



HM Treasury, 1 Horse Guards Road, London, SW1A 2HQ

Lord Sharkey
House of Lords
London
SW1A 0PW

19th February 2025

Dear Lord Sharkey,

Thank you for your question during the NICs bill committee on the 6th February regarding the funding of the Further and Higher Education sectors, and the rise in employers' National Insurance Contributions.

The Government will provide support for departments and other public sector employers for additional Employer National Insurance Contributions costs. This funding will be allocated to departments, with the Barnett formula applying in the usual way.

In addition, the Autumn Budget provided an additional £300m revenue funding for Further Education for financial year 2025 to 2026 to ensure young people are developing the skills this country needs. This funding will be distributed specifically to support 16 to 19 student participation. Approximately £50m of this funding will be made available to general further education colleges and sixth-form colleges for the period April to July 2025. This one-off grant will enable colleges to respond to current priorities and challenges, including workforce recruitment and retention. The remaining £250m funding will be made available in 16 to 19 funding rates for academic year 2025 to 2026, with the aim of ensuring that all 16 to 19 providers are funded on an equitable basis from 2025 to 2026.

Separately, on Higher Education, the Government has confirmed that maximum fees will rise in the academic year 2025-26 for the first time since 2017, from £9,250 to £9,535 for a standard full-time undergraduate course. This was a difficult decision that demonstrates that the Government are serious about the need to put our world-leading higher education sector on a secure footing.

This letter will be placed in the library and copied to those who spoke during the debate.

Yours sincerely,

Spencer Livermore

FINANCIAL SECRETARY TO THE TREASURY

