

Education Committee

Oral evidence: [School and College Funding](#), HC 969

Wednesday 10 October 2018

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[Watch the meeting](#)

Members present: Robert Halfon (Chair); Lucy Allan; James Frith; Emma Hardy; Ian Mearns; Lucy Powell; Thelma Walker; Mr William Wragg.

Questions 81 - 143

Witnesses

Dr Alison Birkinshaw, former President, Association of Colleges; James Kewin, Deputy Chief Executive, Sixth Form Colleges Association; and Emily Chapman, Vice President for Further Education, National Union of Students.

Written evidence from witnesses:

[Association of Colleges](#)

[National Union of Students](#)

[Sixth Form Colleges Association](#)

Examination of Witnesses

Witnesses: Dr Alison Birkinshaw, James Kewin and Emily Chapman.

Q81 **Chair:** Good morning. Thank you very much for coming today; it is very good to have you here. Just for the benefit of the tape and those watching on the internet, could you kindly introduce yourselves from our left to right?

James Kewin: I am James Kewin, Deputy Chief Executive of the Sixth Form Colleges Association. We represent 100 institutions, including all sixth form colleges in England and all 16 to 19 academies. Between them they educate around 160,000 students every year.

Emily Chapman: I am Emily Chapman, Vice President of Further Education at the National Union of Students. We are made up of 600 student unions, 65% of them are further education colleges so I support those colleges.

Dr Birkinshaw: I am Alison Birkinshaw, Principal of the York College. Last year I was president of the Association of Colleges, which represents nearly all of the colleges across England and educates millions of students.

Q82 **Chair:** Thank you. I will just start off by asking you, other than the reasons that the Government would give of the difficult economic climate and austerity, why do you think FE has been underfunded for so long compared with other parts of education?

James Kewin: Shall I start?

Q83 **Chair:** I am looking for the deeper reasons for this.

James Kewin: I think there are more votes in schools than colleges. That is the reality. It is a political decision. If you look at the difference in the different stages of education, there is no sound educational reason why there should be such a sharp drop at the age of 16 in education funding. There is no sound reason why there would be such a sharp increase at the age of 18. There is no good reason why a young person in England gets 15 hours of education compared to 25 hours internationally.

I think it has been a political decision, and the most immediate reason—to answer your question directly, Robert—is that in 2010 the decision was made to protect education funding only up to the age of 16. The worst place to be is in the unprotected part of a protected department because they have nowhere else to go. As a result, what you get are fairly outrageous decisions like the decision to reduce education funding for 18-year-olds. These are the students that need education funding more, I would contend, than anyone else but the Government at the time had nowhere else to go or nowhere else they wanted to go. For me, that would be the reason.



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Emily Chapman: I would echo what James says. But there is another thing that we need to speak about with further education: the adult learners and the skills gap emerging in this country at the moment. The adult learners have dropped by 1 million students in the time from 2010 to date, so those learners who want to come in and upskill do not have the opportunity to do so because of the cuts the colleges have had to funding or the fact that their resources have gone down; they are not open late night anymore.

Education seems to be either about pre-18 or post-18 and when you talk about post-18 it is the majority of the time, from my view, about universities: there is that gap of vocational. Apprentices are getting spoken about a lot more now and I would echo the brilliance of apprentices—we do represent them through the national society—but we need to make sure we are remembering those students who need to go to colleges, because they may need a little support, they may not feel happy at the big universities, or they may want to take a vocational route. It is not all about the academic side.

Dr Birkinshaw: I would agree completely, as you would imagine, with Emily and James, but we need to also remember that a significant proportion of the disadvantaged students are educated in colleges and maybe those students do not have the articulate middle class voice that other groups have and thus are lower down in the political priority list. A crucial priority is to have a look at how the education for those disadvantaged students is being limited by the current funding regime.

Q84 **Chair:** Do you think one of the reasons is that in the political establishment—I think Sajid Javid is the only Cabinet member who went to an FE college—very few have been to further education colleges: they have gone through the traditional, often Russell Group, university system so that is why that group tends to get more funding? Is that possibly true? There is less understanding about FE.

James Kewin: Class does come into this, there is no question. I think it is also the independent sector versus the state sector: it cannot be right that in the independent sector the fees for a single term are now more than they are in the state sector for an entire year. Can we be surprised at the gap in the progression rates at the top universities between the state and the independent sector when the unit of resource is so different?

I would take a slightly different view, though, in terms of FE—I think there is a language barrier in FE. We talk about FE, but sometimes the connotations of FE are technical apprentices, occupational, but the vast majority of students in 16 to 18, as we would describe it, are pursuing an A level or an applied general qualification. It is those young people that are being completely overlooked, I would say.

Emily Chapman: From my point of view, there are a lot of higher education students in further education now due to the marketisation that



education has gone through. Further education for me doesn't have the political voice of, say, the universities. You don't see it in the media and you don't see it spoken about so much, so we have been struggling since 2010.

But the one brilliant thing about the further education sector is that it carries on and it adapts to what it has to. It is surviving at the moment rather than thriving, but that surviving looks amazing. You can see that through the Ofsted inspections. The point of view that I would like to see is further education invested in to bring back the student opportunities that go with the cuts when the cuts go, to bring back that civic education that comes through through democratic education as well. That is very important. It is not all about the curriculum when it comes to education; it is about the whole circle of it.

Dr Birkinshaw: There is also an issue about the turnover in politics. The Association of Colleges worked really hard to familiarise their local MPs, the wider MPs, Cabinet members, other key influencing voices in the work of colleges. You bring visitors in, they look around and they say, "Wow, I never knew colleges did this", but then that person moves on and then there is a whole new set of people to introduce to the fantastic work of colleges.

