

16-19 Funding Formula Review Consultation

The Government's case for change:

- Commitment to all young people staying on in learning to age 18 by 2015 – with a simple post-16 funding system which is fair and transparent will underpin this commitment (Schools White Paper).
- Funding for full-time students age 16-18 should be on a per programme basis, with a given level of funding per learner [adjusted] for differences in the content-related cost of courses, and for particular groups of high need learner (Wolf).
- Learners without Grade C English and maths should progress towards them post 16 (Wolf).

Purpose of Funding 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 (consultation should be read in conjunction with the DoE consultation on 16-19 programme of study).

Timeframe

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

The LA's Response

- 1) The consultation is about the technicalities surrounding post-16 funding methodology. The LA is in a difficult position to respond, as it does not have the technical expertise to fully understand the unintended consequences on providers, provision and geographical locations of each option.
- 2) As a result, the LA backing one methodology over another might be construed as favouring a particular sector, provision offer or geographical location.
- 3) Urge all post-16 providers to respond.

Consultation Details

1) Clear Set of Principles will underpin the new funding system

- 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
- 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
- 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
- Delivers change without additional costs over the Spending Review period
- The formula should allow costs to be managed – no 'hidden' demand-driven elements
- The changes should be managed carefully for example through transitional protection, to avoid destabilising quality provision

2) Introducing simpler and more transparent funding for disadvantage

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: 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 use GCSE points scores in English and maths as a proxy for identifying these needs) and low level LDD needs.

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.

3) Options for calculating and allocating disadvantage funding

Option 1: Mirror pre-16 eligibility:

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

Option 2: 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).

Option 3: 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.

4) Simplifying participation funding

Option 1: 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.

Option 2: 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.

Option 3: 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.

5) Success Rates

- 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

6) Programme Weighting

- 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?

7) 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.

Responses

Responses must be received by 4 January 2012 either:

- online: education.gov.uk/consultations
- by email: 16-19Funding.CONULTATION@education.gsi.gov.uk, or
- by post:
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The results of the consultation will be published in Spring 2012.