

16 – 19 Funding Consultation

Case for change

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Schools White Paper

- “We are also committed to all young people staying on in education and training to age 18 and a simple post-16 funding system which is fair and transparent will underpin this commitment.”

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Wolf Review

- “Funding for full-time students age 16-18 should be on a per programme basis, with a given level of funding per student [adjusted] for differences in the content-related cost of courses, and for particular groups of high need students.”
- Students without Grade C English and maths should progress towards them post 16

A light blue arrow-shaped box pointing to the right, containing the text 'Purpose of funding formula review' in bold blue font.

Purpose of funding formula review

- To ensure the 16-19 funding formula better supports the Government's aims for transparency and fairness
- To respond to the social mobility agenda through options for an equivalent post-16 'premium'
- To support the reforms recommended in the Wolf Review

A clear set of principles will underpin the new system

Supports policy objectives

- Supports full participation in education and training up to age 18 by 2015 and continued drive to close the gap between rich and poor
- Removes risks of perverse incentives to 'pile up' qualifications and steer students onto easy courses

Fair

- Funding follows the learner based on lagged funding
- Where practical, the basic elements of the formula should be aligned with proposals for a fair funding formula pre-16

Simple and transparent

- The formula should contain as few variables as possible and the main users are able to understand how budgets are calculated
- Funding is based on inputs (currently guided learning hours) which recognise the cost of delivery, not outputs

Affordable

- Delivers change without additional costs over the SR period
- The formula should allow costs to be managed – no 'hidden' demand-driven elements

Avoids destabilising quality provision

- The changes should be managed carefully for example through transitional protection, to avoid destabilising quality provision

Some other key considerations

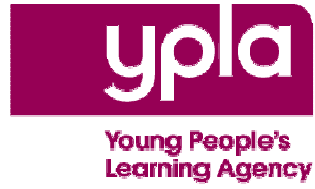
Data

- Impact on ILR and schools collections
- Other data requirements (eg success rates)

Audit

- Ensure no unintended consequences

| | |
|-------------|---|
| Autumn 2011 | Consultation with the sector |
| Spring 2012 | Decision on and announcement of the changes to be made |
| 2013/14 | Raising of the participation age to 17 |
| 2013/14 | Implementation of new funding formula for 16-19 providers |
| 2015/16 | Raising of the participation age to 18 |



Introducing simpler and more transparent funding for disadvantage

Option 1

Option 1: A single fund to recognise all forms of disadvantage that includes

- Funds currently allocated for disadvantage uplift and the proportion of ALS calculated on prior attainment in English and maths
- Allocated directly to providers on a single measure of deprivation
- Funds for meeting support needs resulting from any learning difficulty or disability up to £5,500 would be met by retaining a separate pot

Option 2

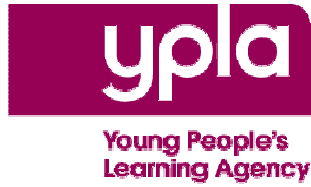
Option 2: A fund to address economic disadvantage only with a separate budget to address other support needs and low level LDD needs, very similar to current arrangements

- a fund allocated solely to address the needs of learners due to them being from low income households or other identified disadvantaged circumstances.
- It would be allocated directly to providers
- A second, separate budget would be allocated to address other learning support needs (which could, as at present, use GCSE points scores in English and maths as a proxy for identifying these needs) and low level LDD needs.

Option 3

Option 3: A fund to address general economic disadvantage only, with a separate budget to address low level LDD needs. Funding to address other learning support needs to be integrated into programme funding.

- This option would create a fund allocated solely to address the needs of learners due to them being from low income households or other identified circumstances, as in option 2 above.
- A separate budget would be allocated to address low level LDD needs.
- No separately identified budget to address more general educational disadvantage this element of the current ALS budget would be incorporated into programme funding and it would be for providers to use the enhanced programme funding for this purpose where appropriate.



Questions

- Which of these three options would you support?
- Do you have any comments on the three options or additional options that should be considered?

Options for calculating and allocating disadvantage funding

Mirror pre-16 eligibility

- to include pupils eligible for FSM in one of the last three years (known as FSM ever 3), or
- to include pupils eligible for FSM in one of the last six years (FSM ever 6).

Index of Multiple Deprivation

- The Index of Multiple Deprivation (IMD) is an indicator that shows the relative deprivation of small geographical areas, known as lower super output areas (LSOAs).

Income Deprivation Affecting Children Index (IDACI)

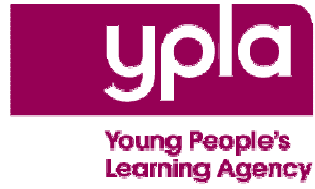
- IDACI is a sub-set of the IMD that focuses on the percentage of children under 16 that live in families that are income deprived (defined as household income below 60% of the national average before housing costs, and/or in receipt of certain benefits).
- It is also an area-based measure that would have the advantage of focusing the funds more closely on children in areas of general economic disadvantage.



