

## SFCA funding impact survey report 2016

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### Key findings and analysis

In September 2016, the Sixth Form Colleges Association conducted an online survey of all 90 Sixth Form Colleges in England. More than 160,000 16 to 18 years olds are currently enrolled at a Sixth Form College and the sector is responsible for over 20% of the A levels sat in England each year. Each college was asked to report the cumulative impact of the three funding cuts introduced since 2011 and the recent increase in employer pension and national insurance contributions. In total, 80 Sixth Form College leaders completed the survey – a response rate of 89%. Sixth Form Colleges are the most efficient providers of sixth form education in England.<sup>i</sup> As the sector outperforms school and academy sixth forms while educating more disadvantaged students and receiving less funding,<sup>ii</sup> the findings of this year's survey should act as a wake-up call to government:

- Two thirds (**66%**) of Sixth Form Colleges have dropped courses as a result of funding pressures
- Over a third of colleges (**39%**) have dropped courses in modern foreign languages, with A levels in German, French and Italian the main casualties
- The majority of Sixth Form Colleges (**58%**) have reduced or removed the extra-curricular activities available to students including music and drama, sport and languages
- Three quarters of colleges (**75%**) have limited the size of their study programmes (the overall package of qualification and non-qualification activities available to students) – up from 37% in 2014 and 58% in 2015
- In total, **84%** of colleges are teaching students in larger class sizes
- Over two thirds of Sixth Form Colleges (**64%**) do not believe the amount of funding they will receive next year will be sufficient to provide the support required by students that are educationally or economically disadvantaged
- The vast majority of Sixth Form Colleges (**90%**) are either extremely concerned or concerned about the financial health of their college and **31%** reported that it was either extremely likely or likely that their college will cease to be financially viable in the next three years.

## Towards a narrow and part time sixth form experience

This year's survey points to a 'triple narrowing' of the sixth form experience. First, funding pressures are forcing Sixth Form Colleges to reduce the overall *number* of subjects available to students. Most Sixth Form Colleges are already planning to offer three subjects as standard from next year (rather than the 4 AS/3 A2 model that has been pursued by most students since the year 2000) with no change to the amount of teaching time.<sup>iii</sup>

Second, there is a narrowing in the *range* of subjects available to students. Modern foreign language subjects are the most high profile examples – many colleges simply cannot afford to sustain these strategically important, but often less popular, courses.

And third, non-qualification and extra-curricular activities are being reduced or removed. Enrichment activities such as educational visits, sport and the Duke of Edinburgh award play a vital role in developing the skills that are valued by universities and employers, and help sixth form students to become engaged and active citizens.

Funding pressures are turning sixth form education into a part time experience. This is supported by research commissioned by SFCA from the Institute of Education (updated to accompany this report) that describes sixth form education in England as "*uniquely narrow and short*" compared to the high performing education systems in Shanghai, Singapore, Sweden and elsewhere. The 15-17 hours of tuition and support received by students in England is in stark contrast to the 30+ hours received by students in Shanghai.<sup>iv</sup>

## The funding gap, standards and social mobility

Last year's funding impact survey was influential in securing a commitment in the 2015 spending review and autumn statement to maintain the 16-19 national funding rate for the remainder of the Parliament.<sup>v</sup> This was clearly preferable to a further cut, but the rate is being held after three rounds of funding reductions<sup>vi</sup> and is being eroded by significant cost rises - this year's survey indicates that increases to employer pension and national insurance contributions will cost the average Sixth Form College an additional **£189,932** per annum.

The government must address the chronic underinvestment in sixth form education as a matter of urgency. This phase of education is funded at a lower rate than both pre-16 and higher education. The average funding of £4,583 per student received by school/academy sixth forms and Sixth Form Colleges is 20% less than the funding received to educate younger students in secondary schools, and 47% less than the average university tuition fee of £8,636.<sup>vii viii</sup>

While funding for sixth formers in England is lower than in other developed economies, and lower than both pre-16 and higher education, our more fundamental concern is the disconnect between the funding made available to educate sixth formers and the actual cost of delivering the curriculum. There is a broad consensus that a sixth form curriculum should have the characteristics of a baccalaureate model which, in addition to qualifications, values tutorial, support activities, community action and work experience to develop the 'soft' skills essential to higher level study and employability. However, funding pressures are making this increasingly difficult to offer.

