

Budget 2015: a submission from the Sixth Form Colleges' Association

James Kewin, Deputy Chief Executive

June 2015

Sixth Form Colleges: an education success story

The Sixth Form Colleges' Association represents the 93 Sixth Form Colleges in England. Sixth Form Colleges are outstanding providers of 16-19 education. They outperform school and academy sixth forms while educating more disadvantaged students and receiving less funding. Sixth Form Colleges also offer superior value for money by delivering better outcomes than schools and academies at a lower cost to the public purse¹. All of this is achieved with a greater proportion of students eligible for Free School Meals: 11 per cent of Sixth Form College students were eligible for this benefit at age fifteen compared to 8 per cent of students in academies.

Funding cuts and cost increases

While many parts of the education sector have had to face and adapt to funding reductions in recent years, Sixth Form Colleges have experienced deeper cuts to their budgets than any other group of institutions. In 2011, entitlement funding (used to provide tutorials, enrichment activities, additional courses etc.) was reduced from 114 hours per year to 30 hours. Sixth Form Colleges experienced, on average, a 10% reduction in their programme funding as a result. The 16-19 funding formula introduced in September 2013 saw the average Sixth Form College lose 6% of its funding, and the recent 17.5% reduction in funding for 18 year olds left Sixth Form Colleges, on average, a further 1.2% worse off. These averages mask the plight of some Sixth Form Colleges that will have lost a third of their funding in real terms between 2011 and 2016.

These three funding cuts, combined with significant cost increases (the proposed increase to employer pension and national insurance contributions will add 5% to the cost of employing a teacher from 2015/16) and ongoing funding inequalities (for example academy and school sixth forms, unlike Sixth Form Colleges, have their VAT costs reimbursed by the Government²) have left many Sixth Form Colleges in a parlous financial state. As 16-19 specialists, Sixth Form Colleges cannot cross subsidise from more generous pre-16 funding streams (as many schools and academies do) or from significant adult and employer-based funding (as Further Education colleges do). Sixth Form Colleges are entrepreneurial - increasing numbers are delivering higher education courses for example - but suffer disproportionately from reductions to 16-19 funding. The most efficient sector in education has now reached the point where it cannot absorb any further funding reductions.

The impact on students

The Sixth Form Colleges' Association's Funding Impact Survey 2014³, shows that **68%** of Sixth Form Colleges have had to drop courses as a result of the funding cuts – a 15 percentage point increase on the previous year. Over a third of Sixth Form Colleges (**38%**) have been forced to drop courses in modern foreign languages and more than a fifth (**22%**) have cut STEM subjects (science, technology, engineering and maths). Almost all of the colleges surveyed (**95%**) have reduced their staffing levels as a result of the funding cuts, and **69%** are now teaching students in larger class sizes. Sport, music and educational visits have also been reduced, with **71%** of colleges being forced to reduce or remove the extra-curricular activities available to students.

Although cuts to 16-19 funding affect Sixth Form Colleges most acutely, there is a fundamental under investment in this phase of education. There is a 22% drop in funding between key stage 4 and key stage 5⁴. This is in stark contrast to the independent sector where sixth form fees are actually 10% higher than fees for younger students⁵. A joint report⁶ by SFCA, London Economics and the Institute of Education published in March 2015 found that that sixth form students face the prospect of being taught for just 15 hours per week from next year because of cuts to funding imposed since 2010. The report compares this with high performing education systems of Shanghai, Singapore and other countries where sixth formers are taught for around 30 hours per week. As a result, English sixth formers risk being left behind by international competitors as a result of a “low hours, short duration” sixth form model.

There is a broad consensus amongst educationalists that a sixth form curriculum should have the characteristics of a baccalaureate model which, in addition to qualifications, values tutorial, support activities and work experience to develop the ‘soft’ skills essential to higher study and employability. However, an analysis of Sixth Form College finances by London Economics⁷ has shown that there is a significant gap between this aspiration and the financial reality. Survey evidence shows that Sixth Form Colleges reduced the teaching workforce by 13 per cent between 2010 and 2012 while seeing an increase in students of 1.5 per cent. Since 2010, teacher contact time has increased in Sixth Form Colleges, while teacher salaries have remained static and class sizes have increased.

Policy alternatives

The decision in 2010 to protect education funding for 5-16 year olds has had a seriously damaging effect on the education of sixth form students. As 16-19 funding is the biggest unprotected budget in the Department for Education it has borne the brunt of cuts imposed since 2010. This policy - which is set to continue during this Parliament - is simply not sustainable, particularly as the age of compulsory education has already increased to age 17, and will increase to age 18 this year. Alongside this, the DfE continues to encourage the establishment of small, inefficient school and academy sixth forms. To ensure that Sixth Form Colleges can continue to transform the life chances of young people, we make the following recommendations:

Recommendation 1: Introduce a national funding formula based on the actual cost of delivering the curriculum. The Government should maintain sixth form funding at 2014/15 levels while a review of funding across all stages of education is undertaken. This should inform the introduction of a national funding formula (up to and including the age of 18) based on the actual cost of delivering the curriculum. While the DfE maintains that it is funding sixth formers to study on a full time basis, there is a big difference between the way the Department for Education defines full time study for funding purposes and the reality of what a full time education actually involves. Students are increasingly receiving a part time educational experience and this will become the norm unless funding is linked to the cost of

curriculum delivery. A further cut to 16-19 funding during this Parliament would seriously damage the life chances of many young people. Some Sixth Form Colleges would close and others would be forced to offer an impoverished curriculum. It is essential that the £450 million reduction in the DfE's non-schools budget announced on 4th June 2015 does not impact on the 2015/16 funding allocations that have already been made to 16-19 providers. Institutions have already developed plans and budgets based on these figures and it would be reckless to reduce the unit of resource available to teach students just three months before they begin their courses.

