

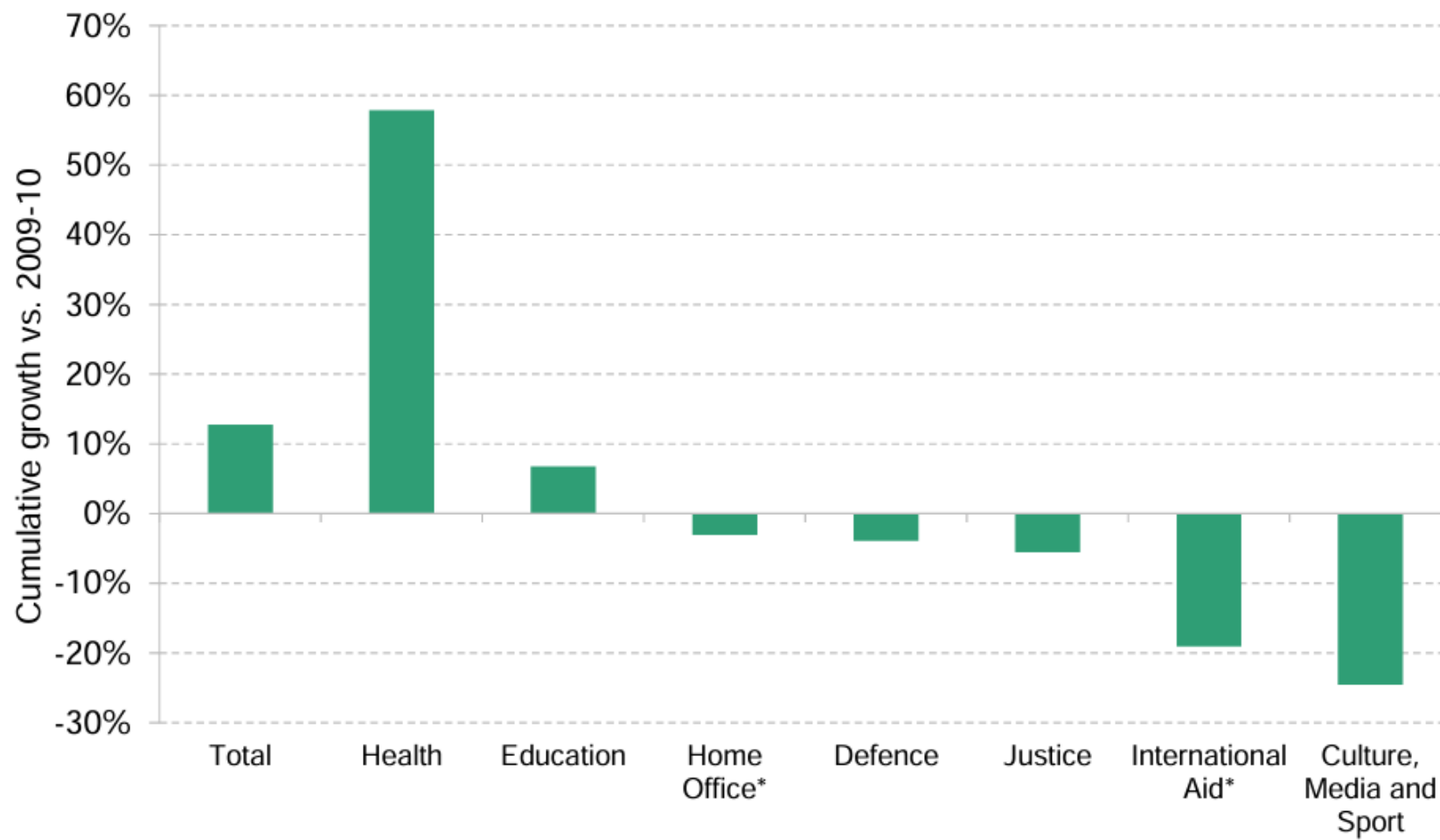
The Political Outlook

SAM FREEDMAN, JUNE 2025

Money

Since 2010...

