



## BRIEFING PAPER

Number 7019, 16 December 2019

# 16-19 education funding in England since 2010

By David Foster

PHOTO REDACTED DUE TO THIRD PARTY RIGHTS OR OTHER LEGAL ISSUES

### Contents:

1. Introduction
2. 16-19 funding policy and allocations from 2010-11 to 2012-13
3. 16-19 education funding policy from 2013-14
4. 16-19 funding allocations since 2013-14
5. 16-19 education expenditure since 2010-11
6. Issues and debates

# Contents

<b>Summary</b>	<b>3</b>
<b>1. Introduction</b>	<b>5</b>
<b>2. 16-19 funding policy and allocations from 2010-11 to 2012-13</b>	<b>6</b>
2.1 Background: the old funding formula	6
2.2 Spending Review 2010	7
Replacement of EMA with the 16-19 Bursary	7
Other changes	7
2.3 Funding allocations 2010-11 to 2012-13	8
2.4 Per student funding by provider type	9
<b>3. 16-19 education funding policy from 2013-14</b>	<b>10</b>
3.1 A new 16-19 funding formula	10
Rationale for the changes	10
Transition funding	11
3.2 How the reformed funding system works	11
3.3 Autumn Statement 2013	13
3.4 Spending Review 2015	13
3.5 Funding for T-Levels	14
3.6 Autumn Budget 2017	15
3.7 Spending Round 2019	16
Commentary on the Spending Round	17
<b>4. 16-19 funding allocations since 2013-14</b>	<b>19</b>
4.1 Total funding allocations	19
4.2 Programme funding (and high needs)	19
Student support	20
4.3 Per student funding by provider type	21
4.4 Education Policy Institute Analysis	22
<b>5. 16-19 education expenditure since 2010-11</b>	<b>23</b>
5.1 EMA and 16-19 bursaries	24
5.2 Institute for Fiscal Studies Analysis	24
Expenditure on students in further education	24
Expenditure on students in sixth forms	25
Challenges for the sector	25
<b>6. Issues and debates</b>	<b>26</b>
6.1 Funding levels	26
6.2 Removal of formula protection funding	27
6.3 Underspends of 16-19 education budget	27
6.4 English and Maths condition of funding	28
6.5 Teacher Pay Grant	29
6.6 Sixth Form Colleges and VAT	30
6.7 Parliamentary debates	31

## Summary

Substantial reforms have been made to the funding of 16-19 education since 2010, including the introduction of a new funding formula from 2013-14. At the same time, the funding provided to the sector as a whole has been reduced.

### 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. Expenditure on the bursary scheme is 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.

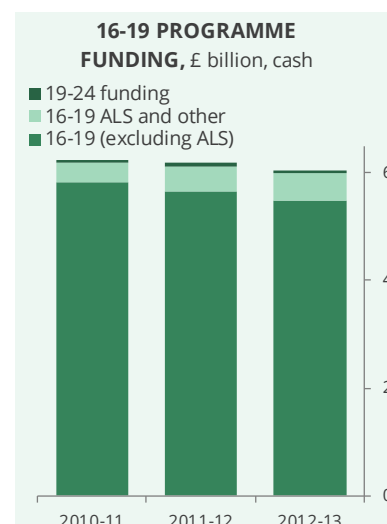
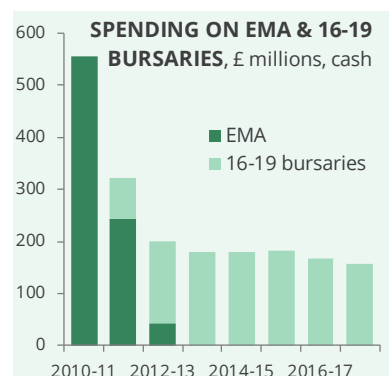
The total programme funding allocated to 16-19 providers (including funding for 19-24 year olds with learning difficulties and/or disabilities) fell from £6.24 billion in 2010-11 to £6.05 billion in 2012-13 – a reduction of 3% in cash terms or 6% in real terms.

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 £4,775. For other further education (FE) providers there was a 1% cash terms increase from £4,470 to £4,533.

### Funding allocations from 2013-14

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, 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 T levels to “over 900 hours a year on average.”

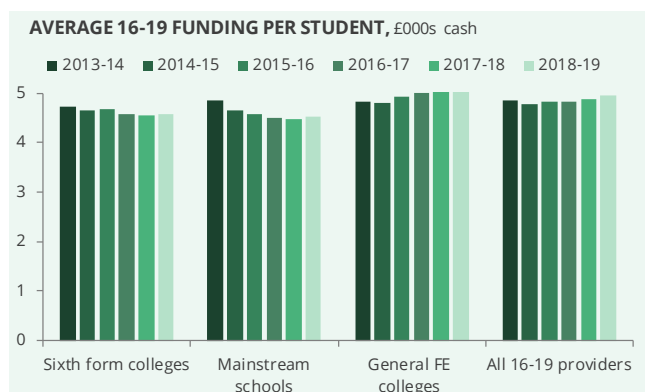


#### 4 16-19 education funding in England since 2010

- The Government has announced that from 2019-20 schools and colleges will receive an additional £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).
- At the Spending Round 2019, the Government committed an additional £400 million for 16-19 education in 2020-21, which will include a 4.7% increase to the per-student base rate from £4,000 to £4,188. The Conservative Party's manifesto for the 2019 general election confirmed these plans.

The total 16-19 programme and high needs funding allocated to providers fell from £6.09 billion in 2013-14 to £5.49 billion in 2018-19 – a reduction of 10% in cash terms and 17% in real terms.

The average total funding allocated per student (all funding included in allocations except Dance and Drama Awards and residential student support funding) increased from £4,856 in 2013-14 to £4,943 in 2018-19 – a fall in real terms of 6.2%. 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.



