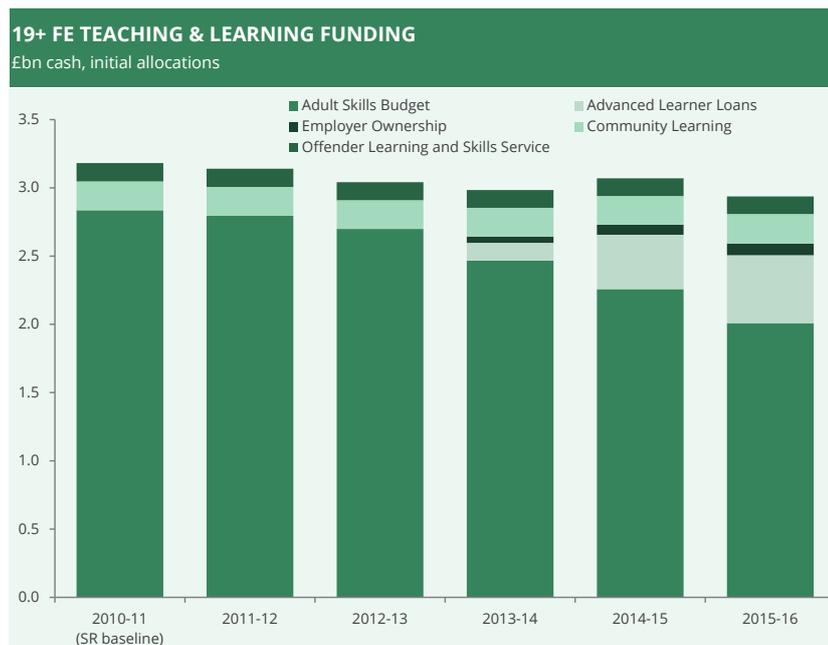
²⁰ A guide to qualification levels is available on the Gov.uk website at: [Compare different qualification levels](#).

²¹ SFA, [Advanced Learner Loans funding and performance management rules, 2016-17](#), July 2016, p6.

The funding statements indicated a minimum level of funding that it was expected should be used for apprenticeships. The funding earmarked for apprenticeships increased from a 2010-11 baseline of £360 million to £770 million in 2015-16 – a real terms increase of just under 100%. As a result, the maximum funding allocated to non-apprenticeship learning across the ASB, the Employer Ownership Pilots and Advanced Learner Loans declined from £2.48 billion in 2010-11 to £1.82 billion in 2015-16 – a reduction of 26% in cash terms and 32% in real terms.²²

The other major components of the adult FE teaching and learning budget saw little change in cash terms over the period. Funding for community learning was held at £211 million per year until 2014-15, before increasing to £216 million in 2015-16 in order to provide an additional £5 million for pilot courses to help adults recover from mild to moderate mental illness.²³ Funding for the Offender Learning and Skills Service decreased from the 2010-11 baseline of £135 million to an initial allocation of £129 million in 2015-16.

Overall, excluding the European Social Fund but including Advanced Learner Loans, initial funding for adult FE teaching and learning fell from £3.18 billion in 2010-11 to £2.94 billion in 2015-16, a reduction of 8% in cash terms or 15% in real terms. The funding allocation for each funding stream in each year is provided in the table on the following page.



²² In 2011-12 and 2012-13, the minimum expectation for apprenticeships covered apprenticeships delivered through the ASB. For 2013-14, it covered apprenticeships delivered through the ASB, the Employer Ownership Pilots and Advanced Learner Loans. For 2014-15 and 2015-16 it covered apprenticeships delivered through the ASB and the Employer Ownership Pilots; Advanced Learner Loans were no longer available for apprenticeships from February 2014.

²³ BIS, [Skills funding letter: April 2015 to March 2016](#), February 2015.

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19+ FE FUNDING, ENGLAND 2010-11 TO 2015-16						
£bn, initial allocations						
	2010-11 (SR baseline)	2011-12	2012-13	2013-14	2014-15	2015-16
<i>Cash prices</i>						
Adult Skills Budget	2.84	2.80	2.70	2.47	2.26	2.01
Employer Ownership	0.00	0.00	0.00	0.05	0.07	0.09
Advanced Learner Loans	0.00	0.00	0.00	0.13	0.40	0.50
<i>Minimum expectation for apprenticeships^a</i>	0.36	0.61	0.70	0.76	0.77	0.77
Offender Learning and Skills Service	0.13	0.13	0.13	0.13	0.13	0.13
Adult Safeguarded Learning/Community Learning	0.21	0.21	0.21	0.21	0.21	0.22
Total Teaching and Learning^c	3.18	3.14	3.04	2.98	3.07	2.94
<i>2019-20 prices^b</i>						
Adult Skills Budget	3.31	3.22	3.04	2.73	2.46	2.17
Employer Ownership	0.00	0.00	0.00	0.05	0.08	0.09
Advanced Learner Loans	0.00	0.00	0.00	0.14	0.43	0.54
<i>Minimum expectation for apprenticeships^a</i>	0.42	0.70	0.79	0.84	0.84	0.83
Offender Learning and Skills Service	0.16	0.15	0.15	0.14	0.14	0.14
Adult Safeguarded Learning/Community Learning	0.25	0.24	0.24	0.23	0.23	0.23
Total Teaching and Learning^c	3.72	3.61	3.43	3.30	3.35	3.18
Notes						
(a) In 2011-12 and 2012-13, the minimum expectation for apprenticeships covered apprenticeships delivered through the ASB. For 2013-14, it covered apprenticeships delivered through the ASB, the Employer Ownership Pilots and Advanced Learner Loans. For 2014-15 and 2015-16 it covered apprenticeships delivered through the ASB and the Employer						
(b) Prices adjusted to 2019-20 values using the GDP deflator for September 2019.						
(c) Figures for total teaching and learning exclude funding from the European Social Fund						
Values in shaded areas are based on the indicative budget for 2014-15 as no figure was provided in the final initial allocations.						
Sources						
BIS, <i>further education - new horizon: investing in skills for sustainable growth</i> , November 2010; BIS, <i>skills investment statement 2011 - 2014: investing in a world class skills system</i> , 1 December 2011; BIS, <i>Skills Funding Statement 2012-2015</i> , December 2012; BIS, <i>Skills Funding Statement 2013-2016</i> , February 2014; and BIS, <i>Skills funding letter: April 2015 to March 2016</i> , February 2015.						