Cumulative real-terms growth in day-to-day spending by selected departments, 2009–10 to 2028–29

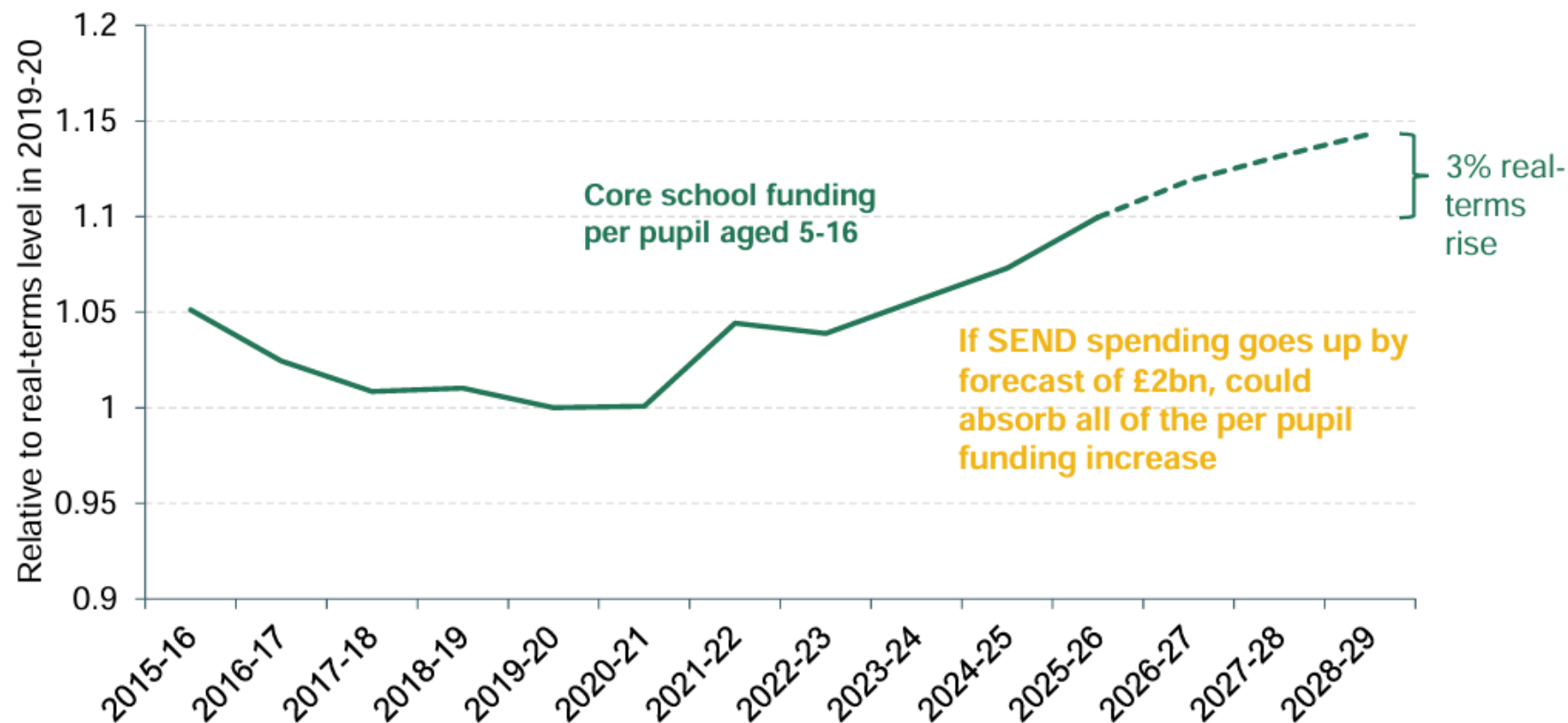


*International aid includes capital spending; Home Office is since 2010-11 due to changes in classification; defence here refers only to the Ministry of Defence

Absent reform, SEND could absorb most of the school spending rise



Change in school funding per pupil aged 5-16 (relative to 2019-20)

