

The Sixth Form College sector: funding summary

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Key facts¹

- **1,345,700** 16-18 year olds in England are currently in full time education
- Over **156,000** of these young people are enrolled at one of 93 Sixth Form Colleges
- **20%** of A levels in England are delivered by Sixth Form Colleges
- Sixth Form Colleges account for **14%** of the 17-19 year olds accepted by higher education institutions

Performance information

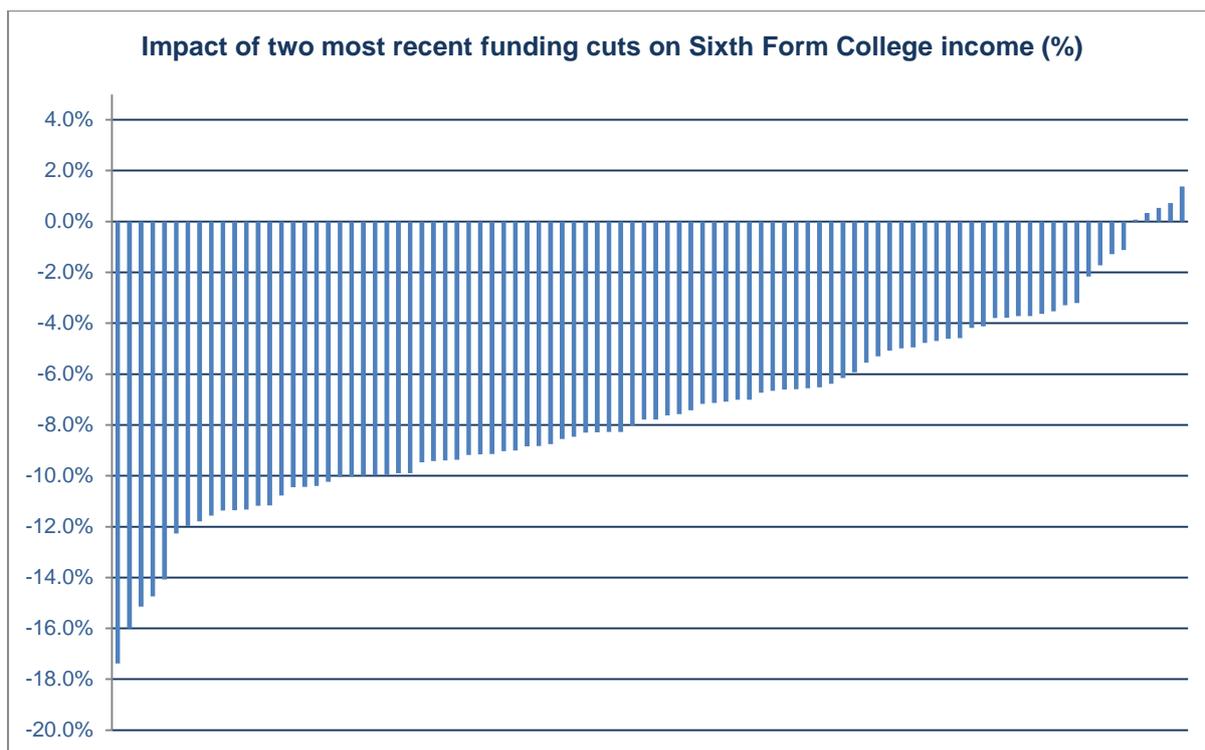
- The National Audit Office has found that Sixth Form Colleges record higher levels of attainment, and generate better success rates and value added than other post-16 providers – despite receiving less funding.
- Sixth Form Colleges send more young people to higher education than independent schools and almost one third of these young people come from the least advantaged areas of the country.
- More Sixth Form Colleges are rated as either good or outstanding by Ofsted (80%) than independent schools, maintained schools or sponsored academies.
- Sixth Form Colleges are the best performing non-selective state institutions in England. The recently released DfE performance tables² show that over 80% of students in the top 10 non-selective institutions in England are being educated at a Sixth Form College.
- Sixth Form Colleges have an excellent record in value added performance. The performance tables also show that one third of the students in the top 100 non-selective institutions in England are studying at a Sixth Form College.

Funding cuts

While many parts of the education sector have had to face and adapt to funding cuts in recent years, Sixth Form Colleges have experienced deeper reductions in their budgets than any other group of institutions. The new 16-19 funding formula introduced in September 2013 will see the average Sixth Form College lose 6% of its funding, and the recent announcement on funding for 18 year olds will leave Sixth Form Colleges, on average, a further 1.2% worse off. The cumulative impact of both cuts on each Sixth Form College is highlighted below.

