



## BRIEFING PAPER

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# 16-19 education funding in England since 2010

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## Summary

Substantial reforms have been made to the 16-19 education funding system since 2010, including the introduction of a new funding formula from 2013-14 that replaced the previous per-qualification funding model with a system of per-student funding. At the same time, the funding provided to the sector as a whole has been reduced.

The changes to the funding system mean that care should be taken when making comparisons about funding over time as it is not always the case that like is being compared with like (the main briefing explains these issues in more detail).

### Funding allocations: 2010-11 to 2012-13

Following the *Comprehensive Spending Review 2010*, a number of changes were made to 16-19 education funding from the 2011-12 academic year. These included (but were not limited to):

- The replacement of the Education Maintenance Allowance (EMA) with a new 16-19 Bursary Scheme. When fully implemented expenditure on the bursary scheme would be around a third of that previously spent on EMAs.
- Entitlement funding (used to fund tutorial time and extra-curricular activities) was reduced, with some of the savings this created used to increase funding for disadvantaged students.

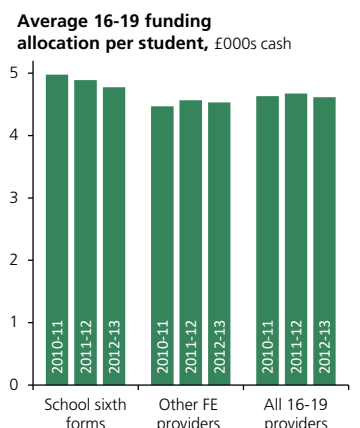
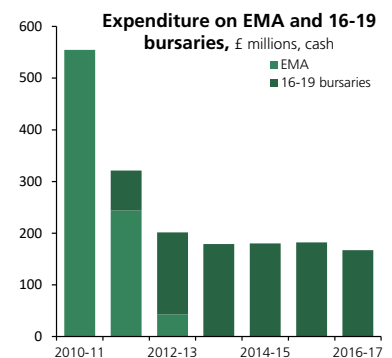
The total programme funding allocated to 16-19 providers (including funding for 19-24 year olds with learning difficulties and/or disabilities) fell from £6.24 billion in 2010-11 to £6.05 billion in 2012-13 – a reduction of 3% in cash terms or 6% in real terms.

The average programme funding allocation per student declined by 0.4% in cash terms between 2010-11 and 2012-13, from £4,633 to £4,614 – a fall of 4% in real terms. The average per student allocation made to school sixth forms declined by 4% in cash terms over the period, from £4,976 to £4,891. For other further education (FE) providers there was a 1% cash terms increase from £4,470 to £4,533.

### Funding allocations from 2013-14

A number of further changes have been made to the 16-19 education funding system since the introduction of the new funding formula in 2013-14, including:

- The national funding rate used in the funding formula for full-time 18 year old learners was reduced from £4,000 to £3,300 from 2014-15 onwards.
- From 2014-15, additional funding was provided to enable FE colleges and sixth form colleges to provide free meals to disadvantaged students. From 2016-17, discretionary bursary funding was reduced by £15 million to remove what the Government stated was double funding received by providers in receipt of the free meals funding.
- A “large programme uplift” element was added to the funding formula from 2016-17 onwards.
- The Government has announced additional funding (comprising £500 million per year when fully implemented) to increase the number of programme hours for 16-19 year olds on new technical routes to “over 900 hours a year on average.”

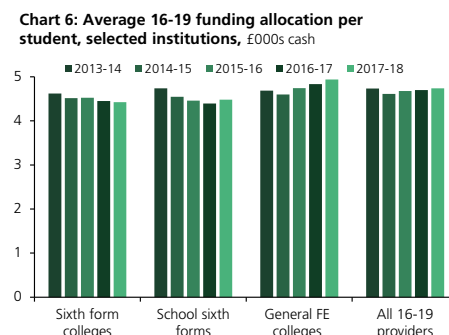


## 4 16-19 education funding in England since 2010

- The Government has announced the an additional that from 2019-20 schools and colleges will receive £600 for every extra pupil taking Maths or Further Maths A levels, or Core Maths (referred to as the Maths premium for 16-19 years olds).

The total 16-19 programme and high needs funding allocated to providers fell from £6.09 billion in 2013-14 to £5.60 billion in 2017-18 – a reduction of 8% in cash terms and 13% in real terms.

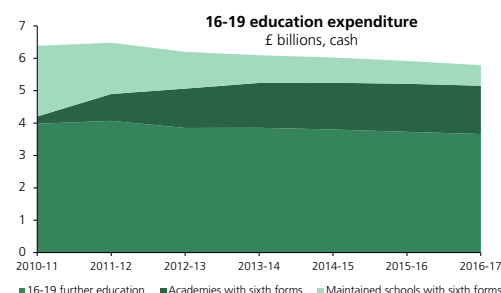
The average funding allocated per student (programme funding plus high needs funding) fell from £4,733 in 2013-14 to £4,698 in 2017-18 – a reduction in real terms of 5.5%. Of the three mainstream categories of 16-19 provider, school sixth forms (including academy sixth forms) saw the biggest change in per student funding over the period – a fall of 5.5% in cash terms or 10.8% in real terms. Average per student funding fell by 4.2% in cash terms (9.7% in real terms) at sixth form colleges over the period and increased by 5.4% in cash terms (a real terms fall of 0.5%) at general FE colleges.



### 16-19 education expenditure since 2010-11

Based on the three main categories of expenditure contained in the funding body's accounts, total expenditure on 16-19 education fell from £6.39 billion in 2010-11 to £5.79 billion in 2016-17, a reduction of 9.3% in cash terms and 17.5% in real terms.

The expenditure on school sixth forms (both maintained schools and academies) fell by 11.6% in cash terms over the period, or 19.6% in real terms. Expenditure on 16-19 FE (which includes sixth form colleges and general FE colleges) fell by 8.0% in cash terms and 16.3%.



Estimates produced by the *Institute for Fiscal Studies* show that, in 2016-17 prices:

- Spending per full time 16-19 student in further education (e.g. sixth form colleges and general FE colleges) fell from a high of £6,046 in 2010-11 to £5,639 in 2015-16. Expenditure per student in 1989-90 was estimated to be £5,190 in 2016-17 prices.
- Spending per student in school sixth forms declined from £6,212 in 2010-11 to £5,121 in 2015-16. Estimated per student expenditure in 2002-03 (the earliest year for which it was possible to produce estimates) was £5,508 in 2016-17 prices.

### Issues

A number of issues have been raised concerning the funding of 16-19 education. These include concerning:

- The overall level of funding and the lower level of 16-19 per student funding compared to per student funding in 11-16 education and in higher education.
- Underspends on the 16-19 education budget in 2014-15, 2015-16, and 2016-17.
- The absence of a VAT refund scheme for sixth form colleges (such a scheme exists for schools and academies).
- The funding requirement that students who have not attained certain GCSE grades in maths and English must continue to study those subjects post-16.
- The planned removal of formula protection funding, which was provided to protect providers who lost funding as a result of the new funding formula.

# 1. Introduction

## 16-19 education

The term 16-19 education is used in this briefing to refer to education funded by the Education and Skills Funding Agency (ESFA) and its predecessor bodies through the 16-19 funding system. This refers to a broad range of educational provision, including (but not limited to), students aged 16-19 in maintained school and academy sixth forms, sixth form colleges, general further education (FE) colleges, and special schools. It also includes students aged 19 to 25 with Education, Health and Care Plans (or, previously, learning difficulties and/or disabilities). It does not include students on apprenticeships or at higher education institutions.

In 2016-17, there were around 1.1 million publicly funded students aged 16 to 19 in England at over 3,000 education providers. This included around 160,000 students at 90 sixth form colleges, around 425,000 students in over 2,000 school sixth forms (including maintained schools, academies and free schools), and around 500,000 students in 209 general FE colleges.<sup>1</sup>

## How is 16-19 education funded?

From April 2012 until April 2017, 16-19 funding was the responsibility of the Education Funding Agency (EFA). In April 2017, the EFA was merged with the Skills Funding Agency to create the ESFA. Prior to 2012, 16-19 education was funded by the Young People's Learning Agency (YPLA).