The figures in this section, and the figures in the table above, refer to initial funding allocations only and do not include further in-year changes. This is of particular relevance in 2015-16 when changes were made to the initial funding allocations following the 2015 Summer Budget (see below).

Summer Budget changes

In the Summer Budget of July 2015, the then Chancellor, George Osborne, announced further spending reductions, including in-year cuts for the Department for Business, Innovation and Skills. Following this, Peter Lauener, then Chief Executive of the Skills Funding Agency (the predecessor to the ESFA), outlined in a [letter](#) how this impacted on the adult FE funding allocations for 2015-16. The letter set out a further 3.9% reduction in non-apprenticeship ASB funding (and for discretionary learner support). This reduced the non-apprenticeship ASB by around a further £50 million compared to the initial allocation for 2015-16.

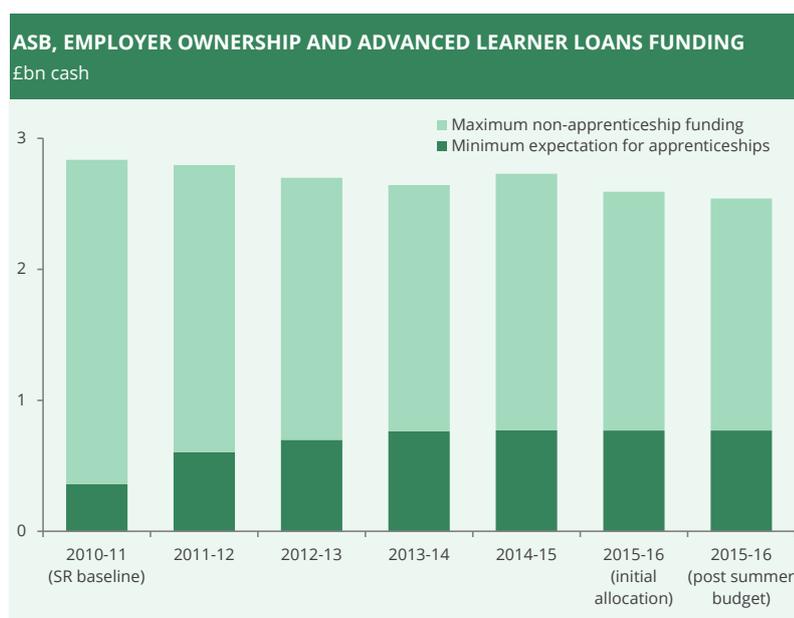


Chart 3 shows the split between apprenticeship and non-apprenticeship funding across the ASB, the Employer Ownership pilots and Advanced Learner Loans between 2010-11 and 2015-16. The shift to apprenticeship funding is clear; the proportion of funding earmarked for apprenticeships increased from 13% in 2010-11 to around 30% following the 2015 Summer Budget.

Non-teaching funding

The funding streams for the non-teaching components of the adult FE budget were not presented on a consistent basis in the skills funding statements between 2010-11 and 2015-16. This means that it is not possible to provide comparable figures for the total funding allocation for the non-teaching part of the adult FE budget over this period. This section therefore provides figures for the individual non-teaching components of adult FE and skills funding.

Student and learner support funding

Learner support funding was made up of a number of components:

- [Discretionary Learner Support](#): available from further education providers to help learners on fully-funded courses who are facing financial difficulty;
- The learner support element of the [Advanced Learner Loans Bursary Fund](#);
- [Professional and Career Development Loans](#); and
- [Dance and Drama Awards](#).

Funding for the National Careers Service also fell within the broader student and learner support funding stream.

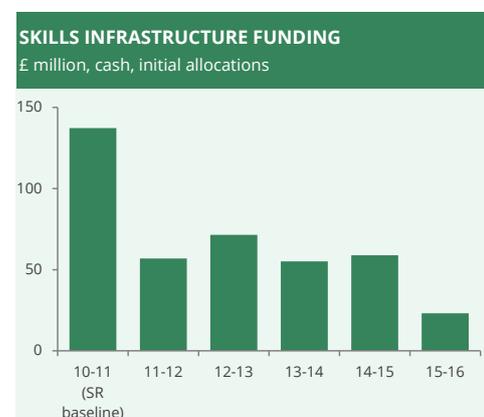
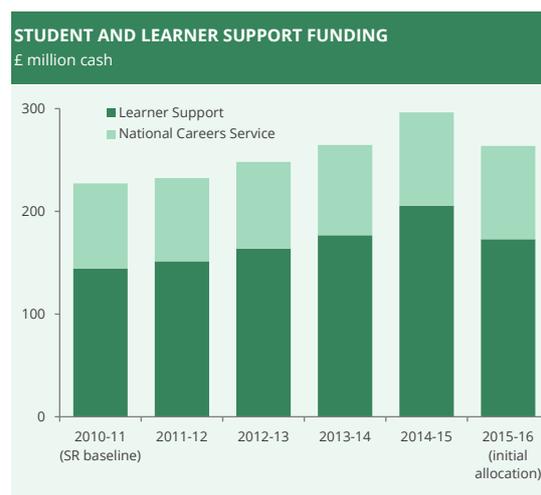
Learner support funding increased from £144 million in 2010-11 to £206 million in 2014-15, before reducing to an initial allocation of £173 million in 2015-16. The initial 2015-16 allocation was reduced further as a result of an additional 3.9% cut to discretionary learner support funding announced in the Summer Budget 2015. As a result, the reduction in learner support funding between 2014-15 and 2015-16 was slightly larger than indicated by the chart, which is based on the initial allocations.

