



Cuts in funding for 18 and 19 year olds

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On 10 December 2013 the national director for young people at the Education Funding Agency (EFA), sent a letter to providers of education and training for 16 to 19 year olds announcing a cut in funding rate of 17.5 percent for learners over 18 years of age. The cut has been highly criticised by FE providers but Matthew Hancock the Skills Minister has said that the cuts will go ahead. This note explains the funding cut, gives a rationale for it and provides comment.

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1 Cuts in funding rates for 18 year olds

The Autumn Statement 2013 announced budget tightening for the Department of Business Innovation and Skills (BIS) and the Department for Education (DfE) amounting to 1.1 per cent of their budget allocation over the next two years. A few days after the Statement the national director for young people at the Education Funding Agency (EFA), Peter Mucklow, sent [a letter to providers](#)¹ of 16-19 education announcing plans to save £150m by paying 17.5 per cent less for the full-time education of 18 year olds in comparison with 16 and 17 year olds starting in 2014/15:

Funding rates

The outcome of the Spending Review for financial year 2015 to 2016 (2015-16) was that some savings are required from the 16 to 19 participation budget in that year to contribute to reducing the overall public sector budget deficit. Ministers have decided that their policy priorities for this budget are to support the increased participation age for 16- and 17-year-olds, maintain additional funding for disadvantaged students, and as far as possible, maintain the national funding rate per student. Because we are operating within a fixed budget, we will confirm the national funding rate per student for 2014/15, and the flat rates for disadvantaged students without GCSE Grade C or above in English or mathematics, in March when we know the total student numbers we need to fund in 2014/15.

In order to realise the required savings for 2015-16, it is necessary to make a start in 2014/15. Ministers have decided to make the savings required in 2014/15 by reducing the participation requirements for full-time 18-year-olds, as defined by their age at the start of the academic year. Most 18-year-olds will already have benefited from 2 years of post-16 education and will not therefore need as much non-qualification provision within their study programmes as 16- and 17-year-olds. Fewer than one in five of 16- to 18- year-olds funded by the EFA are aged 18 at the start of the academic year, although clearly this will vary by institution. From 2014/15, we will return to the previous definition of full-time for these students as was applied in 2012/13 and fund them in funding band 4 (see annex 1) as a maximum. This means the funding rate for full-time 18-year-old students in 2014/15 will be 17.5% below the rate for full-time 16- and 17-year-olds. This will apply to all elements of the formula except the flat rates for disadvantaged students without GCSE grade C or above in English or mathematics, recognising the importance of English and mathematics for disadvantaged 18-year-olds. Students with a learning difficulty assessment or a statement of special educational needs will not be affected by this change.

The funding cut for 18 year olds will not prevent 18 year olds from undertaking a third year of full-time education, but reduces the funding available for that year; the cut means that provider funding for 18 year olds will be reduced from £4,000 per student per year to £3,300.

1.1 Rationale for the reduction in funding

The EFA letter stated that the cuts were partly necessary to support increasing the participation age for 16-17 year olds who are seen as a priority group; it also stated that 18 year olds would already have had two years of post 16 education and that they should not therefore need as much provision as 16 and 17 year olds.

¹ [EFA letter to 16-19 providers 10 December 2013](#)

The DfE impact assessment published on 13th January 2014 - *Funding reduction for EFA-funded institutions and providers educating full-time 18 year olds Impact assessment*, stated that funding cut reflected the average study needs of this age group:

A rate cut for 18 year olds does not prevent 18 year olds from undertaking a third year of full-time education, but reduces the funding available for that year to reflect the smaller programmes, on average, that many need by this stage.²

The impact assessment gave further information on the thinking behind the funding cut and the other options considered:

...four options for a cut were considered. Firstly, a reduction in funding across the board for 16 to 19-year-olds, secondly a reduction in funding for disadvantaged learners, and thirdly a reduction in funding for apprenticeships — but it was considered that the fourth option of cutting for 18-year-olds would be the “least detrimental” option.³

1.2 Possible delay in implementation of the cuts?

The Education Secretary Michael Gove was questioned by the Education Committee on 18 December 2013;⁴ in his responses to questions on the cuts Mr Gove suggested that he might look again at the implementation of the cuts and possibly delay their introduction until September 2015:

Chair: There is one small step that might be within your power, and that of the Budget, to do. Colleges admitting students this year have lagged funding, so certain free schools and academies setting up are being paid for phantom students that do not exist, which is pretty galling for colleges that have actual students who they do not get paid for, because there is lagged funding till the year after. That is a historical situation.

It has been compounded by this change, because those colleges admitted students in September this year on the basis that they would get the money next year, and now they are going to get a 17.5% cut next year, on people they have already admitted, and there is nothing they can do to control that. Even a one-year intervention, to ensure they get the money that they are entirely entitled to believe they would get for this year's students next year, would be a small token, but at least it would suggest to them that their interests were being listened to.

