Spending review 2019

Association of Colleges proposals

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Introduction

The Association of Colleges (AoC) represents 95% of the 251colleges in England. Colleges are transformational for people, communities, places and employers. They help people make the most of their talents and ambitions. They drive social mobility. They help businesses improve productivity and drive economic growth. They are rooted in their communities and drive tolerance and well-being.

Colleges provide academic, technical and professional education for 685,000 young people aged 16 to 18 and 1.4 million adults (including 314,000 apprentices).

Despite their contributions, colleges have had to deal with an average 30% funding cut in the decade from 2009 to 2019 resulting in a drastic drop in learning opportunities for adults (from 4.7 million enrolments per year to 2.2 million); 15 hours of teaching for young people compared with more than 25 in most OECD countries; and, teachers in colleges being paid about 20% less than teachers in schools.

After making great efficiencies over the last decade, there is a strong consensus now that colleges need major investment to put them in a position to be able to thrive and from that position to be able to maximise the impact they can have. The UK's industrial strategy identifies skills as an issue across a range of priority sectors and the need for action to avoid shortages. Without thriving colleges, this priority will not be met.

Our proposals do three things. First, the proposals remedy some areas that have suffered during a decade of austerity such as investment in IT, buildings and equipment; staff pay and funding for students' well-being. Second, the proposals set funding rates at levels that are proportionate to the job government is asking colleges to perform. The funding rates we have asked for are the result of careful analysis and would support a sector able to pay staff more fairly, offer students more teaching hours, invest in buildings and equipment and to innovate. They would allow colleges to make surpluses, all of which would be ploughed back into education and training

I believe that our politicians understand the need to invest more in our young people to give them the start in life they deserve and to match our OECD competitors. They also understand that our country needs many more adults to upskill and retrain. This will require spending as well as reform and in particular, our third proposal, for colleges to have a new strategic relationship with government.

Our spending review paper encapsulates what so many other reports have proposed – a new dawn for colleges, recognised for their strategic role in every community. That will require better funding as well as reforms to improve the system. Colleges are ready and willing to step up to meet the challenges our country faces; our proposals will help them do that for the benefit of individuals, businesses and the country as a whole.

David Hughes, Chief Executive
Association of Colleges

Summary

1. HM Treasury has not yet set out the terms for the 2019 spending review but the Chancellor indicate a plan for a three year review covering the period from 2020 to 2023. When HM Treasury, DfE and other government departments finally start the review, there will need to be a fresh approach to education spending for the period from 2020-21 onwards to tackle some big economic and social challenges.

2. The budget settlement agreed in the 2015 spending review has proved insufficient for the needs of 16 to 18-year-olds in education, for adults who need to retrain, for employers and for the country as a whole.

3. There is no time to lose if we are to raise achievement, narrow educational gaps and improve productivity. The spending:

   - a significant increase in spending on the education of young people.
   - increases in spending on higher technical education, adult education and apprenticeships to increase productivity.
   - a capital budget to extend the life of buildings and equipment.
   - a new strategic relationship.

4. This table summarises our recommendations. The rest of this paper explains the figures in more detail

Issue	2019-20 Budget	2020-1 Addition	2021-2 Addition	2022-3 Addition
Fair & effective 16-to-18 funding				
Rising numbers of young people	5,600	170	327	459
Higher 16-18 funding rates	)	280	560	840
Removal of 18-year-old discount	)	94	98	101
T-level cost weighting	)	2	10	40
English and maths	)	80	154	179
Financial support (travel etc)	180	5	9	12
Sub-total		***631***	***1,158***	***1,632***
Skills and productivity				
Higher technical education	-	80	163	250
Adult education	1,500	80	163	250
Apprenticeships	2,300	100	102	104
Sub-total		***260***	***428***	***603***
Capital funding				
Condition funds	-	80	85	88
16-to-18 basic need	-	101	185	157
Technical education capital	38	57	57	57
Skills capital + Higher technical	158	3	3	3
Sub-total		242	331	305

Fair and effective funding for 16 to 18 education

5. Department for Education will spend around £6.5 billion on 16 to 18 education and training in 2019-20[i]. This is 25% less in real-terms than at the start of the decade. Spending has fallen at a faster rate than would be expected given the falling population of young people, creating threats both to the quality of education[ii] and to the sustainability of the system[iii]. There are a number of related issues:

- **Limited teaching hours:** funding rates have been fixed in cash terms since 2013. Funding per student fell by 16% in real-terms from 2010-11 to 2018-9 to an average of £4,960 per student[iv]. Funding per student drops by 24% when a young person turns 16[v] which results in limited teaching hours. Most young people only receive around 15 hours of teaching and support per week. This is considerably less than in other high performing education systems in other countries where young people benefit from 26 to 30 hours[vi].