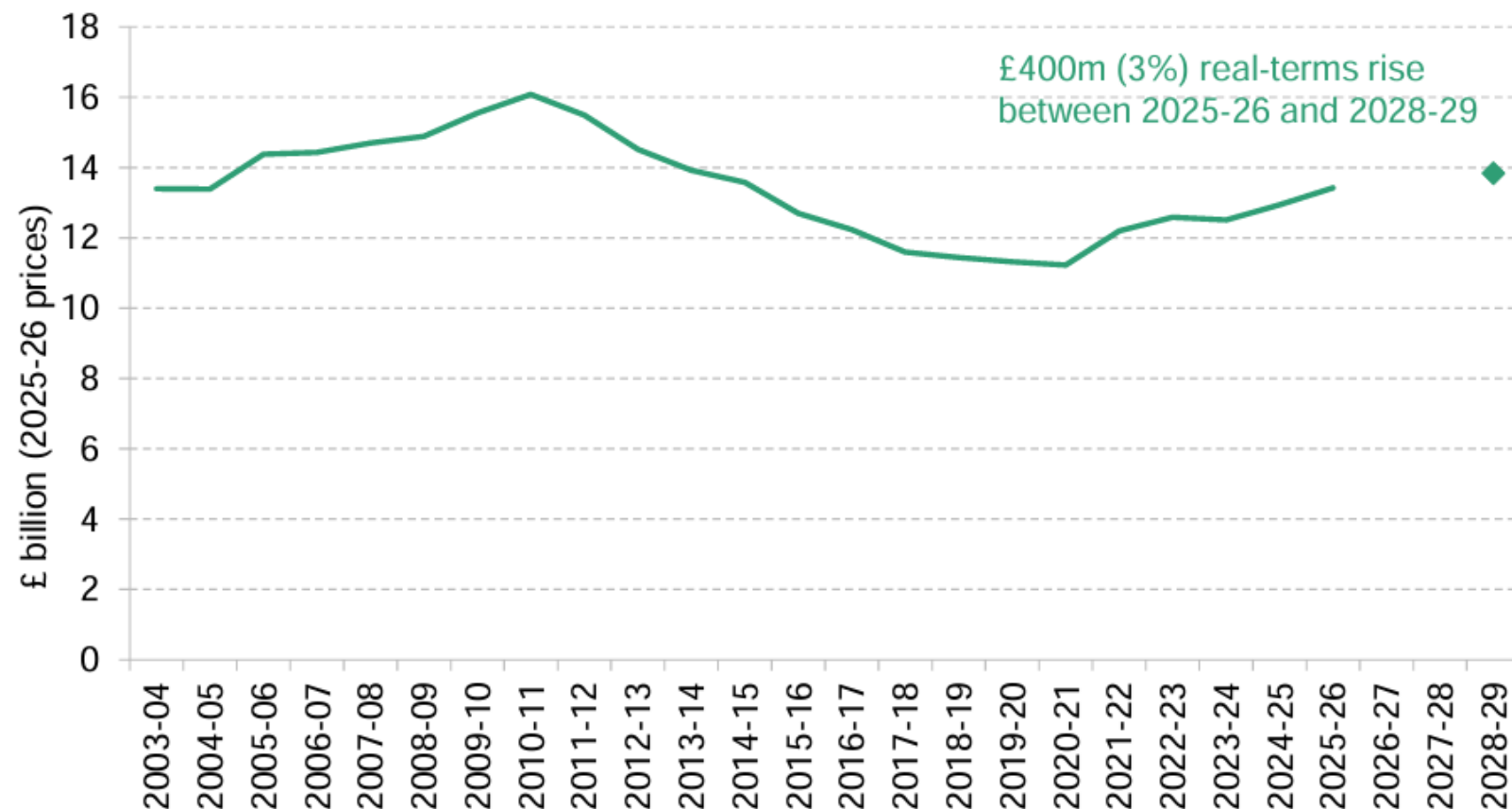


Note: Core school funding taken from [School Funding Statistics](#) and [Spending Review 2025](#) (together with announced teacher pay grant of £615m for 2025-26; High-needs spending taken [Sibieta and Snape \(2024\)](#); Pupils numbers from [Pupils, Schools and their Characteristics](#), [DfE Pupil Forecasts](#) [ONS population projections](#), and [March 2025 GDP deflators](#).

