



Department
for Education

Devolved areas post 16 capacity funding: 2025 to 2030

Memorandum of Understanding

May 2026

Contents

Contents	2
Summary	3
Memorandum of understanding	4

Summary

This publication provides the generic memorandum of understanding used between the Secretary of State for Department of Education and strategic authorities who received devolved funding for creating capacity for post-16 mainstream education (for 16- to 19-year-olds) for 2025 to 2030.

Memorandum of understanding

MEMORANDUM OF UNDERSTANDING

BETWEEN

SECRETARY OF STATE FOR DEPARTMENT FOR EDUCATION

and

[XX XX Authority]

for [2025-2030]

for creating capacity for post-16 mainstream education (for 16- to 19-year-olds).

Memorandum of understanding between the Department for Education (DfE) represented by [INSERT NAME] and [INSERT NAME of XX XX Authority (Acronym)].

1. Purpose

- 1.1 The Secretary of State for Education has determined under Section 31 of the Local Government Act 2003 that a Grant of £XX,000,000 should be paid to the [Acronym] (the “Recipient”). The Recipient is the Combined Authority for the [Full name of Area] (the [“Acronym Area”]), which comprises the local authority areas of [INSERT ALL CONSTITUENT COUNCILS] (together the [“Acronym] Constituent Councils”) The Grant Determination Reference is [MHCLG REF].
- 1.2 The MOU provides a framework for the DfE and [Acronym] to formalise the working relationship and expectations relating to the Grant payment of £XX,000,000.
- 1.3 This Grant will support the Recipient in delivering sufficient capacity to accommodate 16- to 19-year-olds to learn in the [Acronym] Area for which the Recipient has responsibility. It also offers an opportunity for the department to understand new approaches to meeting capacity need in local areas.

2. Legal Status

- 2.1 This arrangement has no legal status under English Law or any other law and cannot be construed as a contract or grant agreement in the sense of a legally binding agreement between the Secretary of State for Education (the “Secretary of State”) and the [Acronym], (the “Parties”) which is enforceable in the courts. Nevertheless, both Parties intend to comply with its provisions.
- 2.2 Neither Party will be authorised to act in the name of, or on behalf of, or otherwise bind the other Party, save as expressly permitted by the provisions of this arrangement. This MOU is not intended to be legally binding, and no legal obligations or legal rights shall arise between the Parties from the provisions of the MOU. The Parties enter into the MOU intending to honour all their obligations.

3. Definitions

3.1 In this MOU the following terms shall have the following meanings:

- i) Commencement Date: This MOU takes effect when it is signed on behalf of the Secretary of State.
- ii) The Recipient: [XX XX Authority (“Acronym”)] that receives the Grant funding and signs this MOU.

- iii) The lead department: the Department for Education (DfE)
- iv) Eligible Expenditure: payments made by the Recipient or any person acting on behalf of the Recipient during the Grant Period in carrying out the Programme.
- v) Grant: the capital amounts as listed in the Grant Determination Letters (Grant Determination Reference [MHCLG REF]) sent to the Recipient in accordance with this MOU.
- vi) Grant Period: the period for which the Grant is awarded starting on the Commencement Date and ending on 31 March 2030.
- vii) Programme: the post-16 capacity fund programme and its objectives as described in para 4.1 a) and in Annex A.
- viii) Comptroller and Auditor General: the officer of the House of Commons responsible for supervising the quality of public accounting and financial reporting who leads the National Audit Office.

4. About the Grant

4.1 The Secretary of State has determined that the Grant be paid based on the understanding that:

- a) Funding should support the following objectives:
 - to provide additional capacity in statutory 16-19 providers, where there is a demographic increase in learners and there is not enough existing suitable capacity to accommodate that increase.
 - to ensure that provision to be delivered through the additional space developed meets local and national skills requirements and is reflective of learner demand and need; and
 - to do so in the most efficient and sustainable way possible, to ensure value for money in the investment of public funds, and to support the Government's target of achieving net zero carbon emissions.
- b) The Secretary of State will provide the funding, as described in the Grant Determination letter, to the Recipient on the provisions set out in this MOU.
- c) The Secretary of State may require the repayment of the whole or any part of any unspent funds, as may be determined by the Secretary of State and notified in writing to the Recipient. Such sum as has been notified will immediately become repayable to the Secretary of State.
- d) The Recipient will not carry out any activities as part of this Programme other than those described in **Annex A** without the prior written approval of the Secretary of State. In addition, the Recipient will use the funding from the Secretary of State solely for the purposes of this Programme.

- e) Notwithstanding and separate of any Grant funding awarded to the Recipient under this MOU, the Recipient must maintain investment in their statutory duty to secure enough suitable education and training is provided to meet the reasonable needs of 16–19-year-olds in their area and 19–25-year-olds with EHCPs;¹

5. Roles and Responsibilities of parties to this MOU

5.1 The Parties will be open, honest, cooperative and responsive to each other, respecting each other's functions and roles and assisting and supporting each other whenever possible. The Parties have a number of specific roles and responsibilities in relation to this MOU.