Most 16-19 education funding is allocated to individual providers by the ESFA and its predecessor bodies. The majority of each provider's annual allocation is determined using a national funding formula and estimated student numbers. Additional elements of funding are then allocated outside of the formula, including, for example, funding for high needs students, and for some student support schemes (e.g. Dance and Drama Awards). Some 16-19 funding is not allocated to institutions but is instead held and managed centrally (e.g. funding for the vulnerable student bursary).

## What does this briefing cover?

This briefing summarises the changes to 16-19 education funding since 2010-11, including the introduction of a new funding formula from 2013-14. It uses allocations data to provide an overview of the funding provided to the sector as a whole over the period. Section 5 looks at the financial support provided to the sector in a different way – by looking at relevant expenditure as recorded in the funding bodies' annual accounts.

The final section of the briefing provides a brief overview of current issues raised regarding the funding of 16-19 education.

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<sup>1</sup> Education Funding Agency, [16 to 19 allocation data: 2016 to 2017 academic year](#), November 2016; Department for Education, [Participation in education, training and employment: 2016](#), June 2017.



## 2. 16-19 funding policy and allocations from 2010-11 to 2012-13

### 2.1 Background: the old funding formula

Prior to the introduction of a new funding formula from 2013-14 (see section 3.1 below), 16-19 education funding was allocated based on the following formula:

$$\text{Programme Funding} = (\text{Standard Learner Number (SLN)} \times \text{National funding rate per SLN} \times \text{provider factor}) + \text{additional learning support (ALS)}$$

The SLN was a measure of the volume of learning delivered, with one SLN equal to 450 guided learning hours. The provider factor accounted for the relative cost of provision and was calculated annually for all institutions based on the following formula:

$$\text{Provider factor} = \text{Programme weighting} \times \text{Area cost uplift} \times \text{Success factor} \times \text{Short programme modifier} \times \text{Care standards uplift} \times \text{Disadvantage uplift}$$

#### Box 1: Elements used to calculate the provider factor

- **Programme weighting:** funding uplifts applied to higher cost provision, such as construction. There were seven programme weightings used ranging from 1 to 1.92.
- **Area cost:** an uplift that recognised the higher costs of delivering provision in different parts of the country, particularly London.
- **Success factor:** a factor that represented retention and achievement rates of students at an institution.
- **Short programme modifier:** an uplift to recognise the additional cost of recruiting students onto short programmes.
- **Care standards uplift:** allowed for the extra costs in relation to residential accommodation for 16 and 17 year olds.
- **Disadvantage uplift:** allocated to institutions for students living in more deprived areas based on the Index of Multiple Deprivation. Funding was also provided for students who fell into one of a large number of prescribed categories, including but not limited to travellers, those with mental health problems, ex-offenders, full-time carers and those living in hostels. The additional funding was calculated on a sliding scale that increased the funding for qualifications by between 8 and 32 per cent, depending on the level of deprivation and the student's circumstances.

Lower level ALS funding was allocated based on the prior attainment of students (measured by GCSE grades in English and Maths) and, for providers other than school sixth forms, also based on their historical spend on additional support.<sup>2</sup> As well as providing funding to support learners with poor literacy and numeracy, ALS was used to support students with low level learning difficulties such as dyslexia or sensory

<sup>2</sup> ALS funding for school sixth forms was based solely on prior attainment and not on historical spend. Other providers received 60% of their low-level ALS funding based on prior attainment and 40% was based on historical spend. For more detail see, Young People's Learning Agency, [Funding Guidance 2010-11: Additional Learning Support](#), June 2010.

impairment. Funding was allocated on a sliding scale with some funding allocated in respect of all full-time students.<sup>3</sup>

High cost ALS funding was also provided to FE colleges and sixth form colleges for those students with higher cost learning difficulties and disabilities (above £5,500). This funding was based on historical ALS data and the number of high cost learners planned for the year. Funding for post-16 pupils with statements at school sixth forms was provided via the post-16 SEN block grant, which was managed by local authorities.<sup>4</sup>

## 2.2 Spending Review 2010

The *Comprehensive Spending Review 2010* set out the parameters for public spending over the period 2011-12 to 2014-15. (This was later extended by a year to 2015-16 by the Spending Round 2013.) It announced that around £0.5 billion would be saved through “unit cost reductions in the 16 to 19 participation budget” and by focusing support provided through Education Maintenance Allowances on the most disadvantaged children.<sup>5</sup>

### Replacement of EMA with the 16-19 Bursary

Following on from the Spending Review announcement, from 2011-12 the Education Maintenance Allowance (EMA) was replaced with the 16-19 Bursary Scheme. Transitional funding was provided in 2011-12 and 2012-13 for students who were already in receipt of EMA.

When fully implemented, funding for the new bursary scheme would be around a third of the spending on EMA in 2010-11. Further information is available in Library Briefings on the [16-19 Bursary Scheme](#) and on the [EMA](#).

### Other changes

The *16-19 Funding Statement*, published by the Young People’s Learning Agency in December 2010, provided further information on the spending review settlement and outlined a number of other changes to be implemented from 2011-12:

- Reducing entitlement funding (used to fund tutorial time and extra-curricular activities) from 114 guided learning hours to 30 guided learning hours and removing the requirement to deliver specific activities through enrichment funding.
- Using £150 million of the savings produced by reducing entitlement funding to increase support for disadvantaged students. The funding statement said this would increase the funding which addressed deprivation in the national funding

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<sup>3</sup> Department for Education and Education Funding Agency, [16-19 Funding formula review](#), July 2012, pp21-3.

<sup>4</sup> An outline of the former SE funding system is provided on pages 32-33 of, Department for Education, [Consultation on school funding reform: Proposals for a fairer system](#), 2011.

<sup>5</sup> HM Treasury, [Spending Review 2010](#), Cm 7942, October 2010, p42.

formula<sup>6</sup> from around £561 million in 2010-11 to around £770 million in 2011-12.<sup>7</sup>

- Staging the removal of the Teachers' Pay Grant (paid to local authorities to cover pay progression and other pay benefits in schools; was not paid separately to other post-16 providers).
- Removing additional payments to schools for teachers' pensions, which were not made to other post-16 providers.
- Consulting on how the funding formula could be changed to improve fairness and transparency.
- Ending the funding disparity between sixth form colleges and school sixth forms by 2015 (see box 2).<sup>8</sup>

### Box 2: 16-19 'funding gap' between schools and colleges

Historically, 16-19 students in school sixth forms were funded at a higher rate than pupils of the same age in colleges (in 2010 this 'funding gap' was on average £280 per student). The November 2010 White Paper, *The Importance of Teaching* stated that this was "inherently unfair" and committed to ending the disparity by "bringing the funding levels for school sixth forms into line with colleges" (i.e. by levelling down sixth form funding).<sup>9</sup>

The funding statement set out that transitional protection would be put in place to ensure that no provider would lose more than 3% of their funding per learner in 2011-12 compared to 2010-11. It further stated that transitional protection would apply over the whole period of the Spending Review (up to and including 2014-15).

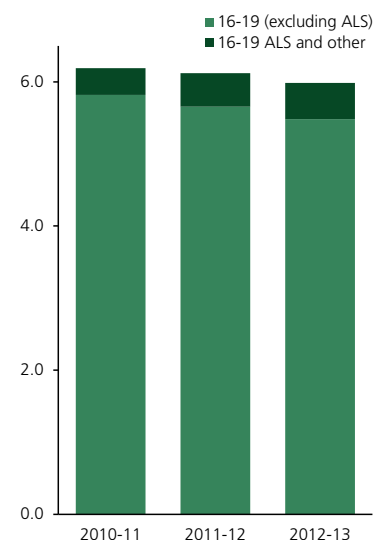
## 2.3 Funding allocations 2010-11 to 2012-13

The 16-19 funding allocations for institutions in the academic years 2010-11, 2011-12 and 2012-13 can be accessed using the links below:

- [2010-11](#)
- [2011-12](#)
- [2012-13](#)

The funding allocated to the sector as a whole can be arrived at by summing the allocations for individual institutions. It should be noted, however, that the figures only include the 16-19 programme and 19-24 learning difficulty and disability funding allocations. They do not include those elements of 16-19 funding which were not allocated directly to providers, including, for example, the EMA. They also do not include 16-19 bursary funding.<sup>10</sup>

Chart 1: 16-19 programme funding, £ billion, cash



<sup>6</sup> This included both the provider factor disadvantage uplift and Additional Learner Support.

<sup>7</sup> Young Person's Learning Agency, [16-19 Funding Statement](#), December 2010, p3.

