



National Audit Office

An Overview of the  
**Department for Education**  
for the new Parliament 2023-24

October 2024

[OVERVIEW](#)

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# 1 Introduction to the National Audit Office

**W**elcome to our Department for Education Overview, part of our series of Overviews for the new Parliament, covering government departments and cross-cutting issues.

The National Audit Office (NAO) is the UK's independent public spending watchdog and is responsible for scrutinising public spending for Parliament. We audit the financial accounts of all departments, executive agencies, arm's-length bodies, some companies and charities, and other public bodies. We also examine and report on the value for money of how public money has been spent.

The NAO is independent of government and the civil service. The NAO's wide remit and unique access rights enables us to investigate whether taxpayers' money is being spent in line with Parliament's intention and to respond to concerns where value for money may be at risk.

We support all Members of Parliament to hold government to account and we use our insights to help those who manage and govern public bodies to improve public services. In 2023, the NAO's work led to a positive financial impact through reduced costs, improved service delivery, or other benefits to citizens, of £1.59 billion.

We are funded by, and accountable to, Parliament. As an Officer of the House of Commons, I am committed to ensuring that we support you and your staff in your work as a Member of Parliament, and your scrutiny of public spending and performance.

Our dedicated Parliamentary team can offer you support and put you in touch with our experts on subjects of interest to you and your constituents. If you would like more information about our work, or to arrange a briefing with me or one of my teams, please contact our Parliamentary Relations team at [parliament@nao.org.uk](mailto:parliament@nao.org.uk).



## Gareth Davies

COMPTROLLER & AUDITOR GENERAL  
NATIONAL AUDIT OFFICE

Gareth Davies was appointed Comptroller & Auditor General (C&AG) in June 2019. He was appointed by the Monarch, following the approval of the House of Commons.

The C&AG has statutory authority to examine and to report directly to Parliament on whether government departments and other public sector bodies have spent taxpayers' money in the way Parliament intended. The C&AG and his staff are totally independent of government.

Gareth is a Fellow of the Chartered Institute of Public Finance and Accountancy and a Fellow of the Institute of Chartered Accountants in England and Wales. He is a non-executive Board member of the INTOSAI Development Initiative (IDI), which supports Supreme Audit Institutions (SAIs) in developing countries to sustainably enhance their performance and capacity.

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# 2 How the NAO can help you as a Member of Parliament

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## How we support Parliament

We produce reports:

- on the annual accounts of government departments and their agencies;
- on the economy, efficiency and effectiveness with which government has spent public money; and
- to establish the facts where there are concerns about public spending issues.

We do not question government policy objectives. We look at how government has spent money delivering those policies and if that money has been used in the best way to achieve the intended outcome.

## What we can offer

Through our website or our Parliamentary Relations team, MPs, peers and staff can:

- request a personal briefing on areas of our work that are of interest to them;
- sign up to receive embargoed copies of our reports on subjects of interest;
- make general queries about public spending, or raise concerns with us about value for money; and
- request advice on understanding and scrutinising departments' annual reports and accounts.

## Resources available on our website

- **Reports:** Reviews of public spending and how well government is delivering.
- **Insights:** Learning and best practice to help people across government and the wider public sector.
- **Overviews:** Factual overviews of government departments, sectors and services.
- **Work in progress:** Our schedule of future publications.
- **Briefings:** Background information and factual analysis to support Select Committees.

## Keep up to date with our work

- Sign up to our [latest report updates](#)
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## How to get in touch

- Via our Parliamentary email inbox: [parliament@nao.org.uk](mailto:parliament@nao.org.uk).



Auditing the accounts of all government departments and public organisations, helping assure money is being spent the way Parliament intended



Reporting to Parliament on the value for money of how public money has been spent and what has been achieved



Sending you embargoed copies of our reports before they are available to the public



Providing briefings to you or a member of your team on our work



Providing advice and training on examining government departments' annual reports and accounts



Giving evidence to Select Committees



Our fortnightly newsletter with our latest reports and new work



You can write to us with any queries or concerns about the misuse of public money or behaviour in public bodies we audit

# 3 About this Overview

This report provides an introduction to the Department for Education (DfE) and the NAO's examination of its spending and performance.

**It is intended to support the Education Committee and Members across the House to improve their understanding and assessment of DfE.**

**It summarises the key information and insights that can be gained** from our examinations of DfE and related education sector bodies across England during the last Parliament. It draws largely from DfE's Annual Report and Accounts. In 2023-24, DfE spent £88.4 billion to meet its responsibilities for children's services and education, including early years, schools, further and higher education policy, apprenticeships, and wider skills in England.

The report sets out:

- DfE's priority outcomes, and its main activities supporting these outcomes;
- where and how DfE spent its money in 2023-24;
- how DfE is structured; and
- insights gathered from NAO work across DfE's main business areas, drawing out the key challenges areas Parliament may want to think about given more recent developments.

This report updates our previous overview, [Departmental Overview 2022-23: Department for Education](#), published in November 2023.

## How we have prepared this report

The information in this report draws on the findings and recommendations from our financial audit and value for money work, and from publicly available sources, including the annual report and accounts of DfE and its bodies.

We have cited these sources throughout the guide to enable readers to seek further information if required. Where analysis has been taken directly from our value-for-money or other reports, details of our audit approach can be found in the Appendix of each report, including any evaluative criteria and the evidence base used.

Other analysis in the guide has been directly drawn from publicly available data and includes the relevant source as well as any appropriate notes to help the reader understand our analysis.

## Other relevant publications

More information about our work on education and the skills sector, as well as information about our other recent and upcoming reports, can be found on the [NAO website](#).



# 4 About the Department for Education

The Department for Education (DfE) is responsible for children's services, education and wider skills across England. This includes early years, schools, further and higher education and apprenticeships. Its vision is to enable children and learners to thrive, protect the vulnerable and ensure excellent standards of education and training and care. DfE has identified three priority outcomes through which it aims to deliver its vision, which it describes in its annual report and accounts.

DfE's priority outcomes	DfE's related activities, as set out in its 2023-24 annual report and accounts, included:	Related sections of this Overview
Level up education standards in every part of the country and support all children and young people to realise their potential	<ul style="list-style-type: none"> <li>Expanding its attendance hub programme and rolling out a mentoring pilot to improve pupils' behaviour and attendance further.</li> <li>Providing £148 million to support new teachers through DfE's early career framework.</li> <li>Delivery of the National Tutoring Programme to support pupils most in need to catch up on lost learning following the pandemic, with 5.3 million courses started since 2020.</li> </ul>	<p>School funding, page 8</p> <p>Education attainment, page 9</p> <p>School buildings, page 12</p>
Support families, protect young people and enable all to engage with education and training through high quality local services and childcare	<ul style="list-style-type: none"> <li>Investing in childcare to extend the 30 hours funded childcare offer.</li> <li>Working with schools to improve and maintain behaviour, providing guidance and offering a programme of support and best practice.</li> </ul>	<p>Special educational needs and alternative provision, page 10</p> <p>Early years education and childcare, page 14</p>
Level up productivity and employment by improving the skills pipeline and supporting people to work	<ul style="list-style-type: none"> <li>Scaling up its priority skills programmes, with almost 700 employer-designed apprenticeship standards, more than 1,000 Skills Bootcamps, 106 Higher Technical Qualifications and 18 T Level subjects</li> <li>Obtaining Royal assent, in September 2023, for legislation to support its Lifelong Learning Entitlement to help people access student finance throughout their working lives.</li> <li>Continuing to implement employer-led Local Skills Improvement Plans (LSIPs) to align post-16 technical education and training with local labour market needs. From summer 2023, 38 LSIPs were drawn up, covering all of England.</li> <li>Providing further education colleges £185 million to help address staff recruitment and retention issues.</li> </ul>	<p>Post-16 skills, page 17</p> <p>Higher education, page 19</p> <p>Accounting for student loans, page 20</p>

## Notes

- In 2022-23 DfE had four priority outcomes: drive economic growth through improving the skills pipeline, levelling up productivity and supporting people to work; level up education standards so that children and young people in every part of the country are prepared with the knowledge, skills and qualifications they need; support the most disadvantaged and vulnerable children and young people through high-quality local services so that no one is left behind, and; provide the best start in life through high-quality early education and childcare to raise standards and help parents to work.
- The National Tutoring Programme was a four-year programme that DfE launched in 2020 and has now ended.

