

Ofsted Main Estimate 2025-26: Estimates Memorandum

1 Overview

1.1 Objectives

Ofsted is the Office for Standards in Education, Children's Services and Skills. It is a non-ministerial government department. Our principal objective when carrying out our functions is to make sure that organisations providing education, training and care services in England do so to a high standard for children and students.

We carry out our role through independent inspection and regulation. Inspection provides an independent assessment of the quality of provision. Regulation allows us to determine whether certain providers are fit to provide services. We take enforcement action against those that are not. We also aggregate the insights from our work and report on the state of education and children's social care.

Ofsted aims to raise standards and improve lives for all, with disadvantaged and vulnerable children and learners at the heart of what we do. We want to be trusted by the parents, carers, children and learners we work for, and the professionals we work with. Since 2024, we have been delivering an ambitious reform package and our new strategy will be developed and published in Autumn 2025 to reflect our renewed strategic priorities.

1.2 Spending controls

Ofsted's net spending is broken down into several different control totals, for which Parliament's approval is sought.

The control totals which Parliament votes are:

- Resource Departmental Expenditure Limit ("**Resource DEL**") - a net limit comprising day to day running costs, less income
- Capital Departmental Expenditure Limit ("**Capital DEL**") - investment in capital equipment mainly comprising IT and digital related systems, research related costs, and right of use assets (i.e. lease contracts that are recognised as assets under IFRS 16)
- Annually Managed Expenditure ("**AME**") – new or movements of accounting provisions

In addition, Parliament votes a net cash requirement, designed to cover the elements of the budget which require Ofsted to pay out cash in year.

1.3 Comparison of net spending totals sought

The table below shows how the net spending totals sought for Ofsted compares with the Main and Supplementary Estimate from last year:

Amounts sought this year (Main Estimate 2025-26)		Difference (+/-) compared to final budget last year (Supplementary Estimate 2024-25)		Difference (+/-) compared to original budget last year (Main Estimate 2024-25)		Difference (+/-) compared to Spending Review (SR25)	
Voted control total	£ m	Change	Change	Change	Change	Change	Change
		£ m	%	£ m	%	£ m	%
Resource DEL (excluding ring-fenced depreciation)	159.904	11.987	8%	12.940	9%	2.900	2%
Resource DEL ring- fenced depreciation	10.594	0	0%	0	0%	0	0%
Capital DEL	8.300	4.185	102%	4.300	108%	3.300	66%
Capital DEL - IFRS 16 leased assets	34.300	14.300	100%	-15.433	100%	0	0%
Net DEL	213.098	30.472	17%	1.807	1%	6.200	3%
Resource AME	-0.060	-2.007	-103%	-0.007	13%	-0.060	0%
Capital AME	0	-0.883	-100%	-0.883	100%	0	0%
Total	213.038	27.582	15%	0.917	0%	6.140	3%

A breakdown of other spending controls and income within the net total is shown in section 2.1.

1.4 Key drivers of changes since the prior year Supplementary Estimate

Ofsted's total budget has increased by £27.6m (15%) compared to the final budget last year. A significant proportion of this increase (£14.3m) is due to the impact of accounting standard IFRS 16.

Agreed during SR25, this notional capital DEL (CDEL) funding will enable new office leases to be recognised as capital assets when the current office leases end. This funding relates to accounting adjustments, it is not additional cash funding for Ofsted's operations or purchase of assets. These office moves will assist the Government Property Agency with their strategic management of the Civil Service property portfolio. More information from HM Treasury on IFRS 16 is available [here](#).

Ofsted's Resource DEL (RDEL) and CDEL (non-IFRS 16) have increased by £12m and £4.2m respectively. This is mainly due to increased RDEL funding agreed with HM Treasury during SR25 for the pay award and increased employer National Insurance costs, and RDEL and CDEL funding agreed with DfE for new report cards (see section 1.6 for more information on report cards).

Resource AME has reduced by £2m as funding was only required in 2024-25 for specific accounting provisions for potential future liabilities.

1.5 Key drivers of changes since the Spending Review

Ofsted's total budget has increased by £6.1m (3%) compared to the Spending Review settlement. This is mainly due to additional RDEL and CDEL temporary funding provided by DfE for report cards (see section 1.6 for more information on report cards).

