

Committee:	Date:	Title of Report:
Westminster Schools Forum	4 th March 2013	16-19 Funding Formula Reform for 2013-14
Classification:		Information paper of:
For General Release		Interim Business Partner - Schools
Wards involved	All	
Policy context	The funding of the 16-19 formula and all EFA-funded provision for 16-19 year olds and students up to age 24 who have a Learning Difficulty Assessment (LDA) or Education, Health and Care Plan (EHCP). It does not cover Apprenticeship, provision funded by the European Social Fund or Youth Contract provision.	
Financial Summary	Schools Forum is asked to note the new 16-19 National Funding Formula that will be used to calculate revenue allocations for education and training provision, funded by the Education Funding Agency (EFA), for the academic year 2013-14 and beyond.	

1. Introduction:

This paper summarises the changes being implemented by the Education Funding Agency (EFA) which will come into effect from 1st August 2013. The changes will affect all schools, colleges and academies with Post-16 provision including those children with SEN.

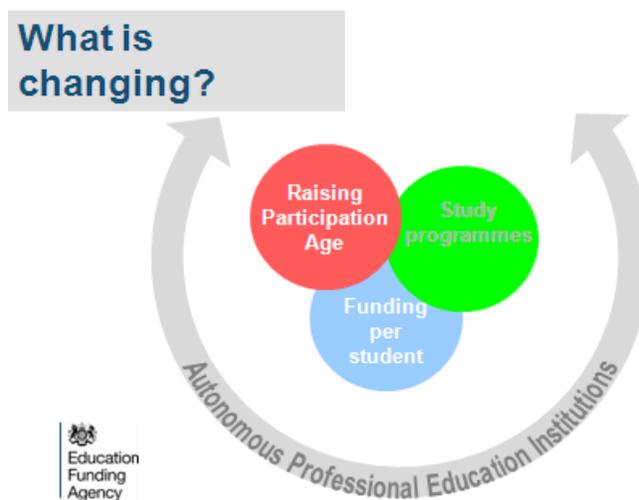
Secretary of State for Education said that the current system for 16-19 education prevents young people leaving with the qualifications they need for work and study and that the current system needs to be reformed so that all young people are given the best chance of going to higher education, getting good jobs and succeeding in life. *Study Programmes for 16-19 year olds* sets out how the introduction of study programmes for 16 to 19 year olds represents a much needed change to achieve the way education and training are provided so that more young people are ready to progress to further education or employment. To do this the current 16-19 funding methodology needs to be changed.

Presently schools and colleges are funded per qualification and per qualification passed. The more easy-to-pass qualifications students take, the more money schools and colleges receive. But these qualifications are often not valued by employers or universities. As a consequence funding 'per student' is introduced to ensure that schools and colleges make decisions about programmes of study

which are in the best interests of students. This will take effect from the 2013/14 allocations of funding.

Whilst these proposals may cause concern for institutions which offer a primarily academic programme of study, the commitment of schools, colleges and students to achieving academic excellence and entry to top universities remains. Ofqual is currently consulting on A level reform in England, looking at issues such as the involvement of Higher Education Institutions in the design of A levels, limiting resits and whether or not AS levels should continue. To protect institutions while discussions about academic qualifications are ongoing, no institution will see its funding per student fall as a result of these changes for at least three years.

2. Funding full participation and study programmes for young people



a. Raising Participation Age

The participation age will be raised to:

- For 16 year olds -end of the academic year in which they are 17 from Summer 2013
- For 17 year olds to their 18th birthday from Summer 2015
- Applies to all those resident in England
- Enforcement deferred

What counts as participation?

- full time education (school, college or independent provider for at least 540 hours)
- home education
- Apprenticeship
- full-time work including at least 280 hours of education

b. Study Programmes

What are Study Programmes?