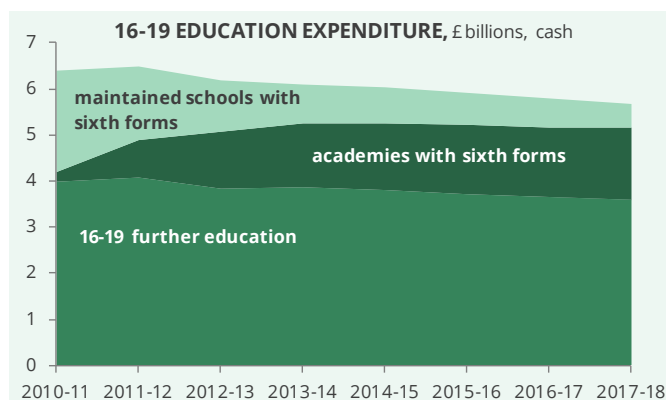
[Analysis published by the Education Policy Institute in May 2019](#) found that, between 2010-11 and 2018-19:

- Funding per 16-19 student fell by 16% in real terms, from £5,900 to £4,960. This is twice the rate at which all school spending fell from 2009-10 to 2017-18.
- Funding per 16-19 full-time equivalent student in the FE sector fell by 18% in real terms from £6,250 to £5,150. The fall was 26% in school sixth forms, from £6,280 to £4,680.
- Funding for student support (including bursaries to learners aged 16 to 19) fell more than other funding streams, by 71% in real terms. Funding for programme delivery decreased by 30%, while disadvantage and high needs funding combined grew by 68%.

#### 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 £5.68 billion in 2017-18, a reduction of 11.1% in cash terms and 21.0% in real terms.

The accounts for 2018-19 are presented in a different form, meaning that expenditure in 2018-19 cannot be compared with earlier years using the same headings.



The Institute for Fiscal Studies has [estimated](#) that between 2010-11 and 2018-19, spending per 16-19 student in FE and sixth form colleges fell by around 12% in real terms. It estimates that per student spending in school sixth forms decreased by 23% in real terms over the same period.

# 1. Introduction

There are two systems of revenue funding for post-16 further education (FE) in England: the 16-19 funding system and the adult education funding system. This briefing provides information on the former. Information on the latter is provided in Library Briefing 7708, [Adult further education funding in England since 2010](#).

## **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) 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 schools and academy sixth forms, sixth form colleges, general FE colleges, and special schools. It also includes funding for students aged 19 to 25 with Education, Health and Care Plans. It does not include students on apprenticeships or at higher education institutions.

In 2017-18, there were around 1.1 million students in England participating in some form of publicly funded 16-19 education at around 3,000 education providers. This included 118,000 students at sixth form colleges,<sup>1</sup> 442,000 students in around 2,000 school sixth forms (including maintained schools, academies and free schools), and 508,000 students in around 180 general FE colleges.<sup>2</sup>

## **How is 16-19 education funded?**

16-19 education funding is allocated to providers by the ESFA. 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, and provides an overview of the revenue funding provided to the sector over this period. The final section briefly summarises issues that have been raised regarding the funding of 16-19 education.

---

<sup>1</sup> The number studying at sixth form colleges is lower than in previous years because of the conversion of some sixth form colleges to 16-19 academies.

<sup>2</sup> Education and Skills Funding Agency, [16 to 19 allocation data: 2017 to 2018 academic year](#), October 2017; Department for Education, [Participation in education, training and employment: 2018](#), June 2019.

## 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>3</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 impairment.

<sup>3</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.

Funding was allocated on a sliding scale with some funding allocated in respect of all full-time students.<sup>4</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>5</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>6</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.

Following its full implementation, **funding for the new bursary scheme is 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 (the former funding body for 16-19 education) 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 formula<sup>7</sup> from around £561 million in 2010-11 to around £770 million in 2011-12.<sup>8</sup>

---

<sup>4</sup> Department for Education and Education Funding Agency, [16-19 Funding formula review](#), July 2012, pp21-3.

<sup>5</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>6</sup> HM Treasury, [Spending Review 2010](#), Cm 7942, October 2010, p42.

<sup>7</sup> This included both the provider factor disadvantage uplift and Additional Learner Support.

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

- Staging the **removal of the Teachers' Pay Grant** (paid to local authorities to cover pay progression and other pay benefits in schools; it 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>9</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 £280 per student on average. 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>10</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).

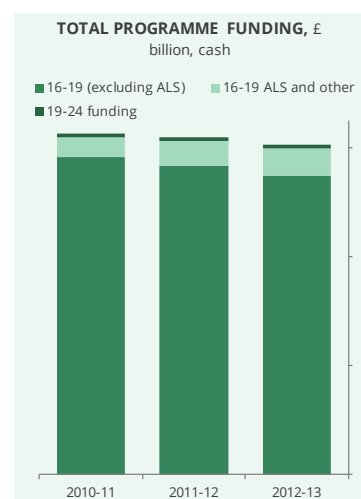
## 2.3 Funding allocations 2010-11 to 2012-13

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>11</sup>

**The total 16-19 programme funding allocated to providers (i.e. not including 19-24 funding) declined from £6.19 billion in 2010-11 to £5.98 billion in 2012-13, a fall of 3.3% in cash terms and 6.7% in real terms.**<sup>12</sup> If



<sup>9</sup> Young Person's Learning Agency, [16-19 Funding Statement](#), December 2010, p3.

<sup>10</sup> Department for Education, [The Importance of Teaching: The Schools White Paper 2010](#), Cm 7980, November 2010, p83.

<sup>11</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](#).

<sup>12</sup> Real terms figures in the briefing are calculated using 2018-19 prices based on the September 2019 GDP deflator.

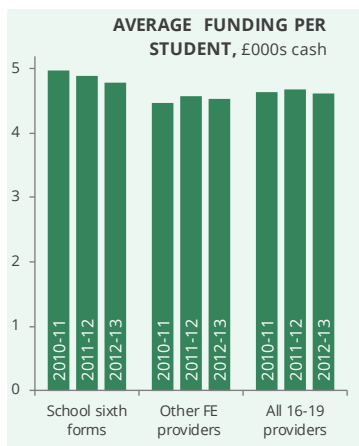


programme funding for 19-24 year olds is included, then funding fell by similar proportions, from £6.24 billion to £6.05 billion.

## 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 £4,775 – 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.



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

### 3.1 A new 16-19 funding formula

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).
- 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>13</sup>

Alongside the changes to the funding formula, **16-19 study programmes were introduced** (see box 3). In addition, an expectation was introduced that **students without a GCSE grade C/4 or above in English and/or maths would continue to study these subjects post-16**. This was made a condition of funding from 2014-15 (see section 6.4 below).

#### 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.

---

<sup>13</sup> For further information on the changes, see: [16-19 Funding formula review](#), July 2012, pp5-6.

The revised system, the Government contended, would provide sufficient funding to enable each student to undertake a full programme of study (see box 3 below), including work experience. The Government also said that removing the element of funding linked to the success rates of students (the achievement element of the success factor) would encourage providers to enter students for more challenging programmes.<sup>14</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>15</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>16</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, students 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 students finishing year 11 from summer 2014.