Source: Department for Education, [Consolidated annual report and accounts for year ended 31 March 2024](#), July 2024



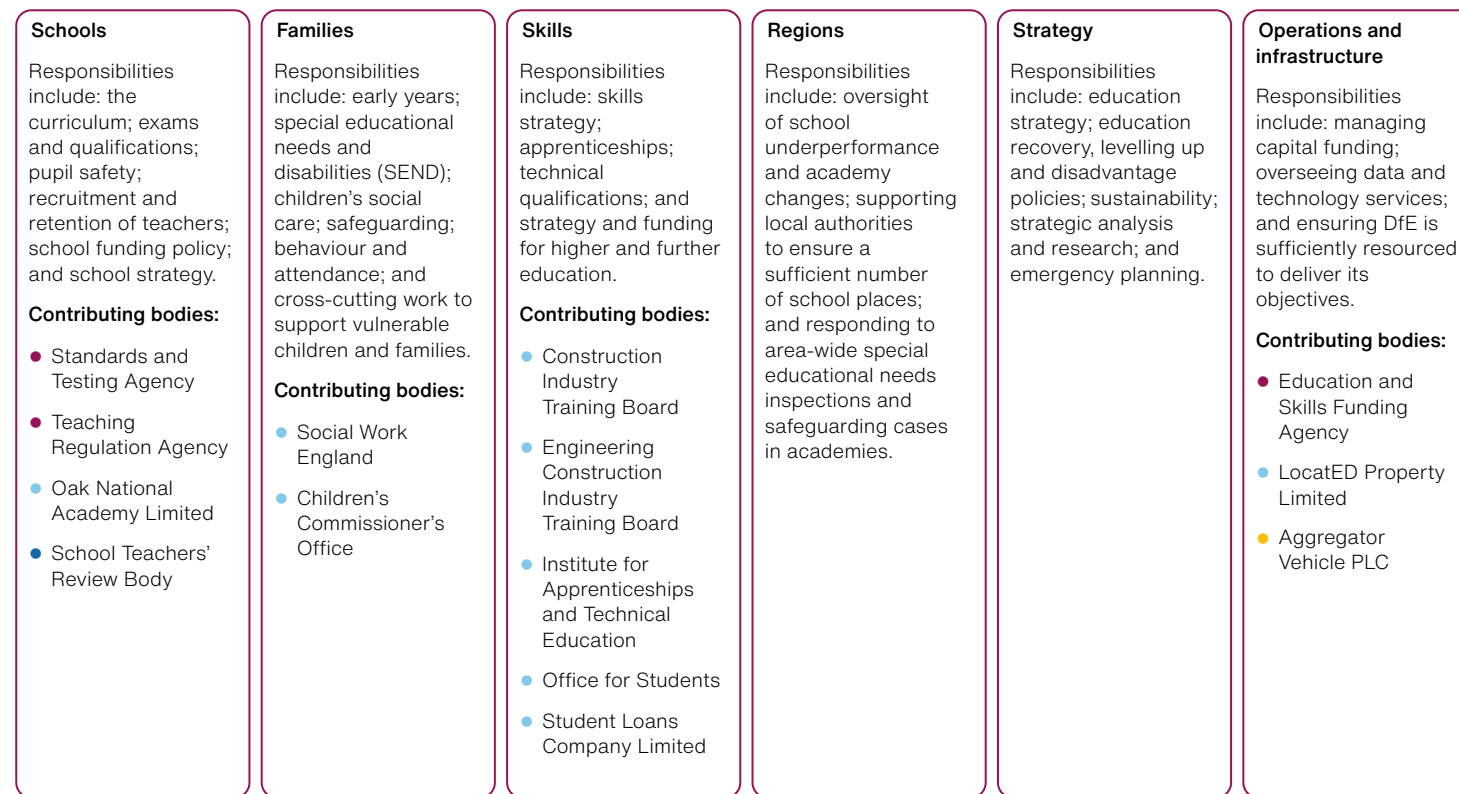
# 5 How DfE is structured

Since April 2022, DfE has organised its core departmental staff working across six groups, each headed by a Director General. In 2023-24, it had an average 6,991 full-time equivalent staff, costing a net £458 million, compared with 6,847 in 2022-23. DfE also works with a range of bodies and two non-ministerial departments to deliver its responsibilities. The non-ministerial departments within the sector are:

- **Ofqual**, which regulates qualifications, examinations and assessments, with an average 344 full-time equivalent staff over 2023-24, costing a net £23 million; and
- **Ofsted**, which inspects services providing education and skills for learners of all ages and inspects and regulates services that care for children and young people; in 2023-24, it had an average 2,101 full-time equivalent staff costing a net £159 million.

On 1 April 2024 responsibility for the Supporting Families programme transferred from the Department of Levelling Up, Housing and Communities (now Ministry of Housing, Communities and Local Government) to DfE. In July 2024, the government announced that responsibility for SEND would move from its Families to Schools group. In September 2024, the government announced its plans to close the Education and Skills Funding Agency in March 2025, bringing the functions into DfE.

## DfE's group structure, 2023-24



- Executive agencies
- Executive non-departmental public bodies
- Advisory non-departmental public bodies
- Other bodies

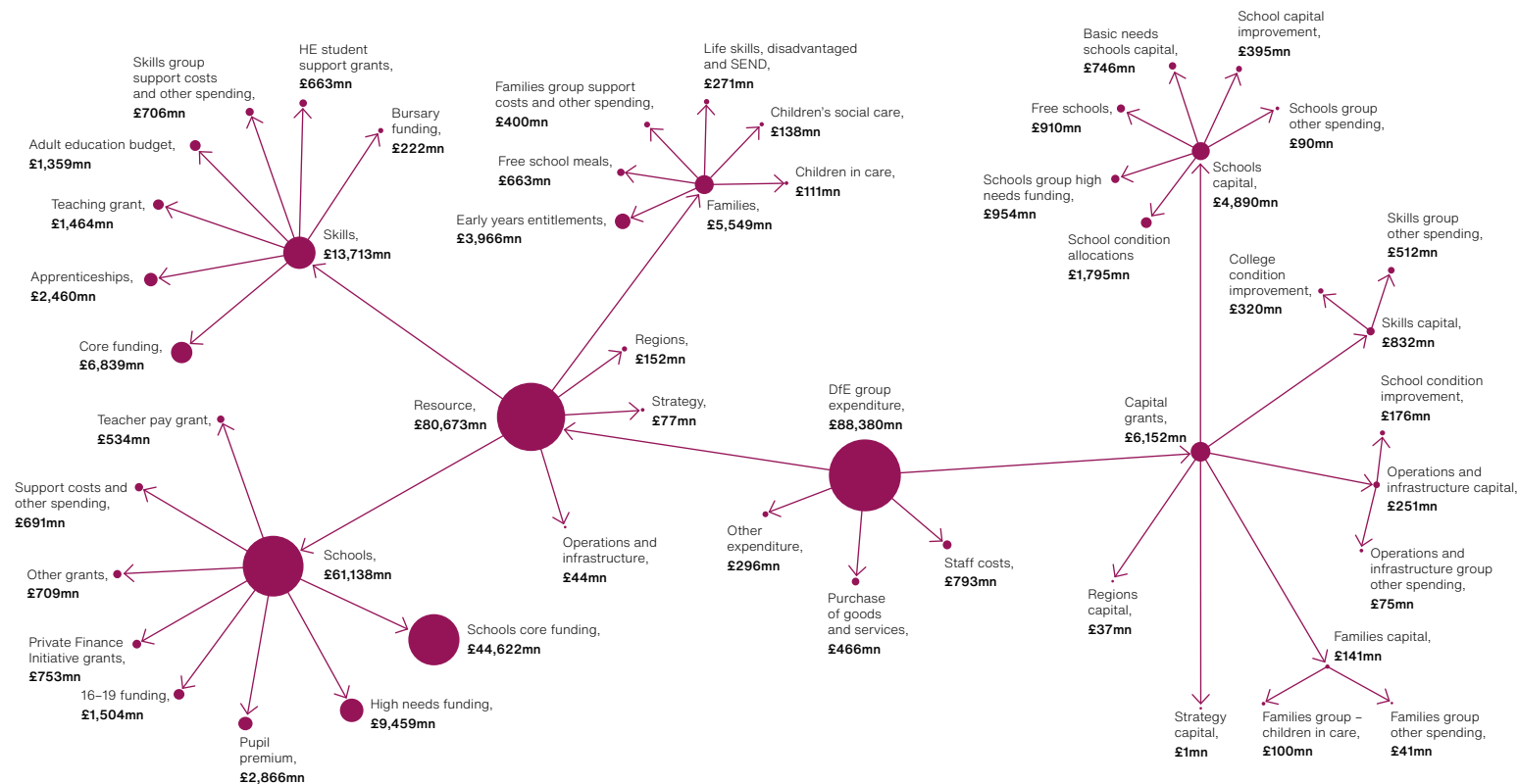
# 6 Where DfE spends its money

## DfE group expenditure 2023-24

The DfE group accounts include the core department, its executive agencies and its non-departmental bodies. Across the group, operating expenditure totalled £88.4 billion in 2023-24.

