The National Assembly for Wales is the democratically elected body that represents the interests of Wales and its people, makes laws for Wales, agrees Welsh taxes and holds the Welsh Government to account.

Author: Joseph Champion
Date: April 2018
Paper Number: 18-028
Research Briefing
A quick guide to post-16 education funding

This is an overview of the funding model for school sixth forms and further education institutions in Wales.
## Contents

1. **Overview**........................................................................................................................................1
   - The Post-16 Planning and Funding Review .........................................................................................1
   - The Post-16 Planning and Funding Framework ....................................................................................1

2. **Allocation methodology**..................................................................................................................2
   - Budget Agreements .................................................................................................................................3
   - No moderation of funding for completion rates ....................................................................................4

3. **Allocations** .......................................................................................................................................4

4. **Welsh Government priorities for the future**....................................................................................6
   - Annual priorities .....................................................................................................................................6
   - The reform of the post-compulsory education and training (PCET) sector .......................................6
   - The review of systems for monitoring and improving the effectiveness of post-compulsory education in Wales .................................................................................................................................7
1. Overview

Funding for further education institutions (FEIs) and school sixth forms are funded in different ways:

– FEIs receive their allocation of funding directly from the Welsh Government on an academic year cycle; and

– Funding for school sixth forms is allocated by the Welsh Government to local authorities, on a financial year basis, who then pass this funding on to individual sixth forms.

A local authority can retain up to 3 per cent (PDF46KB) of its total allocation for centrally retained services which relate to post-16 education.

It is important to note that post-16 sixth form funding provision is separate from pre-16 school funding, which is mainly provided to local authorities through the largely un-hypothecated Local Government Settlement Revenue Support Grant.

Since 2015–16 (financial) and 2015/16 (academic), funding allocations for both FEIs and school sixth forms have been determined under the new Post-16 Planning and Funding Framework, which replaced the former National Planning and Funding System (NPFS), as a result of the Post-16 Planning and Funding Review.

The Post-16 Planning and Funding Review

In February 2011, Leighton Andrews, then Minister for Education and Skills, announced the setting aside of the NPFS and that the Welsh Government would be conducting ‘a root and branch review’ of post-16 planning and funding.

The review, which reported in May 2013, concluded that

the new system will focus on planning and monitoring rather than be driven by funding.

The old NPFS was a competitive funding system and designed to place emphasis on the volume of learning being delivered. Providers received funding based on qualification attainment rather than the progression by the learner. Because of the review learning programmes, rather than individual qualifications, are at the core of the new system.

The Post-16 Planning and Funding Framework

The Post-16 Planning and Funding Framework is designed to be more focused on the learner undertaking a set of qualifications and learning that are suited to their programme of study, rather than incentivising providers to encourage learners to take qualifications that may not suit their programme.

The Welsh Government published guidance on the new framework in October 2013 which stated:

The main aim of the new framework is to relax the direct link between funding and learning activity and to place an emphasis on the quality of the learning offer in terms of the outcome for individual learners. Programmes rather than qualifications are at the core of the new planning and funding framework; with each programme having a defined purpose and outcome, against which it will be monitored.

The Welsh Government publishes details of programmes which are eligible for funding.
The new funding framework makes provision for:

- Three-year indicative funding allocations to provide stability and aid planning
- Uplift funding for deprivation, sparsity and Welsh-medium provision. This will be a ring-fenced quantum within the overall grant allocation.
- A standardised approach to planning and funding between LAs and FEIs
- Monitoring of the outcomes of the learning offer to enable learners to better understand where that learning could take them.

The Welsh Government has published a diagram setting out the six stages (53KB) of the new planning and funding cycle.

2. Allocation methodology

The Welsh Government have advised that its sixth form allocations are determined through the following process:

Step 1: The number of predicted sixth form learners on which to base allocations for the next three years has been derived using the known numbers of learners coming through each year group. Using these learner numbers, a three year ‘average return to school rate’ is calculated. Therefore, to predict 2015 headcount, the ‘average return to school rate’ was applied to current year 11 learners, for 2016 it was applied to current year 10 learners, and for 2017 it was applied to current year 9 learners, and so on. The predictions are updated each year as the latest data is published.