<sup>8</sup> Young Person's Learning Agency, [16-19 Funding Statement](#), December 2010, p3.

<sup>9</sup> Department for Education, [The Importance of Teaching: The Schools White Paper 2010](#), Cm 7980, November 2010, p83.

<sup>10</sup> Alternatively, the [December 2010 funding statement](#) set out the planned spending on 16-19 education for 2010-11 and 2012, and outlined the actual spending in 2009-10. Budgets for 2012-13 were included in the December 2011 [16-19 funding statement](#).



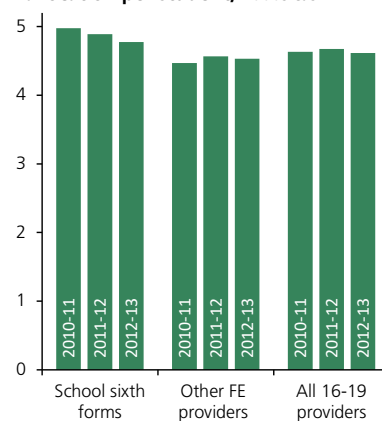
As chart 1 shows, the total 16-19 programme funding allocation declined from £6.19 billion in 2010-11 to £5.98 billion in 2012-13, a fall of 3.3% in cash terms and 6.6% in real terms.<sup>11</sup> If all other funding, excluding 16-19 bursary and residential bursary funding, is included, then total programme funding fell by similar proportions, from £6.24 billion to £6.05 billion.

## 2.4 Per student funding by provider type

The average per student allocation fell by 0.4% in cash terms between 2010-11 and 2012-13, from £4,633 to £4,614 – a reduction of 4% in real terms. As in section 2.3, this does not include any 16-19 funding not included in allocations to individual providers. It also does not include 16-19 bursary funding.

On this basis, the average per student funding received by school sixth forms declined by 4% in cash terms over the period, from £4,976 to £4,891 – a 7% real terms fall. Average per student funding increased by 1% at other FE providers, from £4,470 to £4,533. This was a 2% fall in real terms.

**Chart 2: Average 16-19 funding allocation per student, £000s cash**



<sup>11</sup> Real terms figures in the briefing are calculated using 2016-17 prices based on the December 2017 GDP deflator.

### 3. 16-19 education funding policy from 2013-14

#### 3.1 A new 16-19 funding formula

Following a consultation in 2011, significant changes were made to the 16-19 funding formula from the 2013-14 funding year onwards. The changes included:

- Replacing the system of funding providers per qualification taken (Standard Learner Numbers) with a system of funding per student.
- Removing the provider factor and showing each of the elements that made it up separately in the formula.
- Reducing the number of programme cost weightings from seven to four, with most courses having a base weighting of one.
- Removing the two part calculation for Additional Learning Support (ALS) and instead providing a single flat-rate allocation based on prior attainment.
- Integrating the extra £100m of ALS funding provided in 2011-12 and 2012-13 into programme funding.
- Removing the specific categories of students who attracted ALS (except care leavers) and instead basing disadvantage funding on the postcode of learners (using a sliding scale based on the Index of Multiple Deprivation).
- Introducing 16-19 study programmes (see box 3).
- Expecting students without a GCSE grade C in English and/or maths to continue to study these subjects post-16. This was made a condition of funding from 2014-15 (see section 6.4 below).
- Removing the short course modifier and the achievement element of the success factor.
- Removing the care standards uplift from the formula and providing a cash amount to be shown separately in the allocation.
- Removing High Cost Additional Learner Support and replacing it with a flat-rate allocation of £6,000 per high-needs student with top-up funding provided by local authorities if needed.<sup>12</sup>

#### Rationale for the changes

The Government argued that the former system of payment per qualification encouraged providers to enter learners for a large number of small qualifications that were too easy and had little value in terms of supporting progression onto more challenging courses or securing employment. It additionally said that the system made it hard for providers to fund non-qualification activity such as work-experience.

The revised system, the Government contended, would provide sufficient funding to enable each student to undertake a full

<sup>12</sup> For further information on the changes, see: [16-19 Funding formula review](#), July 2012, pp5-6.

programme of study (see box 3 below), including work experience. It would also, the Government said, allow providers to enter students for more challenging programmes by removing the element of funding linked to the success rates of students (the achievement element of the success factor).<sup>13</sup>

### Box 3: 16-19 study programmes

Following recommendations in Alison Wolf's 2011 review of vocational education, from September 2013 all publicly funded 16-19 education has been required to be delivered as study programmes. Study programmes combine qualifications and other activities. They must have a core aim and will usually consist of:

- A substantial academic, applied or vocational qualification.
- English and maths where students have not yet achieved a GCSE grade 4/C; this is a condition of funding.
- Work experience.
- Other non-qualification activity to develop students' character, skills, attitudes and confidence

Study programmes are designed to be full-time (600 planned hours) but part-time programmes may be agreed in certain circumstances.<sup>14</sup>

## Transition funding

In recognition that some providers, especially those offering large study programmes, could be adversely affected by the introduction of the new funding formula, the Government committed to provide transition funding to ensure that "no provider loses any funding per student for at least three academic years (until and including 2015-16) due to the changes."<sup>15</sup> This was referred to as formula protection funding.

The transitional protection put in place following the funding changes made in 2011-12 (see above) also remained in place up to and including 2014-15.

### Box 4: Rising the participation age to 18

The introduction of the new 16-19 funding formula was accompanied by the phased implementation of the raising of the participation age. Under the changes, those finishing school year 11 in summer 2013 were required to stay in some form of education or training for a further year. The participation age was then raised to 18 for those finishing year 11 in summer 2014 or in subsequent years.

## 3.2 How the reformed funding system works

From 2016-17 a "large programme uplift" element has been added to the funding formula introduced in 2013-14. Consequently, the current formula used to calculate institutions' 16-19 programme funding allocation is as follows:

Programme funding = (student numbers x national funding rate per student x retention factor x programme cost weighting + disadvantage funding + large programme uplift) x area cost allowance.

<sup>13</sup> Department for Education and Education Funding Agency, [16-19 Funding formula review](#), July 2012, p7; [HC Deb 2 July 2017 cc34-5WS](#).

<sup>14</sup> Department for Education, [16-19 study programmes: guide for providers](#).

<sup>15</sup> Department for Education and Education Funding Agency, [16-19 Funding formula review](#), July 2012, p7.

Any formula protection and transitional protection funding is then added and any reductions resulting from the maths and English condition of funding are applied to arrive at a provider's total formula-based funding allocation.

#### Box 5: Elements of the funding formula

- **Student numbers:** based on the number of students participating at an institution in the previous academic year (lagged student numbers).
- **National funding rate:** determined by the size of a student's study programme. Since 2013-14, the national funding rate for full-time (540+ hours) 16 and 17 year olds has been £4,000. The rate for students aged 18 and over is currently £3,300, having been reduced from £4,000 from 2014-15 (see below).
- **Retention factor:** Students who remain in learning to the end of the programme attract full funding. Those who do not attract 50% of the full funding rate.
- **Programme cost weighting:** provides uplifts for subjects that cost more to deliver. There are currently four weighting values, which range from 1.0 to 1.75.
- **Disadvantage funding:** made up of two blocks. The first block provides funding to support students from areas of economic deprivation, based on the Index of Multiple Deprivation. The second block provides funding for the additional costs of supporting students who have not achieved A\*-C in maths and/or English. Disadvantage funding is not ring-fenced.
- **Large programme uplift:** introduced from 2016-17 onwards, this provides a funding uplift in recognition that some study programmes are much larger than 600 hours. It is applied for achievement of high grades on specific large programmes. For example, students who achieve four A-levels at grade B or better qualify for an uplift of 10% to the national funding rate.<sup>16</sup> From 2018-19, students will also qualify for the large programme uplift if they achieve a grade C in further maths and the rest of their results are at grade B or better. For further information, see [16 to 19 funding: large programme uplift](#).
- **Area cost element:** provided to institutions in London and the South East, varying from 20% to 1%. It is not applied outside London and the South East.

