

SFCA funding impact survey report 2015

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Background: cuts to Sixth Form College funding

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 new 16-19 funding formula introduced in September 2013 saw the average Sixth Form College lose 6% of its funding, and the reduction in funding for 18 year olds introduced in 2014 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 between 2011 and 2016.

The future funding landscape looks equally bleak for Sixth Form Colleges. The Government's decision not to protect the 16-19 education budget from spending cuts means that further funding reductions are highly likely. Formula protection funding (introduced in 2013 to temporarily protect some institutions from the impact of the funding cut introduced in that year) will be withdrawn at the end of the 2015/16 academic year. Planned increases to employer pension and national insurance contributions part way through 2015/16 will leave the average Sixth Form College **£150,825** worse off with the full impact to come in 2016/17. And the Government has shown little appetite to address the funding inequalities that exist between Sixth Form Colleges and school/academy sixth forms; not least the absence of a VAT refund scheme that, according to our survey, left the average Sixth Form College with **£317,964** less to spend on the front line education of students last year.

Impact of the funding cuts

In June 2015, the Sixth Form Colleges' Association conducted an online survey of all 93 Sixth Form Colleges in England. Each college was asked to report the cumulative impact of the funding cuts introduced since 2011. In total, 72 Sixth Form Colleges completed the survey – a response rate of 77%. What follows is a summary of the survey findings.

1. Cuts to courses

As Table 1 illustrates, **72%** of Sixth Form Colleges reported they have dropped courses as a result of the funding cuts.

Answer Options	Responses	Response Percent
Yes	52	72%
No	20	28%

Table 1: Has your college had to drop courses as a result of the funding cuts? Base: 72

Over a third of Sixth Form Colleges (**39%**) have dropped courses in modern foreign languages. The biggest casualties have been A levels in German, Spanish and French.

Answer Options	Responses	Response Percent
Yes	28	39%
No	44	61%

Table 2: Has your college had to drop courses in modern foreign languages as a result of the funding cuts? Base: 72

In Table 3 we see that almost a quarter (**24%**) of colleges have dropped STEM courses (science, technology, engineering and maths).

Answer Options	Responses	Response Percent
Yes	17	24%
No	55	76%

Table 3: Has your college had to drop courses in STEM subjects as a result of the funding cuts? Base: 72

2. Cuts to enrichment activities

As Table 4 illustrates, **76%** of Sixth Form Colleges have removed or reduced enrichment activities as a result of the funding cuts. Figure 1 shows that the biggest reductions have been in sport, followed by music and drama, and languages.

Answer Options	Responses	Response Percent
Yes	55	76%
No	17	24%

Table 4: Has your college had to remove or reduce enrichment activities as a result of the funding cuts? Base: 72