The priority for the Department for Education should be to move away from funding sixth formers based on a notional number of annual hours and an arbitrary funding rate, and conduct a review of funding to ensure it is linked to the realistic costs of delivering a rounded, high quality curriculum. Failure to do this will ensure that a part time educational experience will become the norm for sixth formers in England.

This will have clear implications for social mobility – one of the recurring messages in the qualitative responses to the survey was very simple: *busy students are successful students*. This is particularly true of students that require additional help and support. We have already noted that over two thirds of colleges do not believe they will receive the funding they require next year to help students that are educationally or economically disadvantaged. While the underfunding of 16-19 education affects all providers, the impact on Sixth Form Colleges is particularly acute as they enrol more disadvantaged students and cannot cross subsidise from 11-16 funding as many schools and academies do.<sup>ix</sup>

### Academy status and VAT

When presented with evidence of the crisis in sixth form funding, the Department for Education issues the following standard response: *"We have ended the unfair difference between post-16 schools and colleges by funding them per student, rather than discriminating between qualifications."*<sup>x</sup> While it is true that there is now a single national funding formula for 16-19 education, there are still funding differences between Sixth Form Colleges and school/academy sixth forms. The most glaring inequality is the absence of a VAT refund scheme that, according to this year's survey, left the average Sixth Form College with **£385,914** less to spend on the front line education of students last year.

The VAT anomaly was partly addressed in the 2015 spending review and autumn statement, when the then Chancellor George Osborne announced that Sixth Form Colleges could become 16-19 academies, and in doing so recover their VAT costs. This year's survey indicates that this could be a popular route for Sixth Form Colleges – **69%** of colleges that have completed their area review<sup>xi</sup> (the national process for implementing structural changes of this nature) are actively exploring academy conversion. But those colleges that do not convert will still be subject to the VAT 'learning tax' and this is something that the government should give serious consideration to addressing.

### A wake up call to government

There is clear evidence that students in Sixth Form Colleges outperform their peers in school and academy sixth forms (in terms of attainment and progression to higher education for example) and this success comes at a lower cost to the public purse.<sup>xii</sup> So the findings in this year's survey should act as a wake-up call to the government. The message from the most effective and efficient providers of sixth form education is clear - more investment from government is essential if Sixth Form Colleges, school and academy sixth forms are to continue providing young people with the high quality education they need to progress to higher education and employment.

## Detailed findings

### 1. Cuts to courses

As Table 1 illustrates, **66%** of Sixth Form Colleges reported they have dropped courses as a result of funding cuts and cost increases.

Answer Options	Responses	Response Percent
Yes	53	66%
No	27	34%

**Table 1: Has your college had to drop courses as a result of the funding cuts and cost increases? Base: 80**

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

Answer Options	Responses	Response Percent
Yes	31	39%
No	48	61%

**Table 2: Has your college had to drop courses in modern foreign languages as a result of the funding cuts and cost increases? Base: 79**

In Table 3 we see that almost a quarter (**15%**) of colleges have dropped STEM courses (science, technology, engineering and maths).