The following elements of 16-19 funding are then allocated to institutions outside of the funding formula:

- **High needs funding:** funding for young people aged 16-19 (and learners aged 19-25 with an EHC Plan) who require additional support costing over £6,000. [ESFA guidance](#) provides further information on how post-16 high needs funding works.<sup>17</sup>
- **Care standards funding:** funding for institutions that have residential accommodation for students under the age of 18.
- **Student support:** help for young people in education via a range of schemes, including the 16-19 discretionary bursary fund and Dance and Drama awards. Some student support (for example, Care to Learn and vulnerable student bursary funding) is held centrally and not included in funding allocations to institutions. See [16 to 19 education: financial support for students](#) for further information.

More detail on the operation of the current funding system is available on Gov.uk at [16 to 19 Funding: how it works](#) and in [funding guidance](#) published by the ESFA.

<sup>16</sup> Further information at: [16 to 19 funding: large programme uplift](#).

<sup>17</sup> Education Funding Agency, [High needs funding: operational guide 2017 to 2018](#), March 2017.

### 3.3 Autumn Statement 2013

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% of their budget allocation over the following two years.

Following the statement, the EFA funding letter for 2014-15 stated that savings of £150 million would be made by reducing the national funding rate for full-time 18 year old learners from £4,000 to £3,300 from 2014-15.<sup>18</sup> For 2014-15 only, a cap was applied to ensure that no institution lost more than 2% of its programme funding as a result of the change.<sup>19</sup> Further information is provide in Library Briefing 6802, [Cuts in funding for 18 and 19 year olds](#).

The Autumn Statement additionally announced that funding would be provided to enable FE colleges and sixth form colleges to provide free meals to disadvantaged students in the way that school sixth forms were already required to do.<sup>20</sup> This was implemented from 2014-15, with funding allocated to institutions from that year.<sup>21</sup> The funding agreements of FE institutions were amended to place a duty on them to provide the free meals.<sup>22</sup>

Further detail on the detailed funding arrangements in 2014-15 and 2015-16 is provided in the annual funding letters from the EFA to 16-19 institutions:

- 2014-15: [16 to 19 funding: Funding for academic year](#)
- 2015-16: [16 to 19 funding: Funding for academic year](#)

### 3.4 Spending Review 2015

The 2015 Spending Review set out the parameters for public spending over the period 2016-17 to 2019-20. The settlement included a cash terms protection of the current national base rate per student. It additionally stated that "some targeted savings will be made from 16-19 funding, including from declining demographics and funding outside the national base rate per student."<sup>23</sup>

Following the Spending Review, in the 16-19 funding letter for 2016-17 the EFA stated that reductions to non-core funding were expected to reach around £160 million a year by 2019-20. It added that a significant portion of this would be made by the phasing out of formula protection

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<sup>18</sup> EFA, [Funding for academic year 2014 to 2015 for students aged 16 to 19 and high needs students aged 16 to 25](#), December 2013.

<sup>19</sup> EFA, [Funding for academic year 2014 to 2015 for students aged 16 to 19 and high needs students aged 16 to 25](#), March 2014.

<sup>20</sup> HM Treasury, [Autumn Statement 2013](#), Cm8747, December 2013, p65.

<sup>21</sup> Education Funding Agency, [Funding for academic year 2014 to 2015 for students aged 16 to 19 and high needs students aged 16 to 25](#), 10 December 2013.

<sup>22</sup> Education and Skills Funding Agency, [16 to 18 education: free meals in further education for academic year 2017 to 2018](#), 2 March 2017.

<sup>23</sup> HM Treasury, [Spending Review and Autumn Statement 2015](#), Cm 9162, November 2015, pp90-1.



funding over six years; the final year in which any formula protection funding will be paid is 2020-21.

The 2017-18 funding letter stated that the EFA expected to be able to keep within the Spending Review agreement without any further reductions in funding. As a result, it said, no additional savings were planned for the 2017 to 2018 academic year beyond the continued removal of formula protection funding.<sup>24</sup>

- 2016-17: [16 to 19 funding: funding for academic year](#)
- 2017-18: [16 to 19 funding: funding for academic year](#)

### 3.5 Funding for T-Levels

The [March 2017 Budget](#) announced that additional funding would be provided to increase the number of programme hours for 16-19 year olds on new technical routes to “over 900 hours a year on average.” It said that this would result in over £500 million of additional funding per year once routes are fully implemented (currently expected to be September 2022).<sup>25</sup>

Further information on the reforms to technical education, including the introduction of T-levels, is provided in Library Briefing 7951, [Reforms to Technical Education](#).

### 3.6 Advanced maths premium

The [Autumn Budget 2017](#) announced that from 2019-20 the Government would give schools and colleges £600 for every extra pupil who takes Maths or Further Maths A levels or Core Maths (now referred to as the Advanced Maths Premium).<sup>26</sup>

There will be no cap on numbers and £83.2 million of funding will be available initially until 2022-23 (£4.6 million in 2019-20, £15 million in 2020-21, £26.6 million in 2021-22 and £37 million in 2022-23).<sup>27</sup>

It Government has subsequently confirmed that the £600 premium will be paid per year per additional student for one or two years, depending on the type and size of qualification studied.

Further information is available in guidance published by the ESFA: [16 to 19 funding: advanced maths premium](#).

### 3.7 Basic maths premium pilot

The Autumn Budget 2017 additionally announced £8.5 million for a pilot to test approaches to improve GCSE Maths resit outcomes.<sup>28</sup> The basic maths premium pilot will be open to post-16 providers in selected

<sup>24</sup> Education Funding Agency, [Funding for academic year 2017 to 2018 for students aged 16 to 19 and students aged 19 to 25 with an education, health and care plan](#), 21 December 2016.

<sup>25</sup> HM Treasury, [Spring Budget 2017](#), HC 1025, March 2017, p41.

<sup>26</sup> HM Treasury, [Autumn Budget 2017](#), HC 587, November 2017, p47.

<sup>27</sup> [PQ 116028](#), 28 November 2017.

<sup>28</sup> HM Treasury, [Autumn Budget 2017](#), HC 587, November 2017, p47.

areas and will run from autumn 2018 for two years. Further information is available in ESFA guidance: [Post 16: basic maths premium pilot](#).

#### **Box 6: Maths Centres of Excellence**

The Autumn Budget 2017 announced that the Government would provide £40 million to “establish Further Education Centres of Excellence across the country to train maths teachers and spread best practice.”<sup>29</sup> Post-16 Centres of Excellence will be provided with grant funding to build teaching capacity and spread best practice with the aim of improving basic maths for learners over 16 with low prior attainment.<sup>30</sup>

Information for institutions wanting to apply for the programme was published by the DfE at the end of May 2018: [Basic maths Centres for Excellence: application](#).

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<sup>29</sup> HM Treasury, [Autumn Budget 2017](#), HC 587, November 2017, p47.

<sup>30</sup> [Basic maths Centres for Excellence: application](#), Department for Education, 30 May 2018.

## 4. 16-19 funding allocations 2013-14 to 2016-17

The 16-19 funding allocations for institutions in each academic year between 2013-14 and 2015-16 were published by the EFA and are available via the links below:

- [2013-14](#)
- [2014-15](#)
- [2015-16](#)
- [2016-17](#)
- [2017-18](#)

As for the years 2010-11 to 2012-13, funding allocations for the sector as a whole can be arrived at by summing the allocations for individual institutions.

The changes to the funding formula set out in the previous section, in particular relating to high needs students (which involved a transfer of funding from the EFA to local authorities) mean that the figures from 2013-14 are not directly comparable with earlier years. This is also the case because from 2013-14 onwards the data additionally includes funding allocations made to special schools, which was not the case previously.<sup>31</sup>

### 4.1 Total funding allocations

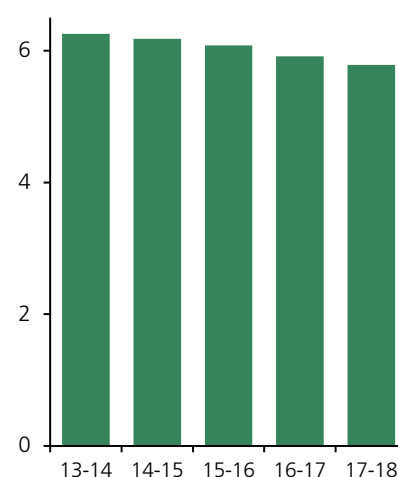
As chart 3 shows, the total funding allocated to 16-19 providers declined from £6.26 billion in 2013-14 to £5.78 billion in 2017-18. This is a fall of 7.6% in cash terms and 12.8% in real terms. This includes all formula-led funding, transitional protection funding, high needs funding, and those elements of student support funding provided through allocations to providers (for example, the 16-19 discretionary bursary, [Dance and Drama Awards](#), and the residential bursary scheme).<sup>32</sup> It does not include student support funding that is held centrally (for example, funding for [vulnerable bursaries](#) and [Care to Learn](#)).