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Questions

- Which of the three options for establishing eligibility for disadvantage funding would best reflect the Government's objectives?
- Do you have any comments on these three options or are there other alternative options that should be considered?
- Do you agree that the removal of the additional categories for funding purposes is a welcome simplification?
- If not, what is your case for recognising some or all of these categories for all provider types?
- Do you believe children in care and recent care leavers should attract additional funding, and if so why?
- Do you believe service children should attract additional funding, and if so why?



Simplifying participation funding

Wolf recommendation 11

'Funding for full time students age 16-19 should be on a programme basis, with a given level of funding per student. (This can and should be adjusted for differences in the content related cost of courses, and for particular groups of high-need students). The funding should follow the student'

Funding all full time learners at the same rate

- All full- time learners would be funded at the same rate, regardless of the actual size of their programme
- The level of funding would be appropriate for a substantial programme of learning
- Programmes would be uplifted by programme weightings.

Uplift to recognise larger programmes

- Option 2 would be very similar to option 1, but in addition would recognise that in some cases large programmes, both academic and vocational, are necessary to meet the aspirations and needs of some young people and therefore attract additional funding.
- 2a There could be two rates available for a full time learner: a rate for the majority of provision that reflects the historical average of delivery (as in option 1), with a second rate for a smaller number of learners on large programmes such as the International Baccalaureate, five A levels, and large vocational programmes.
- 2b There could be a weighting applied to the basic rate for larger programmes, to recognise the additional costs they incur.

Funding to recognise different programme sizes

- A basic full time programme which would include the basic entitlement. An example of programmes included might be level 1 and level 2 programmes and small A level programmes. Providers would have the flexibility to design each programme to include English and maths where considered appropriate.
- An enhanced full time programme to recognise delivery of programmes, that require more teaching time, for example 4 A levels and level 3 vocational programmes.
- A large full time programme as described in option 2, to include programmes for example 5/6 A levels and the International Baccalaureate and large vocational programmes.



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Part time programmes

| | Funding rate as a percentage of the basic full time rate | Number of learners in 2009/10 |
|------------------|--|-------------------------------|
| Part time rate 1 | 60% | 90,537 |
| Part time rate 2 | 30% | 66,737 |
| Part time rate 3 | 7.5% | 70,202 |



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Questions

- Do you agree that a single rate for all full time learners based upon historical average delivery is appropriate? If so, would you support an additional programme weighting for delivering the IB diploma?
 - If not do you believe that there should be recognition of larger programmes?
- If so do you support Option 2 or Option 3?
- For the large programme would you support a further rate or weighting as described for Option 2a and 2b.
- How can an upward drift to larger programmes in both options 2 and 3 be controlled so that the budget is not compromised or the unit of funding put under pressure?
- Do you agree with the proposal of applying a proportion of the basic full time programme funding for part time learners?
- Do you agree that it is appropriate to fund at three part time levels?
- Do you have any comments or alternative options to propose?



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Weightings for programme funding

| Current weighting | Future weighting |
|-------------------|------------------|
| 1.3 | Low |
| 1.4 | |
| 1.6 | Medium |
| 1.72 | |
| 1.92 | Specialist |



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Questions

- Do you agree we should merge the lowest two programme weightings into one?
- Would reducing the number of weightings for vocational programmes be a significant simplification?
- Do you think that the proposed weightings for programmes would appropriately reflect the relative delivery costs?

- Option 1: Continue to recognise success
- Option 2: Remove the success factor completely from the funding formula
- Option 3: Remove the achievement element, but keep the retention element
 - retention element calculated at programme component level
 - retention element calculated at learner level

- Which option would you support 1, 2, or 3 for recognising success within the funding formula?
- If you support option 3, at which level do you think retention should be applied (option 3a or 3b)?

Further simplification

- Area costs
 - retain the current uplifts, which align with the Skills Funding Agency uplifts, or
 - align with the proposed methodology for pre-16 school funding
 - Option 1: retain the current general labour market (GLM) approach.
 - Option 2: combine the GLM approach with the specific costs approach (SCA).
- Residential care standards
 - we propose that the residential element of funding is removed from the formula and is distributed directly to the providers that qualify.
- Short programme modifier
 - we propose to remove the short programme modifier from the formula.

Questions

- Would you support retaining the current methodology?
- Or would you support a change to using the same area costs methodology as for schools pre-16?
- Do you agree that the YPLA should stop using a short programme modifier?

Transitional protection

- Option 1 would be to implement all changes in 2013/14 with transitional protection for a three year period. We would supply each provider with an indication of what their individual position would be at the end of the three year period, to ensure providers can manage any reduction. We would apply a maximum limit to any reduction in funding per learner in the first year, with any balance being removed over the next two years.
- Option 2 would be to extend the period of transitional protection by applying a maximum limit to the change in funding per learner each year.

- Should transitional protection be applied across a fixed period of three years or extended across a longer period?
- Do you think that there should be phased implementation of the proposed changes?



How to Respond

Responses to be considered must be received by 4 January 2012.

Responses to the consultation can either be made:

- online: education.gov.uk/consultations
- by email: 16-19Funding.CONULTATION@education.gsi.gov.uk, or
- by post:
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Castle View House
Runcorn
Cheshire WA7 2GJ

The results of the consultation will be published in Spring 2012.