Funding for the National Careers Service increased from £83 million to £91 million over the period – an increase of 1.6% in real terms.

Skills infrastructure

Skills infrastructure funding included funding for the apprenticeship vacancy system and the promotion of apprenticeships. It also previously included funding for the Learning and Skills Improvement Service (LSIS), the improvement body for the FE and skills sector in England.²⁴ In December 2012, the Government confirmed that the LSIS would cease to receive public funding from 2013-14.²⁵

Skills infrastructure funding fell from the 2010-11 spending review baseline of £137 million to £23 million in 2015-16 – a real terms reduction of 84%.



²⁴ For more information on the work of the LSIS, see the archived version of its website at: [Learning and Skills Improvement Service](#).

²⁵ [LSIS funding to cease as chair plans legacy strategy](#), *FE Week*, 10 December 2012.

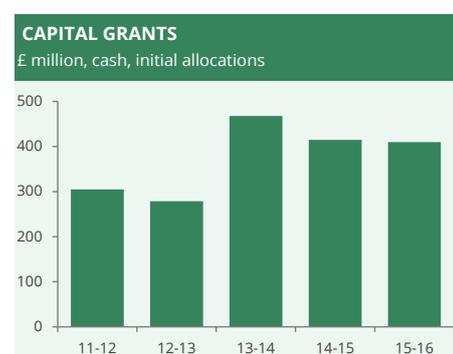
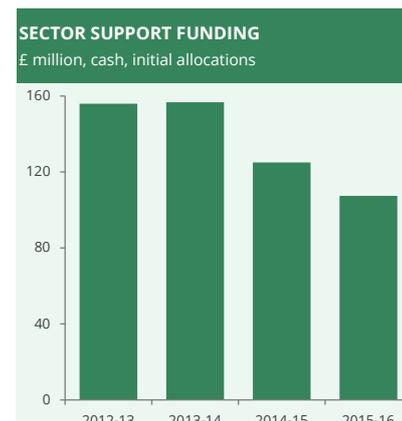
Funding to support the FE and skills sector

This comprised funding for a range of programmes not routed through the SFA, including the [UK Commission for Employment and Skills](#). The 2010 spending review announced a 46% reduction to this funding between 2010-11 and 2014-15.²⁶

Funding to support the FE and skills sector fell from £156 million in 2012-13 to £107 million in 2015-16 – a 31% reduction in cash terms and 34% in real terms. Funding allocations are only provided on a consistent basis from 2012-13, meaning that it is not possible to provide figures for years before 2012-13.

Capital

The 2010 Spending Review took a zero based review to capital funding and so no baseline figure for 2010-11 was provided. However, the November 2010 strategy document, [Further Education – New Horizon: Investing in Skills for Sustainable Growth](#), stated that the 2010-11 capital budget was £580 million.²⁷ The spending review settlement provided for a reduced capital funding allocation of £305 million in 2011-12 and funding was reduced further to £279 million in 2012-13. Following the 2013 Autumn Statement, additional funding was provided for FE capital, meaning that funding increased to £468 million in 2013-14.²⁸ In subsequent years, funding decreased slightly to reach £410 million in 2015-16, a real terms reduction of 35% compared to the budget for 2010-11.²⁹



Box 5: Department for Education evaluation of FE reform

In October 2017, the Department for Education published a [research report](#) evaluating the FE reform programme up to 2015. Regarding the changes to FE funding (including the introduction of Advanced Learner Loans and the creation of the Adult Skills Budget) the report's findings included:

- Publicly-funded courses are increasingly likely to have work-related outcomes, improve English and maths skills, and be targeted at young adults.
- Action is being taken to make provision as efficient as possible and to increase revenue from outside of government funding.
- The quality of teaching and learning “could be at risk from continued government reductions in funding and increasing focus on financial efficiencies.”³⁰

Regarding the introduction of Advanced Learner Loans, the report stated that for some providers the policy had led to an increase in learner numbers. It added that this was not the case for most providers, however, and many reporting a decline in participation.³¹

²⁶ BIS, [Skills Investment Statement 2011 – 2014: Investing in a World Class Skills System](#), 1 December 2011, p4.

²⁷ BIS, [Further Education – New Horizon: Investing in Skills for Sustainable Growth](#), November 2010, p25.

²⁸ BIS, [Skills Funding Statement 2012-2015](#), December 2012

²⁹ Capital funding for 2015-16 includes £80 million routed through the SFA and £330 million routed through DCLG, LEPs and BIS.

³⁰ Department for Education, [Evaluation of the FE Reform Programme 2015](#), October 2017, p119.

³¹ As above, p90.