Answer Options	Responses	Response Percent
Yes	12	15%
No	68	85%

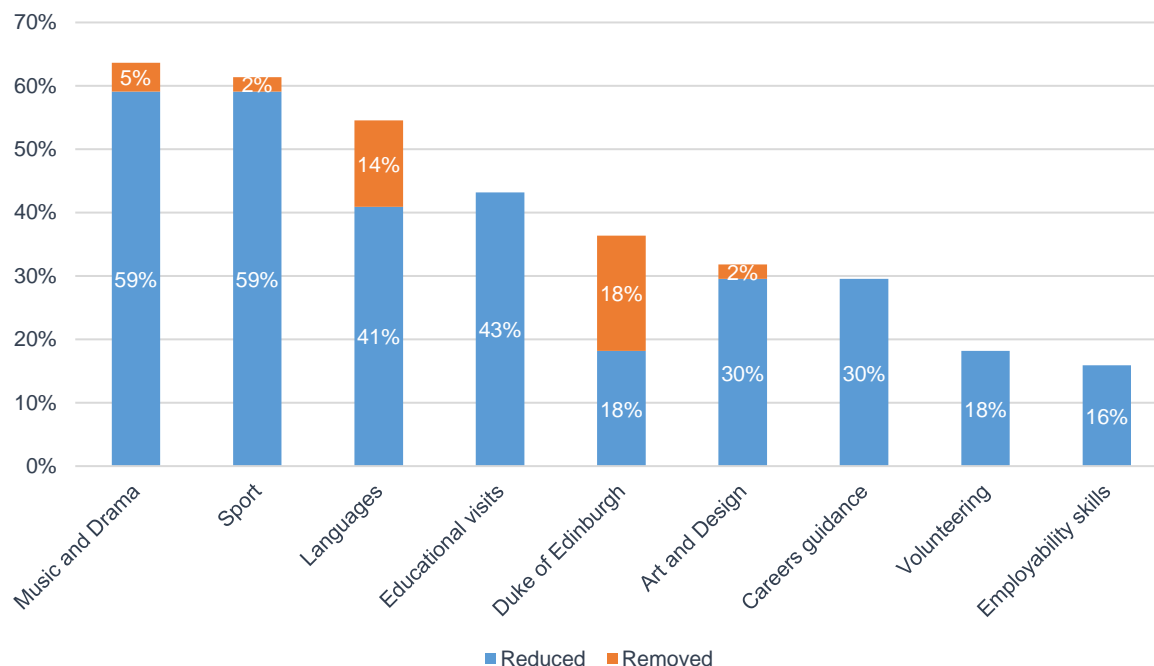
**Table 3: Has your college had to drop courses in STEM subjects as a result of the funding cuts and cost increases? Base: 80**

### 2. Cuts to enrichment activities

As Table 4 illustrates, **58%** of Sixth Form Colleges have removed or reduced enrichment activities as a result of funding cuts and cost increases. Figure 1 shows that the biggest reductions have been in sport, languages and educational visits.

Answer Options	Responses	Response Percent
Yes	46	58%
No	33	42%

**Table 4: Has your college had to remove or reduce enrichment activities as a result of the funding cuts and cost increases? Base: 79**



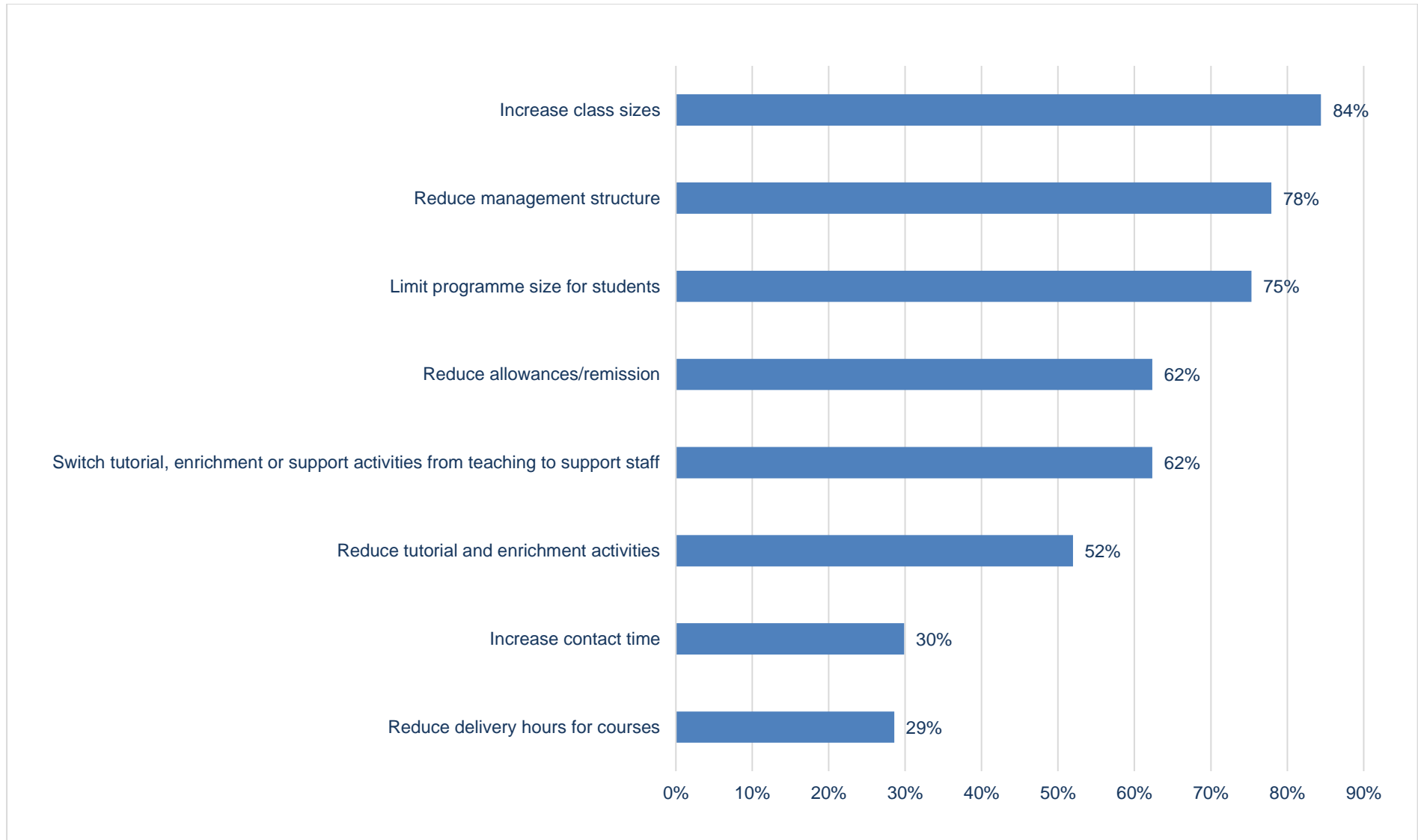
**Figure 1: Enrichment activities removed or reduced by Sixth Form Colleges as a result of the funding cuts and cost increases. Base: 46**