The following two sections provide more information on the various components of 16-19 funding over the period.

### 4.2 Programme funding (and high needs)

As chart 4 shows, total 16-19 programme funding (including disadvantage funding) fell from £5.89 billion in 2013-14 to £5.27 billion in 2017-18, a reduction of 10.4% in cash terms and 15.5% in real terms. The allocation for 2017-18 includes reductions totalling £6.3

**Chart 3: Total 16-19 funding allocation** £ billions, cash



<sup>31</sup> Education Funding Agency, [16 to 19 allocation data: fact sheet](#), March 2014.

<sup>32</sup> [Residential student support](#) was included in allocations from 2015-16. Prior to 2015-16, funding for residential student support was held centrally and distributed according to a nationally managed applications model.

million as a result of providers' non-compliance with the maths and English condition of funding.

It should be noted that some of the reduction in programme funding over the period is because of changes to where high needs funding was recorded in the allocations data. In short, in 2013-14 some funding provided in respect of high needs students in special schools and academies (element 1 funding) appeared within programme funding. From 2014-15 onwards, this funding (along with element two funding) appeared within the high needs allocation for these providers.<sup>33</sup> Partly as a result of this, high needs funding increased over the period from £208 million to £331 million, a rise of 59% in cash terms and 50% in real terms.

The combined high needs and programme funding allocation fell from £6.09 billion to £5.60 billion between 2013-14 and 2017-18 – a real terms reduction of 13%.

## Student support

Funding for 16-19 discretionary bursaries, Dance and Drama awards and the residential bursary scheme were included in the 16-19 funding allocations to institutions throughout the period 2013-14 to 2014-15. Funding for the [Residential Student Support Scheme](#) was included from 2015-16; prior to this, it was held centrally and distributed according to a nationally managed applications model.

Table 1 details those elements of student support funding that were included in institutions' allocations during the period 2013-14 to 2016-17.

**Table 1: 16-19 student support allocations 2013-14 to 2016-17**

£ million, cash

	2013-14	2014-15	2015-16	2016-17	2017-18
16-19 discretionary bursary	152.41	155.05	151.22	132.03	129.30
Free meals funding	-	39.99	34.65	33.09	33.13
Residential student support			0.51	0.09	0.12
Dance and Drama awards	5.11	9.96	13.50	13.36	13.25
Residential bursary scheme	5.27	5.12	5.21	4.98	5.05
Maintained special schools <sup>a</sup>	-	-	-	-	0.99

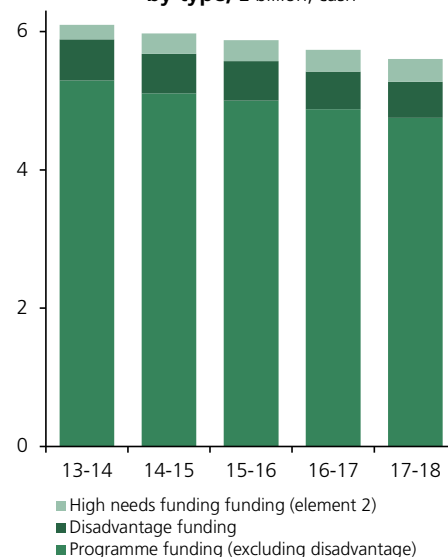
<sup>a</sup> Student support allocations for maintained special schools were listed separately (as part of local authority block funding) in 2017-18. The figures were not broken down by type of support funding.

Source: Education Funding Agency, 16-19 allocation data, various years

## Free meal funding

As shown in table 1 and chart 5, from 2016-17 funding for the 16-19 discretionary bursary was reduced by £15 million. This was, the Government stated, to remove "double funding" received by providers in receipt of post-16 free meals funding. The EFA's funding guidance for 2017-18 explained as follows:

**Chart 4: 16-19 education funding by type, £ billion, cash**



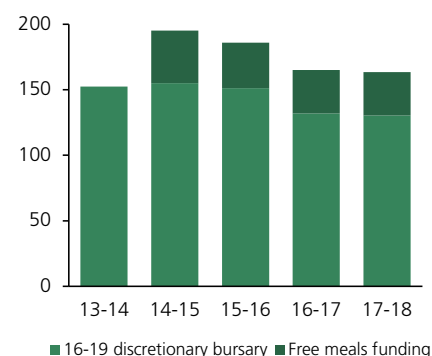
<sup>33</sup> For the explanation, see Education Funding Agency, [Fact sheet about 16 to 19 funding allocations for the 2014 to 2015 academic year](#), October 2014.

In academic year 2014 to 2015 we introduced additional funding for free meals for post-16 students attending colleges and other FE providers to provide parity with those young people attending school sixth forms. We will remove the ring fence between the free meals allocation and the discretionary bursaries allocation in academic year 2016 to 2017 to maximise flexibility for institutions receiving both allocations. The requirement to provide free meals for all eligible students who request them remains.

Prior to academic year 2014 to 2015 colleges and FE providers had been supporting the cost of meals for students who needed them on a discretionary basis from the discretionary bursary. The external evaluation of the discretionary bursary estimated that this represented over £15m of discretionary bursary spend annually. Provision of FE Free Meals is now established and in its second year of implementation.

In academic year 2016 to 2017 we will remove £15m from the budget in respect of this double funding. For academic year 2016 to 2017 discretionary bursary allocations will be adjusted to take account of this for those providers in receipt of an allocation for post-16 free meals.<sup>34</sup>

**Chart 5: 16-19 discretionary bursary and free meals funding**  
£ millions, cash

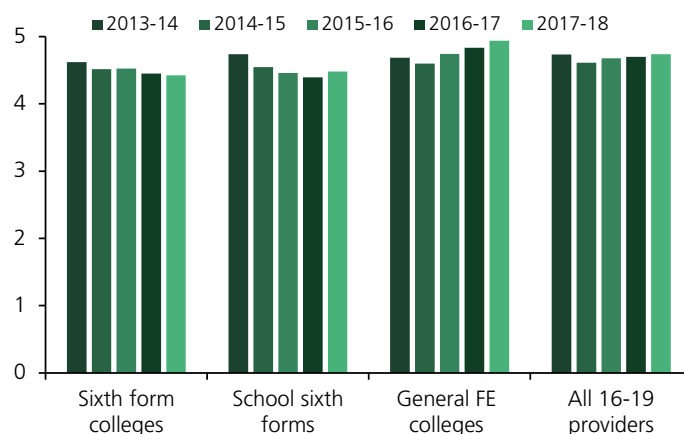


### 4.3 Per student funding by provider type

The average total funding allocated per student fell from £4,733 in 2013-14 to £4,739 in 2017-18 – a reduction in real terms of 5.5%. This includes all formula-led funding, transitional protection funding, and high needs funding. It does not include discretionary bursary funding, free meals funding or those elements of student support funding not provided through allocations to providers.

Of the three mainstream categories of 16-19 provider, school sixth forms (including academy sixth forms) saw the biggest change – a fall of 5.5% in cash terms, from £4,739 to £4,480. This represented a reduction of 10.8% in real terms. Average funding per student fell by 4.2% in cash terms from £4,619 to £4,423 (9.7% in real terms) at sixth form colleges over the period. At general FE colleges, per student funding increased by 5.4% in cash terms from £4,684 to £4,938, a real terms fall of 0.5%.

**Chart 6: Average 16-19 funding allocation per student, selected institutions, £000s cash**



<sup>34</sup> EFA, [Funding for academic year 2017 to 2018 for students aged 16 to 19 and students aged 19 to 25 with an education, health and care plan](#), 21 December 2016



## 5. 16-19 education expenditure since 2010-11

An alternative way to examine the financial support provided for 16-19 education is to look at outturn expenditure from the YPLA/EFA accounts. This allows for a comparison of what was actually spent rather than included in allocations to institutions.

