

Education Committee: school and college funding inquiry

Written evidence from the Sixth Form Colleges Association

James Kewin, Deputy Chief Executive, May 2018

Executive summary

- The Department for Education's main priority in the next spending review should be to bid for a significant increase in the funding rate for 16 to 18 year olds.
- The ongoing underinvestment in 16 to 18 education is having a negative impact on the education of students, the financial health of institutions and the ability of government to achieve its ambitions for the economy and social mobility.
- A significant increase in the 16 to 18 funding rate is the only way to tackle these issues. The recent trend for very small, targeted increases in 16 to 18 funding linked to particular qualifications or subjects has no impact on the vast majority of students.
- The Department should also aim to secure additional funds for a dedicated capital expansion and maintenance fund for 16 to 18 institutions. This will help to address the current condition of the 16 to 18 estate and cater for the demographic upturn in the number of 16 to 18 year olds.
- Overall, a different approach is needed to funding our education system. All or nothing bids to Treasury every few years, punctuated by small, eye catching announcements in annual Budgets is no way to fund our colleges and schools. Fundamentally, education funding should be linked to the needs of students and the cost of delivery.
- The Sixth Form Colleges Association (SFCA) is the established voice of dedicated 16 to 18 education and the hub of a national network of sixth form providers. We represent 100 dedicated sixth form providers, including all sixth form colleges and 16–19 academies, and a growing number of 16–19 schools, 16–19 free schools and FE colleges.

16 to 18 education: the priority area for investment

1. 16 to 18 education inhabits a funding chasm between schools and universities. Since 2010, successive governments have prioritised investment in other stages of education. As a result, Paul Johnson, director of the Institute for Fiscal Studies [wrote](#) earlier this year that colleges have *“been starved of funding on a scale far beyond anything experienced by schools. The neglect of this sector, in both funding and public debate, is extraordinary”*.
2. It is not just colleges that are struggling – 16 to 18 funding leaves all providers equally impoverished – but schools can at least cross subsidise from the funding they receive to educate younger students and also have their [VAT costs reimbursed](#).

3. Funding for 11-16 year olds is [around 20% higher](#) than funding for 16 to 18 year olds and has been protected in real and then cash terms since 2010. By contrast, education funding for 16 to 18 year olds has been cut three times since 2011 and the national funding rate for 16 and 17 year olds has [remained frozen since 2013/14](#).
4. The average university tuition fee is [around 50% higher](#) than the average funding for 16 to 18 students, and the income threshold for student loan repayments was recently increased to £25,000 - a measure the [IFS](#) estimates will eventually cost the taxpayer £2.3 billion per year.
5. Levels of spending on 16 to 18 education have fallen and organisations including the [IFS](#) and [House of Commons Library](#) have set this out in some detail. But the running costs of colleges and schools have also increased significantly and the impact of this is not as well understood. Taken together, the purchasing power of 16 to 18 funding has reduced sharply since 2010.
6. It is difficult to fathom why a country that (quite rightly) requires its young people to participate in education or training until the age of 18, slashes investment in education at the age of 16. It is equally difficult to fathom why the government announced a [review of tertiary education funding](#) earlier this year, but decided that funding for 16 to 18 year olds would be out of scope.
7. Successive governments have made the calculation that cuts to 16 to 18 funding are likely to be less politically damaging than cuts to pre-16 education. The current government has also been particularly reluctant to make funding decisions that could alienate higher education students and their families. The neglect of 16 to 18 education may be good politics, but it is certainly bad policy.
8. Both the Department for Education and HM Treasury must appreciate that it will be impossible to realise the government's ambitions for a strong post-Brexit economy and a socially mobile, highly educated workforce without proper investment in 16 to 18 education - the pivotal stage between key stage 4 and higher education or employment.

16 to 18 education: the impact of underinvestment

9. The underinvestment in 16 to 18 education is having a significant impact on students.

Our recent [funding impact survey](#) found that:

- **50%** of schools and colleges have dropped courses in modern foreign languages as a result of funding pressures, with A levels in German, French and Spanish the main casualties
- **34%** have dropped STEM (Science, Technology, Engineering, Maths) courses
- **67%** have reduced student support services or extra-curricular activities – with significant cuts to mental health support, employability skills and careers advice
- **77%** are teaching students in larger class sizes

10. In addition to dealing with funding cuts and cost increases, the needs of students have become increasingly complex (for example the significant increase in mental health problems) and the government continues to ask more of institutions (everything from the Prevent duty to meeting Gatsby career benchmarks). Wider cuts to the NHS and local authority budgets also mean that colleges and schools are providing front line support services to young people that extend far beyond their immediate educational needs.