5.2 The DfE will lead on the administration and implementation of the post-16 capacity Programme and the Recipient will lead on administration and implementation of the Grant set out in para 1.1.

5.3 The Recipient is responsible for:

- a) keeping a record of expenditure funded partly or wholly by the Grant and retain all accounting records relating to that expenditure and income for a period of at least six years after the end of Grant funding. Accounting records must include purchase orders, original invoices, receipts, accounts and deeds, whether in writing or electronic form. The Recipient must make these available at any reasonable time for inspection by officials from DfE or their representatives or by the Comptroller and Auditor General or his representatives.
- b) To complete the monitoring form (annex B) setting out key details of the investments made and to supply this to the DfE, including funding amount, type of investment and capacity created.
- c) Subject to commercial confidentiality, any information, knowledge, system or process gathered, developed, or created in operating the Programme may be disseminated by DfE to all persons or bodies who have the same statutory responsibility for 16-19 year old learners to support future programme efficiency and sharing best practice. The Grant Recipient agrees that such persons may share and use freely all such information, knowledge, system or process for their own purposes.

6. Funding and Financial arrangements

¹ <https://www.legislation.gov.uk/ukpga/1996/56/section/15ZA>

- 6.1 The Secretary of State will provide the funding for the Programme to the Recipient in accordance with the Grant Determination Letters and the process described below:
- a) The payment will be made subject to the Recipient signing up to the Grant Determination Letter and committing to delivering the expectations set out in this MOU.
 - b) Payments will be made in a single instalment by [XX/XX/20XX].
 - c) Any identified overpayment of funds will be returned to the DfE as soon as identified.
- 6.2 Use of funds provided to the Recipient must be in accordance with the principles of sound financial management and governance as set out in the CIPFA Financial Management Code, the Prudential Code, and relevant local government legislation.
- 6.3 Unauthorised overspends by the Recipient will not be reimbursed by the **DfE**.
- 6.4 The Lead department will not provide more funding than set out in para 1.1 without prior written approval by the Recipient.
- 6.5 In the event of the post-16 capacity fund Programme being withdrawn by the DfE before payments are made to the Recipient, the MOU will terminate and funding will not be allocated to the Recipient.

7. Reporting and Evaluation

- 7.1 The Recipient will work with the Secretary of State to provide the necessary information and data to monitor and evaluate progress against the aims and outcomes of the Programme. This is in addition to the reporting requirements outlined in paragraph 5.3.
- 7.2 On completion of each financial year, the Recipient will fully complete and return the Grant monitoring form no later than **30 April each year** (form available at annex B).
- 7.3 The Recipient will develop, through the delivery of the Grant, effective analytical and reporting techniques which can be used to improve the [Acronym]'s, providers' and the department's understanding of need and capacity.
- 7.4 The Grant monitoring form submitted to the Secretary of State must be accompanied by a report from the Recipient's Chief Executive or Chief Finance Officer setting out whether he or she has received an audit opinion from the Recipient's Chief Internal Auditor that he or she can provide reasonable assurance that the Grant monitoring form, in all material respects, fairly presents the Eligible Expenditure in the Grant Period in accordance with the provisions set out in this MOU.

8. Ineligible expenditure

8.1 This is a capital Grant, and any spend on non-capital costs will become recoverable by the Secretary of State.

8.2 The following types of spend should be avoided as they would be ineligible spend:

- i) contributions in kind
- ii) payments for activities of a political or exclusively religious nature
- iii) depreciation, amortisation or impairment of fixed assets owned by the [Acronym]
- iv) input VAT reclaimable by the authority from HM Revenue & Customs
- v) interest payments or service charge payments for finance leases
- vi) gifts, other than promotional items with a value of no more than £10 in a year to any one person
- vii) entertaining (entertaining for this purpose means anything that would be a taxable benefit to the person being entertained, according to current UK tax regulations)
- viii) statutory fines, criminal fines or penalties

8.3 The Recipient should not deliberately incur liabilities before there is an operational need for it to do so.

8.4 For the purpose of defining the time of payments, a payment is made by the Recipient when money passes out of its control (or out of the control of any person acting on behalf of the Recipient). Money will be assumed to have passed out of such control at the moment when legal tender is passed to a supplier (or, if wages, to an employee), when a letter is posted to a supplier or employee containing a cheque, or an electronic instruction is sent to a bank to make a payment to a supplier or employee by direct credit or bank transfer.