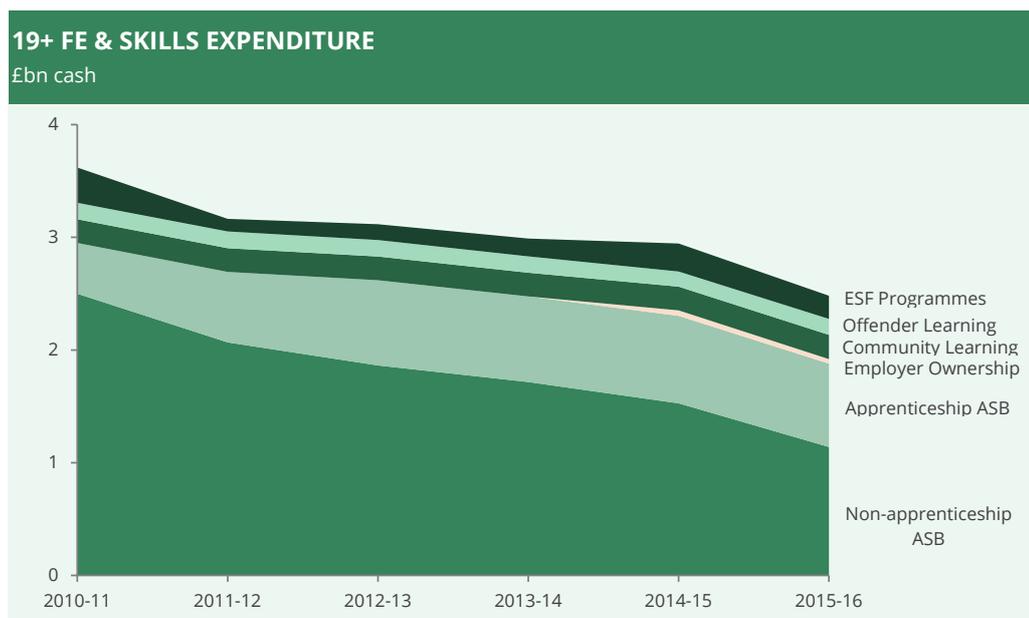
4. SFA expenditure on adult FE 2010-11 to 2015-16

An alternative way of looking at the financial support provided to adult FE is to look at outturn expenditure from the funding body's annual accounts. This allows for a comparison of what was actually spent rather than initially allocated. In addition, while the categories used in the SFA annual accounts are similar to those used in the skills funding statements and letters, in some places they provide slightly more detail – for example, a more detailed breakdown of ASB expenditure between 2010-11 and 2014-15. The accounts also allow a consistent time series for all non-teaching expenditure excluding capital to be created back to 2010-11.

Teaching and learning expenditure

Based on the SFA accounts, total teaching and learning expenditure fell from £3.63 billion in 2010-11 to £2.48 billion in 2015-16, a cash terms reduction of 32%. ASB expenditure declined by 36% in cash terms over the period from £2.95 billion to £1.88 billion. Within the ASB, expenditure on adult apprenticeships

increased by 58% from £451 million in 2010-11 to £711 million in 2015-16; non-apprenticeship ASB expenditure reduced by 54% over the period from £2.50 billion to £1.14 billion. It should be noted when considering reductions to ASB expenditure that the SFA accounts do not include expenditure on Advanced Learner Loans (see box three below).



The accounts for 2010-11 to 2014-15 provide a further breakdown of non-apprenticeship ASB expenditure. This shows that the largest proportional reduction was in non-apprenticeship workplace training, which fell by 87% in cash terms from £743 million in 2010-11 to £95 million in 2014-15. Classroom-based expenditure within the ASB fell by 17% in cash terms over the same period, from £1.73 billion to £1.43 billion. Figures for other workplace training and classroom based expenditure were not provided in the SFA's accounts for 2015-16.

Box 6: Amount paid in Advanced Learner Loans

The funding allocations for Advanced Learner Loans detailed in sections 3 and 5.2 of this briefing refer to the maximum budget available to be paid out in loans during the year. This is not necessarily the amount that is subsequently paid out to students. Statistics from the Student Loans Company suggest that the amount paid out in Advanced Learner Loans was less than the maximum budget allocation in all four years where figures for the full year are available:

- In 2013-14, when the initial budget allocation for loans was £129 million, £116 million was paid out in loans.
- In 2014-15, when the initial budget allocation was £398 million, £145 million was paid out.
- In 2015-16, when the initial budget allocation was £498 million, £182 million was paid out.
- In 2016-17, when the initial budget allocation was £260 million, £250 million was paid out.
- In 2017-18, when the initial budget allocation was £330 million, £217 million was paid out.³²

Expenditure on community learning saw little change over the period, staying at around £210 million between 2010-11 and 2014-15, before increasing to £215 million in 2015-16. Spending on offender learning decreased from £146 million in 2010-11 to £135 million in 2014-15, before increasing to £142 million in 2015-16.

Table 3 provides teaching and learning expenditure figures for the period 2010-11 to 2015-16 in 2018-19 prices.

SKILLS FUNDING AGENCY FE TEACHING & LEARNING EXPENDITURE							
£bn, 2018-19 prices							
	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	% change 10-11 to 15- 16
ASB	3.35	3.02	2.88	2.67	2.46	1.99	-40.7%
Adult apprenticeships	0.51	0.70	0.83	0.82	0.83	0.75	46.7%
Apprenticeship grant for employers	0.00	0.00	0.00	0.00	0.00	0.03	
Adult Skills excluding apprenticeships	2.84	2.32	2.05	1.85	1.63	1.21	-57.6%
Classroom-based	1.96	1.71	1.72	1.69	1.52	0.00	-
Other workplace training	0.84	0.59	0.33	0.16	0.10	0.00	-
City Deals	0.00	0.00	0.00	0.01	0.01	0.00	-
Growth and Investment Fund	0.03	0.02	0.00	0.00	0.00	0.00	-
Employer Ownership	0.00	0.00	0.00	0.00	0.05	0.04	-
Community Learning	0.24	0.24	0.23	0.23	0.22	0.23	-4.7%
Offender Learning	0.17	0.17	0.16	0.16	0.14	0.15	-9.4%
ESF Programmes	0.36	0.13	0.15	0.17	0.26	0.22	-39.3%
Other non-BIS funded programmes	0.01	0.01	0.01	0.01	0.00	0.00	-72.9%
Total Teaching and Learning	4.13	3.56	3.43	3.23	3.14	2.63	-36.3%

Source, SFA, Annual Report and Accounts, various years

Non-teaching expenditure

Expenditure on learner support increased by 33% in cash terms from £120 million in 2010-11 to £160 million in 2014-15, before reducing to £133 million in 2015-16. A response to a parliamentary question in December 2015 provided a further breakdown of 2015-16 learner support expenditure. Of forecast expenditure of £132 million:

³² Student Loans Company, [Advanced Learner Loans paid in England](#), various years.