Step 2: An average funding value per learner for each Local Authority is determined annually by calculating the percentage of programmes delivered at each programme value and taking an average of these percentages.

Step 3: Allocations have been derived by multiplying the numbers of learners determined in step 1 by the average funding value per learner from step 2.

Step 4: Uplifts for deprivation, sparsity and Welsh medium delivery have been added to determine the total indicative allocations.

The Welsh Government has also advised that once the LA sixth form allocations have been set, the FE allocations are set with the remainder of the budget. Dependent on the budget for that particular year, this could be an inflationary increase on the previous year’s allocation or an efficiency on the previous year’s allocation. Whenever an inflationary increase is given to the FE sector this is also applied to the final outcome of the sixth form allocation.

The Welsh Government has further reported that in 2014/15 and 2015/16 the reductions in the post-16 budget meant that a general reduction to all learners was not deemed appropriate. Instead part time funding was reduced at the expense of reducing the funding rates for 16-19 learners. This led to a 37.5 per cent reduction in part time provision in 2014/15 and a further 50 per cent reduction in 2015/16. This impacted colleges to different degrees dependant on their part time profile.
The Further education Funding 2014 to 2015 letter (PDF 110KB) explains that for FEI allocations 2012/13 LLWR [Lifelong Learning Wales Record] data has been used to identify the proportion of full time and part time delivery at each institution (A proxy of greater than 450 guided contact hours per learner is used to assume full time provision and less than 450 guided contact hours per learner to assume part time provision). Annex B to this letter shows the proportion of full time and part time provision for your institution.

In February 2017, the Wales Audit Office (WAO) reported on the Welsh Government’s oversight of further-education colleges’ finances and delivery. Commenting on the report, the Auditor General for Wales, said

While further education colleges have managed to cope with the cuts to their funding over recent years, it is clear that their finances are coming under increasing strain and that they may struggle to maintain the amount AND quality of provision at current levels. The sector needs some clear direction about its place within the wider policy context for post-16 education. There is also a need for funding arrangements to better reflect local changes in need.

Budget Agreements

Aside from the Welsh Government’s allocation method, the further education sector has benefit from additional funding as a result of the budget agreements reached by the Welsh Government and Plaid Cymru.

In October 2016, it was agreed that the Welsh Government would allocate an additional £30 million for higher education (HE), further education (FE) and for learning pathways. £5 million of this was directly allocated to the FE sector. In its paper to the CYPE Committee as part of the Committee’s 2017-18 draft budget scrutiny, the Welsh Government reported that this money was intended to mitigate the pressures in Further Education and Higher Education, to improve collaboration and strategic links between HE and FE and to start the implementation of Welsh Government response to Diamond.

In terms of FE, the funding was specifically for the alleviation of ‘the pay and related pressures faced by the sector’.

A further two year budget deal between the Welsh Government and Plaid Cymru was agreed in October 2017. This also contained a provision for an extra £20 million a year for HE and FE. The Cabinet Secretary for Education confirmed, as part of her oral evidence on the 2018-19 budget, that this £20 million ‘will be allocated in the same way as it was last year’, i.e. £15 million for HE and £5 million for FE.

The Welsh Government’s final budget for 2018-19, as published on 19 December 2017, contains an extra £2.5 million in 2018-19 and £4.2 million extra in 2019-20 for the Further Education Provision Budget Expenditure Line (BEL), ‘in support of programmes and interventions aimed at improving skills’.
No moderation of funding for completion rates

The Post-16 Planning and Funding Framework does **not moderate funding in year for programmes within a college or sixth form** based on the numbers of students ‘dropping out’ or completing the programme. The final report of the post-16 funding review explained:

> It is not anticipated that every learner who starts a programme of learning will continue to the end and successfully complete it. The NPFS moderated funding on an individual learner basis which led to complex monitoring of provision against targets. Instead the programme value will be derived with dropout or early completion in mind. This approach means that a provider always knows what a cohort of learners will draw down regardless of when/if learners drop out or complete early.

3. Allocations

Information on the **specific allocations to FEIs and to local authorities for their sixth form provision** is available on the Welsh Government’s website. At the time of writing, the **most recent documents available relate to the 2015-16 financial year** for local authorities and the 2015/16 year for further education institutions.