## 3.2 How the reformed funding system works

**A "large programme uplift" element was added to the funding formula from 2016-17 onwards.** 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>14</sup> Department for Education and Education Funding Agency, [16-19 Funding formula review](#), July 2012, p7; [HC Deb 2 July 2017 cc34-5WS](#).

<sup>15</sup> Department for Education, [16-19 study programmes: guide for providers](#).

<sup>16</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). The funding rate for full-time 16 and 17 year olds is set to increase to £4,188 from 2020-21 (see section 3.7 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 or 4-9 in GCSE maths and/or English by the end of year 11. 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>17</sup> From 2018-19, students 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%.

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>18</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<sup>19</sup> 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.

<sup>17</sup> Further information at: [16 to 19 funding: large programme uplift](#).

<sup>18</sup> Education and Skills Funding Agency, [High needs funding arrangements: 2019 to 2020](#), last updated 20 June 2019.

<sup>19</sup> Following a [consultation](#), the DfE intends to use a revised methodology to allocate 16-19 discretionary bursary funding from the 2020-21 academic year.

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.

### 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 Education Funding Agency's (the predecessor of the ESFA) 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>20</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>21</sup>

#### Box 6: 18-19 funding in the Augar Report

The report of the independent panel to the review of post-18 education and funding (The Augar Report) stated that it could "find no evidence to justify the lower base rate set for 18-year olds". The panel was not, it said, persuaded by the suggestion that 18-year olds require less teaching and in fact many have had difficulties in their previous education and may require more teaching to complete their course. The report recommended that the reduction to the rate for 18-year olds should be reversed.<sup>22</sup>

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>23</sup> This was implemented from 2014-15, with funding allocated to institutions from that year.<sup>24</sup> The funding agreements of FE institutions were amended to place a duty on them to provide the free meals.<sup>25</sup>

Further detail on the 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**

<sup>20</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>21</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>22</sup> [Independent panel report to the Review of Post-18 Education and Funding](#), May 2019, p132.

<sup>23</sup> HM Treasury, [Autumn Statement 2013](#), Cm8747, December 2013, p65.

<sup>24</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>25</sup> Education and Skills Funding Agency, [16 to 18 education: free meals in further education for academic year 2017 to 2018](#), 2 March 2017.

**protection of the national base rate for 16-19 students.** 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>26</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 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 2017-2018 academic year beyond the continued removal of formula protection funding.<sup>27</sup>

### 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 by September 2023).<sup>28</sup>

The Government intends to adapt the existing arrangements for 16-19 education funding to distribute funding for T Levels, rather than design a new system. A [consultation](#) on the distribution of revenue funding for T Levels was launched in November 2018 and [responded to by the Government](#) in June 2019.

Additional funding to support the implementation of T Levels includes:

- **£74 million of funding – the Capacity and Delivery Fund –for the period from April 2018 to August 2019** to support providers in starting to build their capacity and capability to provide substantive work placements, and to deliver placements in the 2018-19 academic year.<sup>29</sup> It is expected that this funding will “increase every year up to and beyond the introduction of T levels.”<sup>30</sup> Eligible providers received

---

<sup>26</sup> HM Treasury, [Spending Review and Autumn Statement 2015](#), Cm 9162, November 2015, pp90-1.

<sup>27</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>28</sup> HM Treasury, [Spring Budget 2017](#), HC 1025, March 2017, p41.

<sup>29</sup> Department for Education, [Implementation of T level programmes: Government consultation](#), November 2017, p14; [Justine Greening: Speech at the Business and Education Summit](#), Department for Education, 6 July 2017; and Department for Education, [Post-16 technical education reforms: T level action plan](#), October 2017, p14.

<sup>30</sup> Department for Education, [Implementation of T level programmes: Government consultation](#), November 2017, p19.

a share of the capacity and delivery funding in their 2018-19 funding allocations in addition to their mainstream allocation.<sup>31</sup>

- **A £38 million capital fund** for those providers delivering T Levels from September 2020 to help ensure that they have the necessary equipment and facilities.<sup>32</sup> The Government has said that it is considering capital requirements from 2021 onwards in the context of the spending review.<sup>33</sup>
- **£20 million over the two years to March 2020 to help teachers prepare for the introduction of T Levels.** This includes a new £8 million Professional Development Programme and £5 million for a programme aimed at attracting industry professionals to work in FE (Taking Teaching Further).<sup>34</sup>
- The Spending Round 2019 announced **an additional £45 million to support the initial roll out and teaching of T Levels.**<sup>35</sup>

Further information on funding for T Levels is provided in Library Briefing 7951, [T Levels: Reforms to Technical Education](#) and in the Department for Education's [T level Action Plan 2019](#).

### 3.6 Autumn Budget 2017

The [Autumn Budget 2017](#) announced additional funding for providers of 16-19 education, including:

- **An Advanced Maths Premium.** The Budget 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>36</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>37</sup> Further information is available in [guidance](#) published by the ESFA. The Spending Round 2019 announced an additional £10 million for the Advanced Maths Premium in 2020-21.<sup>38</sup>
- **A Basic Maths Premium Pilot.** The Budget announced £8.5 million for a pilot to test approaches to improve GCSE Maths resit outcomes.<sup>39</sup> The basic maths premium pilot is open to post-16 providers in

---

<sup>31</sup> For further information, see Education and Skills Funding Agency, [16 to 19 funding: funding for academic year 2018 to 2019](#), January 2019.

<sup>32</sup> [£38 million T Level Capital Fund launches](#), Department for Education, 30 January 2019; Department for Education, T Levels capital fund guidance, January 2019.

<sup>33</sup> Department for Education, [T Level Action Plan 2018](#), December 2018, p36.

<sup>34</sup> Education and Skills Funding Agency, [Funding for academic year 2019 to 2020 for people aged over 16](#), December 2018.

<sup>35</sup> [Chancellor announces £400 million investment for 16-19 year olds' education](#), 31 August 2019

<sup>36</sup> HM Treasury, [Autumn Budget 2017](#), HC 587, November 2017, p47.

<sup>37</sup> [PQ 116028](#), 28 November 2017.

<sup>38</sup> [Chancellor announces £400 million investment for 16-19 year olds' education](#), 31 August 2019

<sup>39</sup> HM Treasury, [Autumn Budget 2017](#), HC 587, November 2017, p47.

selected areas and will run from autumn 2018 for two years. Further information is available in [ESFA guidance](#).