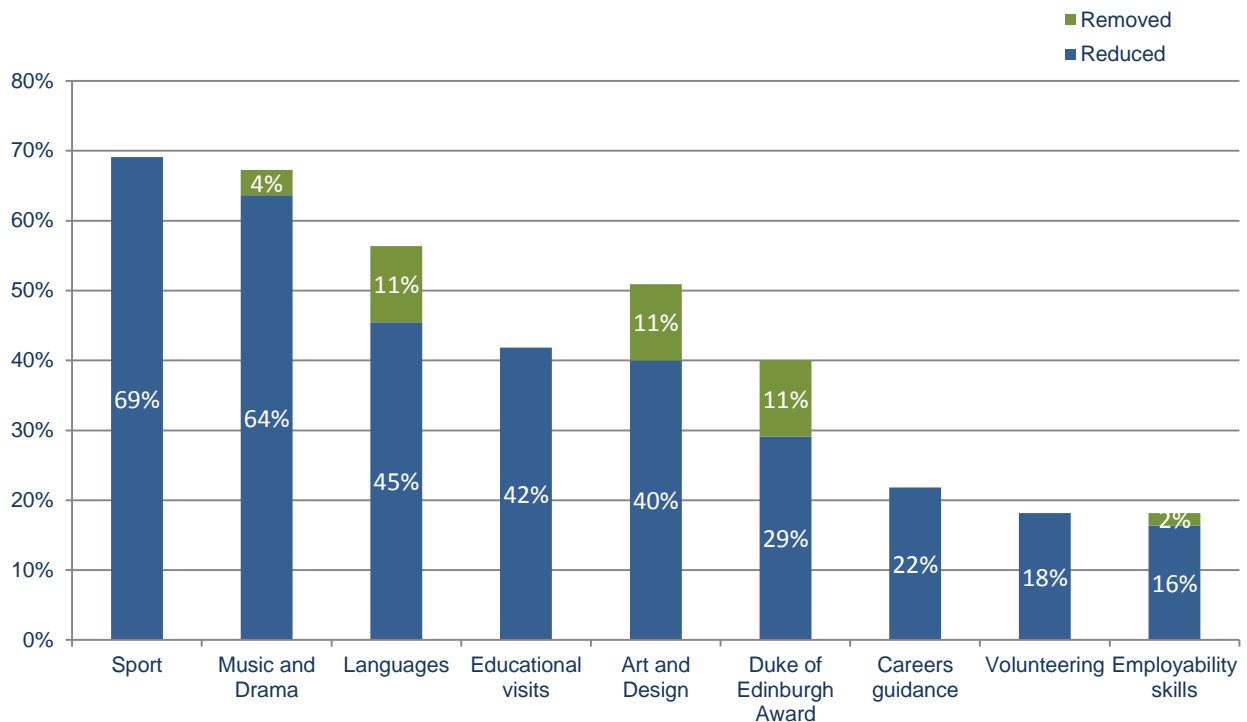


Figure 1: Enrichment activities removed or reduced by Sixth Form Colleges as a result of the funding cuts. Base: 55

3. Responding to the funding cuts

Colleges have responded creatively and decisively to the funding cuts that have been imposed on the sector since 2011.

Figure 2 highlights the actions taken by Sixth Form Colleges to improve curriculum delivery and teaching staff efficiency. In **82%** of cases, Sixth Form Colleges have reduced their (already very lean) management structure – a 12 percentage point increase on the figure reported in last year’s survey. We can also see that **81%** of colleges have been forced to increase class sizes – up from 69% last year. In last year’s survey, 37% of colleges reported they had been forced to limit the size of their study programmes (the overall package of qualification and non-qualification activities offered to students). In this year’s survey, this has leapt to **58%** - an increase of 21 percentage points.

Figure 3 outlines the actions taken by Sixth Form Colleges to reduce non pay costs/increase income as a result of the funding cuts. The most common strategy is to reduce all non-pay budgets - **82%** of colleges have taken this step, up from 74% last year. There has been a reduction in the number of colleges that are attempting to grow student numbers in response to the funding cuts - **67%** this year compared to 74% last year. At a time of demographic decline and increased competition, there is a limit to the number of additional students that colleges can recruit.