The Welsh Government provided the latest allocations for 2016/17 and 2016-17 and 2017/18 and 2017-18 on request. Using this data, and the data available online, the following tables have been produced.

**Further Education Institution funding 2014/15 to 2017/18 academic years**

The following table highlights the allocations for individual institutions since 2014/15.

<table>
<thead>
<tr>
<th>FE Institution</th>
<th>2014/15</th>
<th>2015/16</th>
<th>2016/17</th>
<th>2017/18</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bridgend College</td>
<td>16,467,956</td>
<td>15,109,716</td>
<td>15,522,486</td>
<td>15,716,517</td>
</tr>
<tr>
<td>Coleg Sir Gar</td>
<td>15,703,876</td>
<td>14,879,585</td>
<td>15,249,735</td>
<td>15,440,357</td>
</tr>
<tr>
<td>Coleg Ceredigion</td>
<td>3,862,066</td>
<td>3,754,651</td>
<td>3,860,005</td>
<td>3,908,255</td>
</tr>
<tr>
<td>Coleg Cambria</td>
<td>37,775,398</td>
<td>34,973,779</td>
<td>36,572,176</td>
<td>37,029,328</td>
</tr>
<tr>
<td>Cardiff &amp; Vale College</td>
<td>27,703,856</td>
<td>26,808,597</td>
<td>27,473,008</td>
<td>27,731,421</td>
</tr>
<tr>
<td>Coleg Gwent</td>
<td>40,083,535</td>
<td>37,925,382</td>
<td>39,084,226</td>
<td>39,572,779</td>
</tr>
<tr>
<td>Merthyr Tydfil College</td>
<td>8,787,600</td>
<td>8,332,001</td>
<td>7,952,689</td>
<td>8,052,098</td>
</tr>
<tr>
<td>Pembrokeshire College</td>
<td>10,320,160</td>
<td>9,513,667</td>
<td>9,704,973</td>
<td>10,109,385</td>
</tr>
<tr>
<td>Coleg y Cymoedd</td>
<td>29,903,403</td>
<td>27,445,282</td>
<td>28,741,701</td>
<td>29,100,972</td>
</tr>
<tr>
<td>St David’s Catholic College</td>
<td>5,175,922</td>
<td>5,041,348</td>
<td>5,091,655</td>
<td>5,155,301</td>
</tr>
<tr>
<td>Gower College Swansea</td>
<td>23,907,206</td>
<td>22,432,845</td>
<td>22,866,729</td>
<td>23,172,813</td>
</tr>
<tr>
<td>Grwp NPTC Group</td>
<td>25,809,514</td>
<td>24,126,832</td>
<td>24,593,326</td>
<td>24,900,743</td>
</tr>
<tr>
<td>Grwp Llandrillo Menai</td>
<td>41,630,096</td>
<td>39,439,803</td>
<td>40,419,681</td>
<td>40,924,927</td>
</tr>
<tr>
<td>YMCA</td>
<td>913,222</td>
<td>889,478</td>
<td></td>
<td></td>
</tr>
<tr>
<td>WEA Cymru</td>
<td>4,534,488</td>
<td>4,416,591</td>
<td></td>
<td>5,499,379</td>
</tr>
<tr>
<td>WEA YMCA</td>
<td></td>
<td></td>
<td></td>
<td>5,568,121</td>
</tr>
<tr>
<td>Total</td>
<td>292,578,297</td>
<td>275,089,558</td>
<td>282,651,770</td>
<td>286,383,018</td>
</tr>
</tbody>
</table>
Note: The YMCA Community College and WEA Cymru merged in 2015 and renamed itself Adult Learning Wales on 5 November 2016.

In a paper to the Children, Young People and Education Committee ahead of its draft budget scrutiny on 16 November 2017, the Cabinet Secretary for Education highlighted that in relation to FEIs:

- **recurrent funding for the sector decreased by £23.665 million** between 2013/14 and 2017/18, a reduction of 7.63 per cent in cash terms;

- **funding for part-time provision has fallen by almost 70 per cent** in real terms since 2013/14, reflecting the Welsh Government’s decision to prioritise its funding to support schools and young people;

- **provision for 16-18 year olds has been protected** within the allocations for FEIs; and

- allocations for FEIs for 2016/17 and 2017/18 include **one-off allocations of £796,000** to reflect growth in level 3 provision (A-level standard) for learners aged 16-19.