11. The underinvestment in 16 to 18 education is having a significant impact on institutions.

This is reflected in the [declining financial health of the college sector](#). Put simply, even the most efficient colleges will soon start to fall off a cliff without an increase to the funding rate. This will have implications for students and local communities, but also the Exchequer - even when the government's planned insolvency regime for colleges is implemented.

12. **The underinvestment in 16 to 18 education will have a significant impact on the ability of the government to achieve its policy objectives.** For example, funding pressures are proving a real barrier to improving social mobility. While university trips, coaching for interviews, careers advice and wider enrichment activities (such as music, drama, sport and

languages) have been cut in the state sector, they remain the hallmark of the student experience in the independent sector.

13. Just 23% of A level students from state schools and colleges progressed to the most selective universities in 2014/15, compared to 65% of students from the independent sector. This [gap in progression](#) rates has grown by 6 percentage points since 2008/09. In the independent sector, [fees actually increase](#) at the age of 16 to reflect the additional costs of teaching this age group.
14. It is difficult to see how we can remain internationally competitive when 16 to 18 funding in England supports 15-17 hours of tuition per week compared to the [25-30 hours per week](#) experienced by students in other leading economies such as Canada, Singapore and Shanghai. 16 to 18 education in England is now a part time experience for many students.
15. **The underinvestment in 16 to 18 education is bad for students of all ages.** Many schools have to cross subsidise their sixth forms with the funding intended for younger students. School leaders are concerned that this is starting to have a negative impact on key stage 3 and 4 provision. This is bad for all young people, not just those in the sixth form.

16 to 18 education: more than just technical education

16. The government views 16 to 18 education almost entirely through a technical/skills lens and has exhibited little interest in the vast majority of students in this age group who are studying A levels or applied general qualifications. Of the 897,000 16-18 year olds on a Level 3 course in England, just 10% are [studying](#) for a tech level qualification and yet technical education dominates political discourse and is set to receive additional funding to accompany the introduction of T levels.
17. While it may be a legitimate political objective to increase the number of young people that pursue a technical course it should not follow that the needs of the majority of students are overlooked.
18. This narrow focus on technical education will not be sufficient to prepare for life post-Brexit. The high-skilled economy envisaged in the government's Industrial Strategy will be driven by leaders, scientists, technicians, engineers and others that in most cases will have followed the academic or applied general path during their 16 to 18 education.

Priority 1: significantly increase the 16 to 18 funding rate

19. Ahead of the 2019 spending review, the Department for Education should:
 - Make 16 to 18 education a priority case for investment within the DfE
 - Make the strongest possible case to HM Treasury for a significant increase in the 16 to 18 funding rate ahead of the spending review
20. One cause for optimism is the Department's [FE Sector Futures Project](#) that will “*assess how far existing and forecast funding and regulatory structures meet the costs of delivering high quality provision*”.
21. It is important that this project is championed by the Secretary of State and used to prioritise additional investment in 16 to 18 education within the Department. There is a clear disconnect between the amount of funding the government provides to educate 16 to 18 year olds in England and the actual cost of providing their education and related support needs. There would be enormous value in a project that set out the component parts of a high quality 16 to 18 education and then costed its delivery to ensure future funding levels are sufficient.
22. SFCA undertook a similar project in 2015 - [Costing the sixth form curriculum](#) - that concluded colleges and schools required at least an additional £1,000 per student to provide the sort of high quality education young people need to flourish.
23. There will no doubt be competing priorities for additional investment within the Department, but it is important to acknowledge:
 - The pivotal role that 16 to 18 education plays in preparing young people for higher education or employment

- That all 16 to 18 year olds, not just those pursuing technical courses, require additional investment in their education
- How far investment levels in 16 to 18 education lag behind other stages of education, the independent sector and our international competitors
- How the purchasing power of 16 to 18 funding has diminished since 2010
- How students and government have become increasingly demanding ‘customers’ since 2010
- The disconnect between current investment levels and the actual costs of providing a high quality education

24. HM Treasury will no doubt be looking for a ‘something for something’ deal in the spending review. This is an unwelcome phrase, as it ignores the funding cuts and cost increases that institutions have already had to contend with and the negative impact this has had on the education of students.

25. However, we have already identified that there would be enormous benefits to social mobility and the post-Brexit economy through increased investment in 16 to 18 education. Put simply, the government will be unable to deliver some of its key policy objectives without significantly increasing funding levels.