9. Financial Irregularities

9.1 If the Grant Recipient has any grounds for suspecting financial irregularity in the use of any Grant paid under this funding agreement, they must notify DfE immediately, explain what steps are being taken to investigate the suspicion, and keep DfE informed about the progress of the investigation. For these purposes 'financial irregularity' includes fraud or other impropriety, mismanagement, and the use of Grant for purposes other than the purposes of the Programme.

10. Records

10.1 The Recipient must keep a record of expenditure funded partly or wholly by the Grant and retain all accounting records relating to that expenditure.

10.2 Accounting records must include purchase orders, original invoices, receipts, accounts and deeds, whether in writing or electronic form.

10.3 The Recipient must make these available at any reasonable time for inspection by officials from Secretary of State or their representatives or by the Comptroller and Auditor General or his representatives.

11. Amendments to this MOU

11.1 Amendments to this MOU may only be made upon written variation between all Parties.

12. Termination

12.1 The Secretary of State may terminate this MOU and withhold any Grant payments on giving the Recipient three months' written notice should it be required to do so for any reason. In the event that this MOU is terminated in accordance with this paragraph 12, the Secretary of State may require the repayment of the whole or any part of any funds which are unspent at the date of termination, as may be determined by the Secretary of State and notified in writing to the Recipient. Such sum as has been notified will immediately become repayable to the Secretary of State.

13. CONTACT OFFICERS

13.1 The parties nominate the following officers as contact officers for ongoing liaison and administration of this MOU:

For DfE		
Insert name	Insert email	Insert contact number
		N/A
		N/A

For [XX XX Authority]		
Insert name	Insert email	Insert contact number

14. Resolution of Disputes

14.1 If a dispute should arise in connection with this MOU, it should be attempted to be resolved in the first instance by the contact officers named in clause 13.1. If a dispute is unable to be resolved within a reasonable time, it may be referred for negotiation by more senior officers with authority to intervene and direct some resolution.

14.2 Any dispute that may arise as to the interpretation or application of this MOU will be settled by consultation between the Parties.

-

15. Acceptance of Grant offer and agreement of the Memorandum of Understanding

15.1 The Grant Recipient accepts this offer of funding and agrees to the Memorandum of Understanding.

15.2 Both Parties to this MOU are responsible for ensuring that they have the necessary systems and appropriate resources in place to comply fully with the requirements of this MOU.

Authorisation from the DfE and the [Acronym]

Signed by:

Signed by:

Name: [NAME]

Name: [NAME]

*Duly authorised to sign for
[XX XX Authority]*

Duly authorised to sign for DfE

Dated [DATE]

Dated [DATE]

Annex A

Eligible Programme Activities

1. Funding must be used to increase capacity for educational provision for 16- to 19-year-olds.
2. Investments should meet the objectives set out in paragraph 4.1(a) of this MOU.
3. The Recipient should pay regard to the objectives of the government's skills and opportunity missions when making considerations on funding.
4. Funding should primarily support teaching space.
5. Funding should only be directed at statutory providers of 16 – 19 education - specifically further education colleges, sixth form colleges, and 16 - 19 academies.
6. Only capital expenditure is eligible related to increasing capacity in the education estate for 16–19-year-olds. Where funding is not used for capital spend the Secretary of State has the right to demand repayment of the non-capital spend.
7. Duplication of funding should be mitigated by ensuring this Grant is not spent, either wholly or partially, on activities that have received separate funding from the DfE or any other government department funding streams.
8. Investments must deliver the best long-term value for money in recognition of the temporary nature of the demographic increases in this age group. Where possible, longer-term use by different age groups could demonstrate good value for money.
9. Funding should not be used for ineligible spend as set out in paragraphs 8.1 and 8.2 of this MOU.

Annex B – Grant Monitoring Form

Please complete the Grant monitoring form and return it each year by 30th April for the period this MOU applies. The information provided will be used to inform future policy development so please complete the form as accurately and fully as possible.

Grant Recipient	
Total funding received	
Match funding provided by Grant Recipient (If applicable)	
Match funding provided by other organisations (If applicable)	
High level description of the investment made with the funding	
Total number of places created with the grant	

Please use the table below to break down the investment into the sites where the investments were made and the number of places created.

- *Add additional lines to the table as required.*
- *Where the funding recipient is a multi-site provider, please give details of where the investment was made, rather than the main provider address.*

Name of funding recipient	Address of investment	Amount received	Description of investment	Places created



Department
for Education

© Crown copyright 2026

This publication is licensed under the terms of the Open Government Licence v3.0, except where otherwise stated. To view this licence, visit nationalarchives.gov.uk/doc/open-government-licence/version/3.

Where we have identified any third-party copyright information, you will need to obtain permission from the copyright holders concerned.

About this publication:

enquiries www.gov.uk/contact-dfe

download www.gov.uk/government/publications

Follow us on X: [@educationgovuk](https://twitter.com/educationgovuk)

Connect with us on Facebook: facebook.com/educationgovuk