### Local authority sixth form allocations 2014-15 to 2017-18 financial years

The following table highlights the allocations for local authorities since 2014-15.

<table>
<thead>
<tr>
<th>Local authority sixth Form</th>
<th>2014-15</th>
<th>2015-16</th>
<th>2016-17</th>
<th>2017-18</th>
</tr>
</thead>
<tbody>
<tr>
<td>Isle of Anglesey</td>
<td>2,710,769</td>
<td>2,710,769</td>
<td>2,554,313</td>
<td>2,522,524</td>
</tr>
<tr>
<td>Gwynedd</td>
<td>3,027,083</td>
<td>3,147,753</td>
<td>3,256,673</td>
<td>3,386,897</td>
</tr>
<tr>
<td>Conwy</td>
<td>4,754,394</td>
<td>4,779,263</td>
<td>4,654,586</td>
<td>4,647,612</td>
</tr>
<tr>
<td>Denbighshire</td>
<td>4,050,921</td>
<td>3,978,526</td>
<td>3,731,730</td>
<td>3,957,923</td>
</tr>
<tr>
<td>Flintshire</td>
<td>5,935,454</td>
<td>5,786,420</td>
<td>5,011,629</td>
<td>4,756,182</td>
</tr>
<tr>
<td>Wrexham</td>
<td>1,587,725</td>
<td>1,453,851</td>
<td>1,366,215</td>
<td>1,338,194</td>
</tr>
<tr>
<td>Powys</td>
<td>5,881,996</td>
<td>5,545,850</td>
<td>5,097,666</td>
<td>4,911,215</td>
</tr>
<tr>
<td>Ceredigion</td>
<td>3,731,657</td>
<td>3,699,002</td>
<td>3,735,025</td>
<td>3,607,911</td>
</tr>
<tr>
<td>Pembrokeshire</td>
<td>5,019,237</td>
<td>4,909,952</td>
<td>4,547,350</td>
<td>3,898,036</td>
</tr>
<tr>
<td>Carmarthenshire</td>
<td>6,457,240</td>
<td>6,191,760</td>
<td>6,184,366</td>
<td>5,920,508</td>
</tr>
<tr>
<td>Swansea</td>
<td>5,656,665</td>
<td>5,542,985</td>
<td>5,520,493</td>
<td>5,748,745</td>
</tr>
<tr>
<td>Neath Port Talbot</td>
<td>1,342,464</td>
<td>1,410,417</td>
<td>1,341,011</td>
<td>1,376,279</td>
</tr>
<tr>
<td>Bridgend</td>
<td>6,307,160</td>
<td>6,501,858</td>
<td>6,330,584</td>
<td>6,291,012</td>
</tr>
<tr>
<td>The Vale of Glamorgan</td>
<td>6,780,646</td>
<td>6,587,394</td>
<td>6,406,391</td>
<td>6,060,309</td>
</tr>
<tr>
<td>Rhondda Cynon Taff</td>
<td>12,228,633</td>
<td>11,360,683</td>
<td>10,610,490</td>
<td>10,326,149</td>
</tr>
<tr>
<td>Merthyr Tydfil</td>
<td>405,766</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Caerphilly County</td>
<td>5,308,457</td>
<td>4,793,308</td>
<td>4,713,584</td>
<td>4,418,241</td>
</tr>
<tr>
<td>Blaenau Gwent</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Torfaen County</td>
<td>4,226,539</td>
<td>3,803,147</td>
<td>3,514,411</td>
<td>3,332,528</td>
</tr>
<tr>
<td>Monmouthshire</td>
<td>3,500,584</td>
<td>3,265,993</td>
<td>3,263,670</td>
<td>3,002,305</td>
</tr>
<tr>
<td>Newport</td>
<td>7,732,362</td>
<td>7,632,304</td>
<td>7,631,436</td>
<td>6,797,220</td>
</tr>
<tr>
<td>Cardiff</td>
<td>11,653,710</td>
<td>11,538,083</td>
<td>11,602,576</td>
<td>12,287,141</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>108,299,462</strong></td>
<td><strong>104,544,290</strong></td>
<td><strong>101,074,201</strong></td>
<td><strong>98,586,932</strong></td>
</tr>
</tbody>
</table>