¹ More information on the background and performance of Sixth Form Colleges can be found in the *Sixth Sense* report that can be downloaded from the SFCA website here: <http://www.sixthformcolleges.org/publications>

² DfE performance tables: <http://www.education.gov.uk/schools/performance/>



These recent reductions come on top of the cut to entitlement funding (used to provide tutorials, enrichment activities, additional courses etc.) announced in 2010, when the funding available for these activities 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. Some Sixth Form Colleges will have seen their funding reduced by a third in real terms by the end of this parliament. To make matters worse, the government recently confirmed that it will not be introducing a VAT refund scheme for Sixth Form Colleges. This means that annually, £30 million of funding will continue to be redirected away from the front line education of students in Sixth Form Colleges to pay VAT, in a way that it is not in schools, academies or free schools.

The impact on students

Three funding cuts in three years (with a fourth expected this year) have already started to affect the front line education of students. For example, 48% of Sixth Form Colleges have been forced to drop courses. STEM courses have been scaled back, and 22% of colleges have cut Modern Foreign Languages. Almost all colleges have reduced their teaching and contact time and most are unable to expand their curriculum to meet the needs of their students. Over 70% of colleges have had to remove or reduce enrichment activities as a result of the funding cuts. The biggest reductions have been in Sport (55%), Music and Drama (36%) and Careers Guidance (24%). In short, the funding cuts have led to a narrower curriculum offer with fewer opportunities for extra-curricular activities.

The policy response

Ministers regularly express sympathy with the funding challenges facing Sixth Form Colleges and explain that funding has been 'protected' up to and including 2015/16. While it is undoubtedly better to have some funding protection than none at all, this is only a mechanism to ease in the funding cuts and does not alter the fact that by 2016, some Sixth Form Colleges will have lost a third of their funding. The ongoing uncertainty about the future of both the formula protection fund (there is speculation that this could be a casualty of the fourth cut to 16-19 funding planned this year) and what will happen to the fund after 2015/16 makes long term planning in colleges almost impossible.

On the specific issue of VAT, Ministers often point to the borrowing powers of Sixth Form Colleges and suggest that this offsets their VAT treatment. This is to misunderstand the reasons why SFCs borrow (it is almost entirely for capital expenditure) and to over-estimate the impact this has for most colleges (given the choice between retaining borrowing powers and a VAT rebate/fair treatment on funding, colleges would increasingly opt for the latter). Colleges are also increasingly unable or unwilling to take out new loans as the ongoing reduction in funding allocations hinders their ability to make repayments. In policy terms it is also interesting to note the response from the Parliamentary Under-Secretary of State for Education in February when asked why academies and free schools did not have borrowing powers: *The Department's general position is that commercial borrowing is rarely considered to be good value for money, as the interest and finance charges are normally higher than rates available to the Government.*³

Policy alternatives

The decision in 2010 to protect education funding for 5-16 year olds has proved disastrous for Sixth Form Colleges. As the Department still has to offer up cuts to the Treasury, the 16-19 budget, as the biggest unprotected budget in the Department, has borne the brunt of this. It has now been raided three times in three years and we fully expect it to be raided again this year. This policy is simply not sustainable. As the age of compulsory education has already increased to age 17, and will increase to age 18 next year, funding protection should be extended to all young people in compulsory education. Funding for sixth form students is already 20% less than for secondary students (although in the private sector – a model greatly admired by the Secretary of State – day fees for sixth formers are actually 5% higher than for secondary students). A 5-18 national funding formula that redistributes existing resources in a more equitable way, would ensure that all young people receive the unit of resource required for a holistic and relevant education.

Despite the deep funding cuts faced by Sixth Form Colleges, the government continues to pursue a policy of establishing new, more expensive and untested Free School Sixth Form Colleges. Some £62 million has been spent on 9 16-19 Free Schools since 2011 (an average of £6,853,613 per institution). Even when at full capacity, these institutions will educate just 1557 students – fewer than the average Sixth Form College. Some have also been set up close to outstanding Sixth Form Colleges and all offer little in the way of value for money. A policy alternative would be to use this funding to reimburse the VAT costs of Sixth Form Colleges (that would cost just £30million) and to educate these 1557 students in existing provision (that would cost less than £10 million).

³ Hansard source:

http://www.publications.parliament.uk/pa/cm201314/cmhansrd/cm140204/halltext/140204h0001.htm#140204h0001.htm_spm11