



## SFCA submission to spending review 2021

September 2021

### Our members: driving economic recovery and levelling up opportunity

- 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. SFCA represents all designated sixth form colleges and 16 to 19 academies in England, as well as a growing number of FE colleges and 16 to 19 free schools. Our members are drivers of productivity – the UK's economic recovery from Covid will be delivered by leaders, scientists, technicians, engineers and others educated in our colleges. They also level up opportunity – our members [educate](#) a more disadvantaged cohort than school and academy sixth forms but still have superior rates of progression to higher education (including progression to the most selective universities).
- We have two main recommendations for the comprehensive spending review that will benefit all 1.1 million 16 to 18 year olds participating in education in England (and the 260,000 set to join them in the next few years):
  1. **Secure revenue funding then [Raise the Rate](#).** The government must make a long-term commitment to the funding increases announced in the 2019 spending round and increase funding in line with inflation each year. Then, the 16 to 19 funding rate must be raised to at least £4,760 per student - this is the most efficient and effective way to ensure every young person receives a high quality education and was the first recommendation in the education select committee's [report](#) on school and college funding. Focusing on core funding is essential - micro interventions aimed at particular subjects or qualifications will continue to have a micro impact. A survey of college and academy leaders conducted by SFCA in February found that raising the rate to boost teaching/support time was regarded as the most effective way to help students to recover from the disruption to their education caused by Covid.
  2. **Extend and expand capital expansion and maintenance funding.** The [post-16 capacity fund](#) announced in the 2020 spending round was a very welcome response to our campaign for a capital expansion fund. However, the fund is only in place for one year with a budget of £83 million. A long-term commitment is required to cater for the sharp increase in 16 to 19 year olds participating in education and there remains a pressing need for a dedicated capital maintenance fund for sixth form providers.
- The challenges presented by Covid have underlined the importance of implementing both recommendations in full. Colleges and schools are meeting the significant and ongoing financial costs of responding to the pandemic (following a decade of underinvestment), whilst also attempting to provide 16 to 19 year olds with the high quality education they will need to drive the post-Covid recovery. Raising the rate will give college and school leaders the tools they need to do this job and the freedom to tailor funding to meet the needs of their students. Boosting capital funding will increase the number of young people being educated in high performing institutions by simultaneously investing in infrastructure, innovation, and people.

## Recommendation 1: Secure revenue funding then Raise the Rate

- a) Mainstream the measures announced in spending round 2019
- b) Raise the 16 to 19 funding rate annually in line with inflation
- c) Raise the 16 to 19 funding rate to at least £4,760 per student
- d) Raise the rate beyond £4,760 to aid Covid recovery

### Mainstream the measures announced in spending round 2019

#### Raise the 16 to 19 funding rate annually in line with inflation

- It is vital that any new funding for 16 to 19 education in spending review 2021 is in addition to, rather than instead of, funding that is required to maintain the small but welcome funding gains made in spending round 2019. For example, colleges and schools must be assured that the initial funding rate increase, [high value courses premium](#) and programme cost weighting [changes](#) are guaranteed for the future.
- Most importantly of all, the government must also [continue to meet](#) the increased employer contributions to the Teachers' Pension Scheme (TPS). The government has already made a commitment to mainstream TPS funding for schools by including it in the pre-16 national funding formula. It should make the same commitment for all providers of 16 to 19 education and meet the cost of any further increases in TPS or Local Government Pension Scheme contributions that emerge during the CSR period.
- Last year, the government [confirmed](#) that the national funding rate of £4,000 per student in 2013 amounted to £4,435 in 2019 prices. So although the increase to £4,188 per student announced in 2019 was welcome, it falls well short of even meeting the cost of inflation since 2013, which has now started to increase sharply and is likely to climb even further.
- In summary, securing the gains made in 2019 and ensuring the funding rate rises in line with inflation each year should be the foundation on which any further investment in 16 to 19 education is built. We understand that the increase in the number of students participating in 16-19 education will put the overall budget under pressure over the next few years, but no young person should be penalised as a result of rising demographics.