- around £86 million (65%) was expected to be spent on Discretionary Learner Support;
- around £35 million (27%) was expected to be spent on the Advanced Learner Loan Bursary Fund;
- around £2.5 million (2%) was expected to be used to meet the costs of Professional and Career Development Loans; and
- around £8.5 million (6%) was expected to be used on Dance and Drama Awards.³³

Expenditure on the National Careers Service increased from £63 million in 2010-11 to £93 million in 2013-14, before decreasing in subsequent years to £61 million in 2015-16.

Capital expenditure decreased by 59% in cash terms between 2010-11 and 2012-13, from £683 million to £282 million. Spending increased to £382 million in 2013-14 before declining again to £296 million in 2014-15. SFA figures for capital expenditure in 2015-16 are not comparable with previous years as the responsibility for the majority of expenditure transferred to Local Enterprise Partnerships.

Mirroring the large proportional reduction in the initial funding allocations, expenditure on skills infrastructure reduced by 81% in cash terms from £162 million in 2010-11 to £31 million in 2015-16.

SELECTED NON-TEACHING AND LEARNING EXPENDITURE						
£ million, cash						
	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
Learner Support Funds	120	130	144	155	160	133
National Careers Service	63	69	74	93	85	61
Skills Infrastructure	162	84	85	32	48	31
Capital	683	387	282	382	296	-
Administration	122	170	131	133	98	90

Source, SFA, Annual Report and Accounts, various years

³³ [PQ HL4260](#), 11 December 2015.

5. Adult FE funding from 2016-17

5.1 Spending Review 2015

The 2015 Spending Review set out the parameters for public spending over the period 2016-17 to 2019-20. The settlement included a protection for the “core adult skills participation budgets” in cash terms at £1.5 billion. It added that savings of £360 million would be made from non-participation budgets, including the UK Commission for Employment and Skills. A [written statement](#) in July 2016 confirmed that funding for the UK Commission for Employment and Skills would be withdrawn during 2016-17.

The spending review also outlined plans to expand Advanced Learner Loans to 19-23 year olds studying at levels 3 and 4, and to learners aged 19 and over studying at levels 5 and 6 (see box 4 above).³⁴

5.2 Initial funding allocations to 2019-20

The [2016-17 skills funding letter](#) was published in December 2015. The letter set out initial funding for adult FE for 2016-17 and also gave indicative budgets up to 2019-20. These budgets were unchanged in the [2017-18 skills funding letter](#), published in March 2017.

From 2016-17 onwards, funding for non-apprenticeship adult FE has been provided via the Adult Education Budget (AEB), which was created by combining what were previously three separate funding streams:

- the non-apprenticeship part of the ASB;
- community learning; and
- discretionary learner support.³⁵

Teaching and learning funding

The 2016-17 skills funding letter set out a 2015-16 baseline for the AEB of £1.49 billion and stated that this would be maintained in cash terms in 2016-17. The AEB would then be held constant at £1.5 billion for 2017-18, 2018-19 and 2019-20.

The Government subsequently decided, however, that a portion of the AEB would be retained centrally to spend on other Department for Education priorities. As a result, the annual AEB was reduced to £1.34 billion from 2016-17 onwards.³⁶ This amounts to a 17% real terms reduction in the 2019-20 AEB compared to the 2015-16 baseline of £1.49 billion. As explained in section 1.2, from 2019-20 around half of this budget has been devolved to the Mayor of London and six Mayoral Combined Authorities. It should be noted that the chart opposite does not show this further reduction to the AEB from 2016-17 onwards.

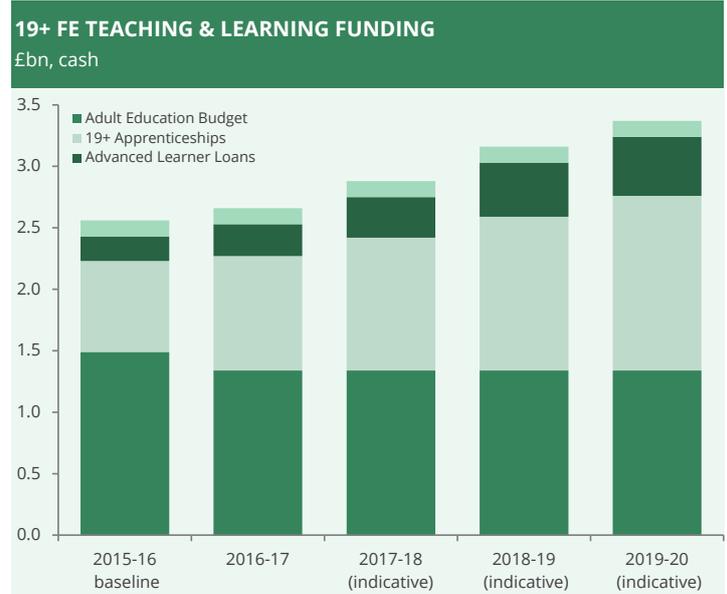
The skills funding letter stated that funding for apprenticeships was initially planned to increase from a 2015-16 baseline of £0.74 billion to £0.93 billion

³⁴ A guide to qualification levels is available on the Gov.uk website at: [Compare different qualification levels](#).

³⁵ NAO, [English devolution deals](#), 20 April 2016, p47.