### 3. Responding to the funding cuts and cost increases

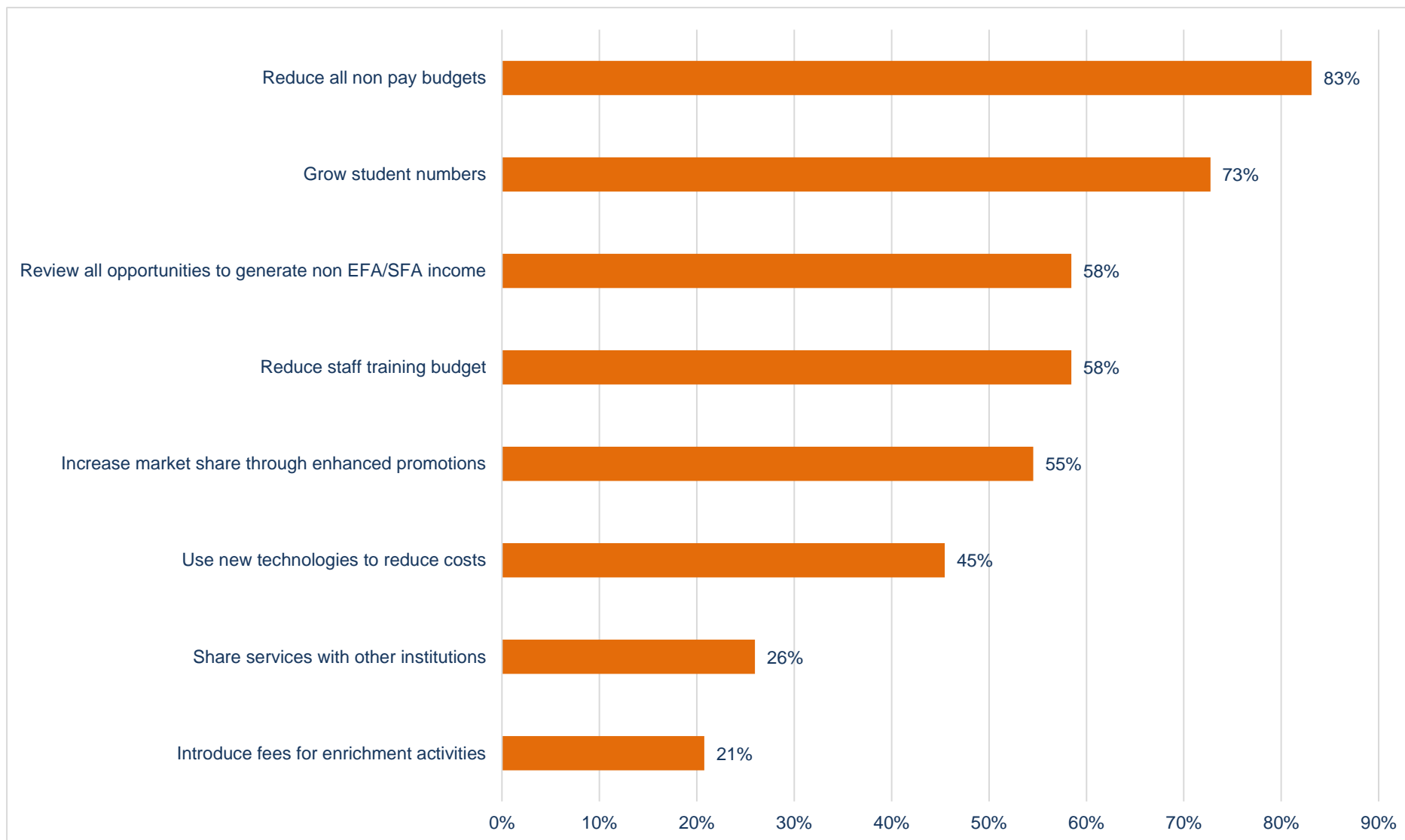
Colleges have responded imaginatively and decisively to the funding cuts and cost increases they have experienced.