#### Raise the 16 to 19 funding rate to at least £4,760 per student

- Education funding for 16 to 19 year olds has been cut sharply since 2010. During that time, costs have risen significantly, the needs of students have become more complex and the government has demanded much more of colleges and schools. However, the national funding rate ('the rate') for 16 and 17 year olds was frozen at £4,000 per student, per year in 2013 (and was reduced to £3,300 per year for 18 year olds in 2014).
- The sustained underinvestment in sixth form funding over the past decade continues to have a negative impact on the education of students, the financial health of colleges and schools, and the ability of government to achieve its ambitions for the economy and social mobility. The [funding impact survey](#) carried out by the [Raise the Rate campaign](#) in 2019 showed that as a result of funding pressures:
  - **51%** of schools and colleges have dropped courses in modern foreign languages
  - **38%** have dropped STEM (Science, Technology, Engineering, Maths) courses
  - **78%** have reduced student support services or extra-curricular activities – with significant cuts to mental health support, employability skills and careers advice
  - **81%** are teaching students in larger class sizes
- In the September 2019 spending round, the government [announced](#) that it would raise the rate for 16 and 17 year olds to **£4,188** per student, per year - a welcome step in the right direction after a decade of underinvestment. However, this was a one year deal for 2020/21, in contrast to the [three year](#) funding deal for 5 to 16 education (that was also accompanied by a commitment to keep pace with inflation).

- The government's ambition should be to level up education funding to ensure that 16 to 19 year olds receive the same level of investment as younger students. It is difficult to explain why a country that (quite rightly) requires its young people to participate in education or training until the age of 18 [reduces](#) the amount of funding per student by 14% at the age of 16.
- A major step towards realising this ambition would be to raise the national funding rate for 16, 17, and 18 year olds to at least **£4,760** per student in the comprehensive spending review. Research from [London Economics](#) concluded that £4,760 is the *minimum* level of core funding required to increase student support services to the required level (e.g. mental health support), protect minority subjects that are being dropped (e.g. modern foreign languages), and increase non-qualification time (e.g. extra-curricular activities, work experience).
- Raising the rate to *at least* £4,760 per student would mean that schools and colleges could continue to provide economically valuable courses in languages, STEM and other subjects. It would also enable schools and colleges to provide the diverse range of non-qualification and support activities that students require. The outcomes would be significant:
  - Improving study skills would benefit 16 to 19 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 – employers are increasingly looking for adaptable and resourceful new recruits that possess a wide range of soft skills.
  - Improving careers advice would ensure young people make better choices when they leave 16 to 19 education.
  - Improving the mental and physical health of students would increase their resilience and contribute to improved exam performance. The Children's commissioner, Rachel de Souza, has said that improving the mental health and wellbeing of young people is her number one priority – Covid has had a huge impact on many students.
  - Improving the range of enrichment activities would provide 16 to 19 year olds in the state sector with the social and cultural capital to compete with their better-funded peers in the independent sector.
- Raising the rate (and ensuring it keeps pace with inflation) is the only way to ensure sixth form funding is sufficient and made available in a way that institutions can tailor to the individual needs of their students. The rate is by far the biggest component of the 16 to 19 funding formula and applies to all students.
- The recent trend for small uplifts in funding linked to particular subjects or qualifications has no impact on the vast majority of students. Eye-catching, but short term and often bid-based funding streams, however well-intended, are no substitute for a sufficient level of core funding. Micro interventions will continue to have a micro impact.
- HM Treasury will be asking for 'something for something' in the comprehensive spending review (a request that is not made of pre-16 education – there is rarely a requirement for, say, an extra GCSE in return for additional funding). Our 'something' is a rounded, high quality education that equips young people with the knowledge, skills and experience they need to flourish in higher education and/or skilled employment. This sort of education should be at the heart of the government's plan to strengthen the UK's economic recovery from Covid.
- The post-Brexit, post-Covid economy will be driven by leaders, scientists, technicians, engineers and others who will all pass through 16 to 19 education. There is little point investing heavily in pre-16 and higher education if this pivotal stage in the middle continues to be overlooked.
- It is also difficult to see how we can remain internationally competitive when 16 to 19 funding in England supports around 15 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.