³⁶ [PQ278476](#), 23 July 2019; information provided by the DfE.

in 2016-17, before increasing further to £1.42 billion by 2019-20. It should be noted that from 2017-18 onwards apprenticeship funding has, in part, been provided via the [apprenticeship levy](#), a charge set at 0.5% of any UK employer’s pay bill in excess of £3 million. The Government estimates that the levy will generate £2.8 billion of revenue in 2019-20, with £2.5 billion available for apprenticeships in England.³⁷ More information on apprenticeships funding and the levy is available in Library Briefing 3052, [Apprenticeships policy in England](#).



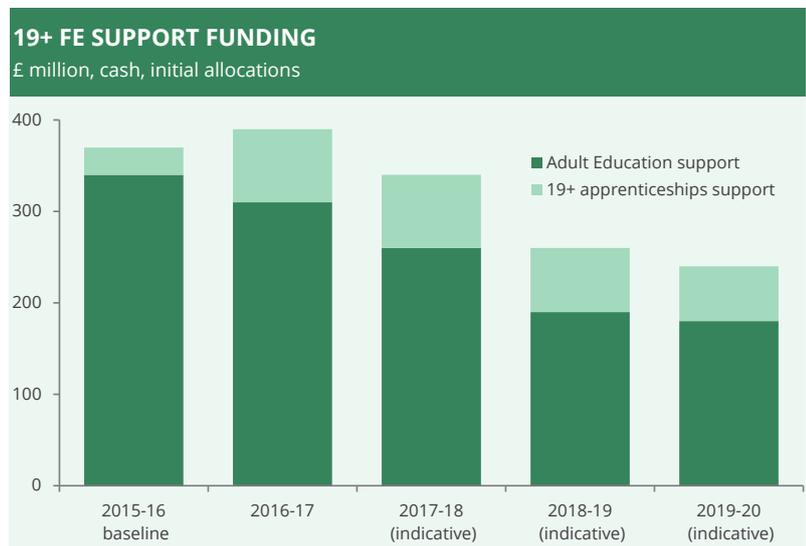
The budget for Advanced Learner Loans was planned to increase from a 2015-16 baseline of £0.20 billion to £0.48 billion in 2019-20. The 2015-16 baseline was based on an estimate of the likely value of loans paid put in the year, which is £298 million less than the initial budget allocation set out in the skills funding letter. Whether the forecast increase in loan budgets results in an increase in loan funding provided to students depends in part, of course, on the future demand for loans (see box six above).

Funding for the Offender Learning and Skills Service, which remains outside the AEB, was planned to remain flat in cash terms at £0.13 billion in each year to 2019-20.

Non-teaching funding

The 2016-17 skills funding letter consolidated non-teaching funding into two funding lines:

- funding to support 19+ apprenticeships, which was set to increase from a 2015-16 baseline of £30 million to £80 million in 2017-18, before decreasing to £62 million in 2019-20; and
- funding to support adult education, which was planned to increase from a 2015-16 baseline of £343 million to £390 million in 2016-17, before decreasing year-on-year to £239 million in 2019-20.



Total FE and skills funding

The table on the next page shows the total adult FE funding allocations, for both teaching and non-teaching, as set out in the 2016-17 skills funding letter. However, the AEB has been changed to £1.34 billion from 2016-17 onwards in line with the subsequent change.

³⁷ [PQ 243434](#), 23 April 2019.

19+ FE & SKILLS BUDGET						
£bn cash						
	2015-16 baseline	2016-17	2017-18 (indicative)	2018-19 (indicative)	2019-20 (indicative)	% change 15-16 to 19-20
19+ Apprenticeships	0.74	0.93	1.08	1.25	1.42	+92%
Adult Education Budget	1.49	1.34	1.34	1.34	1.34	-10%
Total core teaching and learning	2.23	2.42	2.58	2.76	2.93	+31%
Advanced Learner Loans	0.20	0.26	0.33	0.44	0.48	+140%
Total Adult Teaching and Learning	2.44	2.68	2.90	3.20	3.41	+40%
Offender Learning and Skills Service	0.13	0.13	0.13	0.13	0.13	0%
Funding to support						
19+ apprenticeships	0.03	0.08	0.08	0.07	0.06	+100%
Adult Education	0.34	0.31	0.26	0.19	0.18	-47%
Total funding to support	0.37	0.39	0.34	0.27	0.24	-35%
Grand Total	2.94	3.20	3.37	3.60	3.78	+29%

Source: BIS, Skills Funding Letter 2016-17, December 2015; PQ278476, 23 July 2019; information provided by the DfE.

Box 7: National Retraining Scheme

In its manifesto for the 2017 general election the Conservative Party stated that it would “help workers to stay in secure jobs as the economy changes by introducing a national retraining scheme”.³⁸

At the Autumn Budget 2018, the Government announced £100 million for the first phase of the National Retraining Scheme, which will include a new careers guidance service to help people identify work opportunities in their area, and courses to develop key transferable skills. In the second phase, the National Retraining Partnership between Government, the Confederation of British Industry and the Trades Union Congress will focus on job-specific re-training.³⁹

The new careers guidance service, Get Help to Retrain, began to be rolled out in July 2019. At the time of writing it is available in six areas of England, with national rollout expected in 2020.⁴⁰

5.3 Spending Round 2019

In September 2019, the Government published its spending plans for 2020-21 only in the Spending Round 2019. This set out £400 million of additional funding for FE, but covering 16-19 education only.

The overall settlement comprised a 3.3% real-terms increase to the DfE resource budget compared to 2019-20. This, the Spending Round document stated, included, “funding to develop the National Retraining Scheme to equip people with the skills they need for the future.” The AEB was not referred to specifically.⁴¹

The Spending Round document stated that a full multi-year spending review would follow in 2020.⁴²

³⁸ [Forward, Together: Our Plan for a Stronger Britain and a Prosperous Future. The Conservative And Unionist Party Manifesto 2017](#), p53.

