

For the 2015 Spending Review, the Chancellor George Osborne has asked departments to model two scenarios of 25 per cent or 40 per cent savings by 2019-20.

“HM Treasury is inviting government departments to set out plans for reductions to their

Resource budgets. In line with the approach taken in 2010, HM Treasury is asking departments to model two scenarios, of 25% and 40% savings in real terms, by 2019-20.”

*HM Treasury, Spending Review 2015, July 2015,*

[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/447101/a\\_country\\_that\\_lives\\_within\\_its\\_means.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/447101/a_country_that_lives_within_its_means.pdf)

Areas of the Department for Education’s resource budget that are wholly unprotected include the Early Years budget and the 16-19 education budget.

“Both Labour and the Liberal Democrats have committed to protecting the entire 3–19 education budget...The Conservatives have not made any commitments for education spending outside of the schools budget.”

*IFS, 15 April 2015, <http://election2015.ifs.org.uk/schools>*

Analysis from the House of Commons Library has revealed the extent of the cuts to each of these unprotected areas in the Department for Education, if we assume the savings are evenly distributed.

**Estimated savings from unprotected areas of the education budget**

	£bn 2015/16 prices		
	2014/15 in 2015/16 prices	25% savings	40% savings
Early years budget	2.9	0.73	1.16
16-19 education budget	7.6	1.90	3.04
<i>Of which:</i>			
<i>Further education and sixth forms</i>	6.5	1.63	2.60
<i>Apprenticeships</i>	0.8	0.20	0.32
<i>EMA and 16-19 bursary</i>	0.2	0.05	0.08
Other	5	1.25	2
Total estimated savings		3.88	6.20

Sources:

[HMT GDP Deflators, September 2015](#)

[IFS Schools Spending Report, Table 2.1](#)

This analysis shows that applying the 25 per cent model to the budget for further education and sixth forms for 2014/15 (expressed in 2015/16 prices) would save £1.625bn (expressed in 2015/16 prices).

Based on the number of sixth form colleges and further education colleges, the £1.625bn saving could be distributed proportionally in the following way:

	Number of colleges	% of total colleges	25% cut distributed proportionally
Sixth form colleges	93	27.8%	£451,119,403
General FE and Tertiary colleges *	242	72.2%	£1,173,880,597
	<b>335</b>		

\*Includes Art, Design and Performing Arts, Land-based, and Specialist Designated colleges.

Source: AoC, *Number of colleges in England, August 2015*,

<https://www.aoc.co.uk/sites/default/files/Number%20of%20colleges%20in%20England%20August%202015.jpg>

According to the House of Commons Library, the mean funding allocations for sixth form and further education colleges in 2014/15 (in 2015/16 prices), were £8.09 million and £14.63 million respectively. So an evenly distributed cut of 25 per cent to the further education and sixth forms budget, would be the equivalent of the total budgets of four in ten sixth form and further education colleges (over half of sixth form colleges and one third of further education colleges).

	Mean funding allocation 2014/15 (in 2015/16 prices)	25% cut expressed as a number of college budgets based on the mean funding allocation 2014/15 (in 2015/16 prices)	% of total colleges
Sixth form colleges	£8,091,000	56	60.6%
General FE and Tertiary colleges	£14,634,900	80	33.1%
		<b>136</b>	<b>40.6%</b>

Source: House of Commons Library, 24 September 2015

Education Funding Agency, *16 to 19 allocation data: 2014 to 2015 academic year*, 9 October 2014,

<https://www.gov.uk/government/publications/16-to-19-allocation-data-2014-to-2015-academic-year>

[HMT GDP Deflators, September 2015](#)

Last month the Government announced area reviews into post-16 education and training institutions, making clear their intention to close down some colleges.

“The reviews will focus on general further education (FE) and sixth form colleges, and I strongly urge every college to take part....

Overall, we need to move towards fewer, larger, more resilient and efficient colleges....

Given the challenging financial context, it is important that the reviews happen quickly so that implementation can begin as soon as possible. We expect the final reviews to be completed in March 2017. It is essential that area reviews consider the outcome of the spending review, because in many cases the status quo will not be an option if colleges are to live within their means.”

Nick Boles, Minister of State for Skills, 8 September 2015,

[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/459845/BIS-15-526-reviewing-post-16-education-and-training-institutions-guidance-on-area-reviews.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/459845/BIS-15-526-reviewing-post-16-education-and-training-institutions-guidance-on-area-reviews.pdf)

Over the last parliament, spending on 16-19 education fell by around 14 per cent in real terms<sup>[i]</sup> and many colleges are already reporting severe financial difficulties. Over 70 per cent of sixth form colleges have dropped courses as a result of funding cuts, and three quarters have dropped enrichment activities. Some 81% have increased class sizes to cope with the loss of funding.<sup>[ii]</sup>

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<sup>[i]</sup> *IFS, March 2015, <http://www.ifs.org.uk/uploads/publications/bns/BN168.pdf#page=5>*

<sup>[ii]</sup> *Sixth Form Colleges, August 2015,*

<http://www.sixthformcolleges.org/sites/default/files/110815%20SFCA%20Funding%20Impact%20Survey%20FINAL.pdf>