Q85 **Chair:** In the House of Lords, for example, there are plenty of university representatives and there is a brilliant lobby for more money for science. I am not saying science shouldn't get more money, just to be clear, but it does not seem to me that there is the same—apart from the brilliant work that you all do—muscle or influence from the further education sector. Would you accept that?

Dr Birkinshaw: I personally would accept that. That is why the work of this Committee is so important because you are our way into getting our voices heard, and we know that you know the issues that FE are facing.

Q86 **Chair:** Do you feel there is a strategic overlook of further education at the moment or do you feel there is just bite-sized announcements and initiatives that come out now and then?

Emily Chapman: For me, I would say there is a strategic overlook of further education and you need to look at Brexit when you speak about that in educational terms. But when you look at university education, things have been guaranteed for them until 2023 whereas for further education it is until next year.

We do not have a view of what is going to happen when Brexit does hit. There is a massive strategic overview, but from a student point of view a lot of things are done to us rather than being spoken about and spoken to us, with the users getting involved, because there is not that funding there. There is a very big thing that students are not seen as politically thinking but through my work at NUS I can see that they really want to get involved and want to support their education.



Q87 Chair: Alison, do you feel from the Government there is a strategic overview about further education?

Dr Birkinshaw: I am not sure that, strategically, further education is being overlooked; in fact, the Institute for Fiscal Studies said that the FE sector was in almost permanent revolution. The issue is that the funding provided is channelled into the revolutionary aspects of their fee and the core funding is kept at an all-time low. That means that we cannot do our job. That is the difficulty. We are in permanent change but the core, the sustainability of the funding, is just not there.

James Kewin: Too much of what we see in 16 to 18 now starts with the press release and works back rather than starts from the student and works back. We see all kinds of eye-catching initiatives around uplifts for maths or for particular qualifications as well. The much more mundane reality is we just need higher core funding, not politically motivated uplifts. In some respects they can do more harm than good because what the Government would say, what Treasury would say—when we say collectively there is not enough money in 16 to 18—is that they have just given us some money to increase maths, for T levels or whatever else. This kind of policy by press release is quite damaging and the much more mundane reality is we just need a higher rate of funding.

Q88 Chair: The national colleges and institutes of technology: are they good things or are they diverting a lot of money away from further education colleges?

James Kewin: I am going to be very boring again and make a similar point, which is if there was one policy lesson I would hope that the Department for Education officials and Ministers would learn, it would be, before they announce anything, to ask the question, "Could the existing provider base deliver this?"

FE colleges do a fantastic job—definitely sixth form colleges, we do a fantastic job in a different world, 16 to 19 academies—so imagine the frustration with funding going down, costs going up and then you see these kind of political projects that are set up to do, as often happens, a worse job at a higher cost than what is already happening. A key policy test is: can FE colleges, can sixth form colleges, can 16 to 19 academies do this or do we really need to create, with all the hassle and the capital expenditure and everything else, new untested versions of what we probably already have?

Q89 Lucy Powell: Thanks for your answers so far, which are very succinct and very good. I agree with most of what you said already. In my own constituency we have two outstanding sixth form colleges and an FE college as well, one of which I went to myself. I know from talking to them how complex the funding formulas are. You just alluded to a bit of it there but if you could reform the funding formula to make them more simple and easy to understand, how would you do that and do you think they are currently too complex?



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Dr Birkinshaw: More reform is probably what we don't need. The funding formula itself is not that complicated for 16 to 18 provision, but what we do need is just more money going into that main core funding. If we reform it it will take all our energies trying to understand it, trying to recalibrate it and that energy should be going into increasing the core funding. That is my view.

James Kewin: I completely agree with Alison. I don't think there is a really straightforward, easy way to disperse funding to complex institutions. That would be my concern as well: that we would spend so much time obsessing about the formula and not about the funding. We could create a fantastic car but the key issue is we do not have the petrol to get to the destination that we need to get to. That would be my take.

Q90 **Lucy Powell:** That is a good point. Emily?

Emily Chapman: I do agree with my colleagues. I would not want to go too much into the point but I would say that as a student governor when I was a sabbatical officer at Leeds City College, when you have cut after cut after cut—you have yearly cuts so every year you have to change, so reform would not be the thing I would advise because that brings your staff morale down and you do not see what changes happen. If you are going to try and change something and you don't give it enough time to see if it worked, it is just change, change, change. It does not work that way.

Q91 **Lucy Powell:** In that context, obviously the pupil premium has been a good way to inject money into the school system pre-16, especially for the most disadvantaged. Do you think there is an argument for that continuing post-16 or do you think that is already met in other ways, especially around your points about how FE colleges in particular do educate some of those disadvantaged?

Dr Birkinshaw: There is definitely an argument for continuing the pupil premium after 16. It seems extraordinary that the pupil premium stops at 16 when the vast majority of disadvantaged—

Q92 **Ian Mearns:** Could you not just reintroduce the EMA?

Lucy Powell: That does not go to the college, does it?

Dr Birkinshaw: You could, but that goes to the student. My view is it should be part of a package of measures because the other real drain on resources, the other real difficulty, is the fact that the majority of the disadvantaged young people will be retaking their maths and English.

For my college we get no additional funding for maths and English. That maths and English has to be come out of the mainstream programme so the programme itself narrows. We spend £700,000 a year, which incrementally increases every year, on just delivering the maths and English. If it was funded properly, according to the current funding



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formula, that would be funded at £1.5 million. Just think what we could do with that funding to improve our young people's maths and English.

Q93 **Chair:** Given that these problems happen before the students reach FE, should this not come out of the school's budget rather than the FE budget?

