



National Audit Office

OVERVIEW

Department for Education (DfE)

Departmental Overview 2022-23

We are the UK's independent public spending watchdog

November 2023

About this Overview

This guide has been produced to support the Education Committee in its examination of the Department for Education's (DfE's) spending and performance. It summarises information and insights that can be gained from our examinations of DfE and related bodies across the sector in England and DfE's annual report and accounts. In 2022-23, DfE spent £83 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 guide includes:

- how DfE and the education sector are structured;
- where and how DfE spends its money; and
- findings from recent NAO reports.

How we have prepared this guide

The information in this guide draws on the findings and recommendations from our financial audit and value-for-money programme of 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.

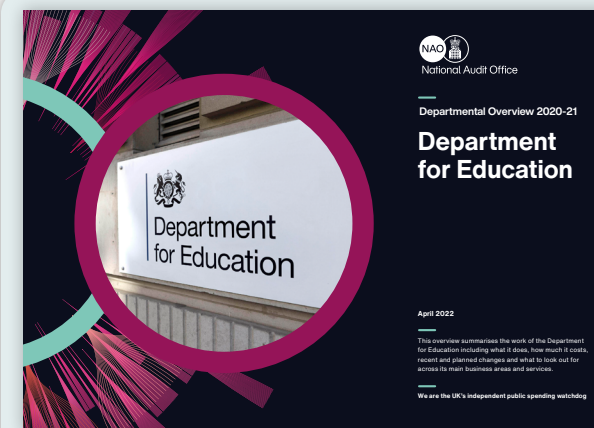
Other analysis in the guide has been directly drawn from publicly available data and includes the relevant source as well as any appropriate notes to help the reader understand our analysis.

Other relevant publications

More information about our work on the education and skills sector in England, as well as information about our other recent and upcoming reports, can be found on the NAO website.

More information about central government accounting and reporting

You may also be interested in our interactive guide to *Good practice in annual reporting* (February 2023) which sets out good-practice principles for annual reporting and provides illustrative examples taken from public sector organisations who are leading the way in this area.



This report updates our previous overview, *Departmental Overview 2020-21: Department for Education*, published in April 2022.

Departmental Overview 2022-23

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About the National Audit Office

The National Audit Office (NAO) is the UK's independent public spending watchdog. We scrutinise public spending for Parliament and are independent of government and the civil service. We help Parliament hold government to account and we use our insights to help people who manage and govern public bodies improve public services.

The Comptroller and Auditor General (C&AG), Gareth Davies, is an Officer of the House of Commons and leads the NAO. We audit the financial accounts of departments and other public bodies. We also examine and report on the value for money of how public money has been spent.

In 2022, the NAO's work led to a positive financial impact through reduced costs, improved service delivery, or other benefits to citizens, of £572 million.

If you would like to know more about the NAO's work on education, or are interested in the NAO's work and support for Parliament more widely, please contact:

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Part One • Overview

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 policy and apprenticeships.

DfE's vision is to enable children and learners to thrive, protect the vulnerable and ensure the delivery of excellent standards of education, training and care. It intends for this to help everyone realise their potential, power the economy, strengthen society and increase fairness. DfE has identified four priority outcomes through which it aims to deliver its vision, with its annual report and accounts describing some achievements against these.

DfE's priority outcomes

1 Drive economic growth through improving the skills pipeline, levelling up productivity and supporting people to work

2 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

3 Support the most disadvantaged and vulnerable children and young people through high-quality local services so that no one is left behind

4 Provide the best start in life through high-quality early education and childcare to raise standards and help parents to work

DfE's description of achievements in 2022-23

- Received royal assent for the Skills and Post-16 Education Act, which includes putting employers at the heart of the post-16 skills system through local skills improvement plans.
- Expanded the eligibility for 'free courses for jobs', ensuring more adults can access the qualifications available.
- Introduced the Lifelong Learning (Higher Education Fee Limits) Bill, so the Lifelong Learning Entitlement can be launched from 2025 ([see page 22](#)). The bill received royal assent in September 2023.

- Launched the National Institute of Teaching, which has started providing National Professional Qualifications and launched its National Leaders of Education programme.
- Established Oak National Academy as a non-departmental public body which aims to give teachers and their pupils access to high-quality digital curriculum resources and help address teacher workload pressures.
- Increased real-terms per-pupil funding, as set out in the Autumn Statement 2022, when compared with the 2021 Spending Review. The core schools' budget will receive £2.3 billion of additional funding in each of 2023-24 and 2024-25 ([see page 12](#)).

- Published [Working together to improve school attendance](#) guidance.
- Published [Stable Homes, Built on Love: Implementation Strategy and Consultation](#) for children's social care reform.
- Published [SEND and alternative provision improvement plan](#).

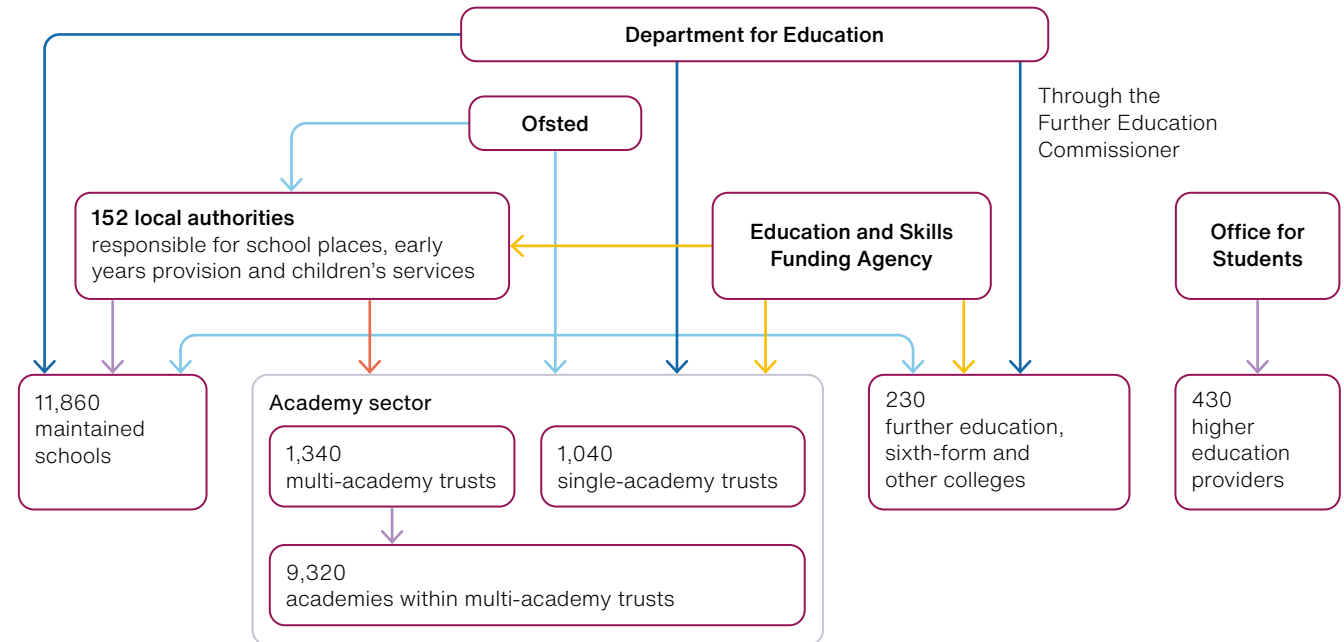
- Announced a new [Family Hubs and Start for Life programme](#) for 75 eligible local authorities. The programme aims to join up and enhance services to ensure all families can access the support they need.
- Announced extension of funded early years childcare. Eligible working parents of children aged nine months to three years will be entitled to 30 subsidised hours of childcare ([see page 24](#)).
- Extended eligibility for 2-year-old early education entitlement so that more disadvantaged children have access to early education regardless of their parents' immigration status.

Part One • Overview

How the education sector is organised

Various organisations play a role in delivering and ensuring accountability across the education sector.

Oversight of delivery for education and children’s services in England



- Inspection
- Oversight of education performance
- Oversight of financial management and governance
- Oversight of all aspects of performance
- Oversight of safeguarding

Notes

- 1 This is a simplified diagram showing the main delivery and oversight bodies. For example, it does not include children’s social care providers, private early years providers such as childminders, or employers providing apprenticeships. It also does not show policy responsibilities.
- 2 Numbers, aside from local authorities, are rounded to the nearest 10.
- 3 Number of maintained schools is at January 2023, numbers of single-academy trusts, multi-academy trusts and academies within multi-academy trusts are at August 2023, number of further education, sixth-form and other colleges is at June 2023, and number of higher education providers is at September 2023.

Source: National Audit Office analysis of data from the Department for Education and the Association of Colleges

Part One • Overview

How DfE is structured

In April 2022, DfE reorganised its operational structure to “think, act and partner much better locally” and align itself to the nine regions used elsewhere across government.

