

College funding, 2014-15

UCU Briefing for FE (England) Branch Officers

This briefing sets out the key points from the EFA and SFA funding letters for 2014/15. It is suggested to branches that it is good practice to regularly seek a briefing from management on the impact of annual funding changes upon the overall local financial situation. Branches who find themselves engaged in detailed discussion of funding changes and their impact upon for example, staffing should contact their Regional Office in the first instance and if necessary, they will seek detailed support from the Policy and Campaigns team.

Key points - FE Funding 2014-15

- Continuing severe squeeze on college finances with cut of 19% to Adult Skills Budget over two years and final year of formula protection funding limiting total cut for 16-19s at 3%, plus new cut for 18 year olds of 17.5%
- Demand for English and maths teachers will grow as compulsory English and Maths for 16-18s without a level 2 becomes a funding condition with colleges having to find a way to manage their incorporation into a study programme
- Opportunity to grow Traineeships as programme is extended to 24 year olds and 16 hour rule removed. But this combined with government wanting to prioritise apprenticeships in funding could lead to reduced opportunities for other vocational learning programmes
- Costs of employing teachers to increase as budget 2014 announces increased college employer pension contributions from 14.% to 16.4% from September 2015

EFA Funded Provision (14-19)

- The funding rate for 16 and 17 year olds will be maintained at £4,000 in 2014/15. No cut, but not adjusted for inflation.
- The rate for full-time 18 year olds will be reduced to £3,300 (a 17.5% cut), with a one year only cap for institutions who would have lost more than 2% of their EFA funding as a result of this change as the EFA acknowledges this was made at short notice.
- The full loss for 18 year olds will therefore be felt in 2015-16, and in conjunction with the end of formula protection funding in this year, this could be quite significant for colleges.
- Continued study of maths and English for those without a C grade in GCSE becomes a funding condition from September 2014. Any such students not enrolled on GCSE, or an

approved stepping stone qualification, will not generate any funding in that academic year.

- Having to take English and/or maths will take up time from GLH so there will have less (funded) time to devote to other subjects. Will the other non-compulsory learning be squeezed into the existing GLH or will students be prevented from taking as many other qualifications within their study programme?
- EFA have for now abandoned plans to change student discretionary support to bring it in line with the pupil premium and rural travel costs as their modelling showed there was going to be too much volatility with very big winners and losers from the change.
- There have been some data problems which may not have properly captured learners on traineeships. EFA also aware of a lack of employer awareness of Traineeships. So a no cost PR campaign is being planned as there is no government spending available for marketing. However all areas of the country are covered by traineeship providers.
- Guidance for free school meals for 16-18s due to be published shortly. Cash payment only likely to be acceptable in very exceptional circumstances

SFA Funded Provision (19+)

- Adult Skills Budget (ASB) subject to a 19% reduction over 2 years
- Funding rate remains the same as last year so no cut, but again no inflationary increase.
- New monthly funding cap for 2014/15 of £1,000 per month per learner. This strengthens the funding cap of a total £4,400 per learner annually that has been in place since August 2013.
- This will apply across all ASB provision except for apprenticeships. The rationale is to prevent poor value for money through accelerated delivery, and the SFA believe this will only affect outliers of around 20/30 providers.
- Analysis of provider behaviour under simplified funding formula will take 2-3 years.
- Traineeships – So far 19+ numbers have been low. This should improve with removal of 16 hour rule and extending age to 24 at start date. They are also going to work to raise awareness with DWP as traineeships sit outside their core products. These measures could provide colleges with better opportunities this year.
- SFA would like to bring in study programme style funding for ESOL where providers could use funding to pay for extra support needs, not just qualifications. But this will be difficult to work out as the ESOL GLH range is vast.
- BIS published the reform plan for vocational qualifications in March. This confirmed that by November 2014 all qualifications will need to meet new rules to be eligible for funding. The rules cover size, purpose and employer recognition for new qualifications; and proven track record and progression for existing ones. A further 5,000 qualifications are in scope to be removed as part of confirming the 2014/15 offer.
- BIS have cancelled 24+ advanced learning loans taken out to fund L3 apprenticeships. Existing loans will not be repayable and apprenticeships will be funded through ASB henceforth. SFA will be increasing 24+ loan allocations by 20% from current levels (i.e.

taking into account any additional funds that some colleges have asked for). There is also an offer to ask for a higher loan facility in 2014-15.

- HE in FE - HEFCE will be making 2014-15 grant allocations on 24 March. They confirmed a 5.85% cut to 2014-15 teaching grant including most of the student opportunity allocations. Student number controls will be removed in 2015-16. Hefce are still to outline how this will operate.
- Budget 2014 announced increased college employer pension contributions from 14.% to 16.4% from September 2015. The AoC said this could hit individual FE college budgets by an average of £250,000 a-year, and sixth form colleges by £90,000 and would represent an increase in the overall cost of employing a teacher by 5%.

Further reading:

- SFA Funding Rules, 19+
https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/287917/Funding_rules_2014_15.pdf
- EFA funding rules for 16-19
<https://www.gov.uk/government/publications/16-to-19-funding-funding-for-academic-year-2014-to-2015>