While the number of sub-categories of expenditure recorded in the accounts have reduced over time, the vast majority of 16-19 education expenditure was recorded under the same three categories in the EFA accounts between 2010-11 and 2016-17:

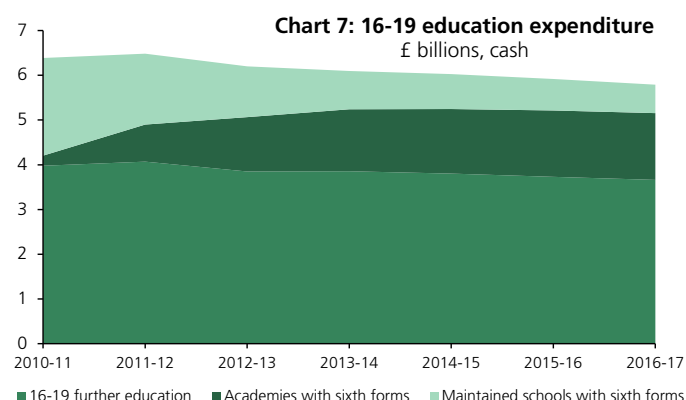
- 16-19 further education;
- academies with sixth forms;
- and maintained schools with sixth forms.

This allows for a time-series to be created of major 16-19 education expenditure back to 2010-11.

It should be noted, however, that the reforms to 16-19 funding outlined in sections two and three, in particular relating to the funding for high needs students, mean that caution is needed when making conclusions based on the accounts data. For example, in some cases reductions in EFA expenditure will be because a body other than the EFA took over responsibility for certain expenditure (e.g. local authorities in the case of high-needs top-up funding from 2013-14) rather than because the expenditure stopped completely.

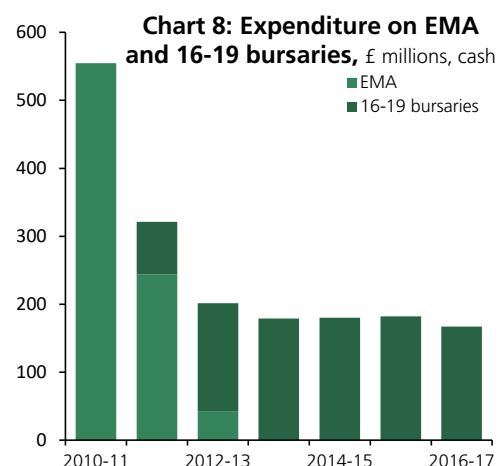
Based on the three categories of expenditure outlined above, total expenditure on 16-19 education fell from £6.39 billion in 2010-11 to £5.79 billion in 2016-17, a reduction of 9.3% in cash terms and 17.5% in real terms. This does not include all expenditure, however. For example, it excludes expenditure on the Education Maintenance Allowance, 16-19 bursaries (see below), and on learner support.

The expenditure on school sixth forms (both maintained schools and academies) fell by 11.6% in cash terms over the period, or 19.6% in real terms. Within this, expenditure on academies with sixth forms increased substantially while that on maintained schools with sixth forms fell. This is, of course, unsurprising given the number of maintained schools that will have converted to academies between 2010-11 and 2016-17. Expenditure on 16-19 FE (which includes sixth form colleges and general FE colleges) fell by 8.0% in cash terms and 16.3% in real terms over the period.



## 5.1 EMA and 16-19 bursaries

Recorded expenditure on EMA in 2010-11, its last full year of operation, was £555 million. Following the introduction of the 16-19 bursary from 2011-12, EMA expenditure reduced as it was limited to students who had started courses in the 2010-11 financial year. By the time transitional expenditure for EMA finished in 2013-14, expenditure on 16-19 bursaries had reached £179 million. 16-19 bursary expenditure then stayed at this level (around a third of the previous expenditure on EMA) until 2016-17, when it was reduced to £167 million following the removal of “double-funding” for free school meals (see section 4 above).



## 5.2 Institute for Fiscal Studies Report

In its February 2017 report, Long-run comparisons of spending per pupil across different stages of education, the Institute for Fiscal Studies used expenditure figures from the EFA accounts along with pupil numbers data to estimate the level of spending per 16-19 student over time.

### Expenditure on students in further education

The estimates showed that in 2016-17 prices, spending per full time 16-19 student in further education (e.g. sixth form colleges and general FE colleges) had fallen from a high of £6,046 in 2010-11 to £5,639 in 2015-16. Expenditure per student in 1989-90 was estimated at £5,190 in 2016-17 prices.<sup>35</sup>

Spending per student in FE had, the report stated, evolved in three distinct phases since 1990:

In 1990, spending per student stood at just over £5,000 (in 2016–17 prices). It then fell by over 20% in real terms over the course of the 1990s to reach a low of £4,000 per student in 1998–99. Over the 2000s, spending per student rose significantly, by around 50% in real terms to reach a level of around £6,000 in 2010–11. Since then, further education spending per student has again fallen in real terms as cuts to public spending gradually took hold. Between 2010–11 and 2015–16, we estimate that spending per student has fallen by just under 7% in real terms. On the basis of current plans, these cuts are expected to continue up to 2019–20, meaning that the total expected cut between 2010–11 and 2019–20 is likely to amount to around 13% in real terms.<sup>36</sup>

### Expenditure on students in sixth forms

The report estimated that in 2016-17 prices, spending per student in school sixth forms had declined from £6,212 in 2010-11 to £5,121 in 2015-16. Estimated per student expenditure in 2002-03 (the earliest year for which it was possible to produce estimates) was £5,508 in 2016-17 prices.

<sup>35</sup> Institute for Fiscal Studies, [Long-run comparisons of spending per pupil across different stages of education](#), February 2017, Appendix B.

<sup>36</sup> As above, p20.

The report noted that the trend in the 2000s for higher per pupil expenditure in school sixth forms compared to further education had reversed by 2011-12:

...annual spending per student was over £500 higher in school sixth forms than in further education colleges over the course of the 2000s. Both grew in the late 2000s, but faster growth in further education meant that the picture had reversed by 2011-12 and spending per student is now around £500 higher in further education than in school sixth forms. This largely results from a faster pace of cuts to school sixth form spending per student, which has fallen by around 18% in real terms between 2010-11 and 2015-16, compared with only 7% for further education.<sup>37</sup>

It also noted, however that schools with sixth forms could have benefited from the real-terms protection to per pupil schools spending and may, as a result, have been able to partly offset cuts to sixth form spending between 2010-11 and 2015-16.<sup>38</sup>

### Long-run comparison with other education phases

The report stated that the shape of public spending on education had changed significantly over the last 25 years. In 1990-91, there was a “very clear gradient across the education stages”, with per pupil spending increasing as the age of the pupils being taught increased. This was much less the case in 2015-16. For example, spending per student in further education was nearly 50% higher than spending per student in secondary schools in 1990-91. By 2015-16, it was 10% lower.<sup>39</sup>

The report argued that 16-19 education has been the “big loser” from the changes to education spending over the previous 25 years. Spending in the sector, it said, “fell faster during the 1990s, grew more slowly in the 2000s, and has been the only major area of education spending to see cuts since 2010.”<sup>40</sup> With spending per student in 16-19 education set to fall further in real terms up to 2019-20, the report estimated that spending per student in 2019-20 would be at a similar level in real terms to that of 30 years ago (total public spending is expected to be 93% higher in 2020 than in 1990). This “long-run stagnation in the level of resources available” was, the report argued, the “overriding challenge” for the sector:

The overriding challenge for the 16-18 sector concerns the long-run stagnation in the level of resources available. By the end of the current Spending Review period in 2019-20, we expect that spending per student in further education will only be just above the level seen 30 years ago at the end of the 1980s. To date, school sixth forms have probably been better able to manage real-terms cuts in funding given that school funding per pupil was protected in real terms between 2010-11 and 2015-16. This clearly will not be possible indefinitely, especially as school

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<sup>37</sup> As above, pp19-20.

<sup>38</sup> As above.

<sup>39</sup> As above, pp7 & 27.

<sup>40</sup> [Long-run comparisons of spending per pupil across different stages of education](#), Institute for Fiscal Studies, 27 February 2017.

funding per pupil is now expected to fall in real terms up to 2019–20.<sup>41</sup>

## 6. Current issues in 16-19 funding

This section briefly sets out some of the current concerns raised regarding the funding of 16-19 education.

### 6.1 Overall funding levels and the 16-19 funding dip

The average funding per student for the 16-19 age group is now less than for secondary school aged students and for higher education students. For example, in July 2017, the Government announced that the new national funding formula for schools will include a minimum funding level per secondary school student of £4,600 in 2018-19 and £4,800 in 2019-20.<sup>42</sup> The maximum university tuition fee for 2017-18 and 2018-19 is £9,250. In comparison, the national per student funding rate in the 16-19 funding formula<sup>43</sup> is set to remain at £4,000 until at least 2019-20.