The organisational changes included:

- a new *Regions group* which aims to provide integrated delivery across schools and local authorities and a *Strategy group* to create better oversight, draw together DfE’s work and set the strategic direction. DfE also now has dedicated business areas focusing on families, schools, and skills;
- the Education and Skills Funding Agency (ESFA) no longer operates within DfE, but as a sponsored executive agency within the *Operations and Infrastructure group*. The ESFA administers funding to deliver education and skills, from early years through to adulthood; and
- policy responsibility for apprenticeships transferring from the ESFA to DfE, thereby consolidating all post-16 policy and delivery within the *Skills group*.

Two non-ministerial departments work within the sector:

- 1 **Ofqual** regulates qualifications, examinations and assessments; and
- 2 **Ofsted** inspects services providing education and skills for learners of all ages and inspects and regulates services that care for children and young people.

Families

Responsibilities include: early years; special educational needs and disabilities; children’s social care; safeguarding; behaviour and attendance; and cross-cutting work to support vulnerable children and families.

Contributing bodies:

- Children’s Commissioner’s Office
- Social Work England

Schools

Responsibilities include: the curriculum; exams and qualifications; pupil safety; recruitment and retention of teachers; school funding policy; and school strategy.

Contributing bodies:

- Standards and Testing Agency
- Teaching Regulation Agency
- Oak National Academy Limited
- School Teachers’ Review Body

Skills

Responsibilities include: skills strategy; apprenticeships; technical qualifications; and strategy and funding for higher and further education.

Contributing bodies:

- Construction Industry Training Board
- Engineering Construction Industry Training Board
- Institute for Apprenticeships and Technical Education
- Office for Students
- Student Loans Company Limited

Regions

Responsibilities include: oversight of school underperformance and academy changes; supporting local authorities to ensure sufficient school places; and responding to area-wide special educational needs inspections and safeguarding cases in academies.

Strategy

Responsibilities include: education strategy; education recovery, levelling up and disadvantage policies; sustainability; strategic analysis and research; and emergency planning.

Operations and infrastructure

Responsibilities include: managing capital funding; overseeing data and technology services; and ensuring DfE is sufficiently resourced to deliver its objectives.

Contributing bodies:

- Education and Skills Funding Agency
- Located Property Limited
- Aggregator Vehicle PLC

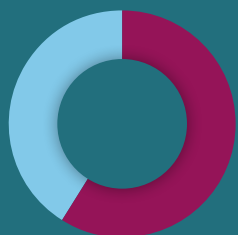
- Executive agencies
- Executive non-departmental public bodies
- Advisory non-departmental public bodies
- Other bodies

Part One - Overview

People and pay

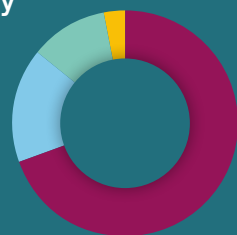
Department for Education (DfE) workforce, as at 31 March 2023

Gender



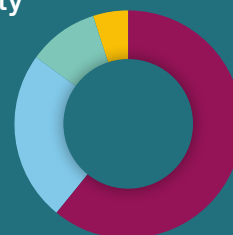
Women	60%	4,890
Men	40%	3,260
All employees		8,150

Ethnicity



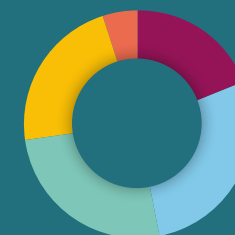
White	72%	5,870
Ethnic minority	17%	1,405
Not reported	7%	595
Not declared	3%	280
All employees		8,150

Disability



Non-disabled	61%	5,005
Not reported	24%	1,955
Disabled	10%	805
Not declared	5%	385
All employees		8,150

Age



16-29	19%	1,545
30-39	28%	2,265
40-49	26%	2,150
50-59	22%	1,775
60+	5%	415
All employees		8,150

Notes

1 Employee numbers have been rounded to the nearest 5.

2 The figures include data for the DfE core department and its associated agencies – the Education and Skills Funding Agency, the Standards and Testing Agency, and the Teaching Regulation Agency.

Source: *Civil Service Statistics: 2023*

Staff numbers and costs 2022-23 (full-time equivalent)

	DfE and its agencies	which includes core DfE	Ofsted	Ofqual
Staff numbers	8,188	6,847	1,998	323
Staff costs (£000)	524,035	463,917	142,892	20,771

Pay multiples 2022-23

	DfE and its agencies	Ofsted	Ofqual
Band of highest-paid director (£000)	170-175	190-195	165-170
Median total pay and benefits (£)	42,705	53,200	40,680
Ratio	4.0:1	3.6:1	4.1:1

Note

1 'DfE and its agencies' includes the core department and its associated agencies – the Education and Skills Funding Agency, the Standards and Testing Agency, and the Teaching Regulation Agency. It does not include its non-departmental public bodies.

Source: Annual reports and accounts for 2022-23 of: Department for Education; Ofsted; Ofqual; Education and Skills Funding Agency; Standards and Testing Agency; and Teaching Regulation Agency

Part Two • Spending and financial management

Where DfE spends its money

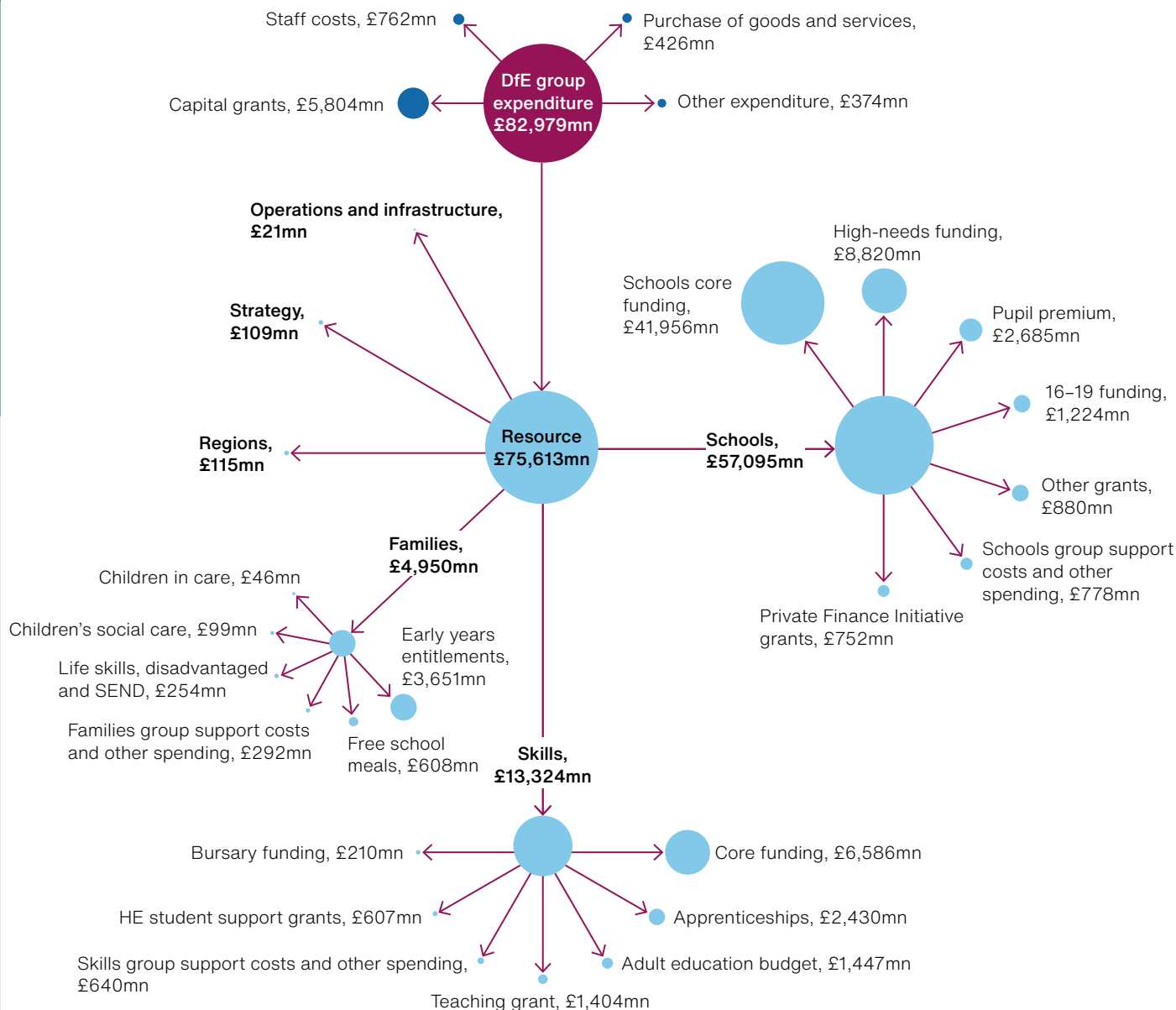
Department for Education group expenditure 2022-23

The Department for Education (DfE) group consists of the core department, its executive agencies, and its non-departmental bodies. Across the group, operating expenditure totalled £83.0 billion in 2022-23. Resource (revenue/non-capital) expenditure constituted 91% (£75.6 billion) of the group's total expenditure, with £67.2 billion (89% of this) spent through the Education and Skills Funding Agency (ESFA), which administers funding to deliver education and skills.