Dr Birkinshaw: I think it would be unfair. What we need are strong schools, strong colleges, strong universities. We cannot rob Peter to pay Paul. My view is, I think it would be wrong. The schools are doing their absolute utmost, I know.

Q94 **Chair:** All the burden is on you to remedy the wrong, is all I am saying.

Dr Birkinshaw: It is, but we shouldn't take the money from the schools.

Q95 **Lucy Powell:** James, just on the point about pupil premium and then perhaps we can explore cost of resits.

James Kewin: I can see the case for that. I suppose what the Government would say is we have a disadvantage model or element of the funding formula at the minute, which is postcode based and GCSE based. I think almost stepping outwith the whole formula for a minute and just thinking as a policy direction should we be investing more in disadvantaged young people? I think we would all agree that, yes, we should. The issue then just becomes how you do that.

Joining your point, Lucy, with Robert's around how different parts of 16 to 18 are treated, that links to this point quite nicely because I could see a case for a single national funding formula running from five to 18 but there would be no point in that if the inequalities that we have in the current system are baked in, which they are. There would be no point having a five to 18 system if education funding was protected to the age 16, because the risk there, as Alison says, is that you would then be robbing Peter to pay Paul.

There is a more fundamental question for me, which is around: is this right? Should we continue with this policy of protecting young people to the age of 16? You could imagine what our response would be to that. Then the questions about the formula and so on would flow from that.

Q96 **Lucy Powell:** Just finally on this point about the resits, and I will bring you in as well here, Emily. You talked about the costs of the resits, which is enormous, and I think it is the main thing post-16 would tell us about, but given its comparable outcomes in terms of who passes GCSEs in the first place—so you have a chart like that and every year only 50% or 60% of children are going to pass it—obviously there are some children who, by definition, have to fail. Do you think this policy of constantly having to resit maths and English is delivering the outcomes that young people need anyway?

Dr Birkinshaw: I think it is a deeply flawed policy. Just simply the fact that you have the bell curve analysis. Our 17 to 18-year-olds are being



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measured against the performance of 16-year-olds and the pass mark being set on the basis of the performance of the 16-year-olds and then applied to the 17 and 18-year-olds.

In my college there were about 100 students who, based on last year's pass mark, would have passed their GCSE maths and English at a grade 4 but the pass mark moved up, they missed it by one or two marks and they are condemned to resit it again. This cannot be the sensible policy. Surely it should be more like a driving test or a criterion referenced where students need to get the right skills and if they can acquire those right skills they pass. To have a floating pass mark seems to me just deeply unfair.

Emily Chapman: I would agree from a student point of view with that. I have spoken to students up and down the country who have been forced to resit their maths and English because they have failed. By the time you try round 2, you fail; try round 3, they don't feel like they have achieved anything. It demoralises them when it comes to education because if it feels like they are being forced to do something that is not the point of education.

We are trying to teach the students, I fully accept that point, but we need to make it in a way that is right for the learner, an investment in the learner and their future, because forcing them and carrying on and carrying on, why would they want to continue on to an apprentice or a university course after that?

Q97 **Lucy Powell:** What if there was an alternative where it was more like a driving test? If you reached a certain competence level you got a maths and English post-16 qualification that said you had the basic skills and it was not on the comparable outcomes.

James Kewin: We have probably a slightly different take in that for a sixth form college the grade C, or the grade 4 as it would be now, is the passport to higher education, to employability and so on. We do very well in the resit of English and maths but I would concede we are, on the whole, dealing with a very different cohort than often in mainstream FE colleges.

My take on this would be to leave it to the experts. It surely has to be up to teachers and educationalists to decide whether it is right that a young person pursues a GCSE or a functional skills qualification. To dictate what that young person should be doing and make it a condition of funding just seems outrageous. If you wanted a symbol of a policy that was patently not working, there is the unedifying sight of double decker buses taking kids to stadiums and arenas with hundreds of people—what more evidence do we need to say this policy is not doing what it was intended to do?

Q98 **Lucy Powell:** Is it right for T levels people will not have to do that? There is an acceptance that has to be changed.



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Chair: Based on what the employers want for T levels, is that right? If the employer desires the qualification then they have to do it but, if not, then they can do functional skills, is that correct?

Dr Birkinshaw: That is right.

James Kewin: Interestingly, they found the funding for T levels so I understand if you need to do the resits for English and maths they will be funded. There is a question there: why do it for T levels but not for everyone else?

Q99 **Thelma Walker:** It is Budget day, let's imagine, and the Chancellor is about to make a statement on funding for the FE sector. If you held a magic wand, each one of you, what would be the three top things you would want to hear him say about adequate funding for the FE sector?

James Kewin: My three would be the rate, the rate and the rate. That is it. I would be a high funding rate. I sound like a bit of a broken record in this, but that really is just the fundamental. Collectively we are part of this raise the rate campaign that we will launch in a couple of weeks' time to push this issue. If you look at what has happened, not only have we had three funding cuts since 2010, but we have had big cost increases since 2010 as well. We have had a funding rate that has been frozen since 2013 and this spending review, as much as the budget, is really high stakes because if we do not get an increase in the funding rate the rate will be the same in 2023, 2024 as it was in 2013. That would be my number one.

I am going to cheat now and say I do have two others. The rate would be the big one.

Q100 **Thelma Walker:** You do have a magic wand.

James Frith: More wishes!

James Kewin: I do have a magic wand, yes, exactly. More wishes. Two other things would be teacher pay grant. Again, going back to the question about how different parts of 16 to 18 are treated, imagine how it was in our sector, our membership, where 70 of our members were told they would not receive the teacher pay grant as school teachers will to increase their pay, but 30 were. The 30 that were were because they were 16 to 19 academies.