Michael Gove: Let me have a look at that. It is a very fair-minded and generous suggestion.⁵

UK skills minister Matthew Hancock (pictured) has told TES that he will not reconsider a funding cut for 18-year-olds in full-time education, despite an angry backlash from the FE sector.

However Skills Minister Matthew Hancock said in an interview to the *Times Education Supplement* (TES) on 23 January 2014 that the cuts would go ahead:

² DfE *Funding reduction for EFA-funded institutions and providers educating full-time 18 year olds Impact assessment* 13 January 2013 p4 para 4

³ “Colleges hit by 18-year-old funding rate cut far worse than school sixth forms, government assessment reveals”, *FE Week*, 13 January 2014

⁴ Uncorrected transcript of oral evidence, *Responsibilities of the Secretary of State*, Wednesday 18 December 2013, Rt Hon Michael Gove MP, to be published as HC 859

⁵ *Ibid* p37

A number of bodies – including the Association of Colleges and the 157 Group of colleges – have written to the minister urging him to reverse the 17.5 per cent cut, which is due to be introduced in September.

An impact assessment by the Department for Education (DfE) confirmed fears that the FE sector, and colleges in particular, would take the biggest hit, with the impact on colleges more than seven times greater than the impact on school sixth forms.

But, speaking exclusively to TES, Mr Hancock insisted that the cut would go ahead. “Budgets are tight [and] this is the sort of cut I wouldn’t have liked to make,” he said.

“The impact assessment is very clear that those who study for a third year at the age of 18 are no more disadvantaged on average than 16- to 18-year-olds as a whole.

“The most disadvantaged who have had the worst time of it sadly tend to drop out before the age of 18. Tackling that is a huge issue.

“The question is, is it better to take money out of all 16-19 education or just for those who have already had two years of education, who aren’t more disadvantaged and for whom we are making it [education] a legal requirement?”

[...]

Mr Hancock acknowledged that colleges that moved to per-pupil funding would be hit hardest by the change, but said that his officials would “look closely” at the situation and see what could be done to mitigate any problems.

But he said: “I fully expect colleges to manage the budgets across the whole age range they serve.

“I’m not pretending this is an easy decision to make.”⁶

2 Comment

Many FE colleges have expressed concern about the cuts and they have commented that this change will hit disadvantaged students the most as they are the ones who are most likely to take longer to finish courses. The Association of Colleges made the following comment on the cuts:

Martin Doel said: “We all understand the financial constraints on the public purse but this funding cut is ill-targeted, under-researched and full of unintended consequences for both over-stretched colleges and the students and communities they serve. We urge the DfE to think again and make these savings from elsewhere in their budget.

“It’s at best disingenuous to argue that students who’ve been failed by the fully funded school system and arrive at college without a level 2 qualification, or who transfer to college at 17 having started at a school sixth form following poor advice and guidance, require less investment as a result of their prior study. If these students are to avoid joining the ranks of those not in education, employment or training, they need more support, not less.”⁷

⁶ TES FE News [Skills minister refuses to back down on funding cuts for 18-year-olds](#) 23 January 2013

⁷ Association of Colleges News Release [AoC calls on Government to rethink funding cuts for 18-year-olds](#), 17 December 2013

The 157 Group of FE colleges has called the cuts ‘radical, regressive and deeply worrying’⁸. The Sixth Form College Association and the Association of School and College Leaders have all also criticised the cuts.⁹

The following press articles provide additional comment:

- [‘Vulnerable students will be hit by cuts for 18 year olds’](#), *BBC News* 12 December 2013
- [‘Funding cut in pipeline for full-time 18 year olds as Spending Review bites’](#), *FE Week* 10 December 2013
- [Colleges urge government to rethink funding cuts for 18 year olds](#), *TES FE blog*
- [‘AoC calls on Government to rethink funding cuts for 18-year-olds’](#), Association of Colleges 17 December 2013
- [‘157 Group joins call for government rethink on funding cuts for 18 year-olds’](#) 157 Group
- [‘Cuts to 16-19 education announced by Education Funding Agency’](#) Institute for Learning 17 December 2013

2.1 Parliamentary debate

The cuts in funding have been raised in the House by several members; on 12 December 2013 and two MPs Kate Green and Nic Dakin asked for an urgent debate on the issue:

Nic Dakin (Scunthorpe) (Lab): The education of 16 to 18-year-olds already receives 22% less funding than the education of those aged between five and 16. May we have an urgent debate on the impact of the 17% cut in funds for the education of 18-year-olds that was announced this week?