This total expenditure included £80.7 billion (91%) non-capital resource expenditure, which comprised day-to-day expenditure, as compared with capital spending which covers investments and grants for fixed assets. The Education and Skills Funding Agency (ESFA), which administers funding to deliver education and skills, spent £72.1 billion (89%) of this.

### Department for Education spending 2023-24



#### Notes

- 1 Purchase of goods and services includes spending on IT and telecommunications costs; advertising and publicity; other professional fees; research and development costs; building, maintenance and premises costs; staff-related costs; rentals under leases to which exemptions have been applied; release of accrued rent; and other expenditure.
- 2 Other expenditure includes depreciation, impairment, amortisation and other non-cash items.
- 3 The total operating expenditure shown here differs from the total budget expenditure on page 6 because of revenue income and interest, and the budgetary impact of student loans which is not related to cash.
- 4 DfE is also responsible for the Teachers' Pension Scheme (England and Wales). This falls outside the Departmental group, with a separate supply estimate and its own resource account. In 2023-24, the scheme had a net cash requirement of £2.0 billion, with net expenditure of £10.8 billion.
- 5 As non-ministerial departments not included within the DfE group, Ofsted and Ofqual's expenditure is not included. In 2023-24, Ofsted's net expenditure was £151 million and Ofqual's net expenditure was £30 million.
- 6 HE (higher education), SEND (special educational needs and disabilities).

Source: annual reports and accounts for 2023-24 for the: Department for Education; Education and Skills Funding Agency; Teachers' Pension Scheme (England and Wales); Ofsted; and Ofqual



# 7 Financial management within DfE

In 2023-24, DfE's total budget expenditure was £121.9 billion, a cash-terms increase of 46% from £83.6 billion in 2022-23. This was mainly due to an increase in student loan related spend, £33.5 billion in 2023-24 compared with £1 billion in 2022-23. DfE's total budget expenditure includes:

- expenditure DfE can plan for, such as school funding and staff costs, referred to as 'departmental expenditure limit' (DEL); this totalled £94.3 billion in 2023-24 and combines resource and capital spend (see below); and<sup>1</sup>
- other expenditure and income, such as student loan repayments, referred to as 'annually managed expenditure' (AME), which is less predictable; this totalled £27.6 billion in 2023-24.

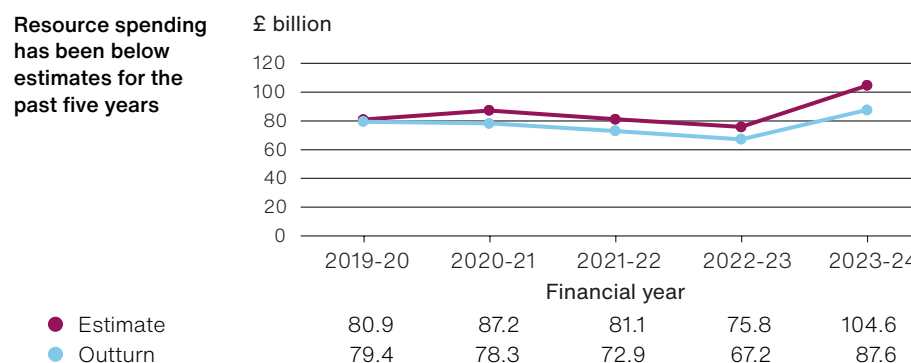
**Resource DEL spending** of £87.6 billion covers day-to-day costs, with most of this comprising funding to the sector which includes:

- £35.6 billion to local authority schools;
- £32.7 billion to academies; and
- £12.8 billion to further and higher education.

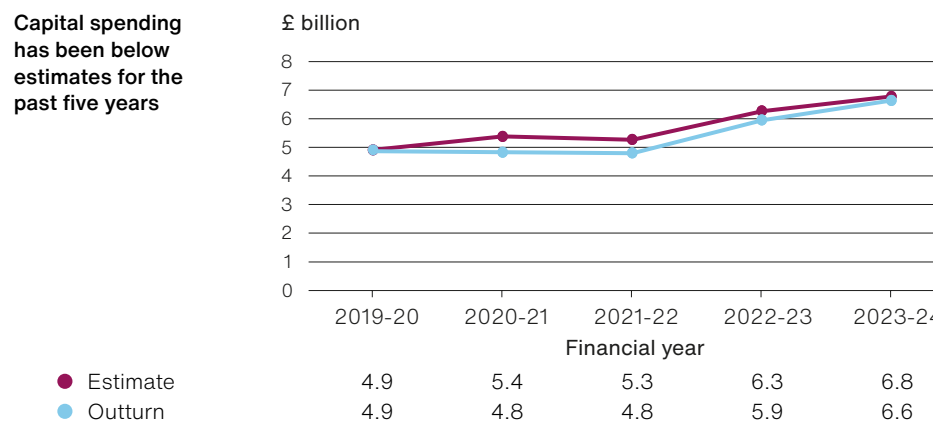
**Capital DEL spending**, relating to investments and funding to create future growth, of £6.6 billion, which mostly comprised funding to the sector, including:

- £2.5 billion on capital grants to local authority schools; and
- £1.1 billion in capital grants to academies.

Comparison of Department for Education resource spending (DEL) estimates and outturn, 2019-20 to 2023-24



Comparison of Department for Education capital spending (DEL) estimates and outturn, 2019-20 to 2023-24



**Note**

<sup>1</sup> DfE describes underspends as predominantly generated by difficulties in forecasting student loans.

<sup>1</sup> Capital and resource do not sum due to rounding.

# 8 Grant spending across education

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Government grants are transfers of funds to, for example, schools or other bodies, including those across government, subject to conditions. They include *general grants* to support specific policy objectives, and *formula grants*, providing organisations, such as schools, funding based on certain criteria.

In 2023-24, DfE issued £81 billion in resource grants and £6 billion in capital grants, mostly through formula grants. It also issued £20 billion in student loans.

## Regularity of grant spending

Regularity refers to whether resources have been used how Parliament intended and authorised. Grant expenditure is inherently riskier in terms of regularity than other expenditure as DfE will not receive the benefit, making outcomes harder to assess.

As in previous years, our audit found limited assurance over a significant amount of DfE's grant expenditure. We identified £23 million of irregular grant spending within core DfE, and a further £212 million within the Education and Skills Funding Agency.

We judged these amounts to be immaterial to the accounts and would not influence how they could be interpreted. However, we advised that DfE and its arm's length bodies continue to focus on grants.

## Large education-related grants (2023-24)

- **National funding formula (£44,622 million)** allocated to local authorities for mainstream, state-funded schools.
- **High needs funding (£10,156 million)** to support those with special educational needs and disabilities from early years to 25 years.
- **Core funding (£7,646 million)** for schools and further education colleges' running costs such as salaries.
- **Early years entitlements (£3,966 million)** allocated to local authorities across six streams, including the 15-hour entitlement for disadvantaged 2-year-olds.
- **Pupil Premium (£2,866 million)** for schools to help improve the attainment of disadvantaged children.

## New grants in 2023-24 include:

- **Mainstream Schools Additional Grant (£1,450 million)** supplementing core school funding.
- **Teachers Pay Grant (£468 million)** for schools to provide the teachers' pay award.
- **Early Years Supplementary Grant (£199 million)** to increase provider funding.
- **RAAC (reinforced autoclaved aerated concrete) (£4 million)** to remediate issues across school and college buildings.

## Managing general grant expenditure

In 2022-23, DfE paid out £4.8 billion in general grants, which makes it the third highest general grant spending department. It included a private finance school revenue grant (£752 million) to maintain the condition of selected schools, and grants to support music education (£78 million annual cost in 2023-24).

In 2024 [we examined how effective central government](#) is at designing and delivering general grant schemes. Departments had made progress improving their grant making capability and begun to realise efficiencies. However, grant-making was not consistently delivering value for money, with departments' self-assessed capability varying and some, including DfE, with the highest grant spending having lower scores. DfE has said it has undergone an extensive transformation programme and would now assess its capability as higher.



# 9 School funding

In its annual statistics on school funding, DfE reported that it expected to provide £57.7 billion in funding for schools in 2023-24.<sup>2</sup> This would correspond to a 19% increase in funding between 2010-11 and 2023-24, mainly due to a 988,000 increase in pupils.

In the eight years up to 2023-24, DfE expected real terms spending per pupil to increase by 3.3%.

Most of DfE's funding for schools is distributed through the national funding formula (NFF): £44.6 million in 2023-24. It is applied on a per pupil basis, before applying weightings and adjustments depending on schools' characteristics.