We hear a lot from the DFE, we hear a lot from Ministers about the Treasury and the Treasury are not listening and everything else—I don't think we can blame everything on the Treasury because if the Secretary of State is saying that in a budget of £67 billion he can't find £2.5 million to give sixth form college teachers what would probably in most cases be a below inflation pay rise, that just does not wash. For me that is a big issue.

Remember, as well, we found it took colleagues in the APPG about 10 parliamentary questions to establish that the 16 to 19 budget has been



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underspent every year for the past four years. There is £100 million on average knocking about that is not even going to schools and colleges. For me the teacher pay grant would be the second one.

Q101 Thelma Walker: What about capital funding for buildings? Your thoughts on that.

James Kewin: A big ask on that is a capital expansion fund for 16 to 18. It is really difficult to get capital funding in 16 to 18 at the moment. There is the condition improvement fund that sixth form colleges and 16 to 19 academies can bid into but, again, as ever, the problem is the pot is too small and the number of people bidding is too big.

We have colleges that are oversubscribed and want to expand but can't, we have colleges where the estate is crumbling but there is no money there as well. This question might come up later on, but one of the supposed freedoms of being in the private sector—it has always struck me as entirely odd that sixth form colleges are private sector institutions—used to be that we had the ability to borrow from banks. Surprise, surprise, banks are not falling over themselves to lend to sixth form colleges now. We have a real capital problem. That would be my third.

Emily Chapman: I agree with both the comments that my colleagues are going to come out with because we are joined together but I am going to focus more on the learner side of it. The first thing out of the three, I would say information, advice and guidance. There is a big lack of that in our sector at this moment in time.

Students need that personalised up to date information, especially with new T levels coming in and the routes of apprenticeships and things like that because word of mouth is a big thing in our sector and we need to accept that. If the parents do not understand that there are other options other than university, which is what they see constantly—parents do have quite high influence over their children about where they are going to go—they are going to go to the universities and not see all the options.

The sector, as it is at the moment, is setting students up possibly to go to university when it is not the right option for them and they are going to be in quite a few thousand pounds' worth of debt. I don't understand why we accept that. That is never spoken about and I think that is something that needs to change. There needs to be a universal careers service to look at key points of any learner's education, that includes adult learners coming in to upskill and the 16 to 19 year-olds. The Augar review will be something that will be looked at by them quite heavily as well.

The other thing that I would bring into this would be student support, so learner support, because it is the first thing that goes when you have mental health services, careers guidance and just general support in the college because colleges are having to go to charities to be able to fund anything outside the classroom. For me, if we are doing that we have a



very big problem. We are not giving students the all round education. Yes, it is about the curriculum, and I can fully appreciate that, but what about that enrichment, that civic engagement and also small things like learning how to pay your council tax, learning what it is to be a citizen, to be able to vote and things like that? It is not seen in colleges, maybe that should be in schools as well. That is another point probably to discuss. Colleges with student unions and things like that are very vital for that.

That would lead me to my third point, which would be investment in the student voice and infrastructure to support that engagement.

Q102 **Chair:** When you say universal careers service, in a nutshell because we have so much to go through, how would that work in practice and what funding mechanisms would it have? Would it link up with other bodies?

Emily Chapman: I don't have the answer for that. We have a session next week at our event called Festival, where we have the most FE leaders in one place, where we are going to be talking about FE funding and those kinds of answers.

Q103 **Chair:** We would be grateful if you could send us anything on that.

Emily Chapman: Yes, I will make a note of that.

Dr Birkinshaw: I was just framing my top three. Briefly, because I know you want to move on. Restoring that 24% drop from year 11 to year 12, 13, 14 but the key difficulty we are having in the sector is paying our staff. Our staff are paid £7,000 less, on average, than staff in schools. I am experiencing at university scores of employers phoning up my staff and offering them more money to go and work for them. It is happening on a weekly basis. I cannot recruit electricians, I cannot recruit plumbers, I cannot recruit really good A level staff because they cannot afford to stay in FE. We have to find a way of funding a pay award as is happening in schools. It seems unfair that schools are getting that funding and colleges are not.

Q104 **Mr William Wragg:** Before I ask the question, I entirely agree that your sector does need more money—that is the bottom line. It also needs things addressing such as exemptions from VAT and so forth. It would be remiss of me if I don't ask, as I ask other people as well, what areas of taxation or indeed reduction in other areas of public spending that your members might be favourable to. I entirely support the case that you are making, but I need to hear more as we get towards Budget day and the comprehensive spending review where people believe this money should come from.

Dr Birkinshaw: I will start. I think we have already heard where some of the money will come from because we are underspending on our 16 to 18 budget. We are not talking about the need to cut taxes, but about the need to use funding properly. We can do the same with the adult budget and in addition to that if we had a sustainable, simply and sensibly thought through, post-16 system without the introduction of disruptive



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different organisations into the post-16 that take money, I don't think you would need to cut taxes to fund this, you could find sustainable sources by just using the money that we have more wisely.

Q105 Mr William Wragg: That is really useful, my asking that devil's advocate question, because that reveals the aspects there that you talk about. It is up to the rest of the panel if they want to answer the question. It was very much a devil's advocate question and I am grateful for that contribution.

James Kewin: Stop the initiative mania. Spend the money on the existing providers and do it properly. Give us our underspend back. That really does add insult to injury that given how bad things are this money that was being spent—it is not a lot of money in the grand scheme of things, we are talking £100 million a year, but there is a principle there as well.

It is a good question. It is a tricky question because we do not want to be saying that other places need to be cut but, in terms of making best use of scarce resource, I would say when we are looking at a new 16 to 18 provision surely there has to be a sustainability test as well. We had the absurd situation through the area review process where sixth form colleges that have 1,200 students were being told, "You are too small" and at the same time, in the same area, 200 strong institutions—I think there is something there about best use of scarce resources.

