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Mr Peter Lauener  
Chief Executive, Skills Funding Agency  
Cheylesmore House  
Quinton Road  
Coventry  
CV1 2WT

14 March 2017

Dear Peter

## **SKILLS FUNDING AGENCY (SFA) PRIORITIES AND FUNDING FOR THE 2017 TO 2018 FINANCIAL YEAR**

This letter sets out the funding available for apprenticeships, adult further education and skills for 2017-18. The annex sets out in more detail the funding for the 2017-18 financial year.

In the 2016-17 Skills Funding Letter we set out the government's adult skills priorities and funding for the forthcoming year. We remain committed to these priorities and expect delivery to continue to focus on supporting our further education aims. We have already set out in detail the changes to apprenticeship funding policy from May 2017 in public policy announcements and in the update to funding rules. We are retaining our commitment to maintaining funding for the Adult Education Budget.

As you will recall, last year's Skills Funding Letter (<https://www.gov.uk/government/publications/skills-funding-letter-april-2016-to-march-2017>) reflected a positive position for adult skills funding, and the government's commitment to adult skills. The annex sets out in more detail the funding for the 2017-18 financial year. It also provides indicative funding levels for 2018-19 and 2019-20, to help the sector plan however, as in previous years, these may be subject to change and will be confirmed in due course.

For 2017-18, we are investing:

- £1.9bn to fund participation in apprenticeship training for all ages;
- £1.5bn to support participation in adult further education through the Adult Education Budget;
- £325m available for provision at Levels 3 to 6 through Advanced Learner Loans.

The budget for the Offender Learning and Skills Service was transferred to the Ministry of Justice in October 2016 following a Machinery of Government change. Both departments remain determined to maintain articulation between the adult skills system and the prison education system given the movement between the two by offenders.

I leave it to you and your team to continue the implementation of our high level priorities. Please continue to work with the Department in developing government funding policies and to make arrangements for monitoring progress and resolving any issues as they arise. I would like to thank you and your team for all that you have done over the past year and look forward to our continued progress going forward.

We are committed to investing in and strengthening the FE sector and are in the process of exploring opportunities to further build upon the important reforms already in train. I will write to update you of the government priorities for the sector once this work is complete.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Robert Halfon', with a small mark at the end.

**ROBERT HALFON**  
**Minister of State for Apprenticeships and Skills**

## Annex – Funding Table

The finance table shows the funding available for the 2017-18 financial year and indicative projections for 2018-19 and 2019-20 (actual budgets will be set out in due course).

|          |  | Baseline<br>2016-17<br>£000's | Funding<br>2017-18<br>£000's | Indicative        |                   |
|----------|--|-------------------------------|------------------------------|-------------------|-------------------|
|          |  |                               |                              | 2018-19<br>£000's | 2019-20<br>£000's |
|          | <b>DfE Core Teaching &amp; Learning</b>    |                               |                              |                   |                   |
| <b>1</b> | 16-18 Apprenticeships                      | 732,000                       | 788,000                      | 849,000           | 906,000           |
|          | 19+ Apprenticeships                        | 926,019                       | 1,076,004                    | 1,246,996         | 1,422,999         |
| <b>2</b> | Adult Education Budget                     | 1,494,000                     | 1,503,000                    | 1,511,000         | 1,512,000         |
|          | <b>TOTAL: Core Teaching &amp; Learning</b> | <b>3,152,019</b>              | <b>3,367,004</b>             | <b>3,606,996</b>  | <b>3,840,999</b>  |
| <b>3</b> | Advanced Learner Loans                     | 260,000                       | 325,000                      | 440,000           | 480,000           |
|          | <b>TOTAL: Teaching &amp; Learning</b>      | <b>3,412,019</b>              | <b>3,692,004</b>             | <b>4,046,996</b>  | <b>4,320,999</b>  |
| <b>4</b> | Offender Learning & Skills Service         | 130,350                       | 130,350                      | 130,350           | 130,350           |
|          | <b>Funding to Support</b>                  |                               |                              |                   |                   |
| <b>5</b> | 16-18 Apprenticeships                      | 71,500                        | 66,000                       | 61,000            | 59,000            |
|          | 19+ Apprenticeships                        | 79,000                        | 80,000                       | 74,000            | 62,000            |
| <b>6</b> | Adult Education                            | 311,324                       | 259,921                      | 192,809           | 177,427           |
|          | <b>TOTAL: Funding to Support</b>           | <b>461,824</b>                | <b>405,921</b>               | <b>327,809</b>    | <b>298,427</b>    |
|          | <b>GRAND TOTAL</b>                         | <b>4,004,193</b>              | <b>4,228,275</b>             | <b>4,505,155</b>  | <b>4,749,776</b>  |

### **1 – Apprenticeships**

This funding will support high quality apprenticeship training for individuals aged 16 and over. Funding for the Apprenticeships Grant for Employers is included in line 5.

### **2 – Adult Education Budget**

Includes all participation and support funding for Adult Education (including additional funding for the Youth Obligation), but does not include funding from apprenticeships, advanced learner loans and the European Social Fund. This funding's principal purpose is to engage adults and provide the skills and learning they need to equip them for work, an apprenticeship or further learning.

### **3 – Advanced Learner Loans**

These loans are available to those aged 19 and above studying technical and professional qualifications at levels 3 to 6.

### **4 – Offender Learning and Skills Service**

This budget was transferred to the Ministry of Justice in October 2016 following a Machinery of Government change but is shown here for completeness. This funding provides maths and English, vocational and employability skills and includes information, advice and guidance for those in custody.

## **5 – Funding to support Apprenticeships**

This funding will support activities which help deliver our reform programme and the growth in apprenticeships. It includes funds for the Apprenticeship Grant for Employers.

## **6 – Funding to support the Adult Education Budget**

This funding will support: National Careers Service, quality improvement, data collection and management, and financial support for learners and funding for community learning mental health pilots.