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; and rentals under leases.
- 2 Other expenditure includes depreciation, impairment, and other non-cash items.
- 3 Capital grants includes school condition allocations (£2,242 million); high-needs funding (£1,198 million); free schools (£693 million); basic needs school capital (£535 million); priority schools building programme (£187 million); school capital improvement (£159 million); and skills group capital spending such as T levels capital fund and Institutes of Technology (£534 million).
- 4 The total operating expenditure shown here differs from the total budget expenditure shown on [page 9](#) because of revenue income and interest.
- 5 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 2022-23, the scheme had a net cash requirement of £1.7 billion with net expenditure of £22.1 billion.
- 6 As non-ministerial departments not included within the DfE group, Ofsted and Ofqual expenditure is not included. In 2022-23, Ofsted's net expenditure was £150 million and Ofqual's net expenditure was £28 million.

Source: Annual reports and accounts for 2022-23 of: Department for Education; Education and Skills Funding Agency; Teachers' Pension Scheme (England and Wales); Ofsted; and Ofqual



Part Two • Spending and financial management

Financial management in DfE

In 2022-23, DfE's total budget expenditure was £83.6 billion, a cash-terms fall of 11% from £94.4 billion in 2021-22.

This includes expenditure DfE can plan for, such as school funding and staff costs, referred to as the 'departmental expenditure limit' (DEL). This totalled £73.1 billion in 2022-23. Other expenditure and income, such as student loan repayments, is less predictable and is referred to as 'annually managed expenditure' (AME). This totalled £10.5 billion in 2022-23.

Resource DEL spending

The majority of DfE's net resource DEL expenditure of £67.1 billion comprised funding to the sector, including:

- £33.4 billion to local authority schools;
- £29.6 billion to academies; and
- £5.9 billion to further education providers.

Resource DEL spending has consistently been below estimates for the past five years – by 11% in 2022-23.

Capital DEL spending

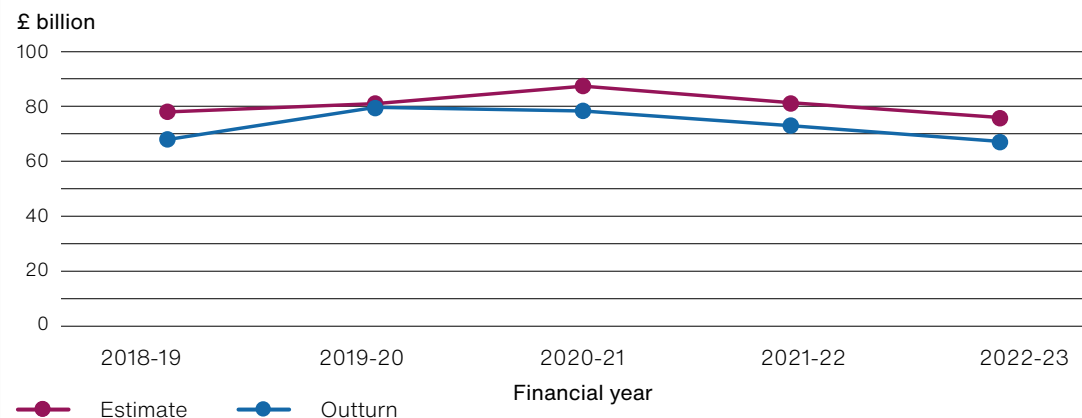
In 2022-23, DfE spent £5.9 billion on capital programmes, 24% more than 2021-22. This included:

- £2.7 billion in grants to local authority schools;
- £1.3 billion in grants to academies; and
- £1.2 billion spent as grants by the core department on early years and schools.

Capital DEL spending has consistently been below estimates for the past five years. DfE explains that the £321 million (5%) underspend in 2022-23 (and the £469 million underspend in 2021-22) primarily relates to school and college building programmes slipping.

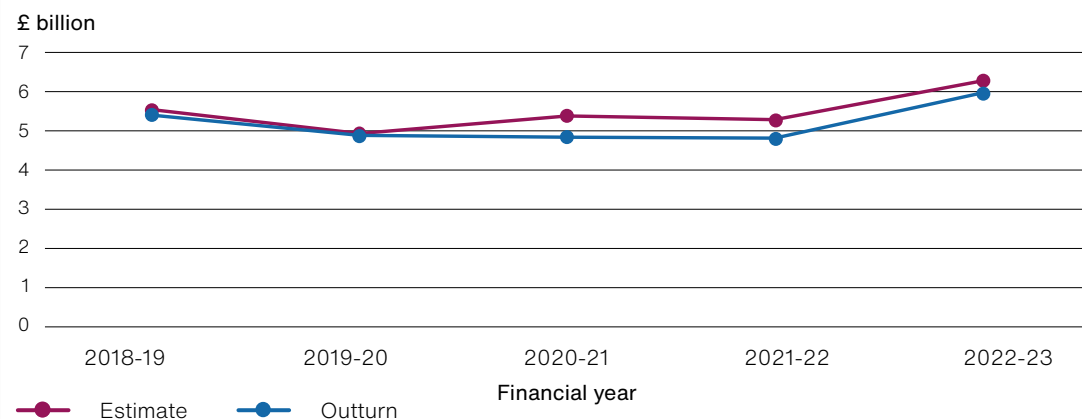
Comparison of Department for Education resource spending estimates and outturn, 2018-19 to 2022-23

Resource spending has been below estimates for the past five years



Comparison of Department for Education capital spending estimates and outturn, 2018-19 to 2022-23

Capital spending has been below estimates for the past five years



Note

1 The charts show DfE group's 'departmental expenditure limit' resource and capital spending.

Source: Department for Education, *Consolidated Annual Report and Accounts 2022-23*

Part Two • Spending and financial management

Grant regularity

Regularity refers to whether resources have been used in the way that Parliament intended and authorised. Grant expenditure is inherently riskier in terms of regularity than other types of expenditure as the benefit will be received by a different party from DfE, making it harder for DfE to assess what has been achieved.

In 2022-23, DfE paid out £74 billion in resource grants and £6 billion in capital grants and issued £20 billion in student loans (similar to grants). It also issued several new grants, including the Homes for Ukraine support scheme (£170 million), the Multiply adult numeracy scheme (£60 million) and the Family Hubs transformation programme (£15 million). As in previous years, we noted as part of our audit a significant value of grant spend where, although there were some checks in place, it was difficult for DfE to be sure how the money had been spent, with this being more difficult for newer schemes. We estimated that there was £130 million of irregular grant spend within core DfE, and a further £216 million within the ESFA. We judged that these amounts were immaterial to the accounts, in that they would not influence how the accounts could be interpreted.

DfE's annual report describes steps it is taking to improve the regularity of its grant spending, including establishing a centre of excellence to support grant teams.

In 2022-23, DfE paid out...

£74 billion

resource grants

£6 billion

capital grants

£20 billion

student loans

It also issued several new grants...

£170 million

Homes for Ukraine support scheme

£60 million

Multiply adult numeracy scheme

£15 million

Family Hubs transformation programme



Part Two • Spending and financial management

Accounting for student loans

DfE is responsible for student loans, which are administered by the Student Loans Company. The student loans portfolio represents approximately 97% of the education departmental group's total asset value of £141.4 billion and continues to grow each year.

Changes to the student loan portfolio in 2022-23

The face value of all outstanding student loans on 31 March 2023 was £203.3 billion. In 2022-23, the government issued £20.0 billion of new loans.

In its financial statements, DfE records student loans at their 'fair value' (rather than their face value), which is an estimate based on expected future cash repayments from borrowers. 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 £97.9 billion in 2021-22 to £137.8 billion in 2022-23.