³⁹ HM Treasury, [Budget 2018](#), October 2018, p61.

⁴⁰ Department for Education, [National retraining scheme](#), updated 16 October 2019.

⁴¹ HM Treasury, [Spending Round 2019](#), CP170, September 2019, p11.

⁴² HM Treasury, [Spending Round 2019](#), CP170, September 2019, p1.

5.4 2019 Conservative manifesto

The Conservative Party's manifesto for the 2019 general election stated that a Conservative Government would "create a new National Skills Fund worth £3 billion over the next Parliament." The fund would, the manifesto said "provide matching funding for individuals and SMEs for high-quality education and training." A proportion of the fund will also be "reserved for further strategic investment in skills" and there will a consultation on the overall design.⁴³

The Institute for Fiscal Studies stated that a National Skills Fund worth about £600 million a year extra by 2022 would "reverse about one fifth of the cuts to total spending on adult education and apprenticeships since 2010."⁴⁴

⁴³ [Get Brexit Done – Unleash Britain's Potential: The Conservative and Unionist Party Manifesto 2019](#), p36.

⁴⁴ [Going further on further education?](#), Institute for Fiscal Studies, 4 December 2019.

6. SFA expenditure on adult FE from 2016-17

The SFA/ESFA accounts for 2016-17 and 2017-18 provided fewer lines of expenditure than previously. They showed that:

- AEB and support funding expenditure (i.e. all participation and support expenditure that was not ESF, advanced learner loans or apprenticeships) declined from a 2015-16 baseline of £1.61 billion to £1.45 billion in 2017-18.⁴⁵
- Spending on adult apprenticeships and apprenticeship support increased from a 2015-16 baseline of £748 million to £835 million in 2017-18. Spending in 2017-18 was around £300 million less than indicated in the 2017-18 Skills Funding Letter.⁴⁶
- Expenditure on ESF programmes was £234 million across 2016-17 and 2017-18 (£32 million in 2016-17 and £202 million in 2017-18). The 2016-17 accounts stated that the level of ESF funding is not expected to change significantly “until at least when the negotiations to complete the UK’s exit from the European Union are finalised.”⁴⁷

Regarding capital expenditure, the 2016-17 accounts noted that the responsibility for funding capital projects at FE colleges had transferred from the SFA to LEPs.⁴⁸

The ESFA’s accounts for 2018-19 are presented in a different form, meaning that expenditure in 2018-19 cannot be compared with earlier years using the same headings. The accounts state that the changes to the presentation were made to “align better to the ESFA operational structure to enhance visibility to the ESFA corporate objectives.”

Spending under the revised “Adult Education Budget and support funding” heading declined from a 2017-18 baseline of £1.75 billion to £1.45 billion in 2018-19, a fall of 17% in cash terms.⁴⁹

6.1 Underspends on budgets for adult education

The ESFA accounts for the 2018-19 financial year showed an underspend of £56 million relating to adult education, which, the accounts noted, is a

⁴⁵ Education and Skills Funding Agency, [Skills funding letter: April 2017 to March 2018](#), March 2017.

⁴⁶ Education and Skills Funding Agency, [Skills funding letter: April 2017 to March 2018](#), March 2017.

⁴⁷ Skills Funding Agency, [Annual report and accounts for the year ended 31 March 2017](#), July 2017, pp97 and 63-4; Education and Skills Funding Agency, [Annual report and accounts for the year ended 31 March 2018](#), July 2018, p113.

⁴⁸ Skills Funding Agency, [Annual report and accounts for the year ended 31 March 2017](#), July 2017, p63.

⁴⁹ Skills Funding Agency, [Annual report and accounts for the year ended 31 March 2018](#), July 2019, p113.

demand-led programme.⁵⁰ There have also been AEB underspends in previous years:

- The ESFA accounts for 2017-18 showed an underspend of £67 million “across apprenticeships, adult education and early years budgets”. The accounts again noted that these are demand-led programmes where variances are expected.⁵¹
- In response to a parliamentary question, the then Minister, Anne Milton, stated that in the 2016-17 academic year there was an underspend of £63 million against the main participation element of the AEB. This represented around 5% of the total allocated. The Minister added that a portion of the underspend was reallocated within the FE sector.⁵²

An earlier parliamentary question response set out that in the 2014-15 academic year, 4.5% of allocated funding was unspent; in the 2015-16 academic year, 3.5% of allocated funding was unspent.⁵³

Box 8: Social Mobility Commission report on adult skills

In January 2019 the Social Mobility Commission published a report on the adult skills system: [The adult skills gap: is falling investment in UK adults stalling social mobility?](#)

The report provided an overview of Government investment in adult skills in England, noting that this “seems to be decreasing over time” and that “Government investment in training is also at comparatively low levels internationally” (stating also, however, that international comparisons are difficult and so the analysis should be treated with caution).⁵⁴ The report’s findings included:

- “Since 2010, the proportion of training funded by government decreased and employer funding stayed flat, leaving individuals to fund more of their own training.”
- The Government funds 7% of all investment in adult skills. UK spend on vocational training per employee was half the EU average.

The report recommended that the Government should increase spending on education and training to bring it closer to competitors so as to increase the availability, accessibility and equality of training for adults who need it most.⁵⁵

6.2 Institute for Fiscal Studies Analysis

In its [2019 Annual Report on Education Spending in England](#), the Institute for Fiscal Studies used expenditure data from the funding body’s accounts to analyse spending on adult FE. It estimated that:

- Spending on apprenticeships and other work-based learning for adults fell by about 25% in real terms between 2009-10 and 2018-18, mostly explained by the winding down of expenditure on ‘Train to Gain’. Specific spending on apprenticeships (including 16-18

⁵⁰ Education and Skills Funding Agency, [Annual report and accounts for the year ended 31 March 2019](#), p71.