- **Narrow curriculum:** the curriculum in all sectors and types (academic, technical and vocational) has narrowed to focus on cheaper and more popular courses. There is little space to cross-subsidise small groups which has had a demonstrable impact in subject areas like modern foreign languages and the sciences[vii]. This will also be a problem with T-levels. Even using funding projections from the Department for Education, colleges will not be able to afford to offer the range of specialisms required, because they will be operating at a loss. Recent AoC research carried out with the assistance from the Gatsby Foundation identified projected financial shortfalls in subjects like engineering, digital and construction if the plans in the T-level funding consultation are not adjusted[viii].

- **English and maths:** Since 2014, young people who do not achieve maths or English GCSEs at grade C/4 have been required to re-sit the qualification. This policy has been implemented via a funding condition without providing sufficient additional funding for re-sit teaching. As a result, maths and English teaching time eats into a student's core technical or academic programme[ix]. Only 60% of 16-year-olds achieve grade 4 in both English and maths which leaves the average college providing catch-up to more than a thousand young people each year[x].

- **Social class gaps in achievement**: There are significant gaps in achievement at 16 and, despite their best efforts these remain at 19. Only 64% of young people achieve Level 2 standard via GCSEs by 16. Three years later, only 60% of 19-year-olds reach Level 3[xi] with a big gap between those in the better off 25% of wards compared to the worse 25% (70% in the former achieve Level 3 by 19 compared to 45% of the latter). Just 33% of those who were on Free School Meals at 15 reach Level 3 by 19. Colleges work hard to close gaps, but it doesn't help that the pupil premium stops at 16, that the full-time funding rates falls by 17.5% at age 18[xii] or that financial support has been cut back both within the education system and outside. 16 to 18 bursary funds are overstretched while transport support is diminishing. Mental health costs are increasing as support from NHS services has also declined. Colleges lack resources to address the concerns expressed by employers and inspectors about the education system focusing too much on grades rather than personal development.

6. England needs a new approach to 16 to 18 education. For most of this decade, the priority placed on school reform and early years expansion have side-lined an important area of education. The Post-16 skills plan introduced a new sense of direction in taking forward the development of T Levels but policy should help all young people. DfE should set out a ten-year strategy for the compulsory part of the education system, supported by a ringfenced budget from age 5 to 18. The protections and subsidies to particular institutions should be reviewed to see if they contribute to over-arching goals, for example raising the entry rate of disadvantaged young people into higher education and reducing the numbers who reach age 18 without English or maths at Level 2.

7. HM Treasury and DfE should plan for a significant increase in the 16 to 18 education budget between 2019-20 and 2022-23. The extra funds will be needed for a variety of purposes:

- **Rising numbers of young people:** The numbers of 16 to 18-year-olds in England will reach a low point in 2019 but will rise by around 2% a year in the 2020s. DfE should publish projections for 16 to 18-year-olds in education[xiii] and should consider adjustments to its funding formula to support expansion. HM Treasury should expect to add £459 million a year to the budget by 2022-3 compared to the 2019-20 baseline to cover growth of 90,000 young people in education over the next five years[xiv].

- **Higher funding rates per student:** Funding rates should be raised in stages over the next three years to include the current Teacher Pension Scheme Employer Contribution Grant[xv] but also as part of a plan to maintain quality, to improve pay levels and to increase teaching hours. More work is needed to finalise the target rate but we estimate that a base rate of £5,000 is necessary[xvi]. DfE should apply an annual 5% increase in the rate in each of the next three years to reach this goal, which we estimate would require £840 million extra in the budget by 2022-23 compared to 2019-20[xvii]. The fact that the majority of 11-18 schools cross-subsidise their post-16 provision from pre-16 funds means that a small saving could be made by reducing the Key Stage 3 or 4 funding rates.