Uncertainties in the valuation

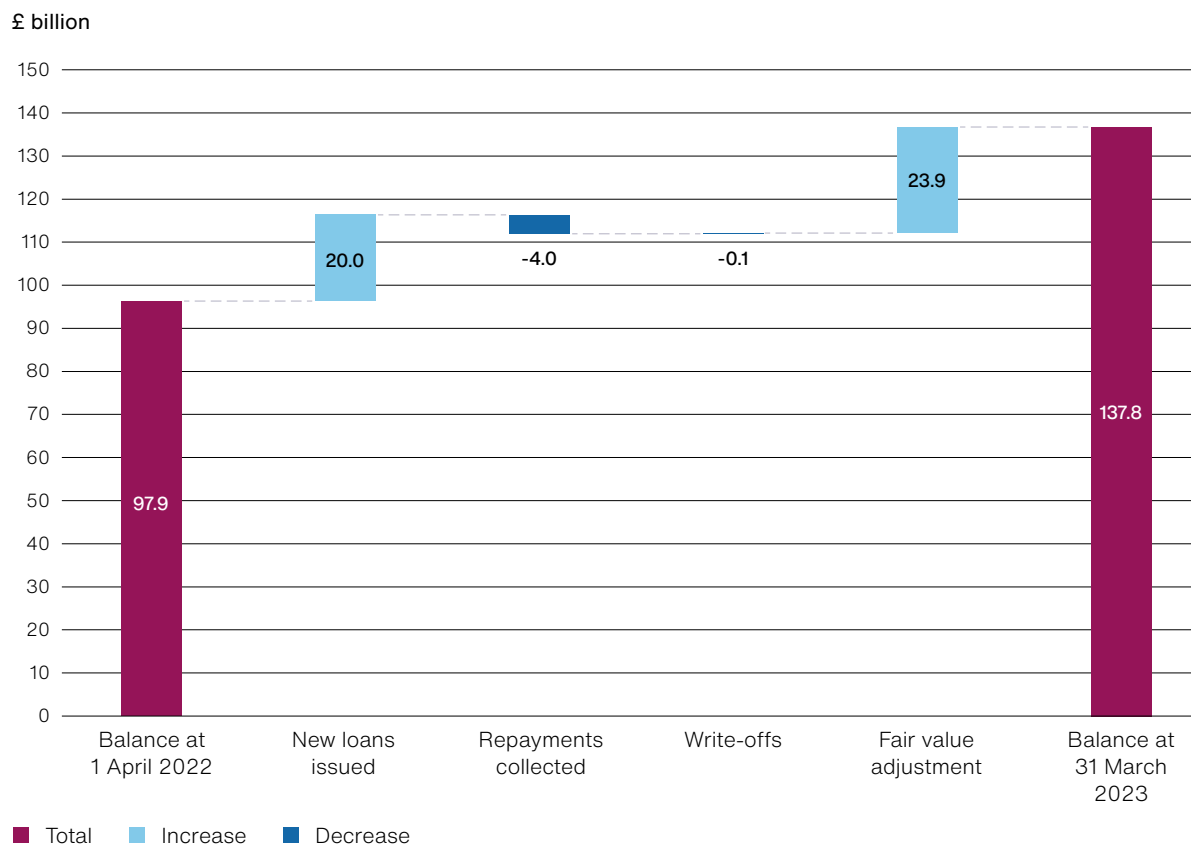
Given loan repayments are highly dependent on long-term economic circumstances, such as estimates of graduates' earnings, there is a high degree of uncertainty in the student loan valuation. Since 2016-17, the C&AG has highlighted this uncertainty but has not altered his 'true and fair' opinion on DfE's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

Fraud and error in the portfolio

Each year, DfE estimates the level of fraud and error in the student loan portfolio. For 2022-23, of the £20 billion loans issued DfE estimated £327 million (1.6%) to be irregular spend (spend not in line with Parliament's intentions). This was more than double the estimated £145 million (0.7%) out of £20 billion loans issued in 2021-22.

Change in the fair value of student loans in 2022-23

The fair value of student loans increased from £97.9 billion in April 2022 to £137.8 billion in March 2023



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).
- 3 The fair value adjustment aligns the student loans balance with the fair value, which is estimated as at 31 March each year, effectively as a balancing figure.

Source: National Audit Office analysis of data from Department for Education *Consolidated Annual Report and Accounts 2022-23*

Part Two • Spending and financial management

Longer-term trends in education spending

Since 1990-91, per-pupil spending across the education sector has fluctuated for some stages of education more than others.

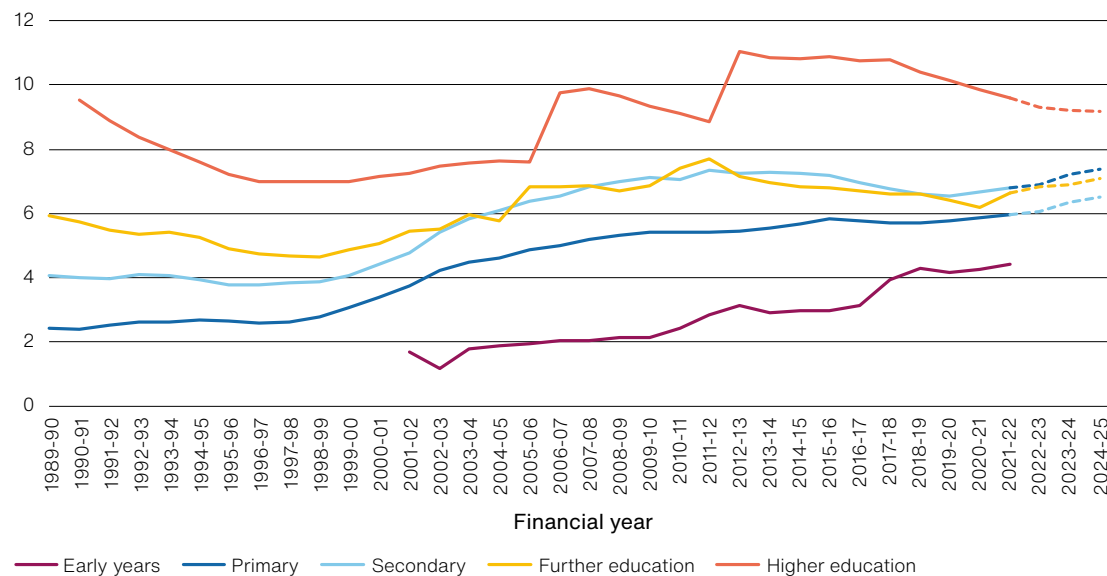
In December 2022, the Institute for Fiscal Studies (IFS) published its fifth *Annual report on education spending in England*. This included analysis of per-pupil education spending since 1989-90, with projections up to 2024-25.

It showed that education spending is the second-largest element of public service spending in the UK behind health, about 4.6% of national income. It noted that cuts to school spending, which comprises 75% of DfE's total resource spending, are now being reversed and spending per pupil will largely be back to at least 2010 levels by 2024. See [page 24](#) and [page 25](#) for information about some of DfE's future spending commitments.

Public spending per pupil at different stages of education in England, 1989-90 to 2024-25

Per-pupil spending across the education sector has fluctuated for some stages of education more than others

Mean expenditure per pupil, 2022-23 prices (£000)



In its report, the IFS noted significant challenges faced by the education sector including:

- while the 2022 Autumn Statement announced increases in **school** spending, schools are still confronting significant uncertainty, with their costs growing faster than overall inflation;
- **schools** also face teacher recruitment and retention challenges with increased demands for and costs of supply cover;
- ongoing challenges supporting cohorts of children and young people in catching up on learning loss and dealing with mental health and wellbeing challenges from the COVID-19 pandemic;
- **early years and childcare** funding settlements have lagged behind increases in free entitlements and, exacerbated by the effects of the pandemic, many providers have shut; and
- **post-16 education and training providers** face a combination of increased student numbers and the absence of extra funding.

Notes

- 1 Dashed lines indicate projected data.
- 2 Early years figures are spending per child for 3- and 4-year-olds taking up a place. Secondary school figures include spending on school sixth forms. Further education figures represent spending per student aged 16-18 in further education and sixth-form colleges. Higher education figures are cohort-based numbers divided by three (an approximate course length).

Source: Institute for Fiscal Studies, *Annual report on education spending in England: 2022*, December 2022

Part Three • Managing risks and programmes

Significant risks facing DfE

The risks facing DfE include those unique to itself alongside those faced across government, such as recovery from the COVID-19 pandemic and managing the impact of cost-of-living, energy price and inflation increases. Our reports have highlighted the impact of cost increases on, for example, public sector budgets and commercial relationships. In 2022-23, DfE had a project team monitoring the impact of the cost of living and inflationary pressures.

In its *Annual report and accounts 2022-23*, DfE provided an assessment of its six principal risks – those that, if they materialised, would have significant impact on its departmental objectives. DfE escalated three of these risks – industrial action, school buildings safety and looked-after children placement market failure – to the Civil Service Board as cross-governmental risks. More widely, climate change is one of the defining challenges of our generation, for which the UK government needs to work collectively to meet its obligations.