Real-terms boost to FE and skills



Total spending on further education and skills



Note: Total spending on further education and skills is the sum of spending on 16-19 education, adult skills (mainly through the Adult Skills Fund) and apprenticeships. We calculate total spending figures based on figures for 16-19 education, adult skills and apprenticeships for 2003-04 to 2025-26 taken from [Drayton et al \(2025\)](#) and [Sibieta et al \(2025\)](#), projections based on [Spending Review 2025](#) and using [March 2025 GDP deflators](#).

Table 5: Summary of aggregate financial data from providers

Aggregate financial data	2022-23 (actual)	2023-24 (actual)	2024-25 (forecast)	2025-26 (forecast)	2026-27 (forecast)	2027-28 (forecast)
Total income (£M)	44,693	46,805	47,828	50,152	52,667	55,086
Surplus/(Deficit) (£M)	1,289	809	295	1,067	1,593	1,995
Surplus/(Deficit) as a % of total income	2.9%	1.7%	0.6%	2.1%	3.0%	3.6%
Cash flow from operating activities (£M)	2,845	1,452	2,044	3,071	3,968	4,489
Cash flow from operating activities as a % of total income	6.4%	3.1%	4.3%	6.1%	7.5%	8.1%
Net liquidity (£M)	16,476	14,864	12,842	12,424	12,457	12,965
Net liquidity as a % of total expenditure	38.0%	32.3%	27.0%	25.3%	24.4%	24.4%
External borrowing (£M)	13,343	13,290	13,516	13,744	13,989	13,849
External borrowing as a % of total income	29.9%	28.4%	28.3%	27.4%	26.6%	25.1%

Data source: OfS AFR.

Note: 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.

Table 12: Full-time undergraduate entrants by domicile, 2023-24 to 2027-28

Full-time undergraduate entrants (FTE)	2023-24 (actual)	2024-25 (forecast)	2025-26 (forecast)	2026-27 (forecast)	2027-28 (forecast)	Forecast change 2023-24 to 2027-28 (FTE)	Forecast change 2023-24 to 2027-28 (%)
Total	492,594	537,899	559,980	591,222	616,735	124,141	25.2%
UK	398,941	438,209	454,379	478,521	499,000	100,059	25.1%
Non-UK	93,653	99,690	105,601	112,701	117,735	24,082	25.7%