- **Full funding rates for 18-year-olds:** A key task for the post 16 education and training system is to ensure as many young people as possible achieve Level 3 standard. There is a clear and simple case to reverse the 17.5% cut at 18 which will cost around £100 million a year[xviii].

- **Higher T-level cost weighting factors:** The cost weighting factors for the more specialist T Levels will need to rise to cover higher costs of employing specialist teaching staff and running lower average class sizes. AoC's research on the actual costs of the five routes suggests the Engineering and Construction cost weighting factors should be 55%, Science 40%, Digital 35% and Business Administration 15%[xix]. The costs of these increases depend on T Level take-up but we estimate the additional spending could be £60 million by 2022-23[xx].

- **English and maths:** DfE should remove the funding condition which penalizes institutions that cater for lower achieving young people and redirect the two sets of math pilot budgets into the core rate. DfE has accepted the principle that T-level students require additional funding for English and maths at a rate of £750[xxi] but has not justified making the same allocation available to other 16 to 18-year-olds without grade 4 at GCSE. We estimate the cost of making this allocation available to new students from 2020-1 onwards would be an additional £179 million by 2022-3 compared to the current baseline[xxii].

- **Financial support for disadvantaged young people:** The 16 to 18 bursary budget needs to support the rising population of young people from low income families. DfE's recent consultation on the 16-to-18 bursary explains the case for better transport support but underemphasizes the education and economic benefits of organizing 16 to 18 education in larger centres[xxiii]. A better transport package would support T Level implementation but could also secure longer-term savings from rationalizing sixth forms.

8. The total cost of these measures is significant but should be put in context. HM Treasury increased the schools revenue budget by around £7 billion in cash terms (25%) between 2009-10 and 2019-20[xxiv] to deal with higher pupil numbers, to improve quality and to tackle socio-economic disadvantage. The £1.6 billion extra spending we propose for 16 to 18 education is also necessary and for similar reasons – demographic, quality and closing gaps. There are some off-setting savings, for example by removing and merging small class sizes in school sixth forms, but these will be relatively small. Given the challenges faced by the UK and the need to compete in future based on the talents of our population, the current trend for education expenditure to fall as a share of GDP is damaging and HM Treasury should plan for an increase in the 2020s[xxv].

Skills for productivity

9. The aim of the government's Industrial Strategy is to boost productivity by backing business to create good jobs and increase the earning power of people throughout the UK with investment in skills, industries and infrastructure[xxvi]. The government needs a more ambitious policies on skills for a number of reasons:

- **Below-par productivity**: UK workforce productivity has been lower than comparable countries for several decades while productivity growth has been low since 2008[xxvii]. As technology seeps into all job roles, the low levels of basic skills will hinder employers wishing to improve productivity, as will the skills gaps in digital skills at all levels.

- **Falling investment in skills:** The government makes substantial investments in the skills of young people and in those in higher education but public spending on adults outside higher education is low given that the skills demands created by fifty-year careers, automation and Brexit[xxviii]. Employer spending on adults is concentrated disproportionately on those in professional and managerial roles in work. Part-time higher education and technical education are underdeveloped[xxix]. The poorest adults with lowest qualification level are the least likely to access adult training despite being the group who would benefit most.

- **Development of higher technical education:** The number of 18-year-olds will rise in the 2020s and initial participation rate is also on an upward trend because of higher aspirations and with better qualifications. Unless presented with a better alternative, the rising number of students will take the default option of a full-time degree course because it appears to maximise their options as adults[xxx].

- **Skills shortages in technical occupations:** The oversupply in some graduate level skills co-exists with significant shortages in digital skills, construction and some areas of manufacturing[xxxi]. There is replacement demand because of retirements[xxxii] and changing migration patterns[xxxiii] as well as new industries and new job roles. Many of those who graduate would be better off financially if they had prepared themselves for a different occupation and if they had taken shorter qualifications, and often initially at a lower level.

- **A poorly directed apprenticeship system**: The government successfully introduced an apprenticeship levy in 2017 but too much of the budget in England is being used to certify well qualified adults with very little actual training. After two years (2017-8 and 2018-9) in which there was an underspend adding up to £800 million, spending is now rising and DFE forecast that the budget will be insufficient in 2020-21[xxxiv]. Already, colleges are starting to turn away requests from small firms for apprenticeship training[xxxv]. Unplanned rationing of places will undermine employer confidence and the actions taken to improve training quality.