Q106 Chair: Are you saying that the underspend and not spending money on new institutes or national colleges, as I understood you were saying, would really be enough to match the FE shortfall?

Dr Birkinshaw: It would never be enough, but it would be a good start.

James Kewin: The killer question is—it is very easy to say we are not funded enough, we need more money—how much, isn't it? The research that we published on Monday with London Economics showed that we need at least another £760 per student, not to provide a whistles and bells internationally comparable education, but that is expensive. We estimate for every £100 the funding rate goes up it costs £140 million. In the grand scheme of things it sounds expensive but that £700 we are asking for is half of what we have lost since 2010 so I think it is a modest ask.

Q107 Chair: Before we go on, did you want to say anything, Emily?

Emily Chapman: The one thing I would say about the institutes of technology and the national colleges is that demographically you are limiting students' options. If they cannot get there they are not going to have the aspiration to go to those colleges or go to those institutes, so if you put it in one area more than likely it is those students who are living in that area who are going to go that institute. That is what we need to think about. When we speak about further education colleges, let's invest



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in them rather than adding new things that students might not even be able to have a chance to get to.

- Q108 **Ian Mearns:** On the issue of initiatives, James, initiatives can be good, they can be good as long as they are thought through, they are monitored and evaluated properly before they are then rolled out in terms of broad policy. Would you agree with that perspective?

James Kewin: Yes, definitely.

- Q109 **Emma Hardy:** Good morning, everyone. I think everyone here would agree that FE needs more money and so do sixth form colleges, so I am just going to park that for a moment and go back to a comment you made just before, Alison. When you were asked by my colleague Lucy about pupil premium you said, "Yes, as part of a package of measures". I would like to explore what other package of measures you would be interested in as more of a longer-term plan for funding FE and sixth form colleges. As I say, we are taking it as a given that you generally need more money in the sector, but what are the other things?

Dr Birkinshaw: The AOC has asked for a more modest increase to the rate of 5% for the next five years as a stopgap initiative. That would be an extra £200 per student. It does not get close enough but it is a stopgap initiative. In addition to that the pupil premium, in addition to that, I seriously do believe we need to fund the maths and English resits separately as we are planning to do for the T levels because that is really crucial. In addition to that, the cost rises for the increase in teachers' pension scheme, which we do not have any choice about, we have to pay that, so the cost rises, national insurance, pensions and pay awards need to be funded separately otherwise we would just keep going back down to the same problem. We need to have a long-term sustainable position.

- Q110 **Emma Hardy:** Emily, what do you think? Other than, as I say, increasing the rate, which we all agree with. In terms of a longer-term plan, what do you think we should be looking at? Alison has included covering teacher pay increases, funding maths and English separately. What do you think?

Emily Chapman: I completely agree with what Alison is saying and, as I say, we are going to look at how FE should be funded, how education should look with our members later on next week, which I will write back to the Committee about.

We say we invest in students and we invest in the students of the future because basically they are future of this country and I think that investment needs to be there. It is about the whole of education for me as I have mentioned before, not just in the curriculum.

- Q111 **Emma Hardy:** James, I am interested in your points but also no one so far as mentioned the difference in funding post-18 to 19. Would that be something as a longer term you would want to look at? It is the difference you would have if you suddenly had to stay an extra year, which I did in my sixth form: you don't get as much funding. Thinking



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more of the longer term, as I say, just parking the increase in rate for the moment.

James Kewin: It kind of relates to the rate in that fundamentally is it right that an 18-year-old receives less money than a 16 or 17-year-old or a third year student? The answer to that has to be no.

Q112 **Emma Hardy:** You would want it exactly the same?

James Kewin: Exactly the same.

Emma Hardy: If you are a third year student, you would get paid exactly the same?

James Kewin: Yes. What I would not want is for the 18-year-old issue to be rectified but the 16 and 17-year-old issue to still not increase. Everything needs to go up. Two quick points I would make. One is the sustainability in terms of link to inflation, so there needs to be an inflationary increase every year as well because otherwise what happens is that as the spending review period proceeds your unit erodes year on year.

A big issue: we have a pensions timebomb here waiting for us as well. Again, we estimate—and this is London School of Economics research—that if this 7 percentage point increase came through on our teachers' pension scheme that would be equivalent to £140 per student. If a £200 increase was announced in the spending review next year, £140 of that would be swallowed up by increased teacher pay contributions, which means that again over a 10 year period you have had £60 more. This teacher pension issue needs to be addressed and what the Government cannot do is what it has indefensibly done on the teacher pay grant and say, "We will pick up the tab for schools or academies but we will not do it for colleges". It has to be the same for everyone.

Q113 **Emma Hardy:** In terms of the spending review, you would want the spending review to look at inflation linked increases covering any increase in teacher's pay, funding maths and English, pupil premium and post-18. Are there any other things on our list?

Emily Chapman: Adult education funding needs to be looked at again because if we have a skills gap coming through this country—it is fair enough to say, "Right, you are going to go on that path"; I can speak personally on this one. I am on my third career change out of it. It is not one career path. You are going to have changes through the year so you need to be able to have that opportunity to go back and upskill in careers and change. Apprenticeships at higher level do offer that as well but there needs to be that space in colleges so adult education really needs to be looked at.

Dr Birkinshaw: I think there is a real need in this country to look at technical education post level 3, so level 4 and level 5. At the moment there is a real gap in those progression routes. I do think there needs to



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be some development funding to be put in because ideally we are very heavily dependent on universities or off the shelf qualifications that are not really there.

