

NATIONAL

Colleges tire of 'warm words' but no extra funding to increase skill levels

Sector warns rising costs and static budgets risk staff cuts, course closures and bigger class sizes

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Business leaders and colleges have urged the government to back up its "warm words" on raising national skills levels with additional funding or risk hampering economic growth prospects.

In his Autumn Statement, Chancellor Jeremy Hunt spoke of the importance of education and the need to equip young people with the training needed to support a "modern economy".

The government pledged to increase school spending by £2.3bn in each of the next two years – an annual rise of 4 per cent. However, the further education sector received no additional money, prompting colleges to warn of staff cuts, course closures and larger class sizes.

As Rishi Sunak's administration seeks to reduce the national debt and plug the fiscal hole, estimated at about £50bn, experts have said a continued failure to invest in training will hold back productivity as the country enters recession.

Neglecting the training sector could also leave workers lacking the skills needed to meet the net zero emissions target, they argued.

"It's massively disappointing," said Darren Hankey, principal of Hartlepool College in north-east England, referring to the lack of fresh funding for the sector. In the past decade, he has often heard politicians pledging to support further education but this has rarely translated into cash.

"We've had nice warm words but

'There will be some colleges that can't pay their bills, possibly as early as April'

when it comes to fair, reasonable and sustained investment, it has not been evidenced," said Hankey.

Government investment in further education has fallen steadily over the past decade. Between 2010-11 and 2019-20, real terms per student spending dropped 14 per cent in England's colleges, according to the Institute for Fiscal Studies think-tank. For school sixth forms, this was 28 per cent.

The Department for Education said it had made a "significant investment", including an extra £1.6bn for 16-19 years training in 2024-5 compared with 2021-22. But with inflation at more than 11 per cent, and student numbers growing, college leaders say their budgets are being squeezed more than ever.

While education providers are practised at making scarce resources stretch, the Association of Colleges, which represents the sector, warned that rising costs would damage vocational training provision.



Hands-on learning: a class at Royal Leamington Spa College. Below, Warwickshire College Group's Angela Joyce
Andrew Fox/FT



In September, it forecast that the average college energy bill could rise from 2 per cent a year to 6-8 per cent of annual budgets, as the energy crisis continues, with these additional costs swallowing up potential skills funding.

Many institutions are already feeling the effects. David Hughes, AoC chief executive, said one college had switched to a four-day week in order to save money. He expected more would follow.

"There will be some colleges that can't pay their bills, possibly as early as April, they will have to shut more often," he said. "Some of them will not be financially viable any more."

At Warwickshire College Group, in the Midlands, chief executive Angela Joyce said it had become impossible to run a budget surplus, making investing in new courses a "real challenge".

This year, the association's recommended staff pay rise was only 2.5 per cent – a figure that college employers acknowledged made it difficult to retain teachers, which has made it harder to run certain courses, particularly in the subjects most in demand by employers.

The group wants to develop courses in electrification, replacing fossil fuels with cleaner electric technologies – skills that local automotive sector employers prize. But Joyce is worried that budgets are too tight to justify tak-

ing on the risk of running new classes. "You want to be doing what the economy needs you to do but financially it's really difficult," she said.

Paul Johnson, IFS director, said that further education had been "yet again ignored" in the Autumn Statement.

"They [colleges] have had a much harder time than schools since 2010 and this is where we need to do so much better to support young people and the economy," he tweeted following the chancellor's announcement.

Meanwhile, business is warning that a lack of technically trained staff is a sig-

14%
Real-terms drop in government spending per student between 2010-11 and 2019-20

76%
Proportion of businesses that say they have difficulty finding staff with the right skills

nificant problem. The British Chambers of Commerce, which represents local trade bodies, said skills shortages had reached "crisis point", with the number of vacancies now more than 1.2mn.

It said 76 per cent of businesses that had attempted to recruit new employees faced problems finding the right staff.

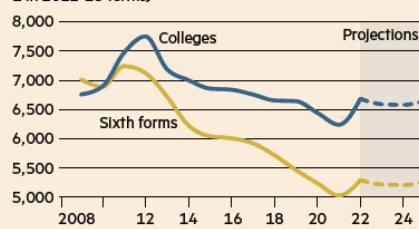
The prime minister has committed to raise technical skills, an area in which the UK lags behind many of its peer economies.

New education secretary Gillian Keegan, a former skills minister, has said the government's policies would "upskill, train and retrain" workers and help fill vacancies.

In the past three years, the government has introduced new technical-based "T-level" qualifications, free A-level equivalent qualifications for adults, and opened specialist technology institutes. It has also fostered partnerships between colleges and local employers.

Alex Veitch, director of policy at BCC, welcomed the government's focus on boosting skills but said the Autumn Statement was a "missed opportunity" to take action on key policies such as bringing older workers back into work and incentivising employers to invest in retraining.

Since 2010-11, there has been a decline in per-student spending across all types of higher education institutions in England
Annual spending per student (adjusted for inflation, £ in 2022-23 terms)



Source: IFS