10. Budgets for adult education and skills are currently fragmented and will become more so once devolution takes effect in 2019. In addition to the £1.5 billion allocated to the adult education budget, there is £440 million in advanced learner loans[xxxvi], £200 million in European Social Funds[xxxvii] and £40 million in National Retraining Scheme spending deployed across three different projects. On top of this, there is £2.3 billion for apprenticeships. The Treasury has also not yet allocated the £72 million collected in 2017-8 from the skills immigration charge available for skills in England[xxxviii].

11. There have significant cuts in some of these budgets in the last ten years but there will be a growing population in the next decade and considerable skills demand associated with economic change, Brexit, automation and a possible recession. From 2020, Treasury DfE should start drawing together the following budgets into a single programme (a new adult skills budget) while also planning for a significant increase in spending.

12. The government asked an independent panel to consider how the post-18 education system could become more accessible, could provide better value for money, could offer more choice and could develop the skills we need as a country. The panel's made 50 recommendations set an agenda for action that should form the basis of future spending decisions[xxxix]. Their simple overall conclusion was that "Post-18 education in England is a story of both care and neglect, depending on whether students are among the 50 per cent of young people who participate in higher education or the rest. The panel believes that this disparity has to be addressed." We agree and believe that the recommendations set out in the FE and skills chapters are a sound set of proposals.

13. The panel were instructed to come up with a set of proposals consistent with the government's fiscal objectives. We believe the government should use the panel's recommendations as a plan of action for the next spending review. This has several spending and funding implications:

- **Strengthening technical education:** There will be long-term benefits for individuals, employers and the country if increasing numbers take an improved set of level 4 to 5 qualifications but, for this to happen, government needs to offer the same tuition fee cap, student finance rules and teaching grant funding as offered for degree-level study. Colleges will need additional support and capital funding to build this provision. The panel estimate ongoing revenue costs at £300-600 million a year by 2024-25 compared to current spending[xl]. We recommend that Treasury allocate a rising budget starting in 2020-21 to deliver these aims.

- **A new strategy for adult education:** Extending the Level 2 and 3 entitlement to people over the age of 25, increasing funding rates for economically valuable adult education courses and developing a simpler, more stable set of funding rules will help tens of thousands of adults a year secure skills and retrain which will increase the numbers in productive work. The panel estimate the ongoing revenue costs of extending the entitlements at £500 million a year by 2024-5 with higher FE teaching grants, the reversal of the 18-year-old cut, additional bursaries and careers costs at £200 million a year. We recommend that Treasury allocate a rising budget starting in 2020-21 to deliver these aims.

- **Reforming and refunding the FE college network:** The panel recommend additional capital spending after 2020. There is a note on this below.

14. When it comes to apprenticeships, the government's ambitious five-year strategy was set out in 2015[xli]. Government should now work with partners on a new five-year strategy to shape decisions on budgets and spending. The new 2025 apprenticeship vision should include the following elements

- New outline targets for apprenticeship completion and progression as well as participation.
- A sustainable funding model, which could involve a higher levy, the transfer of 16 to 18 apprenticeship costs to the education budget and adjustments to the 110% credit awarded to levy paying employers.
- More planning of spending and activity to ensure apprenticeships support the industrial strategy in terms of content (skills at level 3 to 5) and geography.
- Rationalisation of standards and work to ensure they are future facing
- Curriculum development to ensure clear progression from T-levels and other 16 to 18 courses into apprenticeships.
- More planning of the supply side for technical skills.

15. Ministers will need to take swift action in autumn 2019 to avoid an overspend on the apprenticeship budget. The National Audit Office and the Post-18 review panel have both documented how the growth in higher level apprenticeship standards has involved higher costs while raising questions about value. It will be difficult for DfE to introduce controls fast enough to reduce current spending trajectories and there is a risk that this will result in continuing restrictions for economically valuable apprenticeships taken in smaller companies and by 16 to 18-year-olds. We therefore recommend that HM Treasury sets aside funds to increase non-levy allocations in 2020-1 and beyond for this purpose.