Mr Lansley: I cannot promise an immediate debate, but I will ensure that my colleagues at the Department for Business, Innovation and Skills respond to the part of the hon. Gentleman’s question that was relevant to further education colleges, and that the Department for Education deals with his point about the overall distribution of education funding. ([HC Deb 12 December 2013 c363](#))

Kate Green (Stretford and Urmston) (Lab): May I join my hon. Friend the Member for Scunthorpe (Nic Dakin) in asking for a debate, or at least a statement, on funding for students aged 18 in further education? My local college received a letter from the Education Funding Agency this week telling it that it will be £800 per student worse off compared with sixth-form colleges, which will be no worse off at all. Will the Leader of the House please arrange for an Education Minister to come to the Chamber to address this issue, by means of either a statement or, preferably, a full debate?

Mr Lansley: The hon. Lady will have heard the response that I gave to the hon. Member for Scunthorpe (Nic Dakin). I will of course discuss this with my right hon. and hon. Friends at the Department for Education to see how they might wish to update the House and perhaps Members individually. ([HC Deb 12 December 2013 c367](#))

⁸ TES opinion ‘Funding cuts for 18 year-olds are radical, regressive and deeply worrying’ 23 January 2013

⁹ “Colleges hit by 18-year-old funding rate cut far worse than school sixth forms, government assessment reveals”, *FE Week*, 13 January 2014

A series of questions on the cuts were asked on 6 January 2014:

Further Education (Funding)

6. Debbie Abrahams (Oldham East and Saddleworth) (Lab): What plans he has for future funding for students in the further education sector; and if he will make a statement. [901743]

The Minister for Skills and Enterprise (Matthew Hancock): We announced the 16-to-19 funding policy changes for the academic year 2014-15 last month, and we will confirm the allocation of funding for individual institutions by the end of March.

Debbie Abrahams: Oldham sixth-form college and Oldham college were notified, without any consultation, that their funding would be cut by 17.5%. That has a devastating impact on young people in our area and it is anticipated that 700 young people in Oldham will be affected. Long-term youth unemployment in Oldham has more than doubled since November 2010, and we know that the national figure is 1 million people. Given the Prime Minister's pledge that our young people should "earn or learn", is this move not another example of this Government's hypocrisy?

Matthew Hancock: Not only are unemployment and youth unemployment falling—thankfully—from the very high levels we inherited from the Labour party, but we have had to make savings in the 16-to-19 budget. We think it is fair to make this change affecting those who have already had two years of post-16 learning; many 18-year-olds in full-time education do not study as many hours as 16 or 17-year-olds. I also say to the hon. Lady that her Front-Bench colleague, the hon. Member for Manchester Central (Lucy Powell), said on television earlier that she wanted the deficit to fall faster. I am not sure that she got the memo from the shadow Chancellor, but Labour has opposed every single cut, no matter how difficult.

Caroline Nokes (Romsey and Southampton North) (Con): College principals from around Southampton have been keen to emphasise the valid reasons why 18-year-olds may need an additional year at sixth form, which include ill health, their possibly suffering from disabilities, and, of course, the need to improve GCSE results so that they can go on to study their A-levels. What reassurance can the Minister give me that these young people, who are in need of the most support, are not going to be penalised? They are the most at risk of becoming NEETs—those not in education, employment or training.

Matthew Hancock: When my hon. Friend sees the impact assessment, I think that she will be reassured on some of those points. As I have said, this is a difficult decision and not one that we will take lightly, but the alternatives are also difficult, and 18-year-olds have already had two years of study post 16 and, indeed, they often study for fewer hours than 16 to 17-year-olds. I look forward to discussing with her, once we have published the impact assessment, exactly why that decision was made.

Richard Burden (Birmingham, Northfield) (Lab): I am afraid that the Minister has not answered the point that the hon. Member for Romsey and Southampton North (Caroline Nokes) raised. Some 71% of the over-18s in further education are on vocational courses and they are often the people who need a second chance and additional support, yet he is cutting funding for them by 17.5%. Why is he hitting those who need support?

Matthew Hancock: As I said to my hon. Friend the Member for Romsey and Southampton North (Caroline Nokes), once the hon. Gentleman sees the impact assessment he will be able to have a full view of the value of the policy. ([HC Deb 6 January 2014 c11](#))

3 Impact of the cuts

The EFA letter to providers on 10 December 2013 said that the funding changes would affect only a small percentage of 16-18 year olds:

Fewer than one in five of 16- to 18- year-olds funded by the EFA are aged 18 at the start of the academic year, although clearly this will vary by institution.

A spokesperson from the DfE has been quoted as saying that the changes would "affect less than a fifth of students and amount to an average reduction of 2% across all institutions".¹⁰

An article in *FE Week*¹¹ estimated 'that the move would affect 100,000 18-year-olds in colleges, plus those in school sixth forms and studying foundation course in universities'.