DfE's assessment of its significant risks, 2022-23

Industrial action	Industrial action taken by school and college workforce leads to loss of learning.
Education recovery from the COVID-19 pandemic (see page 15)	There is a risk of differential recovery from the impact of the pandemic, which could lead to widened attainment gaps between pupils.
School buildings (see page 17)	<p>A risk of building collapse in the school estate resulting from structural safety issues. DfE escalated this risk in July 2021 due to the number of structural issues materialising in the estate. It increased the likelihood to 'very likely' in October 2021 as it was unable to estimate the prevalence of reinforced autoclaved aerated concrete (RAAC) in the school estate from existing departmental information.</p> <p><i>On 31 August 2023, DfE issued new guidance to those schools where RAAC had been confirmed which included taking immediate action to mitigate the risks posed by RAAC.</i></p>
Looked-after children placement market failure	Local authorities are increasingly unable to access appropriate placements to meet the needs of children in their care, and the prices they pay continue to increase.
High-needs cost pressures	A risk that, despite substantial cash increases in high-needs funding, in the medium term (2–5 years) high-needs costs continue to significantly outstrip available funding, making the SEND and alternative provision system unsustainable and threatening the overall financial stability of local authorities.
Cyber security	A risk that a cyber-attack could result in the loss of access to critical DfE systems and services, as well as a loss of critical data. The overall operating environment remains hostile, and DfE's capacity to prevent, identify and respond to incidents remains below target level.

Part Three • Risks and programmes

Major projects and programmes

In March 2023, the NAO published *Lessons learned: Resetting major programmes*. The report uses our experience of auditing programmes to draw together insights to help decision-makers determine whether they should reset a programme and how to increase the chances of a reset succeeding.

At March 2023, DfE had 12 projects in the Government Major Projects Portfolio, with a whole-life cost of £6.9 billion and monetised benefits of £15.9 billion.

Projects on the Government Major Projects Portfolio managed by the Department for Education, March 2023

Project name	The project aims to...	Delivery confidence assessment reported by the Infrastructure and Projects Authority				
		2019	2020	2021	2022	2023
Schools						
Initial teacher training (ITT) market review	implement recommendations aimed at increasing the quality and consistency of ITT in a more effective market.				Amber (feasible)	Amber (feasible)
National Tutoring Programme	make available subsidised tutoring to boost progress and support those children most in need to catch up on education lost because of the COVID-19 pandemic.			Red (unachievable)	Amber (feasible)	Amber (feasible)
Schools commercial	support schools to achieve value for money on their non-staff spend and to be more sustainable.			Amber/red (in doubt)	Green (highly likely)	Amber (feasible)
School rebuilding programme	undertake major rebuilding and refurbishment projects targeted at school and sixth-form college buildings in the worst condition.			Amber (feasible)	Amber (feasible)	Amber (feasible)
Teacher development reform programme	bring together the Early Career Framework, National Professional Qualifications and other projects as part of DfE's reforms to teacher recruitment, retention and continual professional development.			Amber (feasible)	Amber (feasible)	Amber (feasible)
Skills						
Evolve	enable the Student Loans Company to implement its corporate strategy.			Amber (feasible)	Amber (feasible)	Green (highly likely)
Further education (FE) capital transformation	fund investment in FE colleges through grants, centrally delivered projects, and bidding rounds over five years.			Amber (feasible)	Amber (feasible)	Amber (feasible)
Higher technical education	raise the quality and uptake of level 4/5 technical courses, with Higher Technical Qualifications as an alternative to traditional three-year degrees.					Amber (feasible)
Institutes of technology 2	establish the second wave of high-quality institutes of technology.			Amber/green (probable)	Amber (feasible)	Amber (feasible)
Lifelong Learning Entitlement	introduce a new student finance system from 2025.					Exempt ³
Skills bootcamps and free courses for jobs	help people retrain and upskill into better, more productive jobs through developing higher and intermediate skills.			Amber (feasible)	Amber (feasible)	Amber (feasible)
T level programme	enable the sustainable delivery of new high-quality T levels for 16- to 19-year-olds.	Amber/red (in doubt)	Amber/red (in doubt)	Amber/red (in doubt)	Amber (feasible)	Red (unachievable)

Notes

- The delivery confidence assessment (DCA) is an evaluation from the Infrastructure and Projects Authority (IPA) or the project's senior responsible owner of a project's likelihood of achieving its aims and objectives, and doing so on time and on budget.
- The amber/green and amber/red ratings were not used in the IPA's annual reports in 2022 or 2023 as the IPA moved from a five-tier to a three-tier DCA rating system in June 2021.
- Data can be exempt from publication under exceptional circumstances and in accordance with freedom of information requirements.

Source: National Audit Office analysis of data from the Infrastructure and Projects Authority, *Annual Report on Major Projects 2022-23*, July 2023

Part Four • Findings from recent National Audit Office work

Education recovery from the COVID-19 pandemic

Disruption to children’s education during the COVID-19 pandemic led to lost learning for many pupils, particularly for disadvantaged children. DfE announced total funding of £4.9 billion to address learning loss and support education recovery, covering early years, schools and education for 16- to 19-year-olds. Most of this funding (£3.5 billion) is for recovery interventions in schools including:

- the National Tutoring Programme (NTP), which subsidises individual or small-group tutoring and mentoring, with a focus on supporting disadvantaged pupils;
- the catch-up premium, which was per-pupil funding for schools during 2020/21; and
- the recovery premium, which replaced the catch-up premium from 2021/22 and, for mainstream schools, is allocated based on how many disadvantaged pupils they have.

Our February 2023 report *Education recovery in schools in England* highlighted that extra funding for education recovery is time-limited. DfE’s funding for education recovery in schools extends across 2020/21 to 2023/24, with it progressively reducing the NTP subsidy provided. To continue providing this support, schools will need to fund tutoring from other sources.

DfE told us it would like to embed tutoring in the school system because it is recognised as an effective way to address low attainment. However, some of the stakeholders we consulted raised concerns about the long-term financial sustainability of tutoring and mentoring, given the pressures on school budgets.

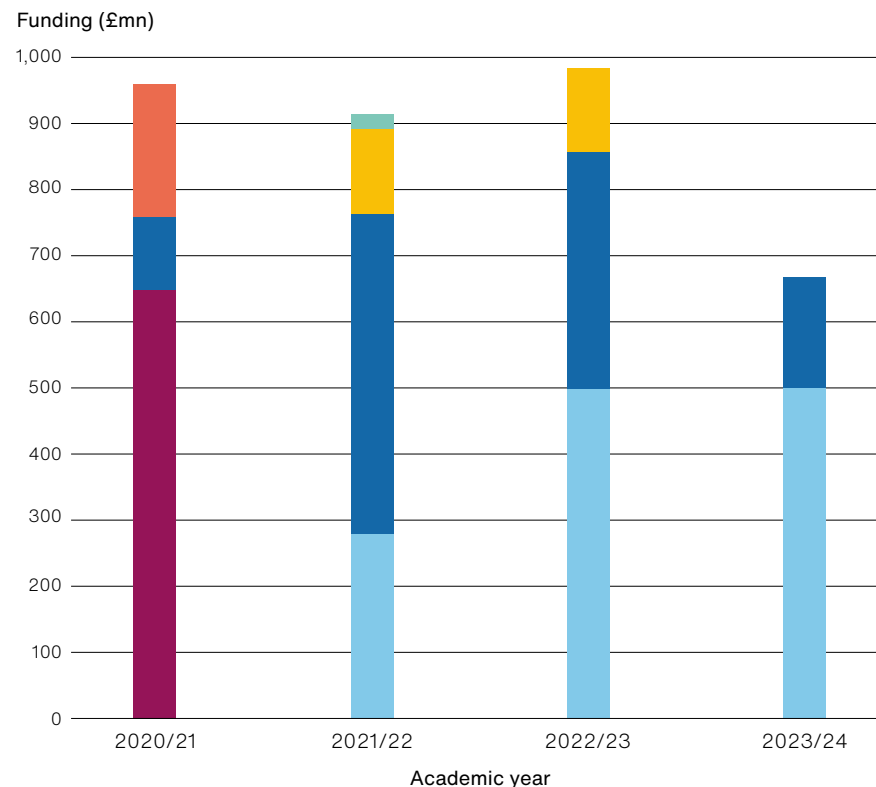
Note

1 Funding figures are not adjusted for inflation.

Source: National Audit Office analysis of: UK government announcements; HM Treasury, *Autumn Budget and Spending Review 2021*, HC 822, October 2021; and Department for Education data