A new capital budget

16. Colleges spend considerable sums on advanced machinery, laboratory equipment, workshops and vehicles but are under financial pressure to improve their operating surpluses and conserve cash. Total capital investment has fallen from £1.5 billion in 2009-10 to around £300 million now – a fall of 80%[xlii]. This is directly attributable to the reductions in direct capital funding and the withdrawal of private finance. Some colleges have sold property as part of campus re-organisations but this is a one-off option. Most colleges are not able to make the margins needed at current funding rates to service loans for capital investment.

17. The distribution of government capital funding in education is haphazard. DfE plans to spend £4 billion on school capital in 2018-19 and just £200 million for further education[xliii]. The department works hard to help schools access capital funds but has neglected colleges. Schools will receive more than £1 billion in formula-based grants in 2019-20 and universities £100 million (plus money for research capital). Some FE colleges have secured useful grants from Local Enterprise Partnerships or via the Institute of Technology programme but this money is for new initiatives not for the existing estate which is deteriorating. Unrealistic expectations about private finance exclude many colleges from these bids. The consequences are ageing buildings, obsolete equipment in some areas and outdated computers. This does not bode well for the technical education reforms.

18. There is a longer-term case for a capital strategy to support the technical education reforms and to deal with a higher future post-16 population. The independent panel recommend a budget of £1 billion between 2020 and 2023. There are several elements to this:

    - **Improving the overall condition of the college estate:** Directing funds towards colleges with lower quality buildings will help optimize space, improve efficiency and support skills delivery. In recent years DfE has allocated £22 per 16 to 18-year-old student (in schools and sixth form colleges) via its Devolved Formula Capital allocation and £115 per student to schools with buildings in poor condition (categories C and D). Extending these grants to students in FE and sixth form colleges would cost an estimated £80 million a year starting in 2020-1.

    - **Anticipating 16-to-18 basic need:** Some colleges will need to expand to cope with rising 16 to 18 student numbers and to replace provision where schools close sixth forms or apprenticeship places no longer available. Some colleges can borrow to part-fund the costs but limited revenue funds and bank caution limits match funding options. DfE should establish an expansion and rationalisation fund by transferring some of the funds currently allocated in its budget for the core school basic need. This budget should be allocated over 3-5 years with the intention of ensuring there are high quality places for all young people who need them. Rationalisation of uneconomic school sixth forms would provide helpful revenue budget savings as a by-product. We estimate that around £100 million a year should be allocated for this purpose from 2020-21 onwards[xliv]

- **Providing high quality technical education:** Government should provide capital funding to augment existing FE colleges to create a strong national network of high quality technical and professional provision. By combining and increasing the money currently allocated for 2020 T Level providers and Institutes of Technology, the government could secure benefits for tens of thousands of students each year.

- **Investing in digital hardware and software:** one of the consequences of funding cuts has been that many colleges have struggled to maintain investment in their IT infrastructure. This means that many colleges have old hardware and dated software. An urgent injection of capital is needed to put this right to ensure that students have the best resources and up to date operating environments.

A strategic relationship

19. The government's ambitious post-16 reforms involve the development of a number of technically focused programmes which every community needs to be able to access. The new parts of this offer include:

    - T Levels
    - Transition year
    - Off-the-job apprenticeship training
    - Higher level technical education
    - National retraining scheme.

20. All of the reforms have over-lapping and complementary requirements which will most efficiently and effectively be delivered from hubs in every locality which deliver across all of the programmes. This would be a different approach to the one taken by DfE over the last fifteen years. The aim of current and recent policy has been to encourage innovation by introducing new competition and new institutions. 1,500 apprenticeship training providers, 400 new school sixth forms and 50 new university technical colleges have secured funding but at a time of limited budgets this has stretched resources and led to many notable failures:

    - More institutions offering provision has often resulted in an overall narrower choice of subjects for students.
    - Duplication of institutions has resulted in more money spent on management, administration and support services.
    - The lowering of entry barriers has resulted in lower operating margins and fewer funds for reinvestment. Short-term funding has resulted in short-term responses by providers.
    - The various regulators struggle as a result of their span of control. They have used tightly written funding rules, qualification approval, detailed audit and a

complex set of rates to control public funds, to avoid excess profit-taking and exclusion of less advantaged groups.

21. The Government needs to have a clear supply-side strategy to deliver this new and clearer set of entitlements and offer as well as the vital existing offer to young people and adults in which colleges play a vital part. Government needs to work out how it can build on the strengths of schools, colleges and universities as well as for non-profit and community providers. By investing in colleges, the government will be able to offer every community learning centres whose staff have strong industry links and whose equipment and facilities are up-to-date. Strong and confident institutions can take calculated risks with new programmes and new technology. They can offer their communities, students and employers better routes to progression and flexible re-training opportunities.