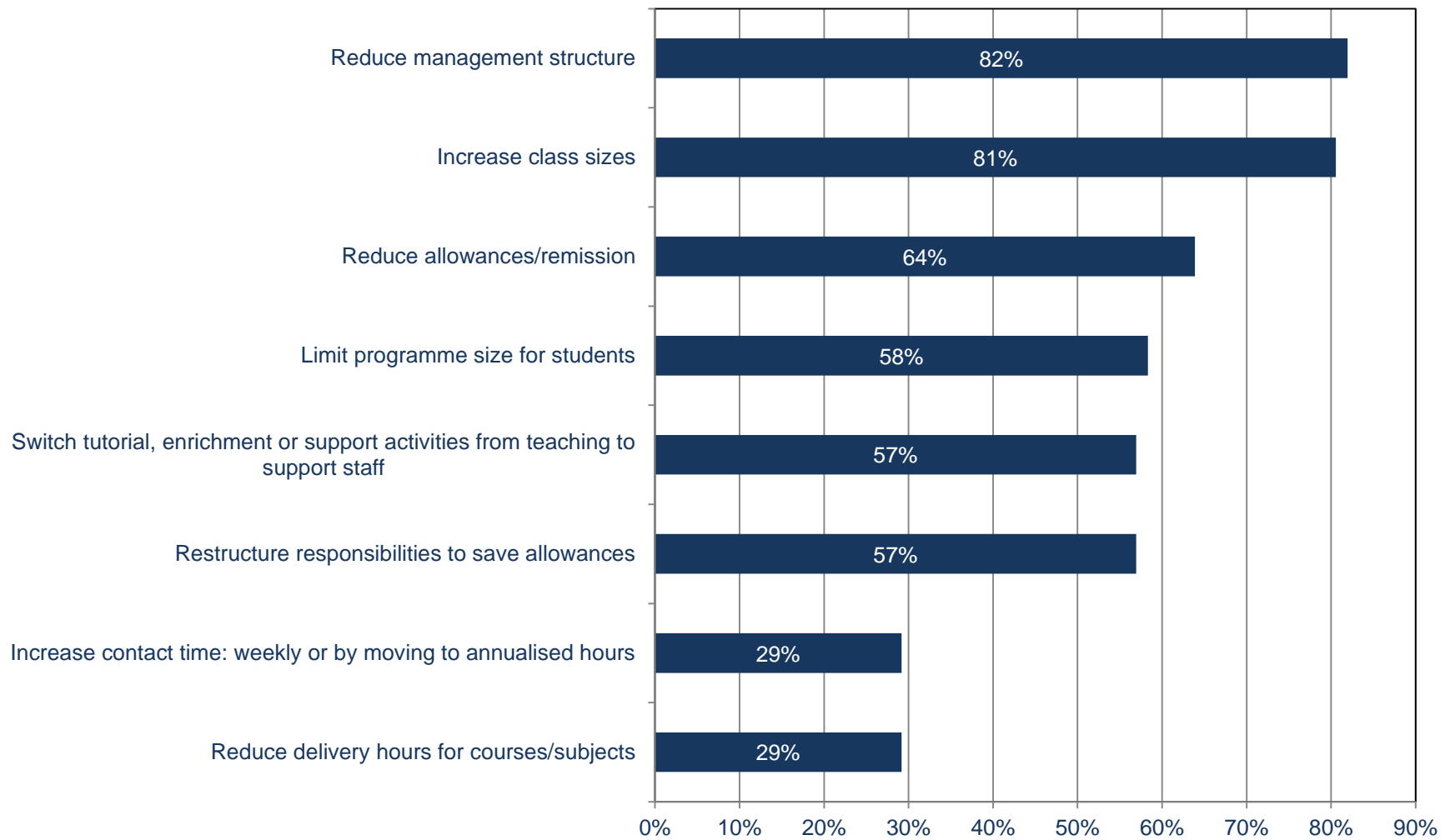


Figure 2: Actions taken by Sixth Form Colleges to improve curriculum delivery and teaching staff efficiency as a result of the funding cuts.
Base: 72

