

Budget 2017: a submission from the Sixth Form Colleges Association

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Our members: engines of social mobility

The Sixth Form Colleges Association is the established voice of dedicated sixth form education and the hub of a national network of sixth form providers. We represent 100 institutions, including all designated Sixth Form Colleges in England, and a growing number of FE colleges, 16-19 academies, 16-19 schools, and 16-19 free schools. Our members are responsible for over a fifth of the A levels delivered in England each year and help their students to achieve better exam results than all other non-selective providers. Our members are engines of social mobility. For example, Sixth Form Colleges recruit students with lower GCSE scoresⁱ and higher levels of free school meal eligibility than students that attend school sixth forms, but still have superior rates of progression to higher education (including progression to the most selective universities).ⁱⁱ

Recommendation 1: increase the national funding rate for 16 to 19 year olds by £200

Three cuts to sixth form funding since 2011 coupled with ongoing cost increases have had a negative impact on the education of students in schools and colleges. Our primary recommendation is to support an increase of £200 to the national funding rate for 16 to 19 year olds in the forthcoming Budget. We estimate that increasing the rate to £4200 per full time student would cost £244 million per year to implement - and could be partly funded by using the underspend in the Department for Education's budget for 16-19 education (that amounted to £135 million in 2014/15 and £132 million in 2015/16).ⁱⁱⁱ The impact of this investment would be significant and would be used to:

- Improve students' study skills to enhance performance in the sixth form and provide the tools to succeed in higher education and employment.
- Improve students' employability skills to help them flourish in the workplace.
- Improve the careers advice available to students to ensure they make better choices when leaving sixth form education.
- Improve the mental and physical health of students to increase their resilience and aid exam performance.
- Improve the range of enrichment activities available to students to increase their social capital and aid social mobility.

As the funding rates for sixth formers have been fixed since 2013, this modest uplift would also help schools and colleges to deal with the inflationary pressures and cost increases they have faced during that time. The current underinvestment in sixth form education is bad for students, bad for our international competitiveness and bad for social mobility. To ensure that schools and colleges can continue to transform the lives of young people, this modest increase to the national funding rate should be an urgent priority in November's Budget.

Policy rationale

The case for a £200 increase to the national funding rate is compelling – the policy rationale is outlined in more detail below.

Social mobility

- The underfunding of 16 to 19 education is a real obstacle to improving social mobility. The average fee for a single term in an independent school sixth form (£5,111 per student) is £580 more than state schools and colleges receive to educate a sixth former for an entire year.^{iv} In the independent sector, fees also increase rather than decrease at the age of 16 to reflect the actual cost of delivery for this age group.^v
- Recent data from the Department for Education shows that 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.^{vi} This gap in progression rates between the state and independent sector has grown by 6 percentage points since 2008/09 and is only partly the result of exam performance.
- Funding pressures mean that state schools and colleges have found it increasingly difficult to provide the range of non-qualification activities that are essential to raising students' aspirations, increasing their confidence and providing social capital. 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.

Skills and productivity

- The funding that schools and colleges now receive to educate sixth formers covers the cost of delivering three A level or equivalent qualifications, and little more. As a result, the wider support offer to students has been greatly diminished. For example, it is increasingly difficult to address the concerns expressed by employers that young people lack the skills to flourish in the workplace. The CBI's 2016 education and skills survey expressed concern about the current education system with its *"emphasis on grades... and league tables at the expense of wider personal development."*^{vii}
- In March 2017, plans were announced to increase investment in post-16 technical education.^{viii} This will have no impact on the 85% of sixth form students that pursue A level or applied general study programmes.^{ix} The government was right to identify that students studying technical courses require additional support to succeed, but the same is true of young people studying A levels and applied general qualifications – particularly disadvantaged students.
- The decision to increase investment in technical, but not academic, education is also based on a flawed analysis of the country's productivity challenge. 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 path during their sixth form studies.

International competitiveness

- Research from the Institute of Education^x describes sixth form education in England as *"uniquely narrow and short"* compared to the high performing education systems in Shanghai, Singapore, Canada and elsewhere. Our sixth formers are now only funded to receive half the tuition time as sixth formers in other leading economies: 15-17 hours of weekly tuition and support has become the norm for students in England, compared to 30+ hours in Shanghai. Students in other leading education systems receive more tuition time, study more subjects, and in some cases can benefit from a three year programme of study rather than two.
- The same research also contrasts the narrowing of the curriculum in England when students reach the sixth form compared to the model adopted by our international competitors: *"...unlike other national systems where the amount of tuition actually increases in upper secondary education when compared with the lower secondary phase, the English experience is the opposite. The sharp reduction in the number of subjects studied post-16 (an average of*

four subjects, now reducing to three) compared with pre-16 (10+ GCSEs or vocational equivalent) appears to represent sudden movement to a part-time curriculum”.