Note: Some local authorities have merged all of their sixth forms into their local FEI, resulting there being no sixth form allocation in those authorities.
The Welsh Government’s indicative 2019-20 budget\(^1\) highlights that overall the post-16 education budget\(^2\) will be reduced by £9.827 million, through ‘a reduction to the schools sixth form budget’ as part of its ‘local government grants rationalisation exercise’. The Welsh Government reports that it

will work closely with the sector to ensure any efficiency has minimal impact on the choices offered, the quality of provision and the outcome for learners.

In March 2016, the Welsh Government published A Think Piece on the possible options for improving the performance and efficiency of sixth forms in Wales. This found, amongst other issues, that

There has been too little evaluation of the quality, outcomes, efficiency and cost effectiveness of provision…

The increased risk of cross-subsidisation from the rest of the school budget is strongly linked to the sustainment of small sixth forms. The impact of reductions in resources allocated to younger school pupils in these circumstances requires further assessment, as well as the long-term viability of this approach.

4. Welsh Government priorities for the future

Annual priorities

In November each year, local authorities and FEIs submit provisional delivery plans to the Welsh Government for the following delivery year. Alongside their provisional delivery plans, they also need to submit a response to ministerial priorities.

The Cabinet Secretary for Education set out her priorities for school sixth forms and the further education sector in 2017/18, in December 2016. These are to:

– meet and exceed International Standards;
– promote equality and equity;
– support jobs and growth; and
– maintain financial sustainability.

The Cabinet Secretary expects both sectors to continue to work collaboratively and to ensure that their students are ‘proactive and productive well rounded members of their communities’. Her letters to both sectors contain guidance on how the Welsh Government expects these priorities to be met.

The reform of the post-compulsory education and training (PCET) sector

The future of both sectors are likely to be heavily impacted by the Welsh Government’s intention to reform the post compulsory education and training (PCET) sector. The reforms are based on the findings of Professor Hazelkorn, published in the Towards 2030: A framework for building a world-

\(^1\) As found in its paper to the CYPE Committee as part of the 2018-19 draft budget scrutiny process.

\(^2\) Which encompasses funding for local authority sixth forms, Adult Community Learning (ACL), and Further Education Institutions (FEIs).
class post-compulsory education system for Wales report, published March 2016. One of the aims of the review was to tackle the

growing complexity of the post-compulsory education and training system. This includes further education, higher education, work-based learning and adult community education.

As a result of Professor Hazelkorn’s recommendations, the **Welsh Government proposes to establish** the Tertiary Education and Research Commission for Wales (The Commission). The Commission is intended to **provide oversight, strategic direction and leadership** for the post-compulsory education and training sector. As discussed in our article published on the Research Service blog on the next steps in the reform of the post 16 education sector (January 2018), the Welsh Government has yet to decide whether to include school sixth forms in the remit of The Commission.

Responding to **the initial consultation on its proposals to reform the PCET sector in Plenary on 5 December 2017**, the Cabinet Secretary reported that the **proposals have received broad support** and the implementation of them could lead to the

largest single piece of legislation that the National Assembly’s ever had to deal with… But it is my absolute intention and my sincere hope that we can get to the end of it before the Assembly term.

A technical consultation on the proposals is expected in early 2018.

**The review of systems for monitoring and improving the effectiveness of post-compulsory education in Wales**

On 29 September 2017, the Cabinet Secretary for Education announced the appointment of Professor Harvey Weingarten to undertake a ‘review of systems for monitoring and improving the effectiveness of post-compulsory education in Wales’. The Review’s terms of reference include, amongst other things, to

− consider the ways in which the activities and performance of the post-compulsory education sector are monitored and evaluated by Welsh Government and its agencies;

− consider the effectiveness of current arrangements for the monitoring of post-compulsory education in Wales judged by reference to other UK nations, relevant international comparators and research evidence; and

− consider whether there may be a need for legislation and new or reformed institutional arrangements to take forward future arrangements proposed in the light of this review.

The results of **the Review is due to be published in March 2018** and will feed into the wider PCET reform programme.