22. This is all possible if government sees the existing network of colleges as something to be developed. A new grant-funded relationship could allow colleges to build necessary capacity in the priorities for every place, supporting the industrial strategy. Grant-funding allows more of a partnership with colleges to stimulate demand, invest in quality, develop long-term plans with employers and invest in the best equipment and facilities.

23. A new strategic relationship would also allow the government to support workforce development and capital – buildings, equipment and new technology where it is introducing new policy or priorities. With better funding rates colleges would be able to invest adequately in their own staff, buildings, equipment and IT in the same ways that all thriving businesses do.

24. More work is needed to streamline regulation and support the right balance between accountability and innovation. This might free up some savings in both DfE and ESFA's administration budgets but the bigger prize would be to secure appropriate regulation so that colleges have the ability to innovate, create and invest. Colleges are a vital part of the education infrastructure, working closely with schools and universities, employers and other public sector bodies.

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Footnotes

[i] Education Policy Institute "16-19 funding, Trends and implications" reports £6.6 billion spending for 2017-8 including education programme, disadvantage, high needs and student support funding plus apprenticeships for 16-to-18 year olds, May 2019

[ii] HM Chief Inspector Annual report on education, early years and skills, November 2018

[iii] The Independent panel report to the review of post-18 education and training commented as follows on 16-to-18 education despite the issue being out of scope "the combination of falling numbers, reduced entitlements and pressure on funding rates has been predictably dire for the financial position of further education colleges…We too heard from senior college managers and sector organisations that total current funding levels are inadequate to sustain viable institutions and that growth in the 16-to-19 cohort size will not on current per-student funding levels be enough to sustain viable institutions" Page 121
[iv] EPI 16-19 funding trends and implications, May 2019
[v] AoC website "funding drops by 24% when a young person moves into a sixth form" 5 Oct 2018
[vi] Spours and Hodgson, UCL "Tuition time in upper secondary education: Comparing six national education systems" 2016
[vii] Raise the rate: Funding Impact Survey, March 2019 covered 271 school and college leaders representing 27% of 16-to-18 provision. 51% reported closure of language provision in recent years and 38% reported closure of STEM provision
[viii] AoC Skills Shortages and Funding Gaps, May 2019 calculates likely income and expenditure in five technical subjects by combining data from DfE's T-level funding consultation with data on average and maximum class sizes and prevailing pay rates and teaching contact hours
[ix] TES, Angela Foulkes "Why the one-size all approach to GCSE resits" 4 July 2019 explains the impact in a single college of handling 2,226 resit students in 2018-9
[x] DFE statistics on Level 2 and 3 achievements of young people reported that 59.6% achieved both English and maths at grade 4 by age 16 in 2018. 69.5% achieved English at this level while 68.2% achieved maths. This implies around 240,000 are in scope for resits if they stay in education. The majority do and end up in one of the 200 FE colleges.
[xi] DFE statistics on Level 2 and 3 achievement of young people
[xii] On the issue of the 17.5% funding cut at 18, the independent panel for Post 18 review said "we could find no evidence to justify the lower base rate set for 18 year olds in colleges… many have had difficulties in their previous education and may need even more hours to complete courses" Page 132
[xiii] DfE's current pupil number projections stop at age 16
[xiv] DfE reports 1,110,000 young people in 16-to-18 further education at the end of 2017. Using DfE pupil number projections for 15-year-olds in state-funded education and applying retention percentages to estimate the number of 16, 17 and 18 year olds, we estimate there will be 1,104,000 at the end of 2019, 1,118,000 at the end of 2020, 1,168,000 at the end of 2021 and 1,195,000 at the end of 2022. A more detailed forecast could look at changes in school achievement, the impact of possible spending controls in reducing the number taking apprentices and the possibility of another recession.
[xv] DfE is paying the TPS employer contribution grant to colleges as a separate grant but to schools with sixth forms as a per pupil sum worth £114 out of London
[xvi] AoC Skills shortages and funding gaps, May 2019
[xvii] Costings assume 5% increase in all 16-to-18 funding rates
[xviii] Costings assume the reduction is removed in 2020 for all 18 year olds in further education and school sixth forms at a cost of £700 per student
[xix] AoC Skills Shortages and Funding Gaps, May 2019
[xx] Costings assume an average £2,000 extra per student in these subjects and a modest increase in take-up (1,000 T-level students in 2020, 10,000 in 2021, 30,000 in 2022)
[xxi] DfE T-level funding consultation outcome, June 2019
[xxii] Costings assume that 20% of 16 year olds receive the £750 allocation in 2020-1 and that this extends to 20% of 17 year olds in 2021-2 and 20% of 18 year olds in 2022-3
[xxiii] DFE consultation on 16-to-19 discretionary bursary fund: allocation methodology. AoC's response to the consultation is available on the consultation page of our website
[xxiv] The schools block of the Dedicated Schools Grant rose from £29.9 billion in 2009-10 to £34.4 billion in 2019-20 on top of which there is the £2.5 billion Pupil Premium