26. In addition to protecting minority subjects such as modern foreign languages and some STEM courses, a significant increase to the 16 to 18 funding rate could be used to co-ordinate the diverse range of non-qualification support activities that students require. [The outcomes would be significant](#):

- Improving study skills would benefit 16 to 18 year old students when they progress to higher education or employment and enhance their studies.
- Improving employability skills would help students to flourish in the workplace.
- Improving careers advice would ensure young people make better choices when they leave 16 to 18 education.
- Improving the mental and physical health of students would increase their resilience and contribute to improved exam performance.
- Improving the range of enrichment activities would provide 16 to 18 year olds in the state sector with the social capital to compete with their better-funded peers in the independent sector

27. The preference of HM Treasury for something for something deals has led to some very small, targeted increases in 16 to 18 funding linked to particular qualifications or subjects. The advanced maths premium announced in last year’s Budget is an example of this - £600 for each additional maths student a school or college recruits. Next year, the [government has forecast](#) it will spend £4.6 million on this initiative. But annual [funding allocations](#) for 16-18 education are around £5.7 billion a year. These small, fixed term, funding uplifts do nothing to address the fundamental, chronic underinvestment in 16 to 18 education.

28. A significant increase to the 16-18 funding rate (£4,000 for 16 and 17 year olds since 2013/14 and £3,300 for 18 year olds) may not grab the headlines, but it is the *only* way to ensure funding is sufficient and made available in a way that schools and colleges can tailor to the individual needs of their students.

29. The stakes are high. If there is no change in the spending review, the funding rate will remain unchanged in cash terms for a 10 year period (as any increase would take effect from 2020/21 and most likely remain fixed for the whole spending review period). Consideration should also be given to an annual inflationary increase in 16 to 18 funding to ensure its purchasing power is not eroded as colleges and schools move through the spending review period.

30. Finally, both the Department for Education and HM Treasury should start to look beyond performance tables as *the* measure of the health and success of 16-18 education. The use of comparable outcomes means that there is unlikely to be a significant, observable decline in performance. And useful though the tables are, they do not report on the breadth of the student experience, levels of mental health, the effectiveness of careers advice etc. As the CBI concluded in its latest [Education and Skills survey](#), the clear message from employers is: “we need to focus on more than just exam results”.

Priority 2: ensure capital funding for 16 to 18 institutions is sufficient

31. Many 16 to 18 institutions are experiencing significant problems with their estate. Low levels of revenue funding, the absence of a sufficient national capital fund, and (for colleges) the growing reluctance of banks to lend for capital projects have all contributed to these problems. A number of institutions are keen to expand but cannot access the funding to educate more students, others have increased student numbers as a response to funding pressures, but have now reached maximum capacity and lack the capital needed to satisfy demand.

32. A capital expansion and maintenance fund for dedicated 16 to 18 institutions would help to increase the number of young people being educated in high performing institutions. It would also do so at a lower cost to the public purse, and with a higher likelihood of success, than continuing to establish new (usually small and boutique) providers. As the number of 16 to 18 year olds is set to increase during the next spending review period, it is important that the Department for Education receives a capital settlement to deal with this demographic upturn.

The spending review cycle and funding mechanisms

33. A different approach is needed to funding our education system. All or nothing bids to Treasury every few years, punctuated by small, eye catching announcements in annual Budgets is no way to fund our colleges and schools. One problem with this model is that political considerations trump educational considerations. A second, related, problem is that the loudest voices tend to get heard. 16 to 18 is a vitally important stage, but it does not cater for as many students as pre-16 education in schools or post-18 education in universities and its profile suffers as a result.

34. The idea of an overall increase in the % of GDP that is spent on education has some appeal, and it is possible that a rising tide would lift all boats. However, if other areas of education continue to dominate, there is no guarantee that the distribution of any additional funding would be conducted in an equitable, needs-based way.

35. Fundamentally, education funding should be linked to the needs of students and the cost of delivery. In 16 to 18 education, it is perfectly possible to set out the component parts of a broad, high quality education (including all the necessary support activities) and to cost the delivery of this education. This is surely preferable to the current model, which is essentially to set an arbitrary funding rate and hope for the best. To aid long term planning, colleges and schools should also receive multi-year funding allocations, with annual increases to meet inflationary pressures.

36. As we have set out at length, targeted funding does not, and will not, address the fundamental underinvestment in 16 to 18 education. All roads lead back to the funding rate. What constitutes a ‘significant’ increase to the funding rate? The answer to this question should be evidence-led and ideally based on the outcomes of the Department’s FE Sector Futures Project. Our own research suggests an increase should be of the order of £1000 per student. Anything less than £500 per student would barely take funding back to where it was in 2010, once inflationary and other cost pressures have been taken into account.

More information

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