Figure 2 highlights the actions taken by Sixth Form Colleges to improve curriculum delivery and teaching staff efficiency. We can see that **84%** of colleges have been forced to increase class sizes. In **78%** of cases, Sixth Form Colleges have reduced their (already very lean) management structure. In last year's survey, 58% 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 **75%** - an increase of 17 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 and cost increases. The most common strategy is to reduce all non-pay budgets - **83%** of colleges have taken this step. There has been an increase in the number of colleges that are attempting to grow student numbers in response to the funding cuts and cost increases - **73%** this year compared to 67% last year.



**Figure 2: Actions taken by Sixth Form Colleges to improve curriculum delivery and teaching staff efficiency as a result of the funding cuts and cost increases. Base: 77**



**Figure 3: Actions taken by Sixth Form Colleges to reduce non pay costs/increase income as a result of the funding cuts and cost increases. Base: 77**

#### 4. Financial health and viability

In addition to the three funding cuts imposed on Sixth Form Colleges since 2011, the sector has had to contend with significant cost increases. From September 2015, employer contributions to the Teachers' Pension Scheme increased from 14.1% to 16.4% and from April 2016, employer National Insurance contributions increased from 10.4% to 13.8%. This year's funding impact survey suggests these two increases will cost the average Sixth Form College an additional **£189,932** per annum.

The survey also tells us that the absence of a VAT refund scheme for Sixth Form Colleges (something that is available to school and academy sixth forms) left the average Sixth Form College with **£385,914** less to spend on the front line education of students last year.

As Table 5 illustrates, **90%** of Sixth Form Colleges are either extremely concerned or concerned about the financial health of their institution in 2017/18. Nearly three quarters of Sixth Form Colleges (**72%**) are concerned. No college indicated that they were extremely unconcerned.

Answer Options	Responses	Response Percent
Extremely concerned	14	18%
Concerned	56	72%
Neither concerned nor unconcerned	4	5%
Unconcerned	4	5%
Extremely unconcerned	0	0%

**Table 5: How concerned are you about the financial health of your institution in 2017/18? Base: 78**

More than a third of Sixth Form Colleges, **31%**, reported that without an increase in 16-19 funding it was either extremely likely or likely that their college will cease to be financially viable in the next 3 years.

Answer Options	Responses	Response Percent
Extremely likely	6	8%
Likely	18	23%
Neither likely nor unlikely	19	24%
Unlikely	23	29%
Extremely unlikely	12	15%

**Table 6: Without an increase in 16-19 funding, in your opinion how likely is it that your institution will cease to be financially viable in the next 3 years? Base: 78**



## 5. The future offer to students

As Table 7 illustrates, **53%** of Sixth Form Colleges strongly disagree or disagree that the amount of 16-19 funding that they will be allocated in 2017/18 will be sufficient to provide students with a high quality education.