[xxv] House of Commons Library briefing 1078 on Education spending in the UK, May 2019 reports that education spending as a % of GDP peaked at 5.7% in 2010-11 and had fallen to 4.2% by 2017-8 (or 4.6% on new student loan accounting)
[xxvi] Department of BEIS "UK Industrial Strategy; Building a Britain fit for the future" 2018
[xxvii] UK Industrial Strategy, Page 19
[xxviiixxviii] The independent panel Post-18 review report calculated that support for the 2.2 million full and part-time adult further education students amounted to £2.3 million compared to more than £8 billion in teaching grants and loan subsidies spent each year on 1.2 million undergraduate students, page 5
[xxix] Chapter 2 of the independent panel Post-18 review report
[xxx] HEPI's Demand for HE by 2030, May 2018, estimates demand for 50,000 additional places by 2030 (a 4% increase) with no change in the participation rate but suggests it is plausible there will need to be 350,000 additional places (a 30% increase) as a result of rising aspirations and rising achievement in schools and sixth forms.

[xxxii] UKCES Working futures report 2014-2024 said that replacement demand over the decade covered in the report will typically be seven times demand associated with new jobs
[xxxiii] The economic assessment included in the Immigration white paper published by the Home Office in December 2018 anticipated an 80% reduction in inflows of long-term workers from the EU as a result of the proposals in the paper. There is now discussion about varying these plans which depend, in part, on a successful Brexit but they imply changes in the pattern of migration even if the reduction is offset by larger short-term inflows or greater non-EU migration
[xxxiv] National Audit Office, The apprenticeships programme, March 2019
[xxxv] Colleges have fixed cash allocations from ESFA for the 12 months from April 2019 to March 2020 which they can use to fund training for apprentices from small companies (who do not pay the levy), for those completing programmes (carry-ins) and for large companies who have used up their levy. ESFA has fixed the total value of these non-levy and carry-in allocations allocations at the level of 2018-9 activity with no allowance for inflation or growth in demand. Most colleges have responded to government encouragement and employer demand by successfully increasing their apprenticeship activity but now face the need to ration provision in 2019-20. Some colleges report they will close applications in September 2019 following selective recruitment
[xxxvi] ESFA sets a budget for advanced learner loans which means that there are effectively number controls on this part of the DFE loan book
[xxxvii] The budget for ESF is unclear. ESFA reported £200 million in EU income in its 2017-18 financial statements
[xxxviii] Home Office trust statement published in January 2019 reported total skills immigration charge income of £99 million in the first 12 months of its operation (2017-8) of which some was deferred income, some is needed for administration costs and some is transferred to devolved administrations under the Barnett formula, leaving £72 million for skills in England
[xxxix] Independent panel report to the Review of Post-18 education and funding, May 2019
[xl] Post 18 review report, costing table, page 204
[xli] DfE 2020 apprenticeship vision,
[xlii] AoC estimates from consolidated college accounts available on the AoC accounting website. See AoC report on college finance for more information
[xliii] DFE Main 2019-20 estimates memorandum reports £4.4 billion in school capital spending alongside £0.2 billion for further education (£120 million of which was transferred to MHCLG for distribution via Local Enterprise Partnerships and £112 million of which was for Institutes of Technology
[xliv] Costings assume that the fund would support 20% of the 16-to-18 student number growth at an average cost of £15,000 a new place