The IFS has calculated that in 2017-18, funding per 16-19 student in further education is due to be around 13% lower than funding per student aged 11-16 in secondary schools; in 1990 it was 50% higher. The IFS has further noted that the additional funding for T Levels will still leave per 16-19 student funding levels 14% below its peak in 2010-11 (2017-18 prices) if all other funding remains frozen in cash terms per student.<sup>44</sup>

This 16-19 “funding dip” is frequently noted by bodies in the sector. For example, in a [joint letter](#) to the Education Secretary in July 2017, the Association of School and College Leaders (ASCL), the Sixth Form Colleges Association (SFCA), and the Association of Colleges (AoC) argued that the “current drop in funding at age 16 reduces the number of hours of teaching and support that our young people benefit from.” It further contended that there is “no educational basis” for the drop in funding and that it “flies in the face of the requirement on young people to participate in education and training until the age of 18.”

The letter called for the underspend in the 16-19 budget (see section 6.2 below) to be used to increase the national 16-19 funding rate to £4,250 from 2017-18 and for the rate to be increased to £4,800 in the longer term.

It additionally argued that:

<sup>41</sup> Institute for Fiscal Studies, [Long-run comparisons of spending per pupil across different stages of education](#), February 2017, p31.

<sup>42</sup> Department for Education, [The national funding formula for schools and high needs](#), 14 September 2017.

<sup>43</sup> For full-time 16 and 17 year old students.

<sup>44</sup> Institute for Fiscal Studies, [Evidence to Education Committee Inquiry on School and College Funding](#), 4 June 2018.

- The current funding level means that most students only receive around 15 hours of teaching and support a week, which is not sufficient for many of them.
- Schools and colleges have responded to cost pressures by cutting courses, increasing class sizes.
- The additional £500 million for T Level (see section 3.5 above) is welcome but will not impact the majority of 16-19 students who are following academic or applied general qualifications.<sup>45</sup>

Similar concerns were raised in a [letter](#) sent to the Chancellor in September 2017 by seven associations representing schools, colleges, students and governors, and in a [letter](#) sent to the Prime Minister in October 2017 by 140 principals and chairs of colleges. Both letters argued, among other things, that 16-19 year olds in England are only funded to receive half the tuition time (15 hours) as sixth formers in some other leading economies.<sup>46</sup> Both letters also called for the national per student funding rate to be increased to £4,200, which could be funded in part, they said, from the underspend on the 16-19 budget.<sup>47</sup>

#### Box 7: Support Our Sixth-formers campaign funding impact survey

In May 2017, the Sixth Form Colleges Association launched the [“Support our Sixth formers” campaign](#), which highlights the concerns set out above and calls on the Government to:

- Introduce the £200 per student uplift to the per student funding rate in the 16-19 funding formula; and
- Conduct a review of sixth form funding to ensure that it is linked to the costs of delivering a rounded curriculum.

As part of the campaign, in October 2017 the Sixth Form Colleges Association conducted a [survey](#) of school sixth forms and colleges in England on behalf of eight sector organisations. The stated aim of the survey was to “assess the impact of funding cuts and cost increases on the education of sixth form students.” The survey’s findings included that of the schools and colleges surveyed:

- 50% had dropped courses in modern foreign languages as a result of funding pressures, and 34% had dropped STEM courses.
- 67% had reduced student support services or extra-curricular activities, with “significant cuts to mental health support, employability skills and careers advice.”
- 77% were teaching students in larger classes and 50 had reduced the delivery hours of individual courses.
- 68% had moved from a four subject offer to a three subject offer.
- 72% did “not believe the amount of funding they will receive next year will be sufficient to provide the support required by students that are educationally or economically disadvantaged.”<sup>48</sup>

The concerns of the sector were set out in greater detail in briefings prepared by the [Sixth Form Colleges Association](#) and the [Association of Colleges](#) ahead of the [debate on 16-19 education funding](#) held in Westminster Hall on 7 September 2017 (see below).

<sup>45</sup> [Joint letter to Rt Hon Justine Greening – 19 July 2017](#).

<sup>46</sup> For more information see the following October 2016 report from the Institute for Education: [Tuition time in upper secondary education \(16-19\): Comparing six national education systems](#).

<sup>47</sup> [Letter from all associations to Chancellor – 26 September 2017](#); [Letter to Prime Minister with signatures](#).

<sup>48</sup> Sixth Form Colleges Association, [Support Our Sixth-formers campaign: funding impact survey report](#), November 2017, p1.



A parliamentary question in October 2017 asked for the Government's assessment of the adequacy of current levels of per student 16-19 funding. In response, the Minister, Anne Milton, said:

We have protected the base rate of funding at £4,000 per student for all types of providers until 2020 to ensure that happens. Extra funding is provided where needed, for example, for students on large academic programmes and for providers to attract, support and retain disadvantaged 16 to 19-year olds. In addition, my Rt hon. Friend, the Chancellor of the Exchequer, announced in the Spring Budget a significant investment in technical education for 16-19 year olds, rising to an additional £500 million a year.

The first £74 million of this investment will be allocated to help institutions build their capacity for the improved work placements that will form part of new T level programmes, from April 2018 to July 2019.

Funding and resourcing beyond 2020 will be considered and agreed as part of the Government's next spending review.

The post-16 system is performing well and a record proportion of 16 to 18-year olds are now participating in education or apprenticeships. The results in the first of the reformed A levels were released in August this year, with students continuing to achieve effectively against the high standards of the qualification and demonstrating their readiness for the demands of higher education. Overall, A level results this year were stable compared to last year.

A record number of 18-year olds applied to Higher Education this year and the entry rate for English 18-year olds from disadvantaged backgrounds is at a record high.<sup>49</sup>

## 6.2 Removal of formula protection funding

As set out above, formula protection funding (FPF) is being phased out from 2016-17, with the last FPF payments made to institutions in 2020-21. It is expected that the phasing out of FPF will make up a "significant proportion" of the reductions to non-core 16-19 funding, which were announced at the 2015 Spending Review and are expected to reach around £160 million a year by 2019-20. This, therefore, could represent a substantial future funding reduction for some providers.<sup>50</sup>

## 6.3 Underspend of 16-19 budget

As noted, 16-19 funding allocations are based on estimated student numbers. If actual student numbers are lower than the estimates then there will be a budget underspend.

In [response to a parliamentary question](#) in July 2017, the Minister, Anne Milton, stated that spending on 16-19 education was £135 million lower than forecast in 2014-15 and £132 million lower in 2015-16; this represented 2.2% of the budget.<sup>51</sup> A response to a [further question](#) in October 2017 stated that spending was £106 million lower than

<sup>49</sup> [PO106971](#), 16 October 2017.

<sup>50</sup> Education Funding Agency, [Funding for academic year 2017 to 2018 for students aged 16 to 19 and students aged 19 to 25 with an education, health and care plan](#), 21 December 2016.

<sup>51</sup> [PO 3811](#), 13 July 2017.

estimated in 2016-17, meaning that 1.8% of the budget was not spent.<sup>52</sup>

Ms Milton set out the process following a budget underspend in response to [another question](#) in July 2017:

If actual student numbers are lower than forecast, the department works in conjunction with the Treasury to try to reallocate any underspends to other priorities in a way that maximises value for money. This could include a proposal to redeploy the funding to the next financial year. If alternative value for money activities cannot be identified, the funding is returned to the Treasury to support the overall fiscal position.<sup>53</sup>

Sector spokespersons have raised concerns about budget underspends at a time of funding reductions, and have argued that the money should be used by the 16-19 sector and not redeployed to other ministerial priorities.<sup>54</sup> As noted above, there have been calls for the underspends to be used to fund an increase in the 16-19 national per student funding rate.

## 6.4 English and Maths condition of funding

As noted in section 3.1, since 2014-15 it has been a condition of funding that students without a GCSE grade C or above (or grade 9-4 under the new grading system) in English and/or maths continue to study these subjects post-16. Since 2015, full-time students with a grade D/3 must be enrolled on a GCSE qualification in these subjects.

As set out in section 4, the 16-19 funding allocations for 2016-17 included reductions totalling £11 million as a result of providers' non-compliance with the maths and English condition of funding in the 2014-15 academic year.

