Sixth Form Colleges Association
THE VOICE OF SIXTH FORM EDUCATION

SFCA submission to comprehensive spending review 2020

September 2020

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 responsible for a quarter 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 drivers of productivity – the UK's economic recovery from COVID-19 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).

Two recommendations: Raise the Rate and Create the Capital

- We have two main recommendations for the comprehensive spending review: raise the rate and create the capital. These recommendations 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), not just those studying in our member institutions.

1. **Raise the Rate.** The national funding rate for 16 to 18 year olds is insufficient and it must be raised to at least £4,760 per year. This is the most efficient and effective way to *"ensure every young person receives a superb education"* (one of the CSR's key priorities) and was the first recommendation in the education select committee's report on school and college funding last year. Focusing on core funding is essential - micro interventions aimed at particular subjects or qualifications will continue to have a micro impact.
2. **Create the Capital.** Capital funding for 16 to 18 year olds is also insufficient and the government must create a dedicated expansion fund to cater for the sharp increase in 16 to 18 year olds participating in education. 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.

- The challenges presented by COVID-19 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 18 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. Creating the capital will increase the number of young people being educated in high performing institutions by simultaneously investing in infrastructure, innovation and people.

Recommendation 1: Raise the Rate

Raise the 16-19 year old funding rate to at least £4,760 per student
Raise the rate annually in line with inflation
Mainstream the measures announced in the 2019 Spending Round

- Education funding for 16 to 18 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 18 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 10% 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).
- The rate should also be raised in line with inflation each year. In January, 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 recent increase to £4,188 per student was welcome, it falls well short of even meeting the cost of inflation since 2013.
- Raising the rate to £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 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

- 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 18 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.
- HM Treasury will quite rightly be asking for 'something for something' in the comprehensive spending review. 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-19
- The post-Brexit, post-Covid economy will be driven by leaders, scientists, technicians, engineers and others who will all pass through 16 to 18 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 18 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.
- Finally, it is vital that funding made available to raise the rate is in addition to, rather than instead of, funding that is required to maintain the small but welcome funding commitments made in the 2019 spending round. 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 duration of the spending review period.
- 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 from 2021. It should make the same commitment for providers of 16 to 18 education and meet the cost of any further increases in TPS or Local Government Pension Scheme contributions that emerge during the CSR period.
- Crucially, the additional investment required to meet the (unavoidable) cost of pension increases and high value courses premium/programme cost weighting changes should be *in addition* to the funding required to raise the rate to at least £4,760 per year and increase it in line with inflation.

Recommendation 2: Create the Capital

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

- The number of 16 to 18 year olds 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.**
- The absence of a dedicated capital fund for sixth form providers means that expansion is simply not an option for many institutions. Sixth form colleges and academies must bid from a single Condition Improvement Fund for all phases of education and the vast majority of funding is directed to capital improvement rather than capital expansion projects.
- The creation of a dedicated capital expansion fund for high performing sixth form providers should be a major priority in the comprehensive spending review and could be modelled on the existing expansion fund for grammar schools (but with non-selective institutions eligible to apply).
- A dedicated capital expansion fund for sixth form providers would enable high performing, oversubscribed, institutions to expand their estate in order to accommodate more students. The 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 18 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-19 has added additional pressure with places in high performing institutions now in even greater demand (even without the added challenge of social distancing) 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.
- Three quarters 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. In the meantime, young people are being turned away from high performing institutions. This has to change.
- In addition, a separate capital maintenance fund for dedicated 16 to 18 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.

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