As set out in our 2021 report on *School funding in England*, DfE's implementation of the NFF meant that school funding is allocated more transparently and consistently. However, given freedoms in how local authorities apply the funding we found that DfE could not ensure that each school receives the funding calculated by the NFF or that academy schools received the minimum per-pupil funding.

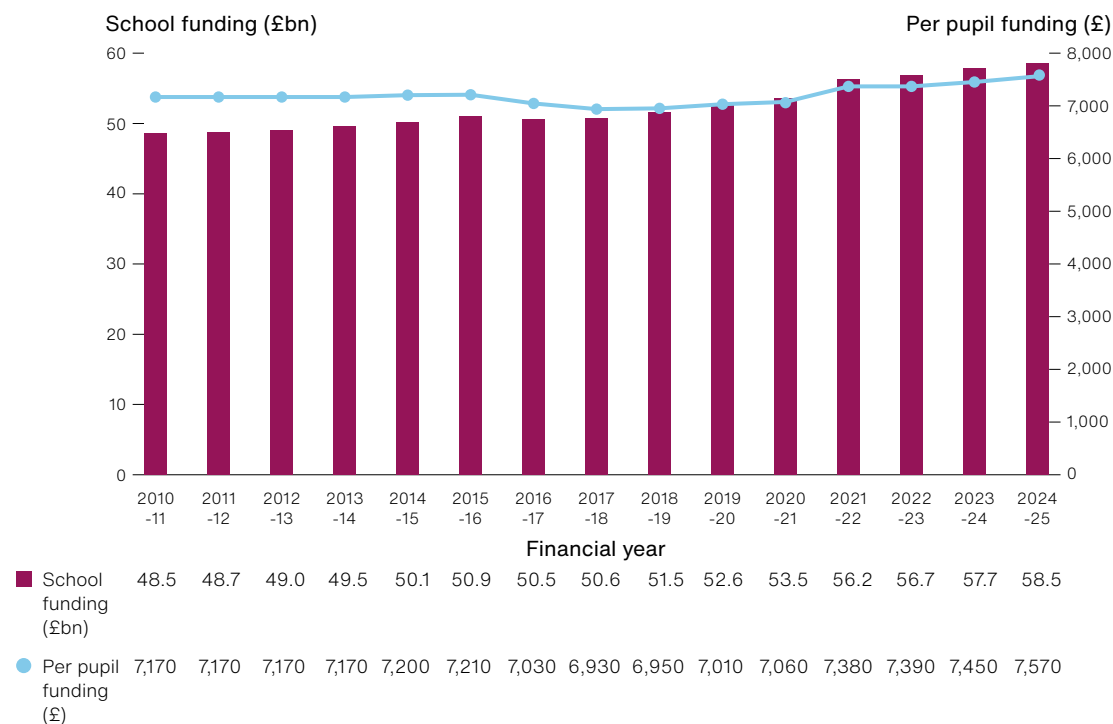
Following a 2022 consultation, DfE is gradually implementing changes to directly allocate funding. In the meantime, local authorities are expected to continue bringing their approach in line with the NFF approach.

Our 2021 report *Financial sustainability of schools* found that the financial health of schools had held up well despite funding and cost pressures. Most schools were in surplus in 2019-20, but financial pressures were not even across the system, with significant pressures on some maintained secondary schools and some schools operating below capacity, impacting their financial viability. We found that DfE had provided schools support to improve their resource management and make savings which had been well received by the sector. However, DfE's data were not sufficiently complete or reliable to assess the impact and value for money of support. DfE has developed its performance management systems and continues to complete work assessing the impact of various measures adopted by schools.

<sup>2</sup> DfE published its statistics in January 2024. This differs from the school funding value set out on page 8 which reflects DfE's annual report and accounts 2023-24, published in July 2024.

The Department for Education's total revenue funding for schools and per pupil funding, 2010-11 to 2024-25

School and per pupil funding are at their highest levels since 2010-11



**Notes**

- Revenue funding includes: dedicated schools grant; high needs funding; additional grants for teachers' pay; safety valve funding; central school services (excluding the early years block and post-16 funding in the high needs block); pre-16 high needs place funding in non-maintained special schools, special and alternative provision free schools; pupil premium; and early career framework grants.
- Figures are in real terms in 2023-24 prices.

Source: National Audit Office analysis of Department for Education school funding statistics data, January 2024



# 10 Educational attainment

Before COVID-19, the educational attainment of disadvantaged children, as with all children, had improved but progress since has been less clear. International data, from 2022, show that England performed significantly better compared with Organisation for Economic Co-operation and Development countries.

Disruption to children's education during the COVID-19 pandemic led to lost learning for many pupils, particularly for disadvantaged children. In our 2023 report, [Education recovery in schools](#) we found DfE had made some progress addressing pupils' learning loss but this had been inconsistent. Our recommendations included that DfE should explore longitudinal monitoring, to assess education recovery in schools, including whether children have recovered lost learning.

DfE has a strategic priority to reduce the attainment gap between disadvantaged children and their peers, but for children leaving school the gap is wider than a decade ago.<sup>3</sup> In our 2024 report,

[Improving educational outcomes for disadvantaged children](#), we estimated that in 2023-24 DfE spent £9.2 billion focused on disadvantaged children.

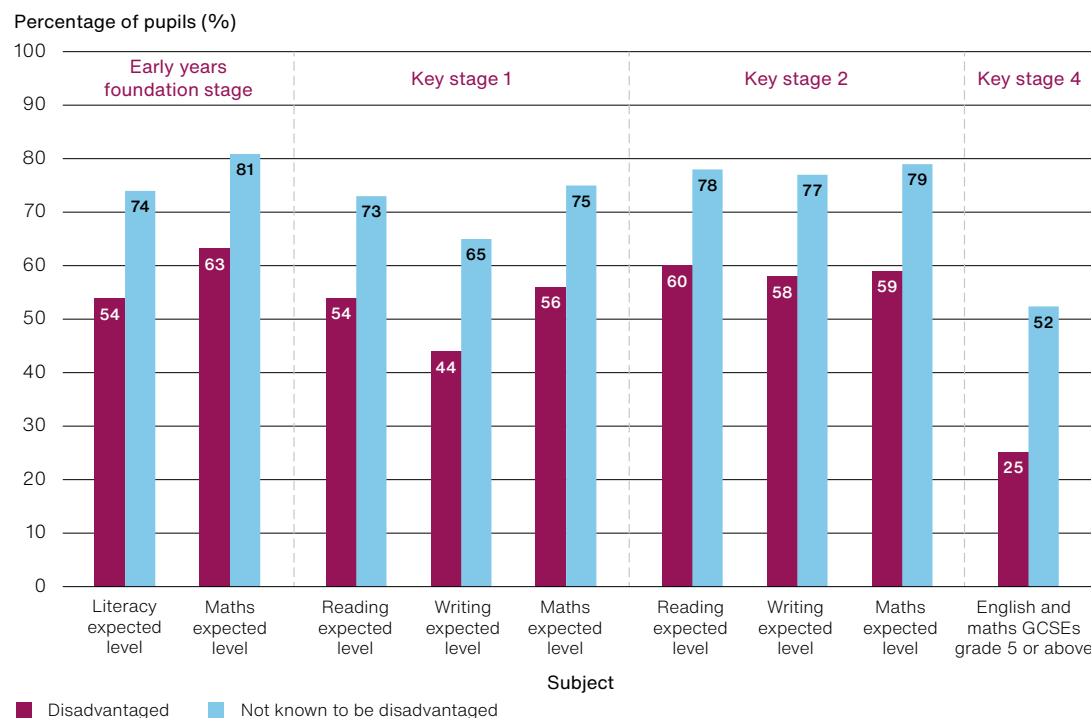
We found that DfE did not have a strategy to help decide how and where to spend funding across its interventions, recommending they clearly set out how these come together. This meant it had no clear rationale for how it splits funding. For example, we found that while DfE has a breadth of evidence on the importance of teaching quality, recruitment and retention challenges persist and that, although there is strong evidence on the value of tutoring, DfE will rely on schools to fund this following the planned end of the National Tutoring Programme from 2024/25.

The lack of a strategy makes it difficult to present a clear case for wider interventions across government. We concluded that DfE could not achieve its objectives without working more effectively with others across government, which was challenging without a shared aim.

3 Within schools, DfE considers children as disadvantaged if they have been registered for free school meals in the past six years or are currently, or have previously been, looked after by the local authority.