Recommendation 2: Drop the 'learning tax' by removing the imposition of VAT on Sixth Form Colleges. The Government provides funding to schools and academies to meet their VAT costs in full. Sixth Form Colleges receive no such support, and pay an average of £335,000 per year in VAT. This amounts to a tax on learning that redirects funding away from the front line education of students. Young people should receive the same level of investment in their education, irrespective of where they choose to study. The Government should drop the learning tax by introducing a VAT refund scheme for Sixth Form Colleges to mirror the arrangements in place in schools and academies.

Recommendation 3: Improve the entry process for new sixth form providers. Where demand for new sixth form provision exists, Government policy dictates that only a school, academy or free school sixth form can be created to meet it. So despite being the most efficient and effective providers of 16-19 education, no new Sixth Form Colleges have been approved to open in the past five years⁸, while 169 new school or academy sixth forms have opened their doors. In the same period, twenty 16-19 free schools have either opened or are in the pre-opening stage⁹. There should be a competitive process for establishing new 16–19 provision that is open to all types of sixth form provider and follows an impartial assessment of demand conducted at a local level. The absence of a competitive, demand-led process has led to the creation of many new sixth form providers in areas where there is already an oversupply of good or outstanding provision. This in turn has put pressure on the DfE's capital budget and forced schools and colleges to divert funding away from front line education to increase their marketing spend.

Recommendation 4: Develop an exit process for inefficient school and academy sixth forms. According to the Association of School and College Leaders (ASCL), the break even size for a sustainable A Level sixth form is around 200 students¹⁰. However, of the 2,009 school or academy sixth forms that received funding in 2014/15¹¹, just 52% had more than 200 students (the average Sixth Form College educates 1,700 students). The reality is that almost half of school and academy sixth forms can only be sustained via a cross subsidy from funding intended for pre-16 students. It has been conservatively estimated that this provides academy and school sixth forms with access to an additional £1,307 and £680 per student respectively.¹⁰ Growing pressure on pre-16 budgets will make this difficult to sustain in the longer term. Overall, school and academy sixth forms deliver worse outcomes than Sixth Form Colleges at a higher cost to the public purse. But many limp on with uneconomic class sizes and a narrow curriculum leaving students poorly served. The Government should develop an exit process for inefficient, unviable school and academy sixth forms to make best use of scarce resources.

-
- ¹ Assessing value for money in Sixth Form education, London Economics, June 2014:
http://www.sixthformcolleges.org/sites/default/files/London%20Economics_Value%20for%20money%20in%20Sixth%20Form%20education_FINAL%20REPORT_0.pdf
- ² Briefing: VAT and Sixth Form Colleges, SFCA, October 2014:
<http://www.sixthformcolleges.org/sites/default/files/141014%20SFCA%20VAT%20briefing%20FINAL.pdf>
- ³ Funding Impact Survey, SFCA, June 2014:
http://www.sixthformcolleges.org/sites/default/files/160614%20SFCA%20Funding%20Impact%20Survey%20FINAL_0.pdf
- ⁴ 16-19 Education Stripped to the Bare Bones, April 2014:
http://www.sixthformcolleges.org/sites/default/files/2014_post-16_funding_letter_and_report.pdf
- ⁵ ISC Census 2015:
http://www.isc.co.uk/Resources/Independent%20Schools%20Council/Research%20Archive/Annual%20Census/2015/ISC_Census_2015_FINAL.pdf
- ⁶ Costing the sixth form curriculum, SFCA, March 2015:
<http://www.sixthformcolleges.org/sites/default/files/SFCA%20Costing%20The%20Sixth%20Form%20Curriculum%28web%20version%29.pdf>
- ⁷ Ibid
- ⁸ Hansard, January 2015:
<http://www.parliament.uk/business/publications/written-questions-answers-statements/written-question/Commons/2015-01-13/220526/>
- ⁹ List of all free schools, opening or in pre-opening stage:
<https://www.gov.uk/government/publications/free-schools-open-schools-and-successful-applications>
- ¹⁰ ASCL leader magazine, November 2013:
http://www.leadermagazine.co.uk/articles/take_your_partners/
- ¹¹ 16 to 19 allocation data: 2014 to 2015 academic year, Department for Education, 2014:
<https://www.gov.uk/government/publications/16-to-19-allocation-data-2014-to-2015-academic-year>