Funding for education recovery in schools, 2020/21 to 2023/24

Funding for education recovery decreases after 2022/23



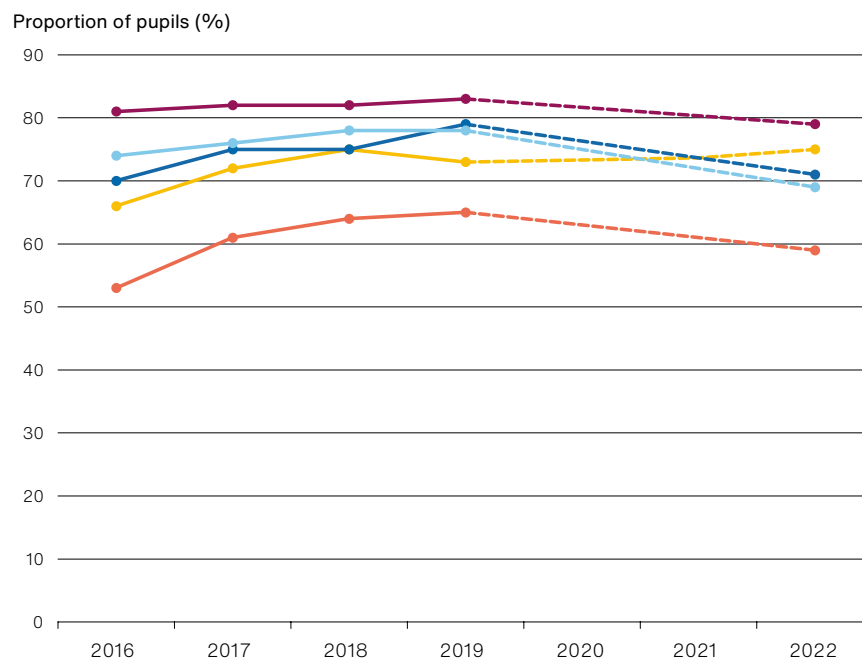
	2020/21	2021/22	2022/23	2023/24
Accelerator Fund	0	22	0	0
Summer schools	200	0	0	0
Teacher training and development	0	127	126	0
National Tutoring Programme	109	485	359	168
Recovery premium	0	280	500	500
Catch-up premium	650	0	0	0
Total (£mn)	959	914	985	668

Part Four • Findings from recent National Audit Office work

Education recovery from the COVID-19 pandemic *continued*

Proportion of pupils meeting the Department for Education's expected standard at the end of primary school, 2016 to 2022

In 2022, the proportion of pupils reaching the expected standard dropped to below 2017 levels for most subjects



● Science	81	82	82	83	-	-	79
● Writing	74	76	78	78	-	-	69
● Maths	70	75	75	79	-	-	71
● Reading	66	72	75	73	-	-	75
● Reading, writing and maths	53	61	64	65	-	-	59

- Notes**
- Figures for 2022 are based on revised data. Figures for other years are based on final data.
 - Dashed lines indicate that data are not available for 2020 and 2021 as assessments were cancelled in these years due to the COVID-19 pandemic.
 - Includes all schools with pupils eligible for assessment at the end of primary school (Key Stage 2). Participation by independent schools is voluntary so the figures include results from independent schools that chose to submit data.

Source: National Audit Office analysis of Department for Education data

Our report found that DfE has made some progress in addressing pupils' learning loss but this has been inconsistent. Research commissioned by DfE showed that, by summer 2021, learning loss had reduced for most pupils. The Key Stage 2 tests of pupils in their final year of primary school in 2022 indicated significant drops in attainment. For 2023, available data show attainment increased slightly in maths, writing and science but fell in reading – all by two percentage points or less.

The gap in attainment between disadvantaged pupils and other pupils has grown since 2019. Learning loss for disadvantaged pupils has followed a similar pattern to that for all pupils, but the extent of the loss has been consistently greater. The 2022 Key Stage 2 tests also indicated that the gap between disadvantaged pupils and other pupils at the end of primary school had widened since 2019.

DfE set out to focus the NTP on the quarter of children who are classified as disadvantaged, although schools are free to choose which children would benefit most from support. Disadvantaged pupils were more likely to receive tutoring in 2021/22 than other pupils – around half the pupils receiving tutoring were disadvantaged.

We also reported a correlation between the proportion of days pupils were absent from school and estimates of their learning loss. Pupil absence has remained higher than before the COVID-19 pandemic, for all pupils and for disadvantaged pupils. In the autumn and spring terms of 2021/22, the average absence rate was 7.4% for all pupils and 10.4% for disadvantaged pupils. Subsequent data published by DfE show that absence rates for 2022/23 were 7.3% for all pupils and 10.9% for disadvantaged pupils.

In July 2023, in response to an [NAO recommendation](#), DfE published [data on how schools' finances changed throughout the COVID-19 pandemic](#), concluding that school finances became relatively healthier in aggregate.

Part Four • Findings from recent National Audit Office work

School buildings

In January 2023, there were 21,600 state schools in England, educating 8.4 million pupils. These schools have around 64,000 buildings, which vary in age and design. Overall, the condition of the school estate is declining, with safety concerns about some types of buildings.

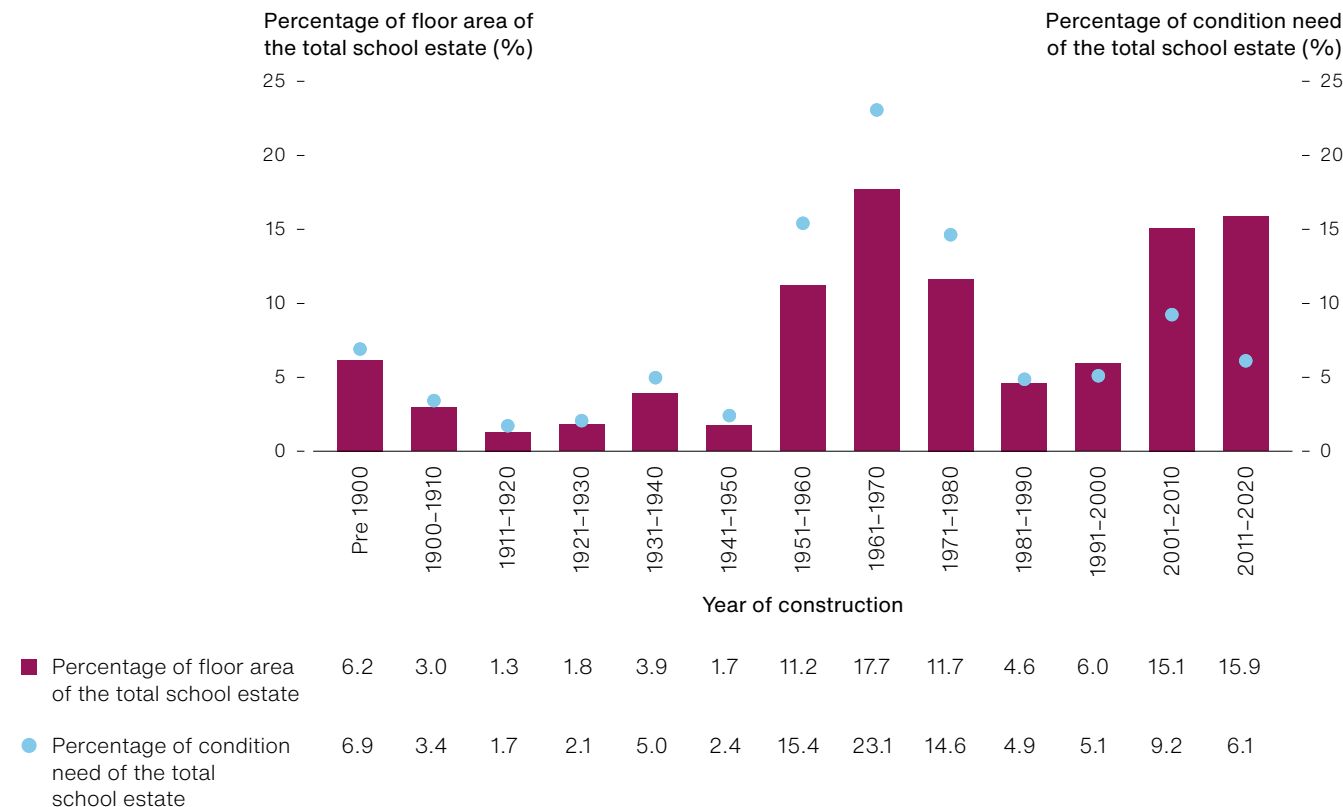
The 'responsible body' in control of the school, usually the local authority, academy trust or voluntary-aided body, must manage its buildings and ensure they are safe. As DfE has overall responsibility for the school system in England, it has ultimate accountability for securing value for money from the funding provided to schools, including for school buildings. DfE has a clearly articulated principle to rebuild schools in the worst condition while allocating enough funding to allow responsible bodies to maintain the rest of the school estate.

Our June 2023 report *Condition of school buildings* found that DfE does not have a full understanding of estate management capability across responsible bodies, which could make it difficult to target guidance and support. However, it has a range of initiatives to support the sector including a comprehensive and well-regarded online manual and a small but expanding programme to provide academy trusts dedicated support from capital advisers.

We reported that around 24,000 school buildings are beyond their estimated initial design life so generally require more maintenance than newer buildings. Buildings can normally be used beyond their initial design life with adequate maintenance, but can be more expensive to maintain and, on average, have poorer energy efficiency leading to higher running costs.