For 2017-18 allocations, the Government decided not to impose the full funding reductions "in recognition of the continued efforts of post-16 providers to deliver the 16 to 19 maths and English policy." Instead, funding reductions for non-compliance with the condition of funding only applied to institutions where more than 5% of students were not enrolled on a required qualification in the 2015-16 academic year. Guidance on the condition of funding additionally states that this tolerance level will apply from 2018-19 allocations until further notice.<sup>55</sup>

This policy has proved controversial and there have been calls for it to be dropped or amended, in particular for students with a grade 3/D to be allowed to study functional skills qualifications in English and/or maths rather than GCSEs.<sup>56</sup>

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<sup>52</sup> [PQ 106098](#), 16 October 2017.

<sup>53</sup> [PQ 5438](#), 20 July 2017.

<sup>54</sup> See the comments in, [DfE confirms £267m underspend of 16-19 budget in last two years](#), *FE Week*, 17 July 2017; and [Support Our Sixth-formers: DfE urged to redirect 16-19 underspend](#), *FE Week*, 17 October 2017.

<sup>55</sup> Education and Skills Funding Agency, [16 to 19 funding: maths and English condition of funding](#), last updated 20 July 2017.

<sup>56</sup> For example, see the comments from the Chief Executive of the Association of Employment and Learning Providers at: [GCSE resits 2017: Sharp fall in maths results but English improves](#), *FE Week*, 24 August 2017.

In July 2017, Sir Adrian Smith published the [report](#) of his Government-commissioned review of 16-18 mathematics. The report recommended that the Government should review its policy on 16-18 resits:

In view of the low GCSE success rates and new GCSE requirements, the Department for Education should review its 16-18 resit policy with the aim that a greater proportion of students without a grade C or equivalent attain appropriate mathematical understanding by age 18. Specifically, there should be fresh consideration of appropriate curricula and qualifications for these students and the extent to which current policy incentivises these to be offered.<sup>57</sup>

In a [letter](#) responding to the report, the Government stated that the current policy had “resulted in a significant increase in the number of students successfully retaking their GCSEs” and would stay in place in 2017-18. However, the letter additionally stated that the Government recognised the need to improve the quality of alternative qualifications to GCSEs and highlighted its [consultation](#) on reforming functional skills qualifications. The policy would, the letter said, be kept under review to assess whether it is having the desired impact.<sup>58</sup>

The Autumn Budget announced that the Government would launch a £8.5 million pilot to “test innovative approaches to improve GCSE Maths resit outcomes.”<sup>59</sup> It is intended that the pilot will run for two years (2020-21 and 2021-22), with £4.3 million and £4.2 million of funding allocated in each year respectively.<sup>60</sup>

## 6.5 Sixth Form Colleges and VAT

Local authority maintained schools, academies and sixth form colleges all have to pay VAT on the taxable goods and services they purchase, but different arrangements apply. Local authority maintained schools and academies are subsequently reimbursed for these costs through VAT refund schemes; no refund scheme exists for sixth-form colleges, however.

Sixth form colleges have argued that this “anomaly” places them at a disadvantage, especially since all providers are now funded under the same funding formula. The Sixth Form Colleges Association stated that the average sixth form college lost £385,914 in 2015-16 because of it.<sup>61</sup>

The *Spending Review and Autumn Statement 2015* announced that sixth-form colleges in England would be given the opportunity to become academies as part of the area review process, allowing them to recover their VAT costs.<sup>62</sup> Advice for sixth-form colleges on becoming a 16-19 academy, published by the Government in February 2016, provides more detail on the conversion process and highlights that for

<sup>57</sup> Department for Education, [Report of Professor Sir Adrian Smith's review of post-16 mathematics](#), 12 October 2017, p62.

<sup>58</sup> Department for Education, [Letter responding to Smith review](#), 20 July 2017.

<sup>59</sup> HM Treasury, [Autumn Budget 2017](#), HC 587, November 2017, p47.

<sup>60</sup> [PO 116028](#), 1 December 2017.

<sup>61</sup> Sixth Form Colleges Association, [SFCA funding impact survey report 2016](#), October 2016.

<sup>62</sup> HM Treasury, [Spending Review and Autumn Statement 2015](#), Cm9162, November 2015, p45.

an application to be approved a sixth-form college will have to demonstrate that conversion will lead to “stronger partnership and collaboration with schools.”<sup>63</sup>

The Sixth Form Colleges Association has argued that while conversion may be a popular route for sixth form colleges, the Government should still consider addressing the VAT issue as those colleges that do not convert will still lose out.<sup>64</sup>

## 6.6 DfE research report on FE reforms

In October 2017, the Department for Education published a [research report](#) evaluating the FE reform programme.

Concerning reforms to the funding of 16-19 education, the report found that provision had been “considerably revised” as organisations attempted to meet the requirements of funding (e.g. study programme requirements). Depending on the context, provision had “either narrowed to facilitate specific recruitment targets or widened to spread the risks of non-achievement.” This had resulted in widespread changes to staffing.

Funding for 16-19 year olds was, the report stated, viewed as increasingly accessible and FE colleges and private training providers had “invested in Continued Professional Development (CPD), staff recruitment; curriculum expansion, and enhancing relationships with schools, businesses and other training providers in a bid to boost recruitment of 16-19 year-olds.” This had, in turn, led to post-19 learning offers being reduced.<sup>65</sup>

Further information is contained in section 6 (pages 103-118) of the report.

## 6.7 Westminster Hall debate on 16-19 funding

On 7 September 2017, a [debate](#) was held in Westminster Hall on 16-19 education funding. Opening the debate, Nic Dakin MP, touched on many of the issues outlined above, including:

- Reductions to 16-19 funding has made the challenge of post-16 leadership “significantly greater.”
- Alongside the funding reductions, inflationary pressures have “continued to bite” and “costs have continued to rise”, including employer contributions to the teachers’ pension scheme and employer national insurance contributions.
- Extra money for T-levels “is no substitute for addressing the shortfall in funding...in general post-16 education.”

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<sup>63</sup> Department for Education, [Becoming a 16 to 19 academy: advice for sixth-form colleges](#), 19 February 2016, p15.

<sup>64</sup> Sixth Form Colleges Association, [SFCA funding impact survey report 2016](#), October 2016.

<sup>65</sup> Department for Education, [Evaluation of the FE reform programme 2015](#), October 2017, p103.

- Learners in England are funded to receive less tuition than in other leading economies, which leads to a narrow and short curriculum.
- The “wider support offer to students has been greatly diminished” as a result of funding pressures.
- Many providers lack the resources to address the rising numbers of students reporting mental health problems.
- Schools increasingly have to use funding intended for 11-16 year olds to subsidise their sixth forms.
- Sixth form colleges are particularly affected as they cannot claim back VAT.
- The average funding received by 16-19 year olds is less than that received by 11-16 year olds and by higher education students.

Mr Dakin called on the Government to “introduce an immediate £200 uplift in funding”, largely funded by the underspend on the 16-19 budget, and “to conduct a review of sixth form funding to ensure it is linked to the realistic costs of delivering a rounded, high-quality curriculum.”<sup>66</sup>

Responding to the debate, the Minister, Anne Milton, highlighted the importance of post-16 education in giving “a second chance to those for whom the formal education sector did not work.” She also noted the additional funding in the formula for students on large study programmes and for disadvantaged students and students with special educational needs.

After emphasising the importance of the reforms to technical education, including the additional funding to implement them, the Minister then addressed the funding of the sector in general. She stated:

The additional funding [for technical education] will benefit FE colleges, which provide most of the technical programmes, but many sixth-form colleges and some school sixth forms will also benefit. At a time when public finances are under considerable pressure, that represents a significant commitment to the 16-to-19 age group, in the context of the wider pressures on finances. I will not spill out political rhetoric, but a strong economy is important and we have had some difficult decisions to make. Our commitment to maintain the 16-to-19 base rate for all types of advisers at current levels until 2020 is important. We have done that, but the Government will keep funding under consideration. As I said at the beginning of my remarks, my job will be to be a champion for the sector. Pre-16 school education is crucial in the success of students post-16, which is why pre-16 schooling must be a funding priority, but it does not end there.<sup>67</sup>

<sup>66</sup> [HC Deb 7 September 2017, cc181-5WH.](#)

<sup>67</sup> [HC Deb 7 September 2017, cc201-4WH.](#)



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