1.6 New policies and programmes

New areas of work and significant changes

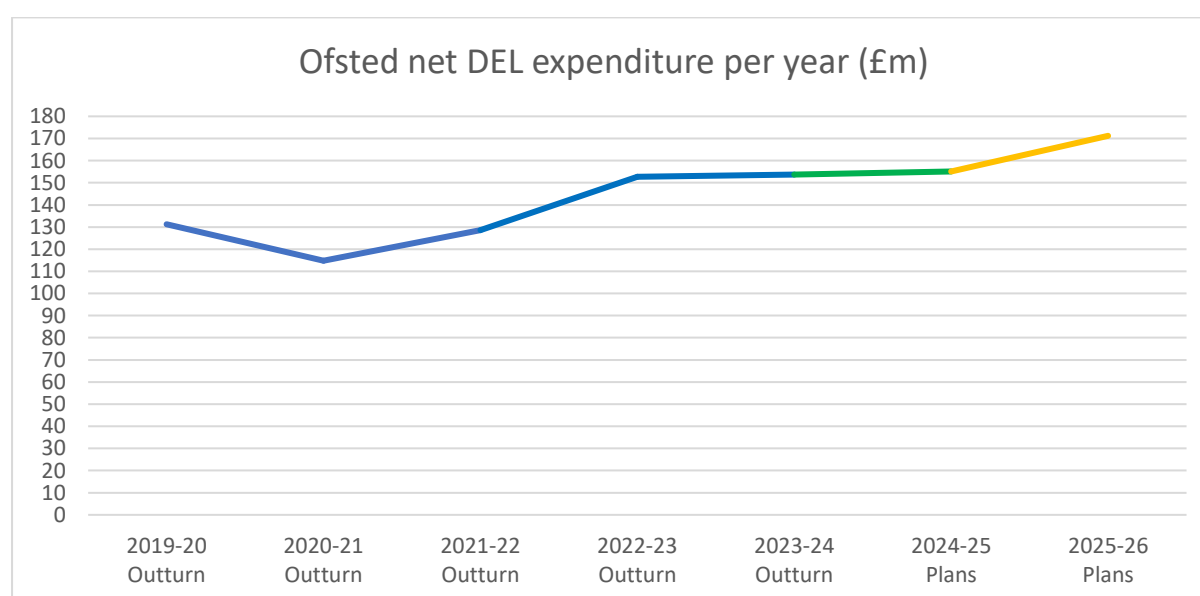
In 2025-26 Ofsted will commence work on the introduction new report cards, giving parents detailed information about standards across more areas of practice in their child's school, early years, or further education provider. More information is available here: [Ofsted sets out proposals for fairer education inspections and new, more detailed report cards - GOV.UK](#)

Changes to the ambit

No changes have been made to the ambit.

1.7 Spending trends

The graph below shows overall net DEL spending trends (resource and capital excluding ring-fenced depreciation). Years 2019-20 to 2023-24 are based on outturn (blue line), 2024-25 is the Supplementary Estimate (green line), and 2025-26 is based on Main Estimate sought for that year (orange line). The graph excludes the impact of IFRS 16 CDEL to enable comparability across years.



Significant variances

The reduction in net expenditure in 2020-21 is mainly as a consequence of the COVID-19 pandemic. Ofsted continued to carry out regulatory activity and essential demand-led inspections, but routine inspection was paused. This led to a significant reduction in variable

costs, such as travel or use of contracted inspectors to inspect. During 2020-21, we deployed over 700 staff in total, around a third of our workforce to support other government departments and public bodies, more on our response to the pandemic can be found on pages 11 to 12 of Ofsted's 2020-21 annual report and accounts here: https://assets.publishing.service.gov.uk/media/60ec5b51e90e0764d4c68b57/Ofsted_Annual_Report_and_Accounts_2020-21.pdf

In 2021-22 net expenditure increased, but this was a significantly less than the available DEL funding for the year. This was mainly because Ofsted did not return to a full programme of routine school and further education and skills inspections until September 2021. The underspend was also due to the impact of the Omicron variant of COVID-19 resulting in Ofsted not using serving practitioners (contracted inspectors) altogether in January 2022 so that they could concentrate on their jobs in early years settings, schools and colleges and we only returned to normal capacity towards the end of the year.

The increase between the 2021-22 and 2022-23 is mainly due to additional temporary funding for new and increased levels of inspection from the DfE agreed as part of the spending review. Ofsted also returned to a full programme of inspections across all remits in 2022-23.

There are no significant variances between 2022-23 and 2024-25.

The increase in 2025-26 is mainly due to increased RDEL funding agreed with HM Treasury during SR25 for the pay award and increased employer National Insurance costs, and RDEL and CDEL funding agreed with DfE for new report cards (see section 1.6 for more information on report cards).