Average difference between disadvantaged and non-disadvantaged children's performance against selected Department for Education measures for attainment, 2022/23

**On average, disadvantaged children have lower performance than their non-disadvantaged peers in English- and maths-related areas**



**Notes**

- For early years, the figure uses children registered as eligible for free school meals as a proxy for disadvantage.
- From the 2023/24 academic year, key stage 1 assessments will no longer be compulsory.
- This figure does not include key stage 3 as pupils are not publicly assessed at this stage.
- Key stage 4 data show the percentage of pupils who achieved a grade 5 or above in both their English and maths GCSEs. For English, pupils can sit either English literature or English language.

Source: National Audit Office analysis of Department for Education data

# 11 Special educational needs and disabilities (SEND)

Since 2015/16, the proportion of children with SEND has steadily increased. In 2023/24 there were just over 434,000 pupils with education, health and care plans and 1.2 million children receiving special educational needs support in school.

[In our previous SEND report](#) from 2019, we reported that the support was not financially sustainable with pressures to make mainstream schools more inclusive, increased demand and reducing per-pupil funding creating challenges.

In March 2023, DfE and the Department for Health & Social Care published a [SEND and Alternative Provision improvement plan](#). This set out how DfE wanted to ensure those with SEND fulfil their potential and have improved outcomes, build parents' trust and achieve financial sustainability.

For 2023/24, DfE assessed a worsening risk that, despite substantial increases in funding, high-needs costs continue to threaten the system's financial sustainability. In January 2024, DfE introduced a new significant

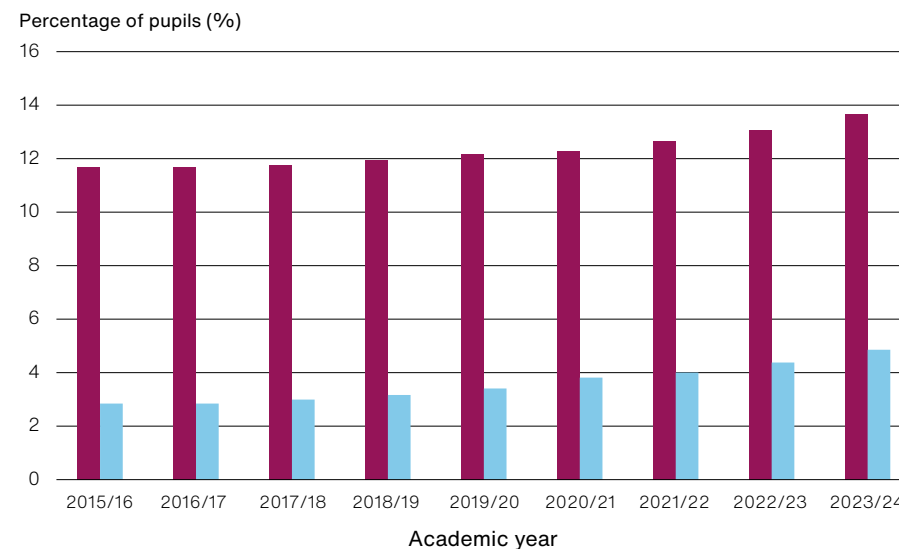
risk that local authorities' financial challenges would impede delivery of essential services and reform across childcare, SEND, alternative provision and children's social care, worsening outcomes for the most vulnerable.

A 'statutory override', which allows local authorities with dedicated schools grant deficits due to high-need overspends to keep it separate from their revenue account, ends after March 2026. The improvement plan includes initiatives, such as the Safety Valve programme, designed to support those local authorities with the largest deficits. Between 2020-21 and 2023-24 DfE has issued 38 Safety Value agreements to local authorities setting out the high needs reforms and savings targets they must follow.

[In Autumn 2024 we will publish a report](#) assessing whether DfE is currently providing a sustainable system that delivers positive outcomes for children and young people with SEND and whether it is taking effective action to deliver the longer-term systemic improvements.

Percentage of pupils receiving special educational needs (SEN) support or with an education, health and care plan, 2015/16 to 2023/24

The percentage of pupils receiving special educational needs support or with an education, health and care plan has increased since 2016/17



	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
Percentage of pupils receiving SEN support	11.6	11.6	11.7	11.9	12.1	12.2	12.6	13.0	13.6
Percentage of pupils with an EHC plan	2.8	2.8	2.9	3.1	3.3	3.7	4.0	4.3	4.8

**Note**

1 Includes state-funded nursery, primary, secondary and special schools, non-maintained special schools, state-funded alternative provision schools and independent schools.

Source: National Audit Office analysis of Department for Education data

# 12 What to look out for

## Schools

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### Demographic changes

Following a peak in 2019, DfE estimates there will be **207,000 fewer** children in nursery and primary school in 2028 compared with 2024.

The number of secondary school students is expected to increase; with **29,000 more** students in 2028 compared with 2024. The number is expected to peak in 2026 and 2027 before decreasing.

**Schools and further education providers will need to respond to changing demands to ensure value for money.**

### Teaching workforce

In [July 2024 we reported that](#) DfE considers recruiting and retaining enough high-quality teachers as a significant departmental risk.

In 2023, there were 468,700 full time equivalent teachers, an increase of 300 since 2022 and 27,300 since 2010. [Teacher vacancies](#) have more than doubled in three years, from 1,100 in November 2020 to 2,800 in November 2023.

**Look out for our upcoming work on the [teaching workforce](#) in spring 2025.**

### Ofsted

In September 2024, Ofsted published its response to an extensive consultation, the [Big Listen](#). The response summarised feedback and changes such as consulting on a new inspection framework from early 2025; focusing on pupil outcomes and reducing the anxiety of those being inspected; greater focus and scrutiny on meeting the needs of vulnerable and disadvantaged children; removing single word judgements when assessing schools; and introducing report cards from September 2025.

**Look out for how Ofsted's response is implemented and the impact that this has.**

### Environmental sustainability

Education is the public sector's largest emitter of carbon from buildings, contributing 37% to public sector emissions, from schools and universities.

In April 2022, DfE published an ambitious [Sustainability and Climate Change Strategy](#) (2022–2030). We reviewed DfE's progress with its strategy in our [Environmental sustainability overview](#) (June 2023). We recommended DfE align resources to its strategy, ensuring funding matches aspirations, and develop a clear evidence base of what works within schools.

**In October 2024, we [published our insights](#) on how government can secure value for money as it delivers programmes to achieve net zero and environmental targets.**

### Attendance and behaviour

Since COVID-19, school attendance has become a significant challenge. In [autumn 2023/24](#), 19.4% of pupils were **persistently absent** (missing 10% or more sessions), compared with 24.2% in autumn 2022/23. This remains higher than previous years with a 13% rate in autumn 2020/21.

The rate of **suspensions** among pupils has increased from 4.3% in 2015/16 to 9.3% in 2022/23, with permanent exclusions also increasing since 2020/21. The main reason was persistent disruptive behaviour.

**As we [reported in July 2024](#), DfE is working to improve attendance in different ways, including pupil mentoring and a national communications campaign. DfE collects attendance data daily from most schools which it [publishes regularly](#). From 2024/25 it will be mandatory for schools to share their attendance data, which was welcomed by the previous [Education Committee's 2023 inquiry](#).**



# 13 School buildings

## Operations and Infrastructure

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DfE works to a principle of rebuilding schools in the worst condition and allocating responsible bodies (usually the local authority, academy trust or voluntary-aided body) funding to maintain the remaining estate.

In January 2023, there were 21,600 state schools in England, varying in age and design. Overall, the condition of the school estate was declining.

Our June 2023 report, *Condition of school buildings*, found that around 24,000 school buildings were beyond their estimated initial design life so generally required more maintenance than newer buildings. Around 700,000 pupils were learning in a school that the responsible body or DfE believed required major rebuilding or refurbishment.

DfE had started collating more data but lacked comprehensive information on the extent and severity of potential safety issues. It saw reinforced autoclaved aerated concrete (RAAC) as the greatest safety risk. It committed to fund its removal. In February 2024, DfE reported that 234 schools had confirmed RAAC, and said this will be removed through its school rebuilding programme, grant funding to responsible bodies or other means.

Since summer 2021 DfE had identified a critical and very likely risk to school buildings' structural safety. In its 2023-24 annual report, DfE describes it as one of its key risks, and expects it to remain so throughout 2024-25 as responsible bodies continue to accurately identify and mitigate structural safety issues.

In 2023-24, excluding allocations for its School Rebuilding Programme and funding to address RAAC, DfE allocated around £1.8 billion for the maintenance of school buildings. This compares to £2.2 billion in 2022-23, which included a one-off capital allocation of £447 million. Funding in 2023-24 comprised:

- £217 million provided directly to schools for small-scale projects and maintenance; and
- £1,586 million of funding for responsible bodies to spend on improving building condition.