- **Maths Centres of Excellence.** The Budget 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>40</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>41</sup> In October 2018, the DfE announced the 21 institutions which had been selected to be Centres of Excellence in maths.<sup>42</sup>

#### Box 7: Teachers’ pensions

It was announced in 2018 that the estimated contribution rate for schools and colleges under the Teachers’ Pension Scheme would rise from 16.48% to 23.5% from September 2019. The Department for Education estimates that the total cost of this increase will be £1.1 billion in financial year 2019-20, which includes an estimated cost of £830 million for state-funded schools and £80 million for the FE sector.<sup>43</sup>

In January 2019, the DfE launched a [consultation](#) regarding the impact of the change. In its [response to the consultation](#), published in April 2019, **the Department confirmed that it would provide extra funding to state-funded schools and FE institutions in 2019-20 to cover the rise in the employer contribution rate** from September 2019 to the end of the 2019-20 financial year (or to August 2020 for institutions funded on an academic year basis).<sup>44</sup> The Government has also committed to provide funding to meet the cost of the increased contributions in 2020-21.<sup>45</sup>

### 3.7 Spending Round 2019

The Spending Round 2019, published in September 2019, set out the Government’s spending plans for 2020-21. A full multi-year spending review is expected to follow in 2020.

The Spending Round committed **an additional £400 million for 16-19 education in 2020-21** comprising:

- **£190 million to increase core funding for 16-19 year olds.** This will be done through an increase to the national base rate in the 16-19 funding formula from £4,000 to £4,188 in the 2020-21 academic year.
- **£120 million to help colleges and school sixth forms “deliver expensive but crucial subjects such as engineering.”**
- £35 million for “targeted interventions” to support students re-siting their GCSE Maths and English.
- £25 million to help colleges and FE providers prepare for the initial roll out of T Levels.

<sup>40</sup> As above.

<sup>41</sup> [Basic maths Centres for Excellence: application](#), Department for Education, 30 May 2018.

<sup>42</sup> [Basic maths Centres for Excellence: list of institutions](#), Department for Education, 4 October 2018.

<sup>43</sup> [PQ 203390](#), 27 December 2018.

<sup>44</sup> Department for Education, [Funding increases to teachers’ pensions employer contributions: Government consultation response](#), April 2019.

<sup>45</sup> [PQ 293564](#), 7 October 2019.



- £10 million of additional funding for the advanced maths premium.
- £20 million to help the sector recruit teachers and leaders and “provide more support to ensure high-quality teaching of T Levels.”<sup>46</sup>

This funding is in addition to the funding for employer contributions for teachers’ pensions (see box above).

In November 2019, the DfE published more detailed information on how the additional £120 million of funding for high cost subjects will be distributed:

- £65 million will be used to increase the programme cost weightings in six subject areas for 2020-21
- £55 million will be used to pay an additional £400 per year in 2020-21 for each student studying substantial level 3 programmes in selected subjects. This is referred to as the High Value Courses Premium.<sup>47</sup>

The Conservative Party’s manifesto for the 2019 general election confirmed the plans announced at the Spending Round but did not explicitly address core 16-19 funding after 2020-21.<sup>48</sup>

### Commentary on the Spending Round

The Government stated that the funding announced at the Spending Round marked **“an increase of 7% in overall 16-19 funding and the biggest year-on-year increase since 2010, with funding increasing faster for 16-19 than in 5-16 schooling.”**<sup>49</sup>

The Institute for Fiscal Studies (IFS) stated that the additional funding would **“lead to a real-terms increase in spending per pupil of over 4% in 2020-21, but will still leave spending per student over 7% below its level in 2010-11 in colleges and over 20% below in sixth forms.”** The IFS added that fully reversing cuts since 2010-11 would cost a further £1.1 billion over and above existing plans, or £1.4 billion to ensure that spending on T Levels is additional to an unchanged level of spending per student.<sup>50</sup> Further analysis is included in its [2019 annual report on education spending in England](#) (pages 67-69).<sup>51</sup>

The Education Policy Institute stated that the additional funding was welcome and acknowledged that, **as a proportion of per-pupil funding, is a faster increase than for schools.** It added, however, that **in real terms the**

---

<sup>46</sup> HM Treasury, [Spending Round 2019](#), CP 170, September 2019, p10; [PQ 286272](#), 9 September 2019; [Chancellor announces £400 million investment for 16-19 year olds’ education](#), Department for Education, 31 August 2019; [HC Deb 3 September 2019, cc65-75](#).

<sup>47</sup> Education and Skills Funding Agency, [16 to 19 funding: programme cost weighting changes](#), 4 November 2019; Department for Education, [Young people to benefit from £155 million funding boost](#), 4 November 2019; Education and Skills Funding Agency, [16 to 19 funding: High Value Courses Premium](#), 4 November 2019.

<sup>48</sup> Conservative Party, [Costings Document: The Conservative and Unionist Party Manifesto 2019](#), p3.

<sup>49</sup> [PQ 286272](#), 9 September 2019.

<sup>50</sup> Institute for Fiscal Studies, [2019 annual report on education spending in England](#), 19 September 2019, p8.

<sup>51</sup> Institute for Fiscal Studies, [2019 annual report on education spending in England](#), September 2019, pp57-70.

**funding “only repairs around a quarter of the cuts that 16-19 providers have experienced since 2010-11.”** It also noted that, unlike for schools, the settlement for 16-19 is only for one year, which, it said, is likely to mean that the sector continues “to suffer from financial uncertainty.”<sup>52</sup>

David Hughes, Chief Executive of the Association of Colleges, welcomed what he termed “the first meaningful investment in further education for 16 to 19 year olds for more than 10 years.” He added that it was “not enough to reverse the decades of cuts, nor to properly stabilise the sector for the future, but it is a good start.”<sup>53</sup> The AoC also published a [summary](#) of the key points regarding the funding.<sup>54</sup>

The Sixth Form Colleges Association stated that the Spending Round was a “welcome first step to giving 16 to 19 education the investment it needs”, but added that it will “continue to press for a much bigger increase in core funding.”<sup>55</sup>

In an analysis of the parties’ election manifestos, the IFS noted that if, following the increase in 2020-21, total spending is protected in real terms then funding per student will grow by less than 4% between 2019-20 and 2022-23, as student numbers are due to increase. This also takes account of plans for additional revenue funding for T Levels. “Under this scenario”, the analysis stated, “Conservative plans would imply a 2.4% real-terms rise in 16-18 college spending per student between 2019-20 and 2022-23. This would bring spending per student back to 2015 levels, but still about 8% below its level in 2010.”<sup>56</sup>

Commentary on the Spending Round as it relates to schools (including those with sixth forms) is provided in section 1.1 of Library Briefing 8419, [School funding in England: FAQs](#), 8 October 2019.