Answer Options	Responses	Response Percent
Strongly agree	4	5%
Agree	17	22%
Neither agree nor disagree	16	21%
Disagree	34	44%
Strongly disagree	7	9%

**Table 7: To what extent do you agree or disagree that the amount of 16-19 funding your college will be allocated in 2017/18 will be sufficient to provide students with a high quality education? Base: 78**

**62%** of Sixth Form Colleges strongly disagree or disagree that the amount of 16-19 funding that they will be allocated in 2017/18 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	18	23%
Neither agree nor disagree	11	14%
Disagree	38	49%
Strongly disagree	10	13%

**Table 8: To what extent do you agree or disagree that the amount of 16-19 funding your college will be allocated in 2017/18 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: 78**

**69%** of Sixth Form Colleges strongly disagree or disagree that the amount of 16-19 funding that they will be allocated in 2017/18 will be sufficient to provide students with meaningful opportunities for personal growth.

Answer Options	Responses	Response Percent
Strongly agree	0	0%
Agree	12	15%
Neither agree nor disagree	12	15%
Disagree	37	47%
Strongly disagree	17	22%

**Table 9: To what extent do you agree or disagree that the amount of 16-19 funding your college will be allocated in 2017/18 will be sufficient to provide students with**

## meaningful opportunities for personal growth (e.g. sport, music, educational visits)?

Base: 78

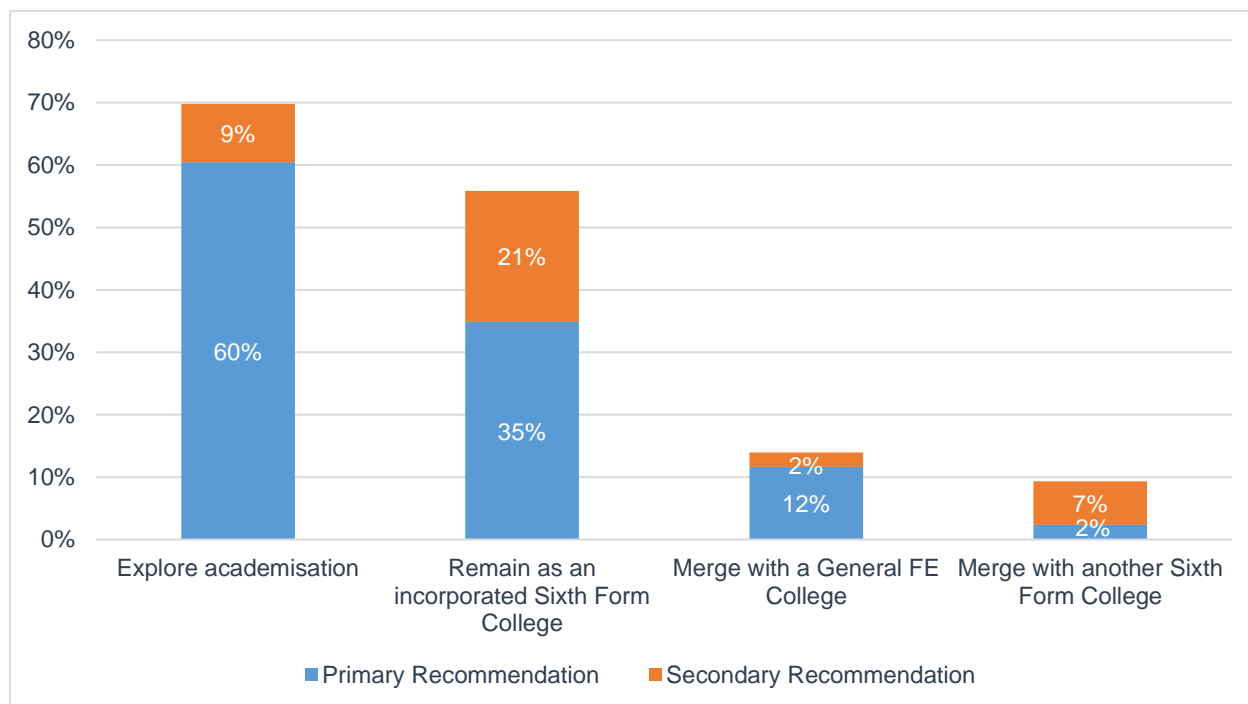
64% of Sixth Form Colleges strongly disagree or disagree that the amount of 16-19 funding that they will be allocated in 2017/18 will be sufficient to provide the support required by students that are educationally or economically disadvantaged.