If we can put some money into development of level 4, level 5 higher T levels, if you like, that can be drawn down and funded through the existing HE funding system. However, we need to develop those qualifications and make sure they are robust and fit for the future. If we had that, which would not be a huge amount of funding, that would really fit this country up for the future.

Emma Hardy: It would make a much clearer pipeline, I would have thought. That is very interesting. Thank you all.

Q114 **Chair:** Briefly, what is your estimate of the 16 to 18 underspend?

James Kewin: We have the exact numbers. In year one it was round £130 million, in year two about £120, year three about £100 and last year was quite low. We are not talking big amounts but—

Q115 **Chair:** About £130 million?

James Kewin: On average that is what it was per financial year, that was what the underspend was of the order of.

Chair: You are talking about the adult education budget, the underspend there? Okay.

Q116 **Ian Mearns:** In the first instance this is to be addressed to you, James, because of what the evidence of the Sixth Form College Association said, "With regards to expenditure processes from Whitehall and the all or nothing bids to Treasury every few years punctuated by small eye-catching announcements in annual budgets is no way to fund our colleges and schools." With that thought in mind, how would we begin the process of preparing proper long-term, say 10 year, plans for the development of FE for schools and colleges? How are we going to make that a reality? Are the biggest challenges to that economic or political?

James Kewin: Good question. There is a fundamental thing that needs to happen, needs to change, and I think if we manage to nail this then everything else would follow. It is a simple point, you would think, but it is something that gets missed: education funding needs to be linked to the actual cost of delivery. I think we really made the point in the last session that at the moment it surely should not be beyond the wit of the Department and others to say, "A high quality sixth form education looks like this and it costs that".

At the moment the big problem we have is that the funding rate is entirely arbitrary. It is based on the settlement the Department gets, they divide it by the number of students in the system and they come up with a rate. We know what the greatest hits are in terms of the responses from the Department about funding as well, they will often say that funding is sufficient to deliver this, this and this. The reality is they don't



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know because they have never asked and they have never done the work.

Q117 **Chair:** If I could ask you, because we have a lot to get through, to be slightly more succinct—

James Kewin: That would be my main answer.

Q118 **Chair:** That is the purpose of this inquiry: to say that schools and colleges need a 10-year plan just like the NHS. Anyone else want to comment on that briefly?

Dr Birkinshaw: I think you said political or economic. It has to be economic. We have to work back from what this country needs, we have to do our work in envisioning what an education system should look like post-16, including adult, and then we have to work, as James says, what it will cost to fund it. Politics needs to come out of it because we cannot afford the short-termism that we get currently.

Q119 **Ian Mearns:** Do you have anything to add?

Emily Chapman: When we talk about education funding and economic versus political, when we speak about education with the Government, I hear sometimes that we are looking for parity of esteem. We cannot have that without parity of funding. That would be my answer to that one.

Chair: Good phrase; I like that one.

Q120 **James Frith:** Good morning. Very enjoyable. You talk about a broken record but you are playing a good tune so we don't mind. I would just like to cover T levels; they were mentioned very briefly before. The Secretary of State confirmed T levels will start in 2020—the first instance of the Secretary of State for Education overriding the civil service advice to delay. What effect has that ministerial direction had on the confidence within the sector of T levels?

Dr Birkinshaw: My college is piloting the T levels and we have confidence in our ability. FE colleges every year bring in new qualifications, they change what they are doing because of the needs of the students so we have confidence that the FE sector will be able to step up to this and deliver it. I am not too concerned.

What we do need to make sure is that we understand that the T levels are just a minority of students and we need to get the pathways into the T levels right, we need to get the higher T levels right, because they are part of the picture, and we need to remember there is a vast majority of young people and adults who will not be affected by the T levels at all.

Q121 **James Frith:** How do you get all the students considering T levels as an option?

Dr Birkinshaw: You get the pathways, progression pathways, right. At the moment we are piloting three T levels in 2020 but we have to make sure that we are working with schools, we are working with our level 2



students, that they are ready to go into the T levels. I am sorry to go back to the broken record but if those students on the level 2 programme are not getting the robust, broad curriculum that they need then they are not going to be ready for the T levels. It is investing to progress.

- Q122 **James Frith:** Would you like to see, say within the EBacc, the option now to include music to be a free space to pivot into T levels or a vocational direction so that breadth of curriculum is better celebrated, better supported?

Dr Birkinshaw: I am all for a broad curriculum in schools at 16, I am deeply concerned about the way the curriculum is narrowing and I am deeply concerned about the way the arts are not getting the profile in pre-16 education that they should. Anything that broadens that—I don't think that is the answer to the T level question, I think the answer is more fundamental, but it would be a step in the right direction.

- Q123 **James Frith:** What proportion of students will take a T level at a college of your size?

Dr Birkinshaw: I would be surprised if it is as much as 10%, I think it would be less than that to start with. It will be a small proportion as we work to get these T levels right because you have to make sure you are allowing your students to select the programme that suits them. It will be a small number to start with. From acorns, you know.

Emily Chapman: There is some confidence in the sector with regard to T levels. At the minute it is about the delivery. The principle is good and, as I say, we all agree on that principle.

Coming on to Alison's point about the pathways, that is where the information and advice and guidance needs to be and the T levels need to be communicated correctly because if—again I will go like a broken record here: if you don't get that information out to the parents it is not going to be seen very much. You have to get that information out there. Also with regards to maintenance, which I have not spoken too much about—I can come on to it later on—we need to have more guidance on if there is going to be maintenance available for those students and what they need to do to do those T levels.

- Q124 **James Frith:** James, just on resources allocated to the introduction of T levels, is it sufficient to the task? The reference to £38 million in capital funding from an existing T level budget, where else should the Government concentrate its expenditure?