### Breakdown of the school estate by age, floor area and condition need, 2020

#### Buildings constructed between the 1950s and 1970s have a disproportionately high level of condition need



#### Note

- 1 Condition need is the modelled cost of bringing school buildings up to a good standard of repair, using the results of the Department for Education's 2017 to 2019 Condition Data Collection programme (CDC1).

Source: National Audit Office analysis of Department for Education data

# 14 Early years education and childcare

Various organisations provide early years childcare and education, including private providers, childminders and state-funded schools. As at August 2023, we estimated there were around 58,000 early years providers in England.

In the Spring Budget 2023, the previous government announced the “largest ever” early years expansion in England by September 2025. Our 2024 report, [Preparations to extend early years entitlements to working parents in England](#), examined DfE’s progress and the value for money risks to be managed with this extension.

We concluded that DfE quickly set up the expansion, staggering its own activities sensibly, but the timetable was set with significant uncertainties around feasibility, costs and benefits.

As at April 2024, when DfE expected 7,200 early years places to be required, DfE had met its first milestones. However, it assessed meeting future milestones as “problematic”,

which included providing an estimated 19% (84,400) more places in September 2025. We recommended DfE use its data to understand when it needed to take further action, especially given the lack of contingency and flexibility in its fixed, ambitious timetable.

Even if DfE successfully navigates the significant uncertainties, we found that it was unclear whether the expansion will achieve its primary aim of getting parents back into work, represent value for money and not negatively impact DfE’s wider priorities relating to quality and closing the disadvantaged attainment gap.

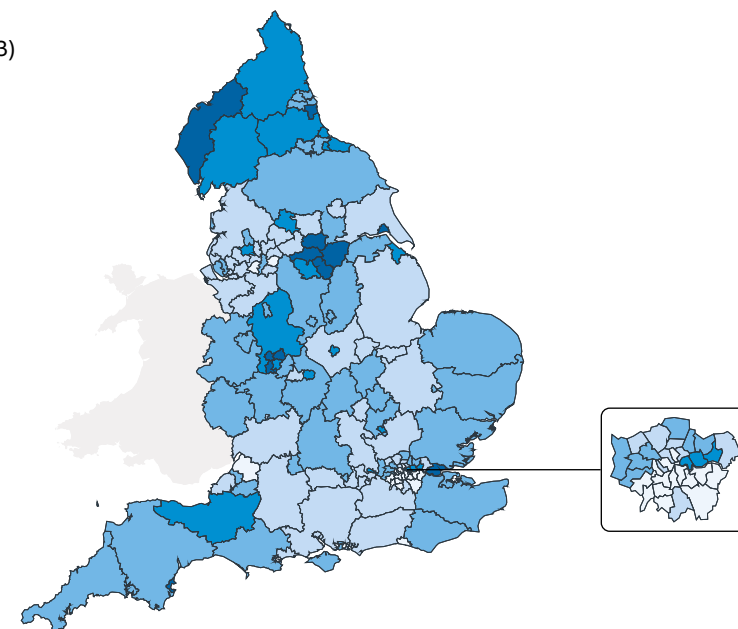
In our 2020 report [Supporting disadvantaged families through free early education and childcare entitlements in England](#), we found that take-up and provider quality was lower in the most deprived areas. Take-up of the disadvantaged 2-year-olds entitlement was 68% in 2019. In 2024, take-up had increased to 75%.

The Department for Education’s (DfE’s) estimates for required increases in early years hours to meet demand in September 2025 compared to June 2023, as at March 2024

**DfE estimates that a fifth of local authorities must increase early years hours by 20% or more for September 2025**

Increase in childcare hours required (compared to the supply in June 2023) for September 2025

- No additional hours (19 local authorities)
- 0.1% to 10.0% (49 local authorities)
- 10.1% to 20.0% (53 local authorities)
- 20.1% to 30.0% (20 local authorities)
- More than 30% (12 local authorities)



#### Notes

- Percentage increases are calculated using DfE’s March 2024 modelling of the number of early years hours needed for children aged two and under in September 2025, compared to actual hours provided in June 2023. We have not audited the underlying calculations.
- The highest increase in the percentage of hours required is 42.2%, with the second highest 34.4%. The average increase for all local authorities is 12.5% and the increase needed across England overall is 11.0%.
- This map is based on upper-tier local authorities at December 2023.

Source: National Audit Office analysis of Department for Education data. Map boundaries from the Office for National Statistics licensed under the Open Government Licence v.3.0. Contains OS data © Crown copyright and database right 2024

# 15 What to look out for

## Families

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### Vulnerable adolescents

Some adolescents are vulnerable to adverse, avoidable outcomes such as physical or mental harm, leading to, for example, time not in education, employment or training, or severe mental health difficulties. If they do not receive effective support, their problems may become entrenched and require intense and expensive support.

In our 2022 report on [Support for vulnerable adolescents](#) we found that, while government departments work together on certain programmes and interventions, including Supporting Families, there was no overall strategic approach, so the government does not know whether there are gaps or overlaps in its support. Our recommendations included that central government departments should agree some cross-government objectives and outcome measures for supporting vulnerable adolescents. DfE has accepted and implemented this recommendation.

**From 1 April 2024 responsibility for the Supporting Families programme transferred from the Department of Levelling Up, Housing and Communities (now Ministry of Housing, Communities and Local Government) to DfE.**

### Children's social care

#### Implementing national reforms

In February 2023, the previous government responded to the Independent Review of Children's Social Care with an implementation strategy and consultation, [Stable Homes, Built on Love](#). Backed by £200 million funding over two years, the strategy is designed to shift the focus onto more early support for families and to reduce the need for crisis response at a later stage. DfE plans to test some of the more complex reforms and to learn from its approach.

In May 2023 the House of Lords Public Services Committee [published a report](#) on the implementation strategy, positively noting the focus on early intervention while suggesting that the strategy lacked pace and scale with no guarantee of long-term reform, particularly given many evidence based programmes are being piloted rather than rolled out. The Committee also questioned whether the steps to increase care placements would work, and the level of funding assigned to deliver reforms.

From July 2023 to March 2025, DfE is investing £45 million in its Families First for Children pathfinder to test a new Family Help Service providing "intensive multi-disciplinary support" to families and changes to child protection arrangements. Of the £45 million, £7.8 million has been allocated to fund a family network pilot to test the impact of providing flexible funding to extended family networks to help keep families together and children out of care where appropriate.

**Look out for how DfE's progress against its commitments between 2023 and 2025 and the impact of this on outcomes for children in care.**

### DfE's top principal risks relating to families

In its [Annual report and accounts 2023-24](#), two of DfE's six principal risks related to children's social care:

- 1 Social worker capacity:** the risk that the workforce lacks capacity and stability to meet demand due to recruitment and retention challenges; and
- 2 Looked after children placement market failure:** the risk that local authorities cannot access appropriate placements to meet the needs of children in their care, and the prices they pay continues to increase.

One principal risk related to **local authorities' financial challenges** impeding delivery of essential support services and reforms across childcare, special educational needs and disabilities and alternative provision and children's social care.



# 16 Further education sector

After completing their GCSEs, young people can continue into post-16 education by completing A-Levels, vocational technical qualifications, apprenticeships and, introduced most recently, T-Levels. In July 2024, the government said that it would not continue the previous government’s plans to introduce the Advanced British Standard, a new qualification bringing together A-Levels and T-Levels.

In August 2024 there were 221 further education, sixth form and other colleges in England, providing a wide range of academic education and vocational and skills training for young people.

In our 2020 [Financial sustainability of colleges](#) report we set out how the financial health of the sector, crucial to delivering the education and training needed to provide a skilled workforce, was fragile. We found that DfE’s funding arrangements created extra financial pressures for some colleges and that colleges had faced cost and competitive pressures.

DfE launched two consultations on further education funding and accountability, in 2021 and 2022. In July 2023 it [published its response](#), recognising that it needs to go further to simplify the system and set out its next phase of reforms. In 2023, the [Institute for Fiscal Studies](#) found that recent funding increases had provided a boost to college and sixth form funding and a quarter of the cuts to per student college funding experienced from 2010 would be reversed by 2024.