---

<sup>52</sup> Education Policy Institute, [The government’s one-year spending round: looking beyond the big numbers](#), 3 September 2019.

<sup>53</sup> [First investment in 16-19 in over a decade – AoC response](#), Association of Colleges, 31 August 2019.

<sup>54</sup> [The government’s £400 million FE funding announcement \(31 August 2019\)](#), 31 August 2019.

<sup>55</sup> [Sixth Form Colleges Association responds to today’s spending round](#), Association of Sixth Form Colleges.

<sup>56</sup> [Going further on further education?](#), Institute for Fiscal Studies, 4 December 2019.

## 4. 16-19 funding allocations since 2013-14

The 16-19 funding allocations for institutions in each academic year between 2013-14 and 2018-19 are available via the links below:

- [2013-14](#)
- [2014-15](#)
- [2015-16](#)
- [2016-17](#)
- [2017-18](#)
- [2018-19](#)

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>57</sup>

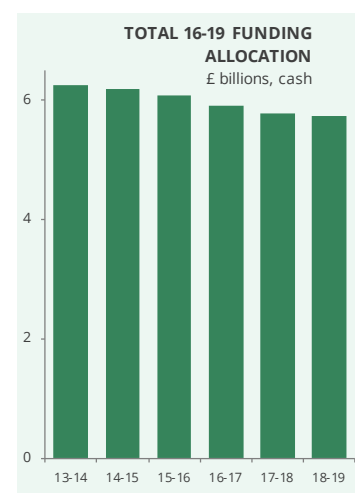
### 4.1 Total funding allocations

The **total funding allocated to 16-19 providers declined from £6.26 billion in 2013-14 to £5.72 billion in 2018-19. This is a fall of 8.5% in cash terms and 15.7% 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>58</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)

**Total 16-19 programme funding (including disadvantage funding) fell from £5.89 billion in 2013-14 to £5.14 billion in 2018-19, a reduction of 12.7% in cash terms and 19.6% in real terms.** The allocations for 2018-19 included



<sup>57</sup> Education Funding Agency, [16 to 19 allocation data: fact sheet](#), March 2014.

<sup>58</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.

reductions totalling £5.2 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 is 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 2 funding) appeared within the high needs allocation for these providers.<sup>59</sup> Partly as a result of this, high needs funding increased over the period from £208 million to £351 million, a rise of 68% in cash terms and 55% in real terms. Allocations from 2017-18 onwards also include funding for 19+ continuing students in FE colleges. Prior to 2017-18, this was allocated separately by the Skills Funding Agency and so was not included in 16-19 allocations.<sup>60</sup>

**The combined high needs and programme funding allocation fell from £6.09 billion to £5.49 billion between 2013-14 and 2018-19 – a real terms reduction of 17%.**

### 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.

The table below details those elements of student support funding that were included in institutions' allocations during the period 2013-14 to 2018-19.

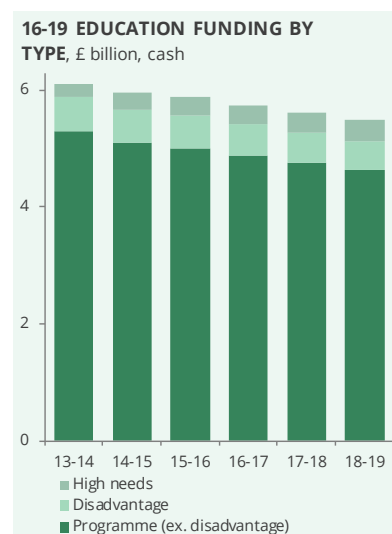
16-19 STUDENT SUPPORT ALLOCATIONS						
£ million, cash						
	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
16-19 discretionary bursary	152.4	155.0	151.2	132.0	129.3	127.0
Free meals funding	-	40.0	34.6	33.1	33.1	31.5
Residential student support	-	-	0.5	0.1	0.1	0.1
Dance and Drama awards	5.1	10.0	13.5	13.4	13.2	13.2
Residential bursary scheme	5.3	5.1	5.2	5.0	5.1	5.3
Maintained special schools <sup>a</sup>	-	-	-	-	1.0	1.0

<sup>a</sup> Student support allocations for maintained special schools were listed separately (as part of local authority block funding) from 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

**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:



<sup>59</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.

<sup>60</sup> Education and Skills Funding Agency, [16 to 19 funding allocations: 2017 to 2018 academic year](#), 16 October 2017.

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.

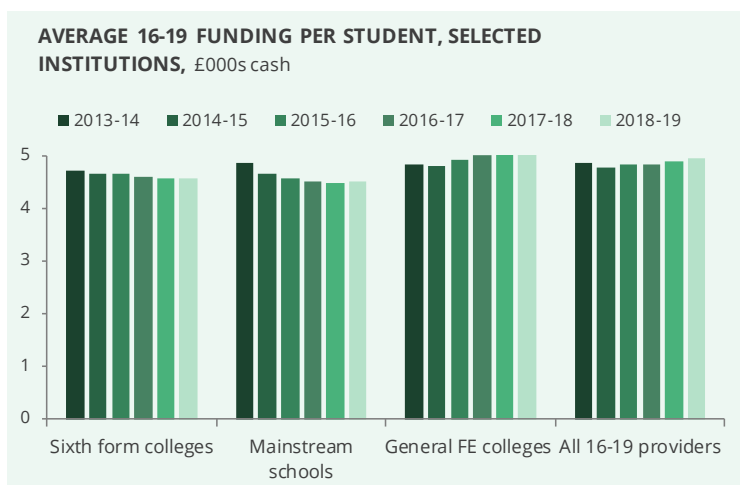
In academic year 2016 to 2017 we will remove £15m from the budget in respect of this double funding. For academic year 2016 to 2017 discretionary bursary allocations will be adjusted to take account of this for those providers in receipt of an allocation for post-16 free meals.<sup>61</sup>



### 4.3 Per student funding by provider type

The figures in the preceding sections only look at total funding allocations and do not take into account changes in 16-19 student numbers, which have fallen since 2013-14.

**Average total funding allocated per student increased from £4,856 in 2013-14 to £4,943 in 2018-19 – a reduction in real terms of 6.2%.** This includes all funding included in providers’ 16-19 allocations, except Dance and Drama Award funding and residential student support funding (this was only included in allocations from 2014-15). It also does not include those elements of student support funding not provided through allocations to providers.