## Raise the Rate beyond £4,760 to aid Covid recovery

- The government over-promised and under-delivered on funding to help students to recover from the impact of Covid. There is a single fund of £100 million available to 16-19 institutions that can only be spent on small group tuition. This is woefully inadequate given the enormous impact that Covid has had on students.
- The leaders of 75 institutions that educate 145,428 sixth form students (13% of the 1.1 million 16-18 year olds in education in England) responded to our Covid impact [survey](#) in February 2021. The results were striking:
  - The vast majority of leaders (**82%**) reported that there had been a negative or very negative impact on the overall quality of qualification delivery as a result of Covid
  - Covid had an even bigger impact on the wider student experience – the all-important non-qualification activities that are such a vital part of sixth form education. Leaders reported that there had been a negative or very negative impact on the following:
    - Extra-curricular activity (e.g. music, sport, charity work) – **100%**
    - Social development (e.g. spending social time with peer group) – **98%**
    - Maintaining and improving mental health – **95%**
    - Employability development (e.g. work experience, part time jobs) – **92%**
    - Maintaining and improving physical health – **84%**
  - The impact on economically disadvantaged students had been particularly stark - **97%** of leaders reported that the wider student experience had been worse or much worse for these young people than in the pre-Covid period
- When asked how practical and effective a series of potential Covid recovery interventions would be for sixth form students, there was a very clear consensus:
  - Boosting funding to increase teaching hours during the existing core day, and boosting funding to increase non qualification activities, were regarded as by far the most practical and effective interventions
  - What were frequently described as “bolt on” interventions such as summer schools and extending the college day/college year were regarded as by far the least practical and effective interventions
- If the government wanted to make a serious investment in 16 to 19 education to help students recover from the disruption to their education caused by Covid, the best way to do this would be to raise the rate to fund additional hours of teaching or support time. Recovery interventions need to be tailored to the needs of individual students which is why raising the rate is always going to be the most effective way to fund these activities.
- But £4,760 was the minimum amount of core funding required before Covid, so any funding for additional hours of teaching or support time should be in addition to this new baseline figure. Covid has strengthened the case to raise the rate – education recovery cannot be micro-managed from Whitehall – it is more core funding that’s needed, as this provides the flexibility to target resources where they are needed most.

## Recommendation 2: Extend and expand capital expansion funding.

a) Extend and expand the post-16 capacity fund

b) Create a dedicated capital maintenance fund for sixth form providers

- The number of sixth form students in England will increase sharply over the next eight years. We estimate that the number of 16 to 18 year olds participating in full time education will rise from 1,127,000 in 2019/20 to 1,387,585 in 2028/29 - an increase of **260,585**.
- In some parts of the country it will make sense to establish new institutions to meet this demographic increase. But as a general principle, we believe that expanding existing, high performing institutions, offers better value for money (it is a lot cheaper to do) at lower risk (they already have a proven track record) than opening brand-new ones.
- We estimate that it costs around £2.5 million to expand an existing sixth form institution to accommodate an additional 200 students - around **£12,500 per student**. Analysis of [data](#) published by the Department of Education indicates that the average 16 to 19 free school costs around £11.5 million to build (including land purchase) and currently educates 397 students – around **£29,000 per student**.
- So while we were delighted to see the announcement of a post-16 capacity fund in spending round 2020, a one year fund of £83 million can only be the first step on the road to ensuring that every 16-19 year old can access a place at a high performing sixth form provider. A multi-year fund would help to cater for the immediate, acute need for additional sixth form places in many parts of the country and form a key part of the longer-term strategy to addressing the demographic boom in 16 to 19 year olds.
- We know from our own members that high performing sixth form colleges and 16 to 19 academies are having to squeeze more and more students into already overcrowded classrooms, or in some cases having to turn students away. Covid has added additional pressure with places in high performing institutions now in even greater demand and signs that more 16 year olds are continuing in full time education rather than starting an apprenticeship or another form of work-based learning.
- Many of our members report that they have enrolled more students this year than last year. Although this was largely a result of the national improvement in GCSE grades, it does form part of a longer term trend. We have over-subscribed members with shovel-ready expansion projects that remain on ice due to the lack of an expansion fund. At the time of writing, the successful bidders from the first year of the post-16 capacity fund had still not been announced, and not all institutions that require expansion are likely to be successful.

### Create a dedicated capital maintenance fund for sixth form providers

- In addition, a separate capital maintenance fund for dedicated 16 to 19 institutions would help to address the ongoing challenges many institutions have with their estate. One practical commitment the government could make is to extend eligibility for [school condition allocations](#) (currently limited to MATs with 5 or more academies and at least 3,000 pupils) to sixth form colleges and 16 to 19 academies, either individually or as part of a consortium.
- This would provide funding for institutions to deploy strategically across their estate to address priority maintenance needs. Consideration should also be given to expanding the scope of capital funding to cover IT infrastructure – serious investment is needed in this area if we are to keep pace with our international competitors.
- Reliance on the [Condition Improvement Fund](#) is simply not an option. There are too many institutions, from all phases of education, competing for too little funding, and the fund is primarily for small-scale repairs rather than significant capital projects. A dedicated sixth form maintenance fund would help to address the capital needs of this vital phase of education.

For more information about this submission:

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