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

Part Four • Findings from recent National Audit Office work

School buildings *continued*

Average condition need per pupil by local authority area, 2020

Average condition need per pupil is highest in the East and West Midlands, and generally lower in the South

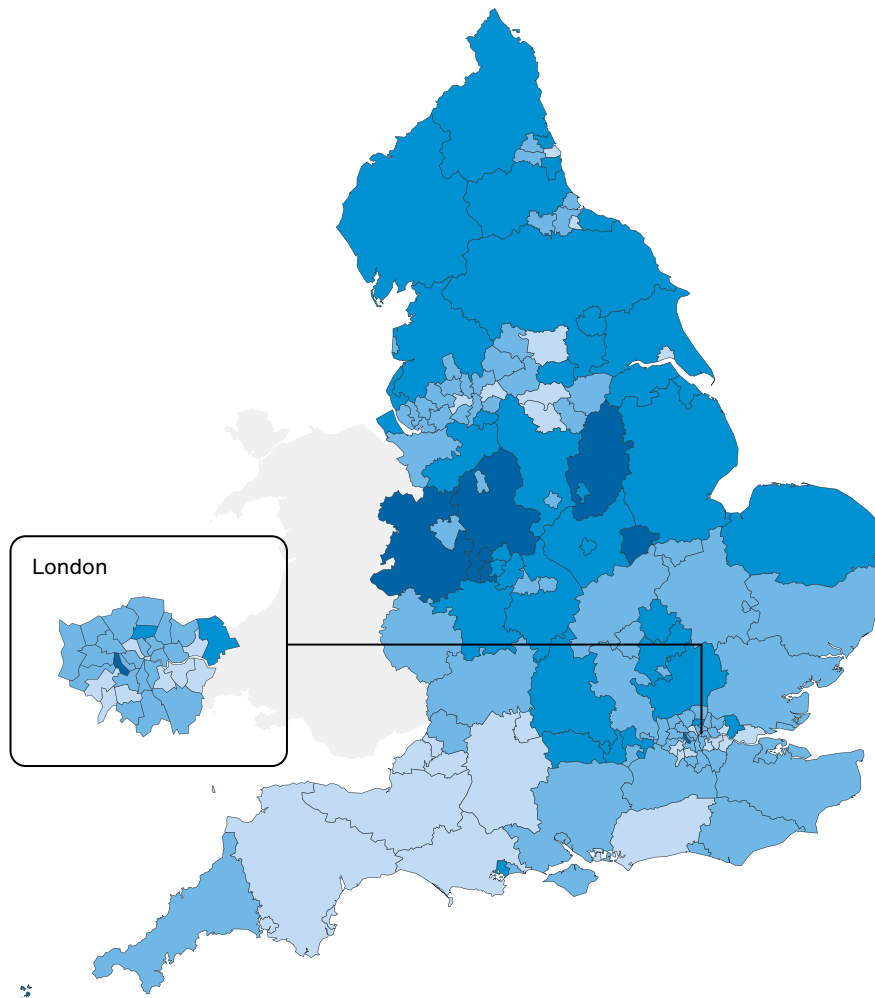
Average condition need per pupil (number of local authorities)

- £0.00 – £499.99 (0)
- £500.00 – £999.99 (30)
- £1,000.00 – £1,499.99 (75)
- £1,500.00 – £1,999.99 (39)
- £2,000.00 or more (8)

Notes

- 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 (DfE's) 2017 to 2019 Condition Data Collection programme (CDC1). The map therefore shows the average cost per pupil to restore school buildings to a good condition.
- 2 The average cost per pupil is calculated based on DfE's modelled cost data from CDC1 and school census data from January 2019. The school census data include state-funded nursery, primary and secondary schools, special schools and pupil referral units.
- 3 The map is based on counties and unitary authorities (upper-tier local authorities) as at December 2018.
- 4 The '£2,000.00 or more' band includes the Isles of Scilly, which has only one state-funded secondary school. The '£500.00 – £999.99' band includes the City of London, which has only one state-funded primary school.

Source: National Audit Office analysis of Department for Education data and 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 2018



Since we last examined this topic in 2017, DfE has enhanced its insights on the general condition of school buildings. 'Condition need' – the modelled cost of bringing buildings up to a good standard of repair – varies significantly across local authorities.

Although DfE has made progress on condition information, it currently lacks comprehensive information on the extent and severity of potential safety issues. Since summer 2021, DfE had assessed the threat to safety in school buildings as a critical risk and did not consider its existing mitigations as sufficient to bring the likelihood of this risk materialising down to acceptable levels. Around 700,000 pupils were learning in a school that the responsible body or DfE believes required major rebuilding or refurbishment.

DfE recognises three structural issues that may generate safety risks across the school estate: reinforced autoclaved aerated concrete (RAAC); system-built buildings; and asbestos. It sees RAAC as the greatest risk to safety. In March 2022, DfE sent all responsible bodies a questionnaire to understand whether they had carried out work to identify RAAC, focusing on getting responses from around 14,900 schools with buildings constructed between 1930 and 1990. Where RAAC was potentially identified, DfE would ensure a specialist would visit to assess its presence and condition, having allocated £6 million to undertake 600 assessments by December 2023.

Since our report, and following its announcement on 31 August 2023 changing its guidance, DfE has committed to publishing regular updates on progress receiving questionnaire responses, undertaking surveys and the number of schools with confirmed RAAC.

Part Four • Findings from recent National Audit Office work

Environmental sustainability

Education is the public sector's largest emitter of carbon from buildings, contributing 37% to public sector emissions with 13% from state primary schools, 11% from state secondary schools and 13% from universities.

In April 2022, DfE published an ambitious *Sustainability and Climate Change Strategy* (2022–2030). We reviewed progress in the first year of this in our *Environmental sustainability overview* (June 2023), as well as DfE's capacity to influence sustainable practices across the school estate, and its understanding of climate risk and energy efficiency within schools.

In relation to the school estate, we found that:

- to make the most of the available money, DfE is testing ways to reduce emissions and adapt schools at highest risk of harm from climate change;
- DfE is taking steps to incorporate sustainability by standardising construction of centrally funded new-build schools so that they are net zero in operation – however, these schools will only represent 2% of the estate when complete; and
- DfE is planning to secure additional funding, but does not yet have a clear view of the sector's sustainability position, what interventions offer the best value for money and what it will cost to decarbonise the school estate.

Overall, there is no plan for achieving the scale of decarbonisation across the sector that is needed for DfE to make a proportionate contribution to government's targets to reduce public sector emissions by 75%.

Examples of changes schools have made to reduce carbon emissions and improve energy efficiency

Schools can change equipment, policies and practices to reduce their carbon footprint



Source: National Audit Office review of examples of measures that education settings have taken to improve energy efficiency and reduce carbon emissions, including energy audit reports

Part Four • Findings from recent National Audit Office work

Environmental sustainability *continued*

Our *Environmental sustainability overview* also found that DfE's efforts in the first year of its strategy have focused on setting up internal structures and processes to manage, monitor and deliver a range of initiatives across the education system and within DfE's own operations and education policies. We found it was still developing governance and accountability and was raising awareness of its aims within DfE and the wider sector.

Along with the rest of government, DfE has responsibilities for meeting the *Greening Government Commitments* (GGCs), government's *25 Year Environment Plan*, and forthcoming environmental principles (from November 2023).

The Department for Education's (DfE's) performance against Greening Government Commitments, 2018-19 to 2022-23

DfE has met the targets for waste generation, waste management and water consumption but is yet to meet those for greenhouse gas reductions

Target	Baseline		Performance against baseline (%)				Target (%)
	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	
Reduce overall greenhouse gas emissions by 56% (tCO _{2e})	11,436	4	11	48	44	43	56
Reduce direct greenhouse gas emissions by 36% (tCO _{2e})	1,702	-30	-16	-20	-13	4	36
Reduce the overall amount of waste generated by 15% (tonnes)	725	-38	-32	54	41	36	15
Reduce the amount of waste going to landfill to less than 5% of overall waste (tonnes)	22%	6	5	1	6	3	< 5
Increase the proportion of waste which is recycled to at least 70% of overall waste	59%	83	82	70	72	74	70
Reduce water consumption by at least 8% (m ³)	71,154	-20	-5	19	45	60	8

Notes

- 1 tCO_{2e} stands for tonnes of carbon dioxide equivalent.
- 2 Data cover all bodies in the DfE group.

Source: National Audit Office analysis of data from Department for Education, *Consolidated Annual Report and Accounts 2022-23*

In its *Annual Report and Accounts 2022-23*, DfE summarised its overall performance against the GGCs and shared details of some of the wider steps it had taken.

This included aligning with government's pledge to remove avoidable single-use plastics from its office estate by making efforts to remove, for example, plastic cutlery and cups and ensuring, where possible, that food provided in its catering outlets was local and in season, to minimise harm to the environment.

Part Four • Findings from recent National Audit Office work

Workforce skills

Workers require a range of skills to be productive. Technical skills are particularly important in the workplace because they help workers operate more efficiently and effectively.