⁵¹ Education and Skills Funding Agency, [Annual report and accounts for the year ended 31 March 2018](#), p67.

⁵² [PQ127048](#), 14 February 2018.

⁵³ [PQ114691](#), 23 November 2017.

⁵⁴ Social Mobility Commission, [The adult skills gap: is falling investment in UK adults stalling social mobility?](#), January 2019, pp21-2.

⁵⁵ As above, p9.

apprenticeships and 19+ apprenticeships) rose by about 36% in real terms from around £1.3 billion in 2009-10 to £1.7 billion in 2018-19.

- Spending on apprenticeships for individuals aged 19+ was around £800 million in 2017-18 (in 2019-20 prices).
- Funding for other adult education (mostly classroom-based and community learning) peaked at around £4.1 billion in 2003-04. It then fell by nearly two thirds by 2018-19 (32% fall between 2003-04 and 2009-10 and a further 47% fall between 2009-10 and 2018-19).
- Most of the fall in non-apprenticeship adult FE can be accounted for declining learner numbers, which fell from 4.4 million in 2004-05 to about 1.5 million in 2017-18.
- There has been a “large and deliberate shift from classroom-based to apprenticeship training.” In 2003-04, total spending on apprenticeships and adult education was £5.3 billion in 2019-20 prices, about 21% of which was apprenticeships or work-based learning. This combined total fell by 39% in real terms to about £3.2 billion in 2018-19, but now with 54% spent on apprenticeships.⁵⁶

⁵⁶ Institute for Fiscal Studies, [2019 annual report on education spending in England](#), September 2019, pp59-60.

7. Post-18 Education and Funding Review

In February 2018, the then Prime Minister, Theresa May, announced a wide-ranging review of Post-18 Education and Funding. She additionally stated that the review would be informed by advice from an independent panel led by Philip Augar.⁵⁷

The Prime Minister stated that the review would look at “the whole post-18 education sector in the round, breaking down false boundaries between further and higher education, so we can create a system which is truly joined up.”⁵⁸ Similarly, the terms of reference for the Review stated that it aimed to create a post-18 education system that “is joined up and supported by a funding system that works for students and taxpayers.”⁵⁹

7.1 Report of the independent panel

The [report of the independent panel](#) was published on 30 May 2019. The report argued that the reduction in spending on adult FE since 2009-10 represented “one of the most important statistics in the entire report”:

Funding for adult learners in FE is fragmented, unpredictable and sits at a much lower level per learner than both HE and 16-18 funding, at about £1,000 per year²³ (although many adult FE learners are part time). Largely reflecting the collapse in learner numbers, total spending on adult skills has fallen by approximately 45 per cent in real terms between 2009/10 and 2017/18. This is one of the most important statistics in this entire report and cannot be justified in terms of either economics or social equity.⁶⁰

It argued that the impact of lower funding and other factors on adult student numbers was shown by the fact that there were falls in the number of learners in every category of study funded from the main adult education budget between 2012-13 and 2017-18 (excluding apprenticeships and community learning).

The combination of falling student numbers, reduced entitlements and pressure on funding rates had, the report said, been “predictably dire” for the financial position of FE colleges.⁶¹

The report made a number of recommendations concerning adult FE funding, including:

- The unit funding rate for economically valuable adult education courses should be increased.

⁵⁷ [Prime Minister launches major review of post-18 education](#), Department for Education, 19 February 2018.

⁵⁸ [PM: The right education for everyone](#), Gov.uk, 19 February 2018.

⁵⁹ [Review of post-18 education and funding: terms of reference](#), Department for Education, 19 February 2019.

⁶⁰ [Independent panel report to the Review of Post-18 Education and Funding](#), May 2019, p119.

⁶¹ As above, p121.

- The Government should commit to providing an indicative AEB that enables FE colleges to plan on the basis of income over a three year period.
- The Government should provide FE colleges with a “dedicated capital investment of at least £1 billion over the next Spending Review period.”

The report also made a number of recommendations related to education at specific levels, including that:

- The Government should introduce a single lifelong learning loan allowance for tuition loans at Levels 4, 5 and 6, which learners can draw down over a lifetime.
- A post-18 maintenance support package, including maintenance grants of £3,000 for disadvantaged students, should be available for all students taking Level 4 to 6 qualifications.
- A first ‘full’ Level 3 should be available free to all learners whether they are in work or not.
- Full funding for the first ‘full’ Level 2 qualification for those who are over 24 and employed should be restored.⁶²

Further information on the report of the independent panel, including its recommendations relating to the higher education sector and the student support system, is available in Library Briefing 8577, [The Post-18 Education Review \(the Augar Review\) recommendations](#). More detail on the report’s recommendations relating to education at Levels 4 and 5 in particular is available in Library Briefing 8732, [Level 4 and 5 education](#).

Government response

The Government initially stated that it would consider the recommendations of the independent panel and conclude its review of post-18 education and funding at the Spending Review.⁶³ However, the Spending Review expected in 2019 was postponed and instead the Government set out its spending plans for 2020-21 only in September 2019. In response to a parliamentary question in October 2019, the Minister, Chris Skidmore, stated that the Government had “not taken any decisions with regards to the recommendations” and would “provide Parliament with an update later in the year.”⁶⁴

The Conservative Party’s manifesto for the 2019 general election stated that the Augar Review made “thoughtful recommendations on...the balance of funding between universities, further education and apprenticeships and adult learning, and we will consider them carefully.”⁶⁵

⁶² [Independent panel report to the Review of Post-18 Education and Funding](#), May 2019, pp51-4.

⁶³ [PQ 257746](#), 4 June 2019.

⁶⁴ [PQ 293661](#), 7 October 2019.

⁶⁵ [Get Brexit Done – Unleash Britain’s Potential: The Conservative and Unionist Party Manifesto 2019](#), p37.

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