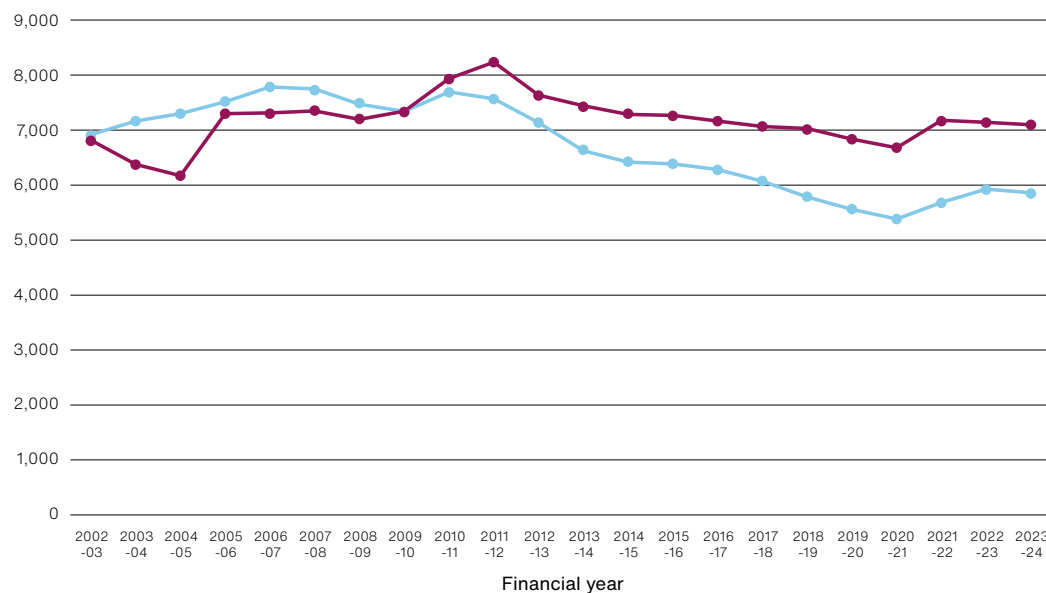
**Teacher vacancy rates**, particularly for colleges, are higher in the further education sector compared with other sectors. In 2022/23, the vacancy rate was 4.7% across further education providers, compared with 0.5% across schoolteachers.

In November 2022, the Office for National Statistics **reclassified further education colleges as public sector bodies**. Colleges must now adhere to government’s spending rules. To help colleges meet the financial management requirements, the Education and Skills Funding Agency published a [College financial handbook](#), bringing together these requirements. DfE is working with HM Treasury to facilitate parliamentary accountability for FE colleges.

## Spending per student in 16 – 18 colleges and school sixth forms 2002-03 to 2023-24

Spending per student has decreased since 2010-11 in school sixth forms and 2011-12 in 16 – 18 colleges

Spending per student (£)



- 16 – 18 colleges spending per student
- School sixth form spending per student

**Note**

1 Figures are in real terms in 2023-24 prices.

Source: Institute for Fiscal Studies analysis, [Annual report on education spending in England: 2023](#), December 2023

# 17 Post-16 skills qualifications

Our 2022 report, [Developing workforce skills for a strong economy](#), found that the then government needed to be more effective at helping provide the skills the country needs.

Following the January 2021 Skills for Jobs white paper, DfE's overarching philosophy has been to put employers and training providers at the centre of the skills system, giving them a central role in identifying local and national skills needs, and developing and designing qualifications and training. In our 2022 report we found limited assurance that the necessary conditions were in place for this approach to be successful. Similarly, a 2023 [government evaluation report](#) cited too few employer placements and insufficient employer engagement as one of the factors impacting the roll-out of T-Levels.

We also recommended that DfE, with support from wider government, develop a skills strategy and implementation plan setting out, for example, how different parts of the system, and different programmes, interact with each other to make a coherent whole and how employers and individuals will be incentivised to develop skills and engage with the skills system.

In summer 2024, the government announced a review of post-16 qualifications to improve quality and expand T-Levels.

DfE reports that for the August to April period of the 2023/24 academic year, apprenticeship starts and achievements increased compared with 2022/23. In 2022/23, for which full year data are available, figures remain below 2018/19 levels, with 56,240 fewer starts and 22,830 fewer achievements than in 2018/19.

Spending on the Department for Education's (DfE's) main skills programmes, 2018-19 to 2021-22

**DfE spent £3.9 billion on adult education, apprenticeships and other skills programmes in 2021-22**

Programme	2018-19 (£mn)	2019-20 (£mn)	2020-21 (£mn)	2021-22 (£mn)
Apprenticeships	1,744.9	1,930.9	1,873.0	2,455.2
Adult education budget	1,344.2	1,304.2	1,362.5	1,311.6
National Skills Fund: Level 3 – free courses for jobs	0	0	0	52.2
National Skills Fund: Skills Bootcamps	0.1	7.4	12.4	32.0
Traineeships	0	0	6.4	25.9
Higher technical qualifications	0	0.1	0.2	8.3
T-Levels	6.4	14.9	11.1	4.5
<b>Total</b>	<b>3,095.6</b>	<b>3,257.5</b>	<b>3,265.6</b>	<b>3,889.7</b>

**Notes**

- 1 Spending is in cash terms. Capital and administration spending is not included.
- 2 This figure excludes spending on 'learning for 16- to 19-year-olds' (which amounted to £6.2 billion in 2021-22) because DfE does not disaggregate the total for this category between academic learning and skills training.
- 3 Spending on traineeships for 16- to 19-year-olds is included within 'learning for 16- to 19-year-olds', and so is not presented in the figure.
- 4 The stated spending on T-Levels is programme spending, which covers elements such as industry placements and communications campaigns, but not the core funding that follows the learner because this is included within 'learning for 16- to 19-year-olds'.

Source: National Audit Office analysis of Department for Education data

In its annual report and accounts, DfE published figures for its 2023-24 spend across:

- Apprenticeships – **£2,460 million**
- Adult education – **£1,359 million**

# 18 Higher education

In July 2024, there were 425 higher education providers in England registered with the Office for Students (OfS), educating an estimated 2.1 million students. Providers deliver courses of a standard higher than A-Level, including first and postgraduate degrees. They range from 'traditional' universities to more commercially focused private companies and vary in size and complexity. Providers are autonomous with a high degree of financial and academic independence.

The main role of OfS, a non-departmental public body, is to independently regulate providers. As set out in legislation, it does so through its published framework requiring providers to ensure course quality and student outcomes and have adequate and effective financial management and governance.

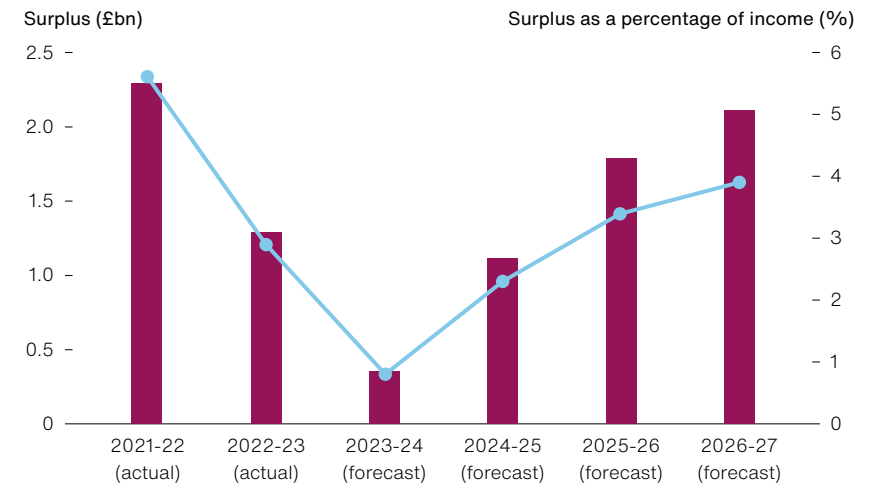
In March 2022, [we reported](#) that providers were facing short-term financial risks resulting from COVID-19, as well as medium- and long-term systemic risks with deficits in research funding and pension contributions. Between 2015/16 and 2019/20, expenditure across the sector rose faster than income, and the proportion of providers with an in-year deficit increased from 5% to 32%.

Most higher education activity is loss-making, with the most profitable activity teaching international students. In 2021/22, there were 679,970 overseas students studying at UK universities, representing a 22% increase (113,000) over three years.

Registered providers may create partnerships, also known as franchises, with other institutions to provide courses on their behalf which can be financially beneficial. In our January 2024 [Investigation into student finance for study at franchised higher education providers](#), we reported that while 6.5% of students receiving funding were at franchised providers in 2022/23, 53% of the £4.1 million fraud detected by the Student Loans Company was at these providers. We recommended DfE and OfS urgently reiterate to providers their role in preventing fraud and abuse.

## Forecast aggregate surplus of higher education providers, 2021-22 to 2026-27

**Overall, higher education providers expect their surpluses to decrease to 0.8% of their income in 2023-24, and to then start increasing in subsequent years**



■ Surplus (£bn)	2.3	1.3	0.4	1.1	1.8	2.1
● Surplus as a percentage of income (%)	5.6	2.9	0.8	2.3	3.4	3.9

### Notes

- 1 Surplus/(Deficit) is total income less total expenditure, excluding other gains or losses (from investments and fixed asset disposals), the share of surplus or deficit in joint ventures and associates, and changes to pension provisions.
- 2 Figures are based on 269 registered higher education providers' financial returns to the Office of Students. Actual data is available for 2021-22 and 2022-23.