Mental health and the student experience

- Funding pressures mean that many schools and colleges now lack the resources to address the sharp increase in students reporting mental health problems. This has been compounded by cuts to the NHS and local authority budgets – the charity MIND recently found that local authorities now spend less than 1% of their public health budget on mental health.^{xi} More broadly, we know that students with better health and wellbeing are likely to achieve better academically and that participation in extra-curricular activities has a positive effect on attainment.^{xii}
- There is growing evidence that the student experience in schools and colleges is deteriorating as a result of funding pressures. For example, two thirds (66%) of Sixth Form Colleges have already dropped courses as a result of funding cuts and cost increases, over a third (39%) have dropped courses in modern foreign languages, and the majority (58%) have reduced or removed the extra-curricular activities available to students including music and drama, sport and languages. Worryingly, almost two out of three colleges (64%) do not believe the funding they will receive next year will be sufficient to support students that are educationally or economically disadvantaged.^{xiii}

Treating all young people fairly

- The treatment of 16 to 19 funding is in stark contrast to pre-16 funding that was protected in real terms under the coalition government and protected in cash terms during the last Parliament. The Secretary of State for Education’s recent announcement of an additional £1.3 billion for schools does not apply to 16 to 19 education, nor does the minimum funding guarantee for students in secondary schools.^{xiv}
- Yet the average funding of £4,531 per student received by Sixth Form Colleges and school sixth forms is already 21% less than the £5,751 per pupil received to educate 11-16 year olds in secondary schools.^{xv} In the independent sector, sixth form fees are higher than those charged for younger students to reflect the *actual cost of delivery* for this age group. And many young people reach the sixth form after having a difficult time at school with lots of ground to make up. There is certainly no evidence to justify reducing education funding by 21% at the age of 16 – particularly when it is compulsory to remain in education and training until the age of 18.
- Successive governments have made the calculation that cuts to 16 to 19 funding are likely to be less politically damaging than cuts to pre-16 education, and have consistently defended the decision to prioritise funding for younger pupils. This political calculation has led to a prolonged and systemic under-investment in 16 to 19 education. Sixth form funding in England sits at the bottom of a funding chasm, and is not only out of step with the resources made available to educate younger children - the average funding for 16 to 19 year olds in the state sector is 48% less than the average university tuition fee of £8,781 and 70% less than the average sixth form fee in the independent sector.^{xvi xvii}

Avoiding unintended consequences

- Schools are increasingly using the funding intended for 11-16 year olds to subsidise their sixth forms, which risks damaging the education of younger students.^{xviii} Small school sixth forms are increasingly unviable as they lack the economies of scale to provide students with a rounded education. The new wave of 16 to 19 free schools benefit from the VAT reimbursement but cannot cross subsidise and like rural schools, many do not have a sufficient number of students to be comfortable about their long term financial viability.

Policy implementation

- Our recommendation would be straightforward to implement. The current full time national funding rate is £4,000 for 16 and 17 year olds (or students aged 18 and over with high needs). The rate for full time students aged 18 and over without high needs is £3,300. A £200 increase could be applied to the national funding rate in time for the beginning of the 2018/19 academic year, and similar arrangements put in place for students studying on a part time basis.
- The increase is affordable. We estimate it would cost £244 million per year to implement (there are currently 1,219,769 16-19 year olds funded by the Education and Skills Funding Agency^{xix}, if the funding rate for each student was increased by £200 that would amount to £244 million). It could be partly funded by using the underspend in the Department for Education's budget for 16–19 education (that amounted to £135 million in 2014/15 and £132 million in 2015/16).^{xx} At a time when 16-19 education is in dire need of additional investment, schools and colleges should at least receive all the funding that the government has set aside to educate sixth form students.