James Kewin: I think the issue with that is we might be in a slightly different place in the sense that technical education, of course, is a minority pursuit. This £500 million is probably the most announced announcement of recent times and it is going to be some time before we get this £500 million. My worry is it just gives an excuse, as I said earlier, for Treasury and the Department, when we raise 16 to 18, to say, "We



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have given you £500 million for T levels". That £38 million is more than our sector has had in capital funding in the past two or three years.

I have a slightly different concern, which is that the focus on T levels is displacing everything else. The final thing I would say, the big issue, and I think T levels will live or die on this, is the work placement. Unless there is some movement on that I think it is going to be hard to move us beyond the 9% of technical education that we are on at the minute. We might even see it reduce. That is a key issue.

Q125 James Frith: The movement on that being what, in your opinion?

James Kewin: The degree of flexibility. We are going from a 45-day to a 60-day work placement. The success of T levels, if we continue to take this view it is no placement no certificate so you have to have it, then you are almost entirely dependent on employers offering these opportunities as well.

If there is no flex in that requirement it just strikes me that it is going to be quite difficult to get T levels up and running because this is a big change for employers to offer these kinds of placements. It will be interesting to see what the Department does on this, whether they move or whether they will stick with it.

Q126 James Frith: Alison, your possible links to employers will be well established, what feedback do you have as to employers' readiness and their natural engagement?

Dr Birkinshaw: Yes, our experience is that employers are very keen to get engaged and they understand that they need to invest in young people so we are not so concerned about that. It is expensive for young people to get to these placements. Many of them have jobs. We offer a three day curriculum to allow our students to study or work in the rest of the week because they only get 15 hours a week so we might as well condense it. They will have to give up that job and they will not replace it with paid employment, so they are making that investment themselves but getting there is a problem.

I am not for one minute saying that we should take the funding away from colleges to give them, but we need to understand that there are other issues associated with a work placement. Our employers are really up for it.

Q127 Lucy Allan: I wanted to ask about barriers to access to FE and some of the schemes that exist to overcome those barriers, such as the bursary fund or free meals, and whether these schemes do help overcome barriers? Certainly in my constituency the greatest barrier, as I think Alison was alluding, is transport. The lack of bus service to get to the college.

Perhaps I could start with Emily, do these schemes work? Are they enough?



Emily Chapman: I am just looking for my numbers. When it comes to the bursary, the bursary was obviously introduced when the EMA was taken out back in 2011. It was still based on the EMA model, which is £1,200 per student based on a 40 week course. That has not risen in seven years so currently right now, with the cost of inflation and things like that, the bursary is not up to standard, which is a concern when it comes to the T levels. We have heard that they are going to look at travel costs in the bursary system as it is, that needs to be looked at very much.

Q128 **Lucy Allan:** Is this acting as a barrier to more disadvantaged students?

Emily Chapman: Yes, it is. The NUS did a survey called “My FE Journey” last year. We surveyed around 1,000 FE students and apprentices across the UK. One in 10 students said the cost of travel was an influence in their choice of college. If the cost of travel is too high to where they are going, which is the concern with the national colleges and the institutes of technology, they are probably going to go the other college that is local to them.

Some 44% of those students who did come back on the survey said they are having little or no money to be able to go to their work placement. So if we are going on to this work placement brand, they are not going to be able to get there plus they need to think about having 15 hours work—some students do more than 15 hours—we have evidence from the Poverty Commission that was also done last year—to be able to afford to go to college and eat at college as well. The barrier of transport, I think, is the first barrier to get rid in the web of barriers that are in education.

Q129 **Chair:** What do the colleges say to you about this issue, the transport issue?

Dr Birkinshaw: The transport issue is a big one. Colleges subsidise transport out of their normal funding, we do not get any additional funding for it. The bursary isn’t sufficient to cover that and it does mean that students are choosing between having money for buses or having money for food. Quite frequently we will have to subsidise food for students because they have spent their money on their bus fare.

Q130 **Chair:** Those are the ones above free school meals you are talking about?

Dr Birkinshaw: Correct, yes.

Q131 **Lucy Allan:** It is not just the most disadvantaged that have been denied access, in fact it is impacting all the way along?

Dr Birkinshaw: Yes.

Emily Chapman: Can I bring up a point that Alison just made about transport and the colleges subsidising it? Back in 2011 there was a legal requirement that local authorities subsidised 16 to 19-year-olds but because of the cuts they are also facing that has disappeared. There is



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now nothing from the local authority because they do not have the funding, they cannot subsidise that travel.

Q132 **Lucy Allan:** Do you think some of these schemes are sufficiently advertised and understood by students? Are they all able to recognise they exist?

Emily Chapman: Again, I would have to ask the membership that question. It would be better for me to ask them next week and come back on that. In my experience when I was working in the college, it was the first thing that we advertised to them, however there is a stigma that comes with being a disadvantaged student and having free school meals or free meals at college. Asking for bursary you get at stigma that some students don't want and it can lead to other things like bullying and things like that. There needs to be a whole look at that.

Q133 **Lucy Allan:** Did you want to add anything, James?

James Kewin: No, I think Emily is the expert on this. I would agree the fundamental point is the bursary pot is just not big enough.

Q134 **Thelma Walker:** Just to add on to that. Emily, about careers advice. You mentioned that you felt it was inadequate in some cases; how would you like to see careers advice develop, grow and improve for students who don't know what they don't know?

Emily Chapman: I would like to see it being independent from the colleges so there would be an independent way also online, because we are going on to technology a lot more these days. There is stuff online that they would be able to access. I think there is something about having a careers service that starts maybe at the last year of school and goes all the way through, including through university and beyond. It is not just the information and advice at college level; there needs to be a service the whole pathway through.

