Funding for education at all levels in England is provided by central government through the Department for Education (DfE) [1]. Arrangements for transmission of this funding to providers vary by phase of education (early childhood and school education [2], higher education [3], and adult education and training [4]).

Early childhood and school education

The Education and Skills Funding Agency (ESFA) [5], an executive agency of the Department for Education, is the single agency in England accountable for funding education and skills for children, young people and adults. Its remit does not include higher education [6].

Via the ESFA, central government:

- provides local authorities (LAs) [7] with funds to support early years education and maintained schools [8]
- directly funds academies [9]

Education is free of charge for all pupils attending maintained schools and academies from age 4 to age 16.

Education is also free of charge for all full-time students aged 16 to 19 in schools (maintained schools and academies) and further education institutions (excluding those on higher education programmes).

Local authorities (LAs) receive funding from central government to support the provision of free early years provision. This includes:

- 15 hours per week for disadvantaged 2-year-olds
- 15 hours per week for all 3- and 4-year olds (the universal entitlement)
- 15 hours of additional provision for eligible working parents of 3- and 4-year-olds (the extended entitlement).

This government-funded provision is available for 38 weeks of the year. Parents may extend provision by paying for additional hours of care for their child.

Government-funded early years provision is available from a wide variety of providers, including nursery schools [12] and nursery classes in maintained primary schools [13] and academies. Places are also available in children’s centres [14] and in private and voluntary settings, such as day nurseries [15], playgroups and registered childminders, which are supported by government funding subject to
meeting certain requirements.

Fee-paying independent schools [16] do not receive public funding. In January 2019 [17], of the 24,323 schools in England, 2319 were independent schools.

**Note about the ESFA:** The ESFA was formed in April 2017 from the Education Funding Agency and the Skills Funding Agency. The Education Funding Agency was previously responsible for providing revenue and capital funding for all learners from age 3 to 19 (and up to age 25 for those with learning difficulties and disabilities). The Skills Funding Agency had responsibility for allocating funding for post-19 education and training (excluding higher education).

**Higher education**

Higher education institutions (HEIs) [18] in England receive funding from a variety of public and private sources.

Public funding for teaching in higher education is distributed through the Office for Students (OfS) [19].

Grant funding for research and knowledge exchange is distributed through Research England [20], a council within UK Research and Innovation (UKRI) [21]. In addition, the direct costs of specific research projects are funded by UKRI, which brings together the seven Research Councils in the UK, Innovate UK [22] and Research England. UKRI is principally funded through the Government’s science budget [23], administered through the Department for Business, Energy and Industrial Strategy (BEIS) [24].

An increasingly large part of funding for HEIs now comes from private sources, specifically student tuition fees. Students are able to apply for loans to pay tuition fees and for maintenance (living costs) whilst studying.

**Adult education and training**

The ESFA is responsible for allocating funding for education and training for adults aged 19+. It does this in accordance with the strategy and priorities set by the DfE.

Public funding for adults aged 19+ is available to allow them to:

- gain nationally recognised technical or professional qualifications
- help them improve their skills to make a successful transition into the labour market, and gain English and maths qualifications where appropriate
- undertake traineeships or apprenticeships (available from age 16)
- participate in community learning, which is usually unaccredited and enables adults of all ages to acquire new skills.

Funded programmes are delivered by a wide range of providers including employers and training providers, but further education (FE) colleges [25], which are non-profit private corporations, are at the centre of the sector.

Different funding arrangements apply depending on the programme or qualification and age of the learner. Some courses are fully government-funded for some learners; others may be co-funded by government, with providers receiving additional income from tuition fees, or from contributions from employers.

**Note about the ESFA:** The ESFA was formed in April 2017 from the Education Funding Agency and the Skills Funding Agency. The Skills Funding Agency was previously responsible for allocating funding
for education for adults aged 19+, and for apprenticeships and traineeships available from age 16. The Education Funding Agency had responsibility for providing revenue and capital funding for learners from age 3 to 19 (and up to age 25 for those with learning difficulties and disabilities).

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