Our July 2022 report on *Developing workforce skills for a strong economy* reported that, between 2012 and 2020 (the timeframe for which data were available), the UK experienced slightly lower workforce productivity growth than comparable nations. In its 2017 report *Getting Skills Right: United Kingdom*, the Organisation for Economic Co-operation and Development has highlighted the need for the UK to encourage lifelong learning and promote better skills utilisation, in order to boost growth, productivity and earnings.

Within government, DfE leads on skills policy and is accountable for securing value for money from much of the funding government provides for skills initiatives. In January 2021, it published the *Skills for jobs* white paper. This explained how government would carry out reforms so that the further education system would support people to get the skills that the economy needs throughout their lives, wherever they live in the country.

Our report found that DfE's data indicate that spending on adult education, apprenticeships and other skills programmes has been rising and totalled £3.9 billion in 2021-22. This does not include any element of the £6.2 billion spent on learning for 16- to 19-year-olds, which covers both academic learning and skills training.

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 (£m)	2019-20 (£m)	2020-21 (£m)	2021-22 (£m)
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
Total	3,095.6	3,257.5	3,265.6	3,889.7

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

Part Four • Findings from recent National Audit Office work

Workforce skills *continued*

Our report also found that wider economic and societal changes are creating skills shortages and making the skills challenge more acute. These include the UK's exit from the European Union reducing the supply of workers from member states; the requirement to achieve 'net zero' by 2050; and the increasing proportion of the workforce who are aged over 50.

At the same time, employers' spending on workforce training per employee has fallen and adult participation in government-funded further education and skills training has declined significantly, particularly in disadvantaged areas. The government's measure of the impact of the further education system on productivity fell by 46% from 2012/13 to 2020/21, largely because of the drop in learner numbers.

T levels

T levels are two-year courses, broadly equivalent to three A levels, which offer students practical and knowledge-based learning at a school or college and on-the-job experience through an industry placement.

Introduced in September 2020, the first cohort of students achieved a 92% pass rate in August 2022. The 2023 pass rate was 90.5%, according to provisional data published by DfE. By September 2023, DfE had launched 18 T levels and its aim is for there to be 24 available.

The Infrastructure and Projects Authority reported the delivery confidence of the T level programme as 'red' in 2022-23, meaning that successful delivery of the project appears to be unachievable. Ofsted also reported in July 23 that "There remains considerable work to do to improve the quality and effectiveness of T-level courses, to make sure that they fulfil their potential and can be offered at scale."

In October 2023, the government announced long-term proposals to replace A levels and T levels with a single new qualification.

Lifelong Learning Entitlement

From 2025, the Lifelong Learning Entitlement (LLE, previously known as the Lifelong Loan Entitlement) will replace the two existing systems of publicly funded higher education student finance loans and Advanced Learner Loans.

DfE's ambition is that the LLE will transform access to further and higher education, allowing everyone access to the equivalent of four years' worth of student loans to use flexibly on quality education and skills training up to the age of 60. The Office for Students (OfS) expects to consult on the development and introduction of a new third registration category for providers offering LLE-funded courses and modules.

A House of Commons Library briefing reported that "questions have been raised about the demand for the LLE and whether it will increase lifelong learning. The potential additional regulatory burden and costs to providers have also been highlighted at a time when the financial sustainability of the further and higher education sectors is under strain".

DfE has acknowledged that meeting its 2025 delivery target is risky, largely because of the complexity of the project and lack of flexibility in the timetable.

Part Four • Findings from recent National Audit Office work

Cross-government working

DfE must work with other government departments to achieve many of its objectives, as well as contributing to cross-government priorities such as net zero and vulnerable families. For example:

- Our July 2022 report on *Developing workforce skills for a strong economy* explained that DfE has a priority outcome objective to “drive economic growth through improving the skills pipeline, levelling up productivity and supporting people to work”. To achieve this outcome, DfE needs the support of other parts of government, including four other government departments.
- As set out in our November 2022 report *Support for vulnerable adolescents*, DfE has a cross-cutting priority outcome objective to “support the most disadvantaged and vulnerable children and young people through high-quality education and local services so that no one is left behind”. There are six other departments which support this outcome and have policies and programmes designed to support vulnerable children, including adolescents.

In July 2023, we published *Lessons learned: cross-government working* and an associated [good-practice guide](#). Between them, these reports set out questions to consider, what good looks like and common pitfalls when considering cross-government working. A DfE-led cross-government data-sharing project is included as a good-practice example of delivering cross-government working. We described this in our report on support for vulnerable adolescents:

“DfE and the Ministry of Justice shared data in 2020 to understand the educational and children’s social care background of children who have been cautioned or sentenced for an offence. The DfE told us that the data-sharing exercise with MoJ helped it to understand the characteristics of adolescents involved in serious violence, including the link between low school attendance and involvement in serious violence. It was used as evidence to inform the development of the SAFE programme, which aims to reengage in education those children at risk of serious youth violence.¹ The cross-government data-sharing project also includes plans to link the national pupil database with four health data sets, as well as to explore the feasibility of linking the police national computer database with Home Office crime data.”

Note

¹ SAFE stands for Support, Attend, Fulfil, Exceed.

Our report on support for vulnerable adolescents also found that:

- two recent independent reviews of new multi-agency safeguarding arrangements found that while there has been some progress, arrangements are disjointed, fragmented and not yet fit for purpose;
- local bodies implementing policies led by different departments are navigating complex requirements, which can lead to confusion at the local level; and
- while departments work together on programmes and initiatives there is no overall strategic assessment of whether vulnerable adolescents’ needs are being addressed.

Part Five • Looking ahead

Things to look out for



Extending early years childcare entitlements

In the *Spring Budget 2023*, government announced plans to extend subsidised early years childcare to encourage more parents back to work. This will extend eligibility to around 925,000 children between April 2024 and September 2025 and double annual expenditure from a forecast of £3.9 billion in 2023-24 to around £8 billion in 2027-28.

The IFS found that government currently pays around 50% of the total childcare costs through its entitlements, with the rest paid by parents. Widening eligibility means that the taxpayer will be funding 80% of childcare costs. The early years sector is concerned about the impact of the proposed changes on childcare services.

Look out for: how the sector and parents respond to the roll-out, and our upcoming [value-for-money report](#) assessing DfE's preparedness to achieve value for money in introducing these reforms.



Ofsted's education inspection framework (EIF)

Ofsted published [plans to evaluate its EIF](#) from 2023. It will seek to understand the impact of the framework on those inspected as well as the value for stakeholders. The evaluation will cover early years, schools, and further education and skills. Sir Martyn Oliver will become the new Chief Inspector from 2024.

Look out for: how the new Chief Inspector will take forward his agenda, and early findings from the evaluation.



Further education finances

The IFS notes that the financial health of further education and sixth-form colleges is in a difficult position. Unlike schools, they did not receive any extra funding in the 2022 Autumn Statement to help address rising cost pressures. The IFS reported that, in the next few years, they will also face rising student numbers and a rapidly changing qualifications landscape.

In November 2022, the Office for National Statistics reclassified further education colleges as public sector bodies. As such, they will be subject to central government guidance, such as the financial management framework and on senior pay. The reclassification may require around 230 college accounts to be consolidated, which will require additional reporting to align year ends. Policy discussions around what this will look like are ongoing and may result in some form of further education sector-based reporting.

Look out for: any changes to college funding and further details on arrangements for financial reporting, and how the impact of these will be managed.

Things to look out for *continued*



Special educational needs and disabilities (SEND)

In March 2023, DfE published its [*SEND and Alternative Provision Improvement Plan*](#), setting out how it will change the system in England.

The plan has been cautiously welcomed by those across the sector, but implementation will take time. DfE's [*implementation roadmap*](#) shows that it plans to put changes into effect by the end of 2025.

DfE's annual report recognises the risk that, despite additional funding, high-needs costs continue to outstrip funding, which will make the system unsustainable.

Look out for: how DfE takes forward its plans, particularly progress in meeting its commitments.



Children's social care

In May 2022, the Independent Review of Children's Social Care published its final report concluding that "without a dramatic whole system reset, outcomes for children and families will remain stubbornly poor". Government responded in February 2023 with an [*implementation strategy and consultation – Stable Homes, Built on Love*](#) – designed to shift the focus onto more early support for families and to reduce the need for crisis response at a later stage. DfE also reported in its annual report that, as at March 2023, failure of the looked-after children placement market was a 'very likely' risk with a 'critical' impact.

In July 2023, DfE launched a new £45 million *Families First for Children* pathfinder programme in up to 12 local areas in England, to test a new Family Help Service to provide "intensive multi-disciplinary support" to families and changes to child protection arrangements. DfE also plans to test new ways for local authorities to commission care places through regional care cooperatives and develop a financial oversight regime for care providers.

Look out for: how local authorities involved in the pathfinder implement changes.