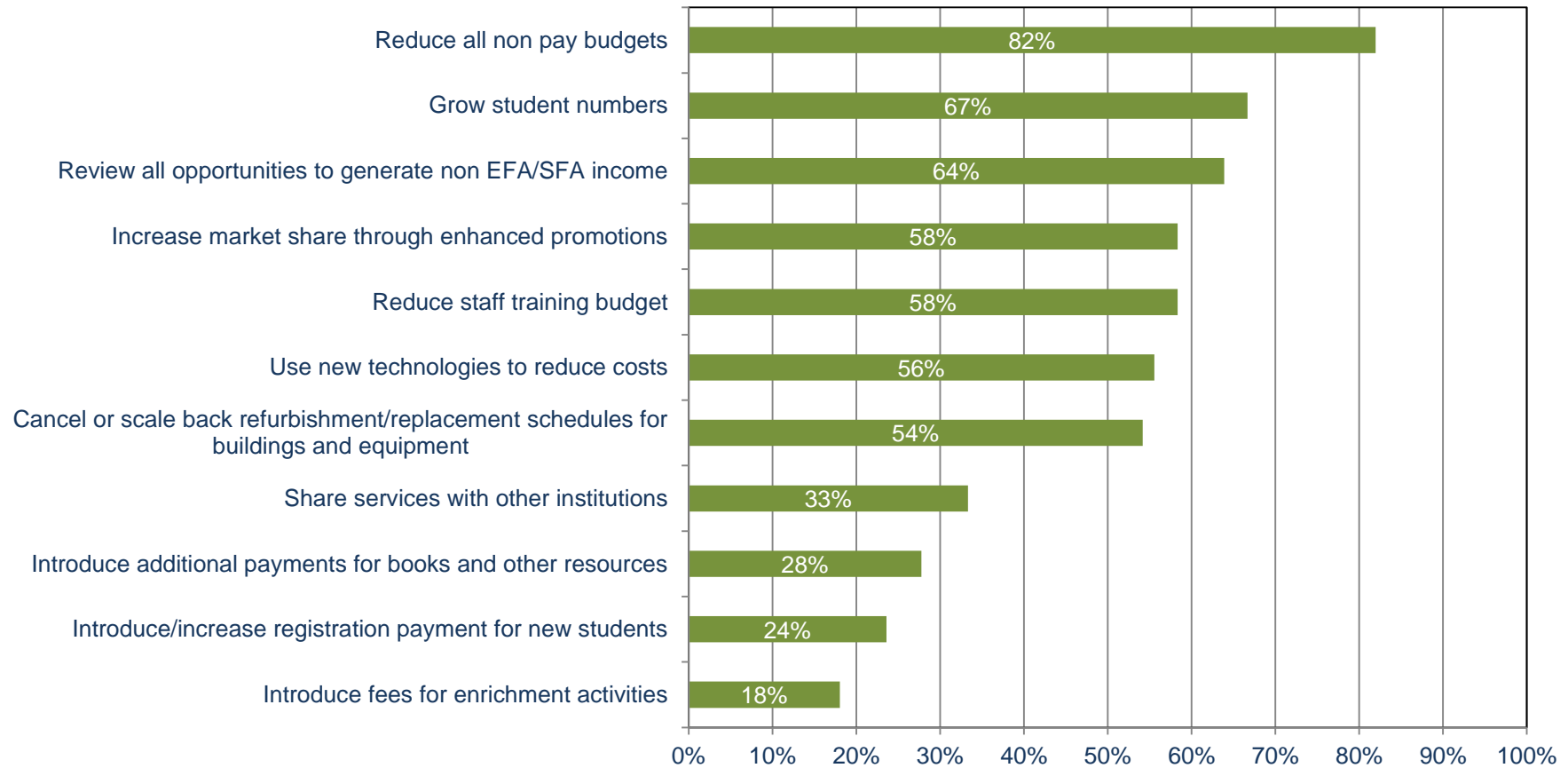


Figure 3: Actions taken by Sixth Form Colleges to reduce non pay costs/increase income as a result of the funding cuts. Base: 72

4. Financial health and viability

Around two thirds of Sixth Form Colleges will still receive formula protection funding (FPF) for the academic year 2015/16. FPF was introduced in 2013 to temporarily protect institutions from the impact of the funding cut that was introduced in that year. FPF is scheduled to be withdrawn at the end of 2015/16 and there are no plans to replace it. In addition, employer pension and national insurance contributions will increase from September 2015 and April 2016 respectively. This year's funding impact survey suggests these two increases will cost the average Sixth Form College an additional **£150,825** in 2015/16. As the 16-19 education budget is not protected from spending cuts, it is very unlikely that the Government will increase spending on 16-19 education in the short term.

Taken together, Sixth Form Colleges are preparing for a 2016/17 with no FPF, increased pension and national insurance costs and – at best – the same funding rates that were in place in 2015/16. With that in mind, colleges were asked a series of questions about the financial health and viability of their institution in 2016/17 and beyond.

As Table 5 illustrates, **96%** of Sixth Form Colleges are either extremely concerned or concerned about the financial health of their institution in 2016/17. Over a half of Sixth Form Colleges (**52%**) are extremely concerned. No college indicated that they were unconcerned or extremely unconcerned.

Answer Options	Responses	Response Percent
Extremely concerned	37	52%
Concerned	31	44%
Neither concerned nor unconcerned	3	4%

Table 5: How concerned are you about the financial health of your institution in 2016/17? Base: 71

More than a third of Sixth Form Colleges, **36%**, reported that without an increase in 16-19 funding it was either extremely likely or likely that their college will cease to be a going concern by 2020.

Answer Options	Responses	Response Percent
Extremely likely	11	15%
Likely	15	21%
Neither likely nor unlikely	24	33%
Unlikely	19	26%
Extremely unlikely	3	4%

Table 6: Without an increase in 16-19 funding, how likely is it that your college will cease to be a going concern by 2020? Base: 72

5. The future offer to students

As Table 7 illustrates, **70%** of Sixth Form Colleges strongly disagree or disagree that the amount of 16-19 funding that they will be allocated in 2016/17 will be sufficient to provide students with a high quality education.

Answer Options	Responses	Response Percent
Strongly agree	3	4%
Agree	11	15%
Neither agree nor disagree	7	10%
Disagree	25	35%
Strongly disagree	25	35%

Table 7: To what extent do you agree or disagree that the amount of 16-19 funding your college will be allocated in 2016/17 will be sufficient to provide students with a high quality education? Base: 71

In Table 8 we see that **68%** of Sixth Form Colleges strongly disagree or disagree that the amount of 16-19 funding that they will be allocated in 2016/17 will be sufficient to provide students with the skills and qualifications required to fulfil their potential.

