RAISE THE RATE

INCREASE FUNDING FOR SIXTH FORM EDUCATION

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Campaign background and data sources

Executive summary

- To ensure that schools and colleges can continue to deliver a high quality, internationally-competitive education, the government should raise the national funding rate for 16 to 18 year olds (the 'rate') to at least **£4,760** per student, per year in the 2021 spending review. The rate should then be raised in line with inflation each year.
- Research from London Economics found that this was the minimum level of additional funding required to: increase student support services to the required level (e.g. improving the mental and physical health of students), protect minority subjects that are at risk of being dropped (e.g. modern foreign languages), and increase non-qualification time (e.g. extra-curricular activities, work experience, university visits).
- It is important that funding made available to Raise the Rate is in addition to, rather than instead of, funding that may be required to meet additional costs that emerge in the future. For example, London Economics also found that institutions would require a further £140 per student, per year if the government did not continue to fund the recent increase in employer contributions to the Teachers' Pension Scheme.
- Sixth form funding (also known as 16 to 18 funding) was subject to deep cuts in 2011 and 2013. The national funding rate for 16 and 17 year olds (which is by far the biggest component of the 16 to 18 funding formula) was frozen at £4,000 per student, per year in 2013. The rate for 18 year olds was set even lower at £3,300 per year.
- In the September 2019 spending round, the government announced that it would raise the rate to **£4,188** per student from 2020/21. In September 2020, it committed to maintaining this rate for a further year. This is a welcome first step, but it is essential that the rate is raised to at least £4,760 per student in the 2020 spending review. This is the minimum level of additional funding required by schools and colleges.
- Raising the rate for 16, 17 *and* 18 year olds to **£4,760** per student (and ensuring it keeps pace with inflation) is the only way to ensure funding is sufficient and made available in a way that institutions can tailor to the individual needs of their students.
- Sustained underinvestment in sixth form education is having a negative impact on the education of students, the financial health of schools and colleges, and the ability of government to achieve its ambitions for the economy and social mobility.
- The needs of students have become increasingly complex since 2011 and the government continues to ask more of schools and colleges. New requirements are rarely accompanied with funding to fully cover the costs of their implementation.
- Only a significant increase in the national funding rate for 16 to 18 year olds will make it possible for the government to meet its objectives for a strong post-Brexit, post-pandemic economy and a socially mobile, highly educated workforce. Increasing investment in this pivotal stage between secondary education and higher education/employment should be a major government priority in the forthcoming spending review. The case to Raise the Rate has never been stronger.

Part 1. The problem with sixth form funding

1. Sixth form education inhabits a funding chasm between schools and universities. Since 2010/11, successive governments have prioritised investment in other stages of education. Sixth form funding was subject to deep cuts in 2011 and 2013 and the national funding rate ('the rate') for 16 and 17 year olds was frozen at £4,000 per student, per year in 2013. The rate for 18 year olds was set even lower at £3,300 per year.
2. In the September 2019 spending round, the government announced that it would raise the rate to **£4,188** per student from 2020/21, which it will maintain in 2021/22. This is a welcome first step, but it is essential that the rate is raised to at least £4,760 per student in the 2021 spending review. This additional **£572** per student is the minimum level of additional funding required by schools and colleges.
3. In addition to the national funding rate, school sixth forms and colleges receive a small amount of additional funding through the 16 to 19 funding formula based on factors such as the number of disadvantaged students they educate. But this has not stopped sixth form funding lagging well behind other stages of education.
4. For example, in 2020/21, the average funding allocated to educate 16 to 18 year olds in school sixth forms and colleges was 14% lower than the average funding allocated to educate 4 to 16 year olds in primary and secondary schools - £6,280 per student per year compared to £5,406 per student per year (both figures include student support costs). It is difficult to explain why a country that (quite rightly) requires its young people to participate in education or training until the age of 18 reduces investment in education so sharply at the age of 16.
5. The average funding for 16 to 18 year olds is also just over half the average university tuition fee (£5,406 per student, per year compared to £9,124 per student, per year). And the government continues to invest heavily in higher education - for example, the IFS estimates that the decision to increase the threshold for student loan repayments to £25,000 (now £25,725) will eventually cost the taxpayer £2.3 billion per year.
6. Levels of spending on 16 to 18 education have fallen and organisations including the EPI and House of Commons Library have set this out in some detail. Recent research from London Economics focused on an area that has been less well understood – the impact of cost increases. Although the analysis was based on Sixth Form Colleges, the findings are relevant to all providers of 16-19 education. London Economics found that *in real terms*, Sixth Form Colleges received £1,380 less per student in 2016/17 than they did in 2010/11 – a 22% decline in funding.