Q135 **Ian Mearns:** Emily, I am sorry, do you not think it should begin before youngsters are taking their GCSE options?

Emily Chapman: Yes, I would agree with that.

Q136 **Mr William Wragg:** Just very quickly to give you the opportunity to put things on the record about the additional costs that you, as providers, face compared to other elements of the education sector, could you tell me what those additional costs are? James?

James Kewin: I think we have covered a lot of them. There is Alison's point as well, that the insufficient bursary part means that a lot of core funding—the important thing is, when we talk about per student funding and so on, that pays for everything. There is no other pot of money. That core funding pays for it. If a student cannot get to college or whatever else it might be, those funds are topped up with core funding, which is a big issue.



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I think we have covered most of the major additional costs. I suppose what I would throw in the mix that we haven't, which is not an additional cost but it is a really important and often overlooked area, is high needs funding. The high needs funding at the minute for 16 to 18 is not working well. It is not working well primarily because of the involvement of local authorities and essentially you have a group of impoverished institutions chasing another group of impoverished institutions to try and get funding for young people.

The one thing I would like to get on the record in this session is that there is a need to address the funding for those that are the most vulnerable students.

Emily Chapman: I would agree with that point on specialist colleges in particular, because they are funded by local authorities and because of the cuts they are facing they are having to turn students away. The students then have to go through appeal, which is an incredibly stressful scenario for them, to gain access to a basic human right, which is their education.

Dr Birkinshaw: Oh dear, this is almost an endless answer. I will try and keep really succinct. College income is from a different range of sources but colleges have to pay VAT, we do not get subsidy for teachers' pension, national insurance, pay increases, we get none of that. The schools do get support with that.

Q137 **Mr William Wragg:** Am I right in saying that it cost the average sixth form, it's non-exemption from VAT, over £385,000 in the last financial year?

James Kewin: That was the last one but then sixth form college members that then academised do not have to pay that, which exacerbates the inequality.

Q138 **Chair:** What is the cost to FE overall of the VAT thing?

Dr Birkinshaw: I will have to check that. I am sure I have it in my papers somewhere but I don't have it to hand. Teachers' pension, all pension costs, national insurance increases. Then you carry on, there is bureaucracy cost because of all the changes, the apprenticeship changes, the levy changes, devolution is going to be a big cost as well, working through the way the adult funding is devolved.

Q139 **Mr William Wragg:** You have higher staffing costs as a whole, don't you?

Dr Birkinshaw: Correct.

Q140 **Mr William Wragg:** For a number of reasons, compared to schools? Do you want to list any of those?

Dr Birkinshaw: Yes, we need the back office to deal with the compliance regimes we have. There is the additional maths and English costs, there



is the additional costs associated with the Gatsby framework and the careers framework that we have to implement. There is the additional costs around Prevent, there is the additional costs around the capital requirements for the technical subjects. We get no capital funding.

Q141 Mr William Wragg: I was just going to come on to that. Without leading the witnesses too much, Mr Chairman, in terms of the costs that you face with regard to capital for your specialist facilities and so forth, that is a further burden on you?

Dr Birkinshaw: That is a considerable burden. We are grateful for some of the investment that hopefully is coming out with the Institute of Technology and the T levels. We get no other source of capital and the capital is devolved to the LEPs but there is not sufficient to go around. It is usually for new equipment. Just simple things like repairing the roof, replacing the carpets, just general refurb costs, which can be considerable, we have to find out of the core funding, which is an enormous amount. Just replacing carpets costs a fortune. I could go on but—

Mr William Wragg: No, I wanted to give you that opportunity.

Q142 Lucy Powell: This slightly follows on from a couple of questions earlier when we were talking about capital funding in particular and place planning. Obviously, the bulge is coming through the system, so in Manchester we need five more secondary schools as well as all the other schools expanding. Are there any conversations, is there any money available for FE to meet that bulge when it is only going to be three or four years away from post-16?

James Kewin: Just to give one example, Lucy. I would say this, wouldn't I, but sixth form colleges—and you know this—have an outstanding record in all sorts of ways. There has not been a new sixth form college created since 2009. We think we have a good story to tell but there is no mechanism or no one is looking at an area and saying, "This is the need, this is demographic bulge".

One of the issues of the free school programme was it was outside the normal parameters of all of that. As I said earlier on the area review process, that was only partially successful because it was an attempt to look at an area but it excluded the 40% of institutions at schools. There just needs to be, at a regional level, someone or something looking at the need and then saying, "What educationally and economically is the most sensible way to increase?"

Chair: Isn't that what the DfE are supposed to be doing?

Q143 Lucy Powell: They didn't look at places though really. They didn't look at provision at all, they just looked at institutions. From your point of view, Alison, any conversations about that bulge? It is a massive bulge coming up in the system.



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Dr Birkinshaw: It is a big bulge. College principals are looking at it and the issue we have is that we are pretty used to forecasting capital requirements and our space needs and we are condensing the timetable, looking at how we can put more into what we have. But the issue is that our finances are so difficult at the moment that were we want to develop our sites, want to build new buildings, want to make capital investment, we could not afford it because there is no source of funding. We have to finance that ourselves and even if you were going to take out a loan—my college has no loan but we barely broke even last year—it is a huge financial commitment that colleges just cannot afford.

Chair: Thank you very much indeed for invaluable evidence. You have a Committee here that is very passionate and supportive of further education; I say that on behalf of all us all. I was talking about the House of Lords: they did publish a magnificent report on further education, so perhaps there is a sea change. Perhaps. Let's hope that there is.

Thank you, all of you. Your coming here is really appreciated.