Answer Options	Responses	Response Percent
Strongly agree	3	4%
Agree	10	14%
Neither agree nor disagree	10	14%
Disagree	29	41%
Strongly disagree	19	27%

Table 8: To what extent do you agree or disagree that the amount of 16-19 funding your college will be allocated in 2016/17 will be sufficient to provide students with the skills and qualifications required to fulfil their potential? Base: 71

73% of Sixth Form Colleges strongly disagree or disagree that the amount of 16-19 funding that they will be allocated in 2016/17 will be sufficient to provide students with the personal support they require to progress to higher education and/or employment.

Answer Options	Responses	Response Percent
Strongly agree	1	1%
Agree	12	17%
Neither agree nor disagree	6	8%
Disagree	29	41%
Strongly disagree	23	32%

Table 9: To what extent do you agree or disagree that the amount of 16-19 funding your college will be allocated in 2016/17 will be sufficient to provide students with the

personal support (e.g. tutoring, careers advice) they require to progress to higher education and/or employment? Base: 71

80% of Sixth Form Colleges strongly disagree or disagree that the amount of 16-19 funding that they will be allocated in 2016/17 will be sufficient to provide students with meaningful opportunities for personal growth.

Answer Options	Responses	Response Percent
Strongly agree	1	1%
Agree	6	8%
Neither agree nor disagree	7	10%
Disagree	29	41%
Strongly disagree	28	39%

Table 10: To what extent do you agree or disagree that the amount of 16-19 funding your college will be allocated in 2016/17 will be sufficient to provide students with meaningful opportunities for personal growth (e.g. sport, music, educational visits)? Base: 71

83% of Sixth Form Colleges strongly disagree or disagree that the amount of 16-19 funding that they will be allocated in 2016/17 will be sufficient to provide the support required by students that are educationally or economically disadvantaged.

Answer Options	Responses	Response Percent
Strongly agree	1	1%
Agree	6	8%
Neither agree nor disagree	5	7%
Disagree	28	39%
Strongly disagree	31	44%

Table 11: To what extent do you agree or disagree that the amount of 16-19 funding your college will be allocated in 2016/17 will be sufficient to provide the support required by students that are educationally or economically disadvantaged? Base: 71

Conclusion

The 93 Sixth Form Colleges in England are an education success story. They outperform school and academy sixth forms while educating more disadvantaged students and receiving less funding. However, this year's funding impact survey shows that the sector has reached the point where it cannot absorb any further reductions - courses have been cut, enrichment and support activities reduced and student programmes curtailed.

A further round of funding cuts would seriously affect both the life chances of students and the very existence of the sector. Almost every survey respondent expressed concern about the financial health of their institution, with more than a third doubtful their college would still be a going concern in five years' time. This

matters, because the evidence is very clear that students get a better deal in Sixth Form Colleges (in terms of attainment and progression to higher education for example) than in school or academy sixth forms and this success comes at a lower cost to the public purse¹.

Despite the outstanding performance of the sector, the Government has plans to reduce² the number of Sixth Form Colleges (a review was announced in July 2015 with the declared aim of moving towards “fewer, often larger, more resilient and efficient providers”) and increase the number of school and academy sixth forms (the Conservative Party manifesto³ states that “We will continue to allow all good schools to expand, whether they are maintained schools, academies free schools or grammar schools”). This forms part of a continuing trend - while no new Sixth Form Colleges have been approved to open in the past five years, 169 new school or academy sixth forms (mainly the latter) have opened their doors⁴. This policy does not make educational or economic sense.

As 16-19 specialists, Sixth Form Colleges cannot cross subsidise from more generous pre-16 funding streams (as many schools and academies do) and therefore suffer disproportionately from reductions to 16-19 funding. The Government should maintain 16-19 funding at 2014/15 levels while an urgent 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. Ministers should also introduce a VAT refund scheme for Sixth Form Colleges to mirror the arrangements in place in schools and academies. Young people should receive the same level of investment in their education, irrespective of where they choose to study.

The sector cannot survive on starvation rations, and without more investment, Sixth Form Colleges will be unable to provide young people with the high quality education they need to progress to higher education and employment. As this year’s survey has found, disadvantaged students will be disproportionately affected as they often require additional support to succeed.

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 Post-16 education and training institutions review, BIS/DfE, July 2015:
<https://www.gov.uk/government/publications/post-16-education-and-training-institutions-review>

³ The Conservative Party Manifesto 2015:
http://issuu.com/conservativeparty/docs/ge_manifesto_low_res_bdecb3a47a0faf?e=16696947/12362115

⁴ Response to written parliamentary question, Rt. Hon David Laws MP, Hansard, January 2015:
<http://www.parliament.uk/business/publications/written-questions-answers-statements/written-question/Commons/2015-01-13/220526/>