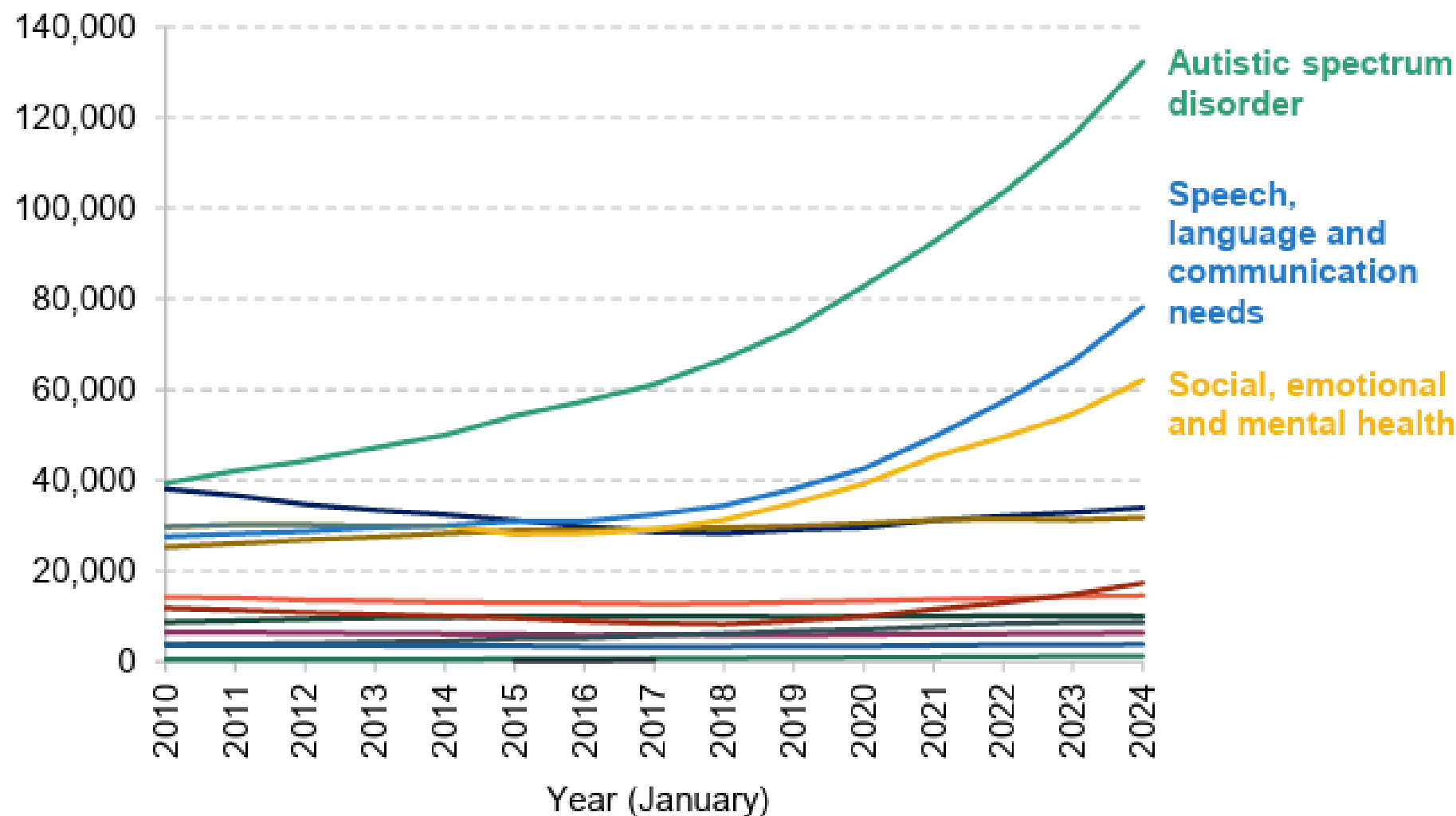
Data source: OfS AFR.

Policy

Schools

- Curriculum review – additional focus on technology and financial literacy?
- Curriculum review – reduction in GCSEs? End of the Ebacc?
- Curriculum review – BTECs and post-16 qualifications
- White paper – SEND reform
- White paper – white working-class boys?
- White paper – an overall vision for the system?

Figure 2. Pupils with statements of SEN or EHCPs, by primary type of need



Skills and FE

- Post-16 qualification landscape – T-levels (2% take up, high drop out), other level 3, level 2?
- Apprenticeship reforms – 12 to 8 months, more design flexibility, foundation apprenticeships
- Growth and Skills Levy – unclear on expansion to non-apprenticeship courses, cuts to Level 7 for over 21s, serious issue for some employers.
- Still questions over apprenticeship quality, misuse by some employers and high drop out rates
- Lifelong learning entitlement
- White paper due – pull all this together into a coherent strategy?

HE

- UK student numbers static: largely due to fall in value of maintenance loans
- International student numbers down: changes to visa rules for dependents
- Most HE providers looking at cost reductions – some in serious trouble
- Inflation-linking tuition fees? More intervention in the market?
- Levy on immigrant students?
- AI and cheating

Devolution

- Mayors already have the adult skills budget
- 16-19 budget too? Oversight powers over schools?
- A role in coordinating universities + FE?