Source: Office for Students, *Financial sustainability of higher education providers in England 2024*, May 2024

# 19 Accounting for student loans

DfE is responsible for student loans, which are administered by the Student Loans Company. In 2023-24, the student loans portfolio represents 97.5% of DfE's total Group's asset value of £154.9 billion and continues to grow each year.

## Changes to the student loan portfolio in 2023-24

The face value of all outstanding student loans on 31 March 2024 was £234.0 billion (31 March 2023, £203.3 billion). In 2023-24, the government issued £20.2 billion of new loans. In its financial statements, DfE records student loans at their 'fair value' which is an estimate based on expected future cash repayments from borrowers (rather than their face value, which is the total amount borrowers owe). As the student loan terms include writing off loans after a fixed period, the fair value will be lower than the face value for outstanding loans. The fair value of student loans increased from £137.8 billion in 2022-23 to £151.0 billion in 2023-24.

## Uncertainties in the valuation

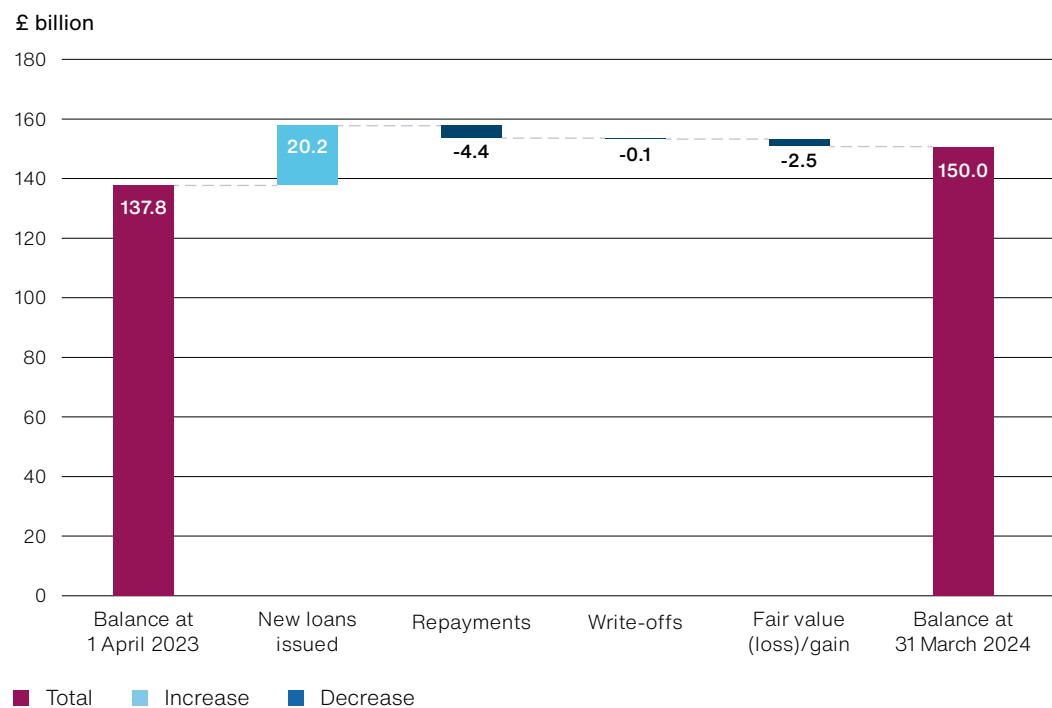
Given loan repayments are highly dependent on long-term economic circumstances, such as estimates of graduates' earnings, there is a high degree of uncertainty in the student loan valuation. Since 2016-17, the C&AG has highlighted this uncertainty but has not altered his 'true and fair' opinion on DfE's accounts.

## Fraud and error in the portfolio

Each year, DfE estimates the level of fraud and error in the student loan portfolio. For 2023-24, of the £20.2 billion loans issued DfE estimated £405 million to be irregular spend (spend not in line with Parliament's intentions). This is an increase from the estimated £327 million out of £20 billion loans issued in 2022-23.

## Change in the fair value of student loans in 2023-24

The fair value of student loans increased from £137.8 billion in April 2023 to £151 billion in March 2024



### Notes

- 1 New loans are issued to students by the Student Loans Company.
- 2 Repayments are collected from students by HM Revenue & Customs (through Pay As You Earn and Self-Assessment) and by the Student Loans Company (direct repayments).

Source: National Audit Office analysis of data from Department for Education Consolidated Annual Report and Accounts 2023-24, July 2024



# 20 What to look out for

## Office for Students

Following an [independent review of the Office for Students](#) (OfS) led by Sir David Behan published in 2024, the [government](#) announced that OfS would refresh its priorities to focus on student outcomes and the financial stability of the higher education sector.

Our [March 2022 report](#) highlighted how OfS lacked a strong measure to judge the value for money of students' courses and suggested not all education institutions had confidence in how OfS assessed financial risk. It noted that, during the pandemic, OfS found it needed stronger powers to intervene to protect students' education when a provider was at risk of market exit.

**In July 2024, the government announced that the role of the OfS will be refocused to prioritise the financial stability of the higher education sector and deliver better quality and outcomes for students.**

## Establishment of Skills England

In July 2024, the [government announced](#) the establishment of Skills England, within the next 12 months, to help ensure there is a highly trained workforce to deliver the national, regional and local skills needs of the next decade. This will

align with the government's forthcoming industrial strategy. Some functions that currently sit with the Institute for Apprenticeships and Technical Education will transfer to Skills England.

**Skills England will bring together employers, education and training providers, unions, experts, combined authorities and national government, although there can be challenges building effective cross-organisational working, as we have seen across our wider work.**

## Lifelong Learning Entitlement

From September 2025 learners will be able to apply for the [Lifelong Learning Entitlement](#) (LLE) funding. The funding, in the form of loans, will be available for courses including degrees and technical qualifications, and modules assessed as of high value technical courses, starting from January 2026 onwards. New learners, defined as those who have not yet received government support for higher-level learning, will be able to access a full entitlement equivalent to four years' full-time tuition up to the age of 60.

**The secondary legislation setting out how the LLE funding system will work is due to be laid in autumn 2024. DfE has discussed the importance of employers in the delivery of LLE and sector engagement.**



# 21 More information about our work on DfE

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## Improving educational outcomes for disadvantaged children

July 2024

Our report assessed whether DfE has a coherent approach to support the attainment of disadvantaged children, how it understands the attainment of children and evaluates what works to effectively allocate resources.

We concluded that despite DfE's investment, disadvantaged children performed less well than their peers across all areas and school phases in 2022/23. DfE does not yet understand the outcomes resulting from a significant proportion of its expenditure on disadvantaged children. It also does not have a fully integrated view of its interventions, or milestones to assess progress, and when more may need to be done.

## Condition of school buildings

July 2023

Our report examined the school system and DfE's overarching school building maintenance approach, DfE's understanding of the condition of school buildings, and how DfE matches funding to need.

We concluded that following years of underinvestment, the estate's overall condition is declining, and around 700,000 pupils are learning in a school that needs major rebuilding or refurbishment. There is a significant gap between the funding available and that which DfE assesses it needs to achieve its aim for school buildings to be safe and in a good condition. Funding is often used for urgent repairs rather than planned maintenance, which risks not offering good long-term value for money.

## Preparations to extend early years entitlements for working parents in England

April 2024

Our report assessed DfE's progress and whether it is well-placed to manage value for money risks in its extension of early years entitlements for working parents in England.

We found that, following the Spring Budget 2023, DfE and HM Treasury set the timetable for extending entitlements with significant uncertainties around feasibility, costs and benefits. The government's primary aim is to encourage more parents into work. Even if DfE successfully navigates the significant uncertainties, it remains unclear whether the extension will achieve its primary aim, represent value for money and not negatively impact DfE's wider priorities relating to quality and closing the disadvantaged attainment gap.

## Developing workforce skills for a strong economy

July 2022

Our report examined the scale of the skills challenge that government faces, its understanding of workforce skills needs, and how well it is supporting the development of workforce skills.

We concluded that the skills challenge that the government is facing has grown significantly, with key indicators going in the wrong direction. Employers' investment in workforce training has declined, as have participation in government-funded skills programmes and the programmes' impact on productivity. Government needs to be much more effective in helping to provide the skills the country needs. DfE is staking its success on a more employer-led system but it is unclear whether the conditions are in place for this to be implemented successfully.