The impact of underinvestment

7. **The underinvestment in sixth form education is having a significant impact on students**. The Raise the Rate campaign's recent funding impact survey found that:
    - **51%** of schools and colleges have dropped courses in modern foreign languages as a result of funding pressures, with A levels in German, French and Spanish the main casualties
    - **38%** have dropped STEM (Science, Technology, Engineering, Maths) courses
    - **78%** have reduced student support services or extra-curricular activities – with significant cuts to mental health support, employability skills and careers advice
    - **81%** are teaching students in larger class sizes
8. In addition, the needs of students have become increasingly complex since 2011 (for example the significant increase in mental health problems) and the government continues to ask more of schools and colleges (everything from implementing the Prevent duty to meeting new benchmarks for careers advice). New requirements are rarely accompanied with funding to fully cover the costs of their implementation.
9. The use of comparable outcomes in the Department for Education's performance tables masks the impact of this ongoing underinvestment. Put simply, comparable outcomes means that *if the ability of the cohort of students is similar to previous years, they would expect results*

(outcomes) to be similar. This explains why results in A levels (for example) have been stable year on year since 2010 despite the sharp reduction in sixth form funding.

10. Performance tables can only ever provide a partial view of the student experience as they do not report on (for example) the effectiveness of support services linked to mental health or employability, or the extent and nature of extra-curricular activities. As the CBI reported in its latest Education and Skills survey, the clear message from employers is that "*wider character, behaviours and attributes are considered to be the most important consideration when recruiting school and college leavers.*"

11. **The underinvestment in sixth form education is having a significant impact on institutions.** This is reflected in the declining financial health of the college sector. Even the most efficient colleges will soon cease to be financially viable without an increase in the funding rate. This will have implications for students and local communities, but also the Exchequer – even with the government's new insolvency regime in place.

12. **The underinvestment in sixth form education will have a significant impact on the ability of the government to achieve its policy objectives.** For example, funding pressures are proving a real barrier to improving social mobility. While university trips, coaching for interviews, careers advice and extra-curricular activities (such as music, drama, sport and languages) have been cut in the state sector, they remain the hallmark of the student experience in the independent sector.

13. According to the most recent data from the Department for Education, just 19% of A level students from state school sixth forms and colleges progressed to the most selective universities in 2018/19, compared to 56% of students from the independent sector. In the independent sector, fees actually increase at the age of 16 to reflect the additional costs of teaching this age group.

14. The average fee for educating a sixth former in the independent sector for a single term is £100 more than state schools and colleges receive to educate a sixth former for an entire year (an average termly fee of £5,421 per student compared to average annual funding of £5,406 per student).

15. It is also difficult to see how we can remain internationally competitive when 16 to 18 funding in England supports 15 hours of tuition per week compared to the 25-30 hours per week experienced by students in other leading economies such as Canada, Singapore and Shanghai. 16 to 18 education in England is now a part time experience for many students.

16. **The underinvestment in sixth form education is bad for students of all ages.** Many schools have to cross subsidise their sixth forms with the funding intended for younger students. Research from the EPI has shown that schools with sixth forms are much more likely to be in deficit than those without a sixth form. School leaders are concerned that the low level of funding for 16-18 year olds is now having a negative impact on key stage 3 and 4 provision.