The impact of the cut on specific colleges was given in an article in *FE Week*¹² on 18 December 2013:

Martin Doel, AoC chief executive, said: "Our initial analysis is clear that, with more 18-year-olds studying in colleges than in schools, colleges will bear the brunt of this cut to the tune of approximately £100m.

"Sixth form colleges, some of the best-performing education institutions in England, could be worst affected and London colleges may be disproportionately hit as 25 per cent of their full-time students are 18."

Middlesbrough College, Bedford College and Milton Keynes College said they could be forced to offer the same amount of provision for around half a million pounds less, while Uxbridge College could lose up to £800,000.

Some commentators have suggested that this cut in funding could increase the number of students who become not in employment, education or training (NEET):

Julian Gravatt, the AoC's assistant chief executive, said that this decision had been taken without any discussion or consultation with schools and colleges. He added, "this reduction in funding for these students will not support the government's raising of the participation age to 18 policy and is likely to increase the number of students who become NEET (not in employment, education or training)."¹³

Students with a learning difficulty assessment or a statement of special educational needs will not be affected by this change.

3.1 Department for Education impact assessment

The DfE impact assessment [Funding reduction for EFA-funded institutions and providers educating full-time 18 year olds Impact assessment](#), gives further information on possible affects of the cuts:

Summary of Impact

13. In summary:

¹⁰ 'Vulnerable students will be hit by cuts for 18 year olds', *BBC News* 12 December 2013

¹¹ 'Funding cut in pipeline for full-time 18 year olds as Spending Review bites,' *FE Week* 10 December 2013

¹² 'Delay hopes raised on 'painful' funding cut for 18-year-olds' education', *FE Week* 18 December 2013

¹³ 'Cuts to 16-19 education announced by Education Funding Agency' *Institute for Learning* 17 December 2013

- The impact of reduced funding is greatest for higher education institutions, general further education and tertiary colleges, and land-based colleges;
- London has the highest proportion of full-time 18 year old students nationally compared with its total 16 to 18 year old student population. In other regions the number of full-time 18 year old students is distributed broadly in line with the number of all 16 to 18 year old students;
- The majority of full-time 18 year old students are studying at Level 3 and in vocational programmes. The numbers studying at Level 1 and below are very low;
- There are equal numbers of men and women amongst full-time 18 year old students;
- There is a higher proportion of black and minority ethnic students amongst full-time 18 year old students than the total 16 to 18 year old student population. Black and minority ethnic students who are full-time 18 year olds are not more likely to be from disadvantaged areas than black and minority 16 to 18 year old students as a whole;
- Students with a disability are not disproportionately represented amongst full-time 18 year old students compared with all 16 to 18 year old students; and
- Students who attract additional funding because they live in disadvantaged areas are not disproportionately represented amongst full-time 18 year old students compared with all 16 to 18 year old students.

3.2 Association of Colleges report on the cuts

Research commissioned by the Association of Colleges¹⁴ has suggested that the cuts could impact most on students from disadvantaged areas, and black, minority and ethnic students:

Key Findings

- Just under a fifth of full time 16-18 year olds (19.4%) were aged 18 at the beginning of the 2012/13 academic year.
- General Further Education Colleges had a higher proportion of 16-18 year olds who were 18 (22.0%) compared to Sixth Form Colleges (8.2%) and Land Based Colleges (19.4%).
- Greater London had the highest proportion of 16-18 year olds who were 18 (25.1%) whilst the lowest proportions were in the North East and North West.
- 18 year old learners were more likely to live in deprived areas than 16 or 17 year old learners. In 2012/13, 28.4% of 18 year olds lived in the most deprived areas of the country compared to 25.3% of 17 year olds and 26.1% of 16 year olds.
- 18 year old learners were much more likely to come from ethnic groups other than White British compared to 16 and 17 year olds. For example, in 2012/13 10.7% of 18 year old learners were Asian/Asian British compared to only 7.3% of 16 year olds. Similarly 7.7% of 18 year olds were Black/African/Caribbean/Black British compared to 4.6% of 16 year olds.
- 71.2% of 18 year olds were studying at Level 3, 19.4% at Level 2 and 6.1 % at Level 1. This compares to 56.6% of 16 year olds studying at Level 3, 26.3% at Level 2 and 14.5% at Level

¹⁴ RCU and AOC [Analysis of 18-year-olds in Further Education Colleges](#) Data Analysis Report - December 2013

1. This suggests that 18 year olds have taken lower level courses at 16 and/or 17 years of age before progressing through to Level 3 at aged 18

- 18 year old learners studying at Level 3 are much more likely to be taking vocational qualifications compared to 16 year olds and 17 year olds. Only 16.2% of 18 year olds were on academic programmes compared to 50.0% of 16 year olds and 37.8% of 17 year olds.