Additional recommendations

- **R2: Conduct a fundamental review of 16-19 funding.** In addition to the clear need for an increase in the national funding rate, a more fundamental review of sixth form funding is also required to re-introduce a link between investment levels and the actual cost of delivering a high quality education. The government has not published any research into the sufficiency of the funding provided to educate 16 to 19 year olds. In short, it does not know how much it actually costs “*to do a full timetable of courses*”.^{xxi} As a result, there is a clear disconnect between the arbitrary amount of funding the government provides to educate sixth formers in England and the actual cost of providing their education. HM Treasury will have a clear interest in the outcomes of this review, which could form part of the “*major review of funding across tertiary education*” announced in the Conservative party manifesto.^{xxii}
- **R3: Introduce a competitive process for establishing new sixth form provision.** HM Treasury should also encourage the introduction of a competitive process for establishing new sixth form provision that is open to all types of sixth form provider. The absence of a competitive, demand-led process has led to the creation of sixth form providers in areas where there is already an oversupply of good or outstanding provision. This in turn has put pressure on the Department for Education's capital budget and forced colleges and schools to divert revenue funding away from the front line education of students to increase their marketing spend. As the number of 16 to 19 year olds starts to increase, the establishment of new sixth form provision should be based on an impartial assessment of demand, quality and value for money to make best use of scarce resources.
- **R4: Introduce a VAT refund scheme for Sixth Form Colleges.** There remains a compelling case to introduce a VAT refund scheme for all sixth form providers. While school sixth forms have their VAT costs refunded, Sixth Form Colleges do not. The VAT anomaly was partly addressed in the 2015 spending review, when the government announced that Sixth Form Colleges could become 16 to 19 academies, and in doing so recover their VAT costs. But those colleges that do not convert will still be subject to the VAT ‘learning tax’ – we believe young people should receive the same level of investment in their education, irrespective of where they choose to study.
- **R5: Introduce a capital improvement fund for Sixth Form Colleges.** Many Sixth Form Colleges are experiencing significant problems with their estate. Here they face a triple whammy: low levels of revenue funding, the absence of a dedicated or sufficient capital fund, and the growing reluctance of banks to lend to colleges for capital projects. A number of colleges are keen to expand but cannot access the funding to educate more students - some heavily oversubscribed Sixth Form Colleges were told their student numbers were too low during the recent area review process, but need additional support to expand their estate to accommodate more students. Other colleges have increased student numbers as a response to funding pressures, but have now reached maximum capacity and lack the capital needed to satisfy demand. These colleges are clearly successful, and yet they are penalised. A capital

expansion fund for these providers 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 creating entirely new 16 to 19 institutions. Demographic growth will add a further degree of urgency to this capital crisis in the years to come.

- **R6: Improve access to condition funding for Sixth Form Colleges.** Many of the challenges highlighted above also apply to capital improvement and maintenance. The Condition Improvement Fund^{xxiii} experiment has not been a good one for most Sixth Form Colleges - far fewer colleges have been successful than under the SFC-dedicated Building Condition Improvement Fund (BCIF). Sixth Form Colleges successfully combined BCIF grants with funding from other sources to expand projects and provide even greater value for money. Sixth Form Colleges must now compete with academies for grants from the Condition Improvement Funding – far fewer colleges have been successful and the grants awarded have been much smaller. Multi Academy Trusts with more than 3,000 pupils receive a School Condition Allocation (SCA) to deploy strategically across their estate to address their priority maintenance needs – similar arrangements should be made for Sixth Form Colleges, either individually or as part of a consortium.

Next steps

- The Chancellor should take the opportunity in the forthcoming Budget to accept our primary recommendation of a £200 increase to the national funding rate for 16 to 19 year olds. Doing so will help to ensure that every sixth form student in England receives the sort of high quality, rounded educational experience they need to become healthy, happy, resilient and productive citizens. This investment will also help to boost social mobility, improve the career choices that students make, and ensure that young people possess the skills required to flourish in the workplace.
- The current underinvestment in sixth form education is bad for students, bad for our international competitiveness and bad for social mobility. To ensure that schools and colleges can continue to transform the lives of young people and develop the highly skilled workforce of the future, a fundamental review of sixth form funding is urgently required. Investment in academic (and not just technical) education is required to improve the skills of the population in order to boost productivity in the post-Brexit world.
- Our other recommendations are also important: introducing a competitive process for establishing new sixth form provision will help to drive efficiency and value for money across the education sector, and a VAT refund scheme for Sixth Form Colleges will ensure that young people are not disadvantaged based on where they choose to study. The current capital arrangements for Sixth Form Colleges are clearly unsatisfactory: targeting investment in the capital infrastructure of such a high performing sector would offer greater value for money (and on average, better educational outcomes) than investing in new, smaller, sixth form providers.^{xxiv}

More information

For more information about this submission, please contact James Kewin at the Sixth Form Colleges Association: james.kewin@sixthformcolleges.org

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