Of the three mainstream categories of 16-19 provider, **mainstream school sixth forms (including academies) saw the biggest change over the period – a fall of 7.2% in cash terms, from £4,863 to £4,511. This represented a reduction of 14.5% in real terms.** Average funding per student at sixth form colleges fell by 3.3% in cash terms over the period from £4,726 to £4,570 (10.9% in real terms). At general FE colleges, per student funding increased by 7.6% in cash terms from £4,823 to £5,189, a real terms fall of 0.8%.<sup>62</sup>

The 2018-19 allocations included £57.4 million in Capacity and Delivery Funding for delivering work placements on top of the usual programmes of

<sup>61</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

<sup>62</sup> It should be noted that some sixth form colleges converted to academies over this period and so the make-up of the provider groups will not be identical in all years.

study (see section 3.5 for more information). The vast majority (£48.2 million) of this funding was received by general FE colleges.

#### 4.4 Education Policy Institute Analysis

In May 2019, the Education Policy Institute published [16-19 education funding: trends and implications](#). The report analysed levels of funding across the 16-19 sector using published funding allocations from 2010-11 to 2018-19. It found that between 2010-11 and 2018-19:

- **Funding per student fell by 16% in real terms, from £5,900 to £4,960.** This is twice the rate at which school spending fell from 2009-10 to 2017-18.
- **Funding per 16-19 full-time equivalent student in the FE sector fell by 18% in real terms from £6,250 to £5,150. The equivalent fall was 26% in school sixth forms, from £6,280 to £4,680.**
- Funding for student support (including bursaries to learners aged 16 to 19) fell more than other funding streams, by 71% in real terms. Funding for programme delivery decreased by 30%, while disadvantage and high needs funding combined grew by 68%.

The report's other findings included:

- The financial health of all provider types has deteriorated., with more schools and sixth form colleges in deficit.
- Students are getting fewer learning hours, especially in academic qualifications.
- Teaching staff in FE colleges and sixth form colleges have seen their wages fall in real terms.<sup>63</sup>

---

<sup>63</sup> Education Policy Institute, [16-19 education funding: trends and implications](#), May 2019, pp7-9.

## 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 funding body's accounts.

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 2017-18:

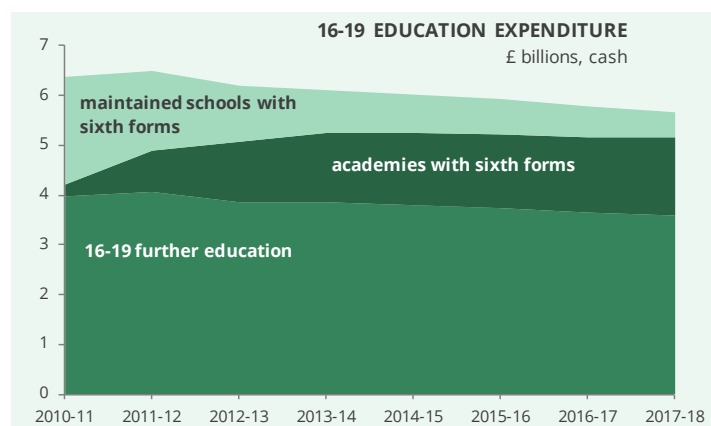
- 16-19 further education;
- academies with sixth forms;
- and maintained schools with sixth forms.

This allows for a time-series to be created of major 16-19 education expenditure from 2010-11 to 2017-18. The ESFA's accounts for 2018-19 are presented in a different form, meaning that expenditure in 2018-19 cannot be compared with earlier years using these headings.<sup>64</sup>

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 £5.68 billion in 2017-18, a reduction of 11.1% in cash terms and 21.0% 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 13.0% in cash terms over the period, or 22.7% 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 converted to academies between 2010-11 and 2017-18. **Expenditure on 16-19 FE (which**



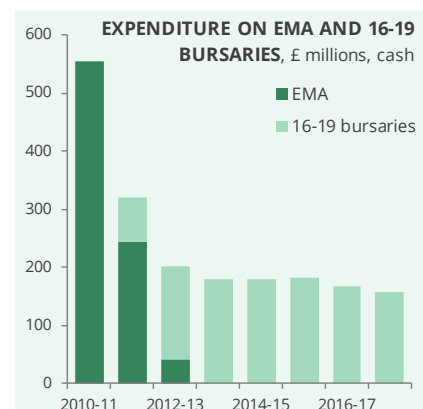
<sup>64</sup> Education and Skills Funding Agency, [Annual report and accounts for the year ended 31 March 2019](#), July 2019, p113.

includes sixth form colleges and general FE colleges) fell by 10.0% in cash terms and 19.9% in real terms over the period.

It should be noted, however, that the number of FTE 16-19 students declined by around 78,000 between 2010-11 and 2017-18.<sup>65</sup> Based on the three categories of expenditure outlined above, **total 16-19 spending per FTE student fell from £5,495 in 2010-11 to £5,306 in 2017-18, a real terms reduction of 14%.**

## 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). **Spending on 16-19 bursaries in 2017-18 was £158 million.**



## 5.2 Institute for Fiscal Studies Analysis

In its 2019 Annual Report on Education Spending in England, the Institute for Fiscal Studies used expenditure data from the funding body’s accounts along with 16-19 allocations data to analyse spending on 16-19 education. The analysis estimates that:

- Between 2002-03 and 2009-10, spending on FE and sixth form colleges grew by 76% in real terms, whilst spending on school sixth forms rose by 33%.
- **Since 2009-10, spending on school sixth forms has fallen by 22% in real terms and spending on further education and sixth form colleges has fallen by 18%.**

### Expenditure on students in further education

The report stated that spending per student in FE and sixth-form colleges has evolved in three distinct phases since 1989-90:

- In 1989–90, spending per student stood at around £5,200 (in 2019–20 prices). It then fell by 21% in real terms over the course of the 1990s to reach a low of £4,100 per student in 1998–99.
- After that, spending per student rose significantly, by 63% in real terms to reach a level of £6,670 in 2010–11.
- Spending per student has since fallen in real terms as cuts to public spending have gradually taken hold. Between 2010–11 and 2018–19, we estimate that spending per student fell by around 12% in real terms.

<sup>65</sup> Office for National Statistics, [Participation in education, training and employment: 2017](#), June 2018. Each part-time student is counted as 0.5 of a FTE as calculated by the IFS in its [2018 Annual Report on Education Spending in England](#).