Answer Options	Responses	Response Percent
Strongly agree	1	1%
Agree	10	13%
Neither agree nor disagree	17	22%
Disagree	29	37%
Strongly disagree	21	27%

**Table 10: To what extent do you agree or disagree that the amount of 16-19 funding your college will be allocated in 2017/18 will be sufficient to provide the support required by students that are educationally or economically disadvantaged? Base: 78**

## 6. Area review recommendations

In July 2015, the government announced that it was implementing a restructure of the post-16 education sector in England through a series of area reviews.<sup>xiii</sup> While SFCA regard this process as fundamentally flawed (not least because it focuses on Sixth Form and FE Colleges and effectively excludes school or academy sixth forms) all area reviews conclude with one or two recommendations about the future of each institution. At the time of writing, area reviews had concluded for 54% of respondents, and the results are summarised below.



**Figure 4: Structural recommendations given to colleges in area reviews that have concluded. Base: 43**

While **69%** of Sixth Form Colleges are actively exploring academisation, a similar proportion (**65%**) of colleges that are yet to complete their area review predict it is likely they will follow the same path.

	Extremely likely	Likely	Neither likely nor unlikely	Unlikely	Extremely unlikely
Remain as an incorporated Sixth Form College	18%	44%	12%	9%	9%
Explore academisation	21%	44%	15%	15%	6%
Merge with another Sixth Form College	0%	12%	9%	29%	38%
Merge with a General FE College	6%	6%	9%	15%	59%

**Table 11: College estimations of the likely structural recommendations that will emerge from area reviews. Base: 34**

## References

- <sup>i</sup> London Economics, Assessing value for money in sixth form education, June 2014: [http://www.sixthformcolleges.org/sites/default/files/London%20Economics\\_Value%20for%20money%20in%20Sixth%20Form%20Education\\_FINAL%20REPORT\\_0.pdf](http://www.sixthformcolleges.org/sites/default/files/London%20Economics_Value%20for%20money%20in%20Sixth%20Form%20Education_FINAL%20REPORT_0.pdf)
- <sup>ii</sup> SFCA, Sixth Form Colleges: key facts and figures, September 2016: <http://www.sixthformcolleges.org/sites/default/files/SFCA%20Key%20Facts%202016%20FINAL.pdf>
- <sup>iii</sup> Summary of plans for A level delivery in Sixth Form Colleges – the intentions of 88 delegates at the SFCA curriculum and quality conference 2016: [www.sixthformcolleges.org/sites/default/files/171016%20Summary%20of%20plans%20for%20A%20level%20delivery%20in%20SFCs.pdf](http://www.sixthformcolleges.org/sites/default/files/171016%20Summary%20of%20plans%20for%20A%20level%20delivery%20in%20SFCs.pdf)
- <sup>iv</sup> UCL Institute of Education, Tuition time in upper secondary education (16-19): Comparing six national education systems, updated October 2016: [www.sixthformcolleges.org/sites/default/files/171016%20Tuition%20time%20in%20upper%20secondary%20education.pdf](http://www.sixthformcolleges.org/sites/default/files/171016%20Tuition%20time%20in%20upper%20secondary%20education.pdf)
- <sup>v</sup> HM Treasury, Spending Review and Autumn Statement 2015, November 2015: [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/479745/HM\\_Blue\\_Book\\_Complete.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/479745/HM_Blue_Book_Complete.pdf)
- <sup>vi</sup> Funding cuts introduced in 2011, 2013 and 2014 saw the average Sixth Form College lose 17% of its funding before inflation. This figure masks the plight of some Sixth Form Colleges that lost a third of their funding between 2011 and 2016.
- <sup>vii</sup> DfE performance tables indicates that grant funding per student in secondary schools is £5694, this compares to an average of £4,583 per student across school/academy sixth forms and Sixth Form Colleges (based on 2015/16 funding allocations)
- <sup>viii</sup> Office for Fair Access: <https://www.offa.org.uk/press/quick-facts/#key-facts>
- <sup>ix</sup> Funding concerns tops list of governors' woes, TES and NGA survey shows, September 2016, TES: <https://www.tes.com/news/school-news/breaking-news/eight-out-10-governors-give-government-negative-verdict>
- <sup>x</sup> See, for example: <http://feweek.co.uk/2015/08/11/government-accused-of-making-a-mockery-of-sixth-form-college-financial-planning-following-damning-new-survey/>
- <sup>xi</sup> Department for Education, Post-16 education and training: area reviews: <https://www.gov.uk/government/publications/post-16-education-and-training-institutions-review>
- <sup>xii</sup> London Economics, *op.cit.*
- <sup>xiii</sup> Department for Education, *op.cit.*