The need to look beyond technical education

17. The government views 16 to 18 education almost entirely through a technical/skills lens. The vast majority of students in this age group study A levels or applied general qualifications and yet technical education dominates political discourse and is already receiving additional funding to aid the introduction of T levels.

18. While it may be a legitimate political objective to increase the number of young people that pursue a technical course it should not follow that the needs of the majority of students are overlooked.

19. This narrow focus on technical education will not be sufficient to prepare for life post-Brexit. The high-skilled economy envisaged in the government's Industrial Strategy will be driven by leaders, scientists, technicians, engineers and others that in most cases will have followed the academic or applied general path during their 16 to 18 education.

Part 2. The solution to sixth form funding: Raise the Rate

20. To ensure schools and colleges can continue to deliver a high quality, internationally-competitive education the government should raise the national funding rate for 16, 17 *and* 18

year olds (there is no justification for the current reduction in the funding rate at the age of 18) to at least **£4,760** per student, per year in the 2021 spending review. The rate should then rise in line with inflation each year.

21. There is now widespread support for increasing the funding rate. In its recent report on school and college funding, the cross-party Education Committee called on the government to *"urgently address underfunding in further education by increasing the base rate from £4,000 to at least £4,760 (amounting to around £970 million per year), rising in line with inflation".* In its annual State of the Nation report, the Social Mobility Commission urged the government *"to increase per student spending in the 16-19 education budget by a significant amount within the upcoming spending review".* And Ofsted Chief Inspector Amanda Spielman announced at the launch of the new Education Inspection Framework earlier this year that *"I am firmly of the view that the government should increase the base rate for 16 to 19 funding in the forthcoming spending review".*

22. It is important that funding made available to Raise the Rate is in addition to, rather than instead of, funding that may be required to meet additional costs that emerge in the future. For example, London Economics found that institutions would require a further **£140** per student, per year if the government did not continue to meet the cost of the recent increase in employer contributions to the Teachers' Pension Scheme (from 16.48% to 23.6%).

23. Raising the rate (and ensuring it keeps pace with inflation) is the only way to ensure sixth form funding is sufficient and made available in a way that institutions can tailor to the individual needs of their students. The rate is by far the biggest component of the 16 to 18 funding formula and applies to all students. The recent trend for very small uplifts in funding linked to particular qualifications has no impact on the vast majority of students.

24. Raising the rate would help to protect minority subjects such as modern foreign languages that are being dropped as a result of funding pressures. It would also allow schools and colleges to co-ordinate the diverse range of non-qualification and support activities that students require. The outcomes would be significant:
    - Improving study skills would benefit 16 to 18 year old students when they progress to higher education or employment and enhance their studies.
    - Improving employability skills would help students to flourish in the workplace.
    - Improving careers advice would ensure young people make better choices when they leave 16 to 18 education.
    - Improving the mental and physical health of students would increase their resilience and contribute to improved exam performance.
    - Improving the range of enrichment activities would provide 16 to 18 year olds in the state sector with the social capital to compete with their better-funded peers in the independent sector

25. There will competing priorities for additional investment in the 2021 spending review, but it is important for both the Department for Education and HM Treasury to acknowledge:
    - The pivotal role that 16 to 18 education plays in preparing young people for higher education or employment, and in contributing to the post-pandemic recovery
    - That all 16 to 18 year olds, not just those pursuing technical courses, require additional investment in their education
    - How far investment levels in 16 to 18 education lag behind other stages of education, the independent sector and our international competitors
    - How the purchasing power of 16 to 18 funding has diminished since 2010
    - How students and government have become increasingly demanding 'customers' since 2010
    - The deteriorating financial health of institutions that deliver 16 to 18 education

- The disconnect between current investment levels and the actual costs of providing a high-quality education

26. Only a significant increase in the national funding rate for 16 to 18 year olds will make it possible for the government to meet its objectives for a strong post-Brexit, post-pandemic economy and a socially mobile, highly educated workforce. Increasing investment in this pivotal stage between secondary education and higher education/employment should be a major government priority in the 2021 spending review. The case to Raise the Rate has never been stronger.