



Briefing for MPs

Tuesday 25 February 2020 2.30-4.00pm

Westminster Hall: Equality of funding for post-16 education

Background

The Association of Colleges (AoC) represents nearly 95% of the 244 colleges in England incorporated under the Further and Higher Education Act 1992. Colleges are inspirational places to learn, preparing over three million students with valuable employability skills, helping to develop their career opportunities.

- 62% of 16-18-year-old students are studying in colleges
- Nearly three quarters (73%) of all the disadvantaged 16-18-year-olds studying in publicly funded provision are in colleges
- There are more than twice as many disadvantaged 16-18-year-old students studying in colleges than in school sixth forms

Suggested questions for the debate:

1. Will the government confirm the £400 million spending increase allocated to 16-18 education? And will they commit to maintaining the adult education and apprenticeship spending in real terms in 2020-1?
2. Will the government fund the extension of the pupil premium to support 16 to 18-year-olds from September 2020?
3. Will the government commit to increased funding of £5000 rate for 16, 17 and 18-year-olds?
4. What plans does the government have to work with DfE and Treasury to ensure that 100,000 more funded places are available by 2024-5 to ensure that with a rising population of young people, nobody is turned away from education and training?
5. What plans does the government have to review school sixth forms to remove uneconomic and lower quality provision?

AoC's March Budget and Spending Review Recommendations:

HM Treasury should:

1. Confirm the £400 million spending increase allocated to 16-18 education while maintaining the adult education and apprenticeship spending in real terms in 2020-1
2. Fund the extension of the pupil premium to support 16 to 18-year-olds from September 2020
3. DfE should continue to increase funding rates in 2021-2 and beyond. Rates should rise above the rate of inflation towards a £5,000 rate for 16, 17 and 18-year-olds. This would allow colleges to increase student hours, to increase pay to levels needed to retain and recruit expert staff and to support investment in

equipment and technology. There are 1.1 million young people who would benefit from this decision

4. Treasury should maintain TPS employer contribution funding for colleges for the rest of the current valuation period (2021-22 and 2022-23). Government should extend the support offered by the pupil premium to all 16- to-18- year-olds from disadvantaged families on the same basis as the existing pre-16 premium to help close post-16 attainment gaps
5. HM Treasury should work with DfE to ensure that 100,000 more funded places are available by 2024-5 to ensure that with a rising population of young people, nobody is turned away from education or training
6. Government should ensure that funding for apprenticeship training is guaranteed for the 25,000 young people a year who start apprenticeships at 16
7. DfE should reform the funding of post-16 high needs, including considering block funding of places in colleges where that would best meet student needs.
8. Treasury should make capacity and capital funding available to all new T-level providers on similar terms to the 2020 providers
9. DfE should embark on a targeted programme of reviews of school sixth forms to remove uneconomic and lower quality provision

Funding gap between 16-19 and other phases of education

The government announced a 7% increase in the 16-to-18 education budget in the 2020-1 Spending Round. DfE is using these funds to increase the full-time base rate to £4,188 and to target money on high cost programmes, high value courses, English and maths, resits and workforce development. This is a helpful start, but it does not go nearly far enough. There has been a seven-year period in which rates were not increased at all. The national funding rate for 16 and 17-year-olds has been fixed at £4,000 since 2013. DfE cut the 18-year-old rate by 17.5% in 2014 and has made no allowance for inflation or other costs loaded onto institutions.

The main losers have been young people. Classes in England only run for 15 hours a week compared to more than 26 in high performing systems abroad. Course choices have been cut to stay within budget, particularly in science and languages.

Meanwhile college teachers are paid an average of £7,000 a year less than their counterparts in schools. Colleges already have a 3% vacancy rate for teachers (compared to a 1% rate in secondary schools with specific challenges recruiting staff with engineering, construction, maths and digital/IT specialisms).

This under-investment results in under-achievement by the country's young people compared to their potential. At a time when more and more jobs require education at Level 3 and above, only 60% of young people reach this level by age 19 and 15% don't even reach Level 2. England's schools and colleges supply a strong flow of young people with the right qualifications to enter university, but their maths and foreign language skills fall short of those in our competitor countries. There is insufficient focus on digital skills. Meanwhile OECD reports that the UK performs poorly (28th out of 33 OECD countries) on intermediate professional and technical skills – a motive for DfE's post 16 skills plan and the introduction of T-levels.

The 16-to-18 funding squeeze has happened at a time of rising and unavoidable cost pressures. Colleges invariably spend more than 60% of their budgets on teaching, lecturing and support staff and have struggled to afford pay rises given higher pension contributions and other obligations. Employer contributions to the teacher pension scheme have risen from 14.1% in 2015 to 23.7% in 2020 and, while Treasury has provided funding for part of the increase up until March 2021, there is no clarity on what happens after that. The government needs a financially sustainable college sector and needs to avoid undermining the investment it has recently made to restructure colleges as well as ensuring colleges can recruit and retain the teachers they need.

The country's need for high-quality education of its 16-to-18-year-olds is currently undermined by the differential approach taken to pre and post 16 funding. DfE is guaranteeing minimum secondary pupil funding at £5,000 and schoolteacher starting salaries at £30,000. This will increase the upward pressure on post-16 costs but there is a 24% drop in funding per student once students reach the age of 16 11-to-18 schools use higher pre-16 funding to support their sixth forms. Colleges do not have this option so have had to find other efficiencies.

16-18 students in 2019	all	Final year	Disadv. Final year	% disadv.
All publicly funded	1,054,024	571,572	142,731	25.0%
Colleges ¹	653,626	352,765	103,560	29.4%
as a proportion of all	62.0%	61.7%	72.6%	
Schools ²	400,398	218,807	39,171	17.9%
as a proportion of all	38.0%	38.3%	27.4%	

1. Colleges: General FE and Sixth Form colleges, 16-19 Academy convertor colleges, Specialist Designated colleges, Agricultural and Art colleges.
2. Schools: County, Academy and Free schools, UTCs, Studio schools, Voluntary Aided and Controlled schools

We need an approach to all 16-18 provision which encourages the kind of co-ordination and collaboration which can ensure that whatever funding there is benefits students and protects the educational offer.

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