Spending per student in 2018-19 was, the report stated, only 13% higher in real terms than in 1989-90, an average annual growth rate of 0.4%. At the same time, spending in other areas of education has risen much faster, with the result that **spending per student in FE and sixth form colleges is now about 6% lower than spending per pupil in secondary schools, having been 50% higher at the start of the 1990s.**

### Expenditure on students in sixth forms

The report states that during the mid 2000s annual spending per student in school sixth forms was on average £500 higher than in FE and sixth-form colleges. This picture had reversed by 2009-10 and **spending per student is now around £900 higher in FE and sixth form colleges than in school sixth forms.** This is, the report states, **largely due to the faster pace of cuts to school sixth form spending per student, which fell by 23% in real terms between 2010-11 and 2018-19 compared to 12% cuts in colleges.**

The trends in spending since 2010 are, the report states, “a direct result of policymakers’ efforts to ensure greater parity in funding between schools sixth forms and FE colleges.” The higher level of per student funding in FE colleges is also due to the extra funding provided under the 16-19 funding formula for pupils from disadvantaged backgrounds and for pupils taking more complicated vocational qualifications.

### Challenges for the sector

The report also sets out a number of challenges facing FE and sixth forms in the medium term, including:

- Delivering high quality education following nearly a decade of real-terms budget cuts.
- A projected 6% increase in the number of young people in further education and sixth forms between 2019 and 2022.
- The introduction of T Levels.<sup>66</sup>

---

<sup>66</sup> Institute for Fiscal Studies, [2019 annual report on education spending in England](#), September 2019, pp57-70.

## 6. Issues and debates

This section briefly sets out some of the issues raised regarding the funding of 16-19 education, and provides links to parliamentary debates on 16-19 education funding.

### 6.1 Funding levels

As set out in the previous sections, 16-19 education has experienced a period of reduced funding. In its 2019 annual report, the IFS argued that the **sector had been the “big loser” from funding changes over the last 25 years, “with spending per student in further education now 6% below that in secondary schools”**.<sup>67</sup>

There have been a number of **calls in recent years, from sector bodies and others, for the funding of 16-19 education to be increased**. For example, twelve associations representing schools and colleges have, through a [“Raise the Rate” campaign](#), called for the 16-19 base funding rate to be increased from £4,000 to £4,760 per student.

A £760 increase to the base per student funding rate was also recommended by the Education Committee in its July 2019 [report](#) on school and college funding. The report stated that this was needed “to ensure pupil services can be provided at minimum acceptable levels, and prevent institutions from having to cut back still further on the breadth of subjects offered.” In its headline recommendation, the report called for the DfE “to take political short-termism out of school and college funding by developing an ambitious ten-year plan”, informed by a bottom-up assessment of the cost of providing a quality education.<sup>68</sup>

In its 2018-19 state of the nation report, published in April 2019, the Social Mobility Commission also raised concerns about the funding of 16-19 education and called for the base rate of funding to be increased “by a significant amount”. The Commission additionally recommended that the Government should introduce a Student Premium for disadvantage students aged 16-19 that models the Pupil Premium in schools.<sup>69</sup>

As set out in section 3.7 above, while sector bodies welcomed the additional funding announced at the 2019 Spending Round, they also argued that it was not sufficient and stated that they would continue to campaign for larger future increases.

#### Box 8: Funding impact survey

In January 2019 the Sixth Form Colleges Association conducted an online survey of school sixth forms and colleges in England on behalf of the twelve organisations behind the “Raise the Rate” campaign, with the aim of assessing the impact of funding and cost pressures on the education of sixth form students. The leaders of 271 schools and colleges, which educated 26% of the 16-18 cohort, responded to the survey.

<sup>67</sup> Institute for Fiscal Studies, [2019 annual report on education spending in England](#), September 2019, p92.

<sup>68</sup> Education Committee, [A ten-year plan for school and college funding](#), HC 969, July 2019, pp24 & 46-7.

<sup>69</sup> Social Mobility Commission, [State of the Nation 2018-19: Social Mobility in Great Britain](#), April 2019, ppviii-ix.

The findings of the survey were published in March 2019. Amongst the findings were that, of the schools and colleges surveyed:

- 51% had dropped courses in modern foreign languages as a result of funding pressures.
- 38% had dropped STEM courses.
- 78% had reduced or removed student support services or extra-curricular activities.
- 81% were teaching students in larger classes and 46% had reduced the delivery hours of individual courses.
- 69% had moved from a 4 subject offer as standard to a three subject offer.
- Only a small number of institutions thought that funding targeted at individual subjects or qualifications would have a major impact on their institution next year (advanced maths premium: 6%; large programme uplift: 4%; T Levels: 3%).<sup>70</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>71</sup>

## 6.3 Underspends of 16-19 education 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.

Responses to parliamentary questions have stated that spending on 16-19 education was lower than forecast in 2014-15 (by £135 million), 2015-16 (£132 million) and 2016-17 (£106 million).<sup>72</sup> The ESFA annual accounts for 2018-19 additionally reported an underspend of £47 million on post-16 core funding education.<sup>73</sup>

In [response to a parliamentary question](#) in July 2017, the then Minister, Anne Milton, set out the process following a budget underspend:

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>74</sup>

<sup>70</sup> Sixth Form Colleges Association, [Raise the Rate campaign: funding impact survey report](#), March 2019, p1.

<sup>71</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>72</sup> [PQ 106098](#), 16 October 2017; [PQ 3811](#), 13 July 2017.

<sup>73</sup> Education and Skills Funding Agency, [Annual report and accounts for the year ended 31 March 2019](#), July 2019, p71.

<sup>74</sup> [PQ 5438](#), 20 July 2017.

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>75</sup>

In response to a debate in January 2019, Ms Milton stated that the money from underspends stays within education but that she “would like to see it spent on further education.”<sup>76</sup>

## 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 9-4 (or grade A\*-C under the former 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.

Since 2017-18, the Government has not imposed the full funding reductions arising from non-compliance with the condition of funding “in recognition of the continued efforts of post-16 providers to deliver the...policy.” Instead, funding reductions have only been made where institutions where have had more than 5% of students not enrolled on a required qualification.<sup>77</sup> Despite this, **between 2016-17 and 2018-19 the 16-19 funding allocations included reductions totalling just under £22.5 million as a result of providers’ non-compliance with the maths and English condition of funding.**

**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>78</sup> In its 2017-18 annual report, Ofsted stated that it “continue[d] to be worried” about the policy.<sup>79</sup>

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

<sup>75</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>76</sup> HC Deb 21 January 2019, [c49WH](#).