2 Spending and income detail

2.1 Ring fenced budgets and other budgetary control totals

Within the control totals in section 1.3, the following elements are either ring fenced (i.e. savings in these budgets may not be used to fund pressures on other budgets) or reported on through the Statement of Parliamentary Supply in the Annual Report and Accounts.

Amounts sought this year (Main Estimate 2025-26)		Difference (+/-) compared to final budget last year (Supplementary Estimate 2024-25)		Difference (+/-) compared to original budget last year (Main Estimate 2024-25)		Difference (+/-) compared to Spending Review (SR25)	
Voted control total	£ m	Change	Change	Change	Change	Change	Change
		£ m	%	£ m	%	£ m	%
Administration costs	23.618	1.501	7%	1.601	7%	0	0%
Resource DEL (excluding ring-fenced depreciation)	10.594	0	0%	0	0%	0	0%
Income limit	63.512	-2.058	-3%	-2.058	3%	6.100	11%

2.2 Key drivers of changes since the prior year Supplementary Estimate

The administration control total has increased by £1.5m (7%) due to the additional funding agreed with HM Treasury during SR25 for the pay award and increased employer National Insurance costs.

Ofsted's income limit has reduced by £2.1m (3%), this is due to several minor adjustments to expected income.

2.3 Key drivers of changes since the Spending Review

The income limit has increased by £6.1m (11%) to reflect additional anticipated income from providers relating to the registration and inspection of new children's homes. The number of children's homes Ofsted registers has sharply increased, more information on this can be found in the [2023-24 annual report](#) of His Majesty's Chief Inspector.

2.4 Income

Ofsted's income is predominantly from registration and annual fees from Social Care and Early Years providers. Ofsted also receives inspection fees from Independent Schools and income from other government departments for delivery of specific inspection activity including:

- Inspection of previously exempt outstanding schools and FES providers (income from the DfE – this is a permanent change with long-term implications for our work. The expectation is that funding will be consolidated into our budget in future years)
- Inspection of apprenticeship training providers (income from the DfE)
- Inspection of local area arrangements for special educational needs (income from the DfE)
- Inspection of education and training in prisons (income from MoJ)
- Inspection of Initial Teacher Education providers, specifically to shorten the inspection cycle (income from DfE)
- Inspection of Skills Bootcamp providers (income from DfE)
- Inspection work and related activity on behalf of the DfE, other UK government departments and overseas government bodies

3 Priorities and performance

3.1 Measures of performance

Our [2023-24 Annual Report and Accounts](#) provides an assessment of our performance against our current set of strategic priorities.

Ofsted is just one part of a complex and interconnected education and care system, but our work should contribute to improvement in the sectors we inspect. In addition to evaluating our own performance, we also assess whether improvement is happening at the system level. We can then reflect on the role we have played in any improvement or decline. One of the Chief Inspector's statutory responsibilities is to publish an annual report on the state of

education and care. We use this to judge improvement in the systems that we play a role in and to highlight areas of concern to policy makers.

Some of the key findings of the [2023-24 annual report](#) of His Majesty's Chief Inspector were:

- Most children are well-served by the education sector and, in social care, life-changing work is being done for children and young people every day. However, education and social care professionals are working hard under immense pressure. And where systems are under strain, it is vulnerable and disadvantaged children who are most affected.
- Workforce challenges mean there are often not enough qualified staff in classrooms, nurseries, colleges or care settings. The SEND system is struggling as demand for services continues to rise.
- In schools, attendance issues have deepened and learning has become disjointed for too many children. The number of children in care continues to rise, but there is a shortage of foster carers and enough children's homes in the right places.

Our new strategy will be developed and published in Autumn 2025. Until then, His Majesty's Chief Inspector (HMCI) is focused on the following priorities:

- Getting our work right for vulnerable and disadvantaged children and the contemporary context we work in;
- Ensuring our delivery model supports and embeds consistency throughout policy and practice, structure and decision making; and
- Focusing on futures thinking to help us be best prepared for system changes, challenges and opportunities.

We are publicly reporting on our progress against the actions set out in the Big Listen and Dame Christine Gilbert's review in our '[Big Listen Action Monitoring](#)' reports and expect to lay Ofsted's 2024-25 annual report and accounts in summer 2025.

4 Departmental Accounting Officer

The Departmental Accounting Officer has personal responsibility for the content in the above memorandum. Formal approval of the memorandum has been obtained prior to its submission to the Select Committee.



Sir Martyn Oliver
Accounting Officer
Ofsted
25 April 2025