

England's college finances in 2022

Key facts and figures

Recent funding increases have improved the sector's finances

The 2020-21 teaching year saw the first significant increases in UK government funding to English FE for over a decade.

- Colleges got a **4.7% increase to per student 16-19 funding**, amounting to well over £200m extra for the sector as a whole.
- They also got a **further £200m in funding** specifically for capital expenditure.

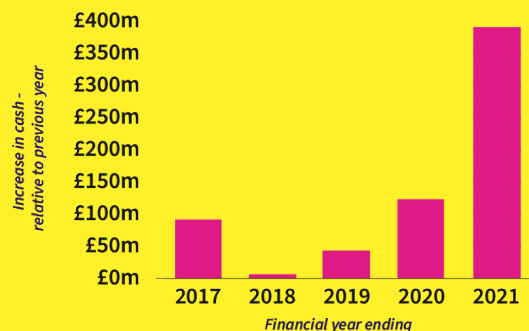
What did colleges spend money on last year?

Buildings and other capital projects, and paying off their debts.

- In the last financial year colleges **increased their expenditure on fixed assets**, such as buildings, by £218m (from £468m to £686m).
- Colleges also **spent over £68m last year on early repayment of loans**.

Sources: ESFA college accounts datasets: www.gov.uk/guidance/esfa-financial-management-college-accounts | ESFA 16-19 funding allocations: www.gov.uk/guidance/16-to-19-education-funding-allocations#published-allocations | Figures calculated with reference to a list of c.180 employers where UCU represents staff, except in the case of capital expenditure, which is calculated with reference to all employers in the ESFA datasets.

Annual increases in colleges' cash holdings



What did colleges do with the rest of the cash they received?

They hoarded it.

Even after all their capital investment and early loan repayments, colleges still enjoyed a massive cash windfall last year.

Colleges ended the year with **£390m more cash in the bank** than they started it with. That amounts to just under 10% of the sector's staff costs. It was the **biggest increase in colleges' cash holdings in years**.

In spite of this, last year the Association of Colleges recommended that employers offer staff a 1% pay 'rise' – which was a **pay cut relative to inflation**. This year they are only proposing to recommend 2.5%, plus a one-off payment of £500.

Future funding increases will give colleges even more to spend on staff.

The recent 4.7% increase to 16-19 funding will have an even bigger impact in the current year, and there is a **further 8.5% increase to 16-19 funding** starting from 2022-23.

- Colleges' **16-19 funding allocations are even higher in the current financial year** than they were in 2020-21 – by £85m. This is because of an increase in the number of learners.
- The further 8.5% increase starting next year comes with an expectation of increased contact hours. UCU has estimated that the overall impact of these changes will provide **an extra £178m in funding on top of what colleges are getting this year** – averaging nearly £1m extra per college.