<sup>77</sup> Education and Skills Funding Agency, [16 to 19 funding: maths and English condition of funding](#), last updated 20 July 2017.

<sup>78</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.

<sup>79</sup> Ofsted, [The Annual Report of Her Majesty’s Chief Inspector of Education, Children’s Services and Skills 2017/18](#), December 2018, pp9-10.

curricula and qualifications for these students and the extent to which current policy incentivises these to be offered.<sup>80</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>81</sup>

The Autumn Budget 2017 announced that the Government would launch a £8.5 million pilot to “test innovative approaches to improve GCSE Maths resit outcomes.”<sup>82</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>83</sup> The Spending Round 2019 additionally committed £35 million for “targeted interventions” to support students re-sitting their GCSE Maths and English.<sup>84</sup>

## 6.5 Teacher Pay Grant

Arrangements for teacher pay at maintained schools in England are set out in the annual School Teachers’ Pay and Conditions Document (STPCD).

In 2018-19, the STPCD provided cash uplifts of 3.5% to the main teacher pay range, a 2% increase to the upper pay range, and a 1.5% increase for the leadership pay range. The Government announced that it would pay all maintained schools and academies (including schools with sixth forms) a new teachers’ pay grant to “cover, in full, the difference between this award and the cost of the 1% award that schools would have anticipated under the previous public sector pay cap.”<sup>85</sup>

In [response to a parliamentary question](#) of 3 September 2019, Minister Nick Gibb said that the Government was providing “an additional £105 million of funding for schools this year [2019-20]” on top of the money (£321 million) provided through the Teachers’ Pay Grant. This was “in recognition of the difference between [the 2.75% award for 2019-20] and the 2% the Department has assessed schools can afford on average nationally.”<sup>86</sup>

However, **the funding announced by the Government does not include FE and sixth form colleges and this has been raised by some as an issue.** For example, see the comments from the Association of Colleges at: [DfE's Teacher Pay Grant decision adds insult to injury.](#)

<sup>80</sup> Department for Education, [Report of Professor Sir Adrian Smith's review of post-16 mathematics](#), 12 October 2017, p62.

<sup>81</sup> Department for Education, [Letter responding to Smith review](#), 20 July 2017.

<sup>82</sup> HM Treasury, [Autumn Budget 2017](#), HC 587, November 2017, p47.

<sup>83</sup> [PQ 116028](#), 1 December 2017.

<sup>84</sup> [Chancellor announces £400 million investment for 16-19 year olds' education](#), Department for Education, 31 August 2019.

<sup>85</sup> Department for Education, [Teachers' pay grant methodology](#), September 2018.

<sup>86</sup> [PQ 282297](#) [Teachers: Pay], 3 September 2019.

The issue was raised in a [parliamentary question in June 2019](#), to which the Minister responded:

The Teachers' Pay Grant was not awarded to further education (FE) colleges or other providers in the statutory FE sector, as the government does not currently play a role in determining pay for teachers in that sector.

FE college corporations are independent institutions, responsible for making their own decisions on pay and setting their budgets. In making these decisions and seeking the best for their students, staff and local communities, corporations have a duty to ensure the financial sustainability of the college.

However, we acknowledge that the FE sector faces cost pressures and that this can impact on staff pay, which is why we will be making the strongest case possible for increased FE funding in the upcoming Spending Review.<sup>87</sup>

## 6.6 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, for example, that the average sixth form college lost £385,914 in 2015-16 because of it.<sup>88</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>89</sup> Advice for sixth-form colleges on becoming a 16-19 academy, published by the Government in February 2016, provided more detail on the conversion process.<sup>90</sup> In July 2019, the DfE announced that colleges would continue to be able to convert following the end of the area review process.<sup>91</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>92</sup>

In a position paper on Brexit and colleges published in November 2018, the Association of Colleges argued that the Treasury should use the opportunity

<sup>87</sup> [PQ HL16629](#), 8 July 2019.

<sup>88</sup> Sixth Form Colleges Association, [SFCA funding impact survey report 2016](#), October 2016.

<sup>89</sup> HM Treasury, [Spending Review and Autumn Statement 2015](#), Cm9162, November 2015, p45.

<sup>90</sup> Department for Education, [Becoming a 16 to 19 academy: advice for sixth-form colleges](#), 19 February 2016, p15.

<sup>91</sup> Department for Education, [Becoming a 16 to 19 academy: advice for sixth-form colleges](#), July 2019.

<sup>92</sup> Sixth Form Colleges Association, [SFCA funding impact survey report 2016](#), October 2016.

afforded by Brexit to extend of VAT refund scheme to cover all publicly-funded sixth form level education.<sup>93</sup>

## 6.7 Parliamentary debates

There have been a number of recent debates on 16-19 education funding and further education/college funding more generally:

- [Westminster Hall debate on further education funding](#), 2 April 2019, cc291WH-318WH.
- [Westminster Hall debate on college funding](#), 21 January 2019, cc1WH-50WH.
- [Westminster Hall debate on 16-19 funding](#), 7 September 2017, cc181WH-205WH.

---

<sup>93</sup> Association of Colleges, [Brexit and Colleges: An AoC position paper on the UK's exit from the European Union and future policy](#), November 2018, p5.

### About the Library

The House of Commons Library research service provides MPs and their staff with the impartial briefing and evidence base they need to do their work in scrutinising Government, proposing legislation, and supporting constituents.

As well as providing MPs with a confidential service we publish open briefing papers, which are available on the Parliament website.

Every effort is made to ensure that the information contained in these publicly available research briefings is correct at the time of publication. Readers should be aware however that briefings are not necessarily updated or otherwise amended to reflect subsequent changes.

If you have any comments on our briefings please email [papers@parliament.uk](mailto:papers@parliament.uk). Authors are available to discuss the content of this briefing only with Members and their staff.

If you have any general questions about the work of the House of Commons you can email [hcenquiries@parliament.uk](mailto:hcenquiries@parliament.uk).

### Disclaimer

This information is provided to Members of Parliament in support of their parliamentary duties. It is a general briefing only and should not be relied on as a substitute for specific advice. The House of Commons or the author(s) shall not be liable for any errors or omissions, or for any loss or damage of any kind arising from its use, and may remove, vary or amend any information at any time without prior notice.

The House of Commons accepts no responsibility for any references or links to, or the content of, information maintained by third parties. This information is provided subject to the [conditions of the Open Parliament Licence](#).