- Applies to all 16-19 year olds

- Students will take **either academic programme or a substantial vocational qualification** recognised by employers – these must help them secure skilled work or a university place
- Where appropriate students will also take part in **work experience**
- Students who don't have GCSEs grade C in **English and maths** at 16 will continue to study these subjects
- Students who aren't able to study a substantial qualification will take a programme of work experience and continue to develop their numeracy and literacy skills

c. Funding per student

16-19 education was funded...Qualification by qualification

- Funding is unfit to support RPA
- Wolf found there to be perverse incentives which didn't help raise standards
- System is very complex and opaque

16-19 education will be funded...student by student

- Increased focus on providing the student with a holistic study programme which will get them into university or work
- All students receive same basic level of funding
- Enables and supports a simple and transparent funding system
- Subject to A level and GSE reform

d. Types of Providers affected

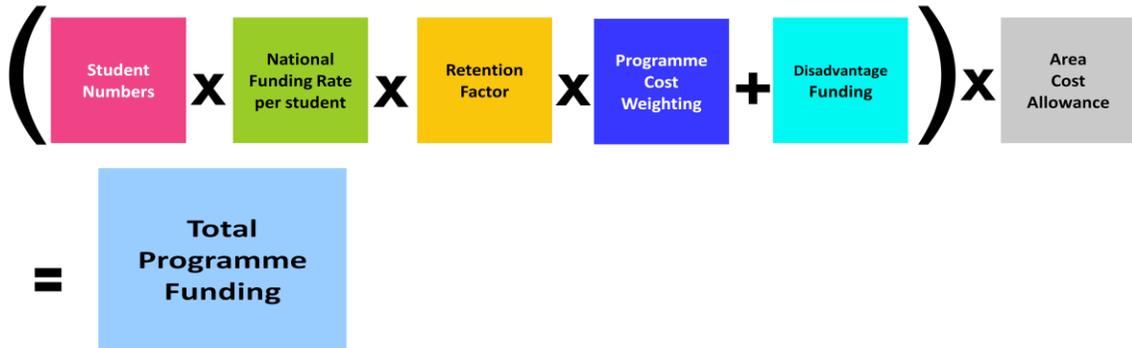
Independent Specialist Providers, Special Schools, Non-Maintained Special Schools will now be funded through the 16-19 National Funding Formula programme funding

3. What hasn't changed

- Academies, colleges, and providers will still get their funding from the Education Funding Agency
- Maintained schools – funding via the Local Authority
- Funding system that is based on the data returned in census for schools/academies or Individualised Learner Record (ILR) for colleges and other FE providers
- We still have a lagged student system...
what is delivered in the current year, is the basis for funding in the next year

4. Principles for funding from 2013-14

The new 16-19 funding formula



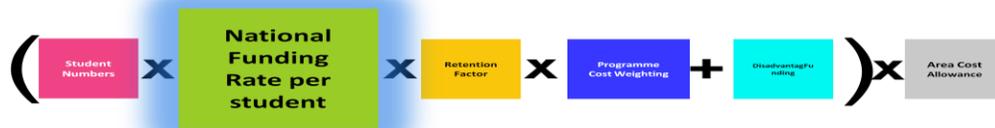
Student numbers



- Each student is counted once for the year
- All high needs students treated as full time
- Programmes should be planned to be around 600 hours or more – on average
- Students must participate for 540 hours to be deemed full time in future years
- Students must meet qualifying period of 6 weeks
- We will not fund programmes under 2 weeks

Student status	Hours required per year
Full time	540 +
Band 4	450-539
Band 3	360-449
Band 2	280-359
Band 1	up to 280

The National Funding Rate



- Single National Full Time funding rate per student expressed in £
- This is the final element of the formula fixed by the EFA. It depends on how much learning is taking place across the country and the budget.
- The rate used in this presentation for illustration only is £3,900
- The National Funding Rate for 2013/14 will be confirmed as part of the Spending Review decisions yet to be made

Part Time Funding Rates

- A Full Time rate based on circa 600 hours
- Three part time rates for bands 2,3,4
- Each funded at mid-point of the band
- For Band 4 (450-539 hours) we will for 13/14 fund at the FT rate
- Band 1 (below 280 hours) funded as a proportion of 600 hours i.e. 150 hours gets 25% of the National Full Time funding Rate

Student Number status	Hours funded at	Part time Rate
Full time	600	£3,900
Band 4	600	£3,900
Band 3	405	£2633
Band 2	320	£2080
Band 1	% of 600	% of £3,900

Retention Factor



- Success no longer used in funding, a retention factor is now used
- Applied at student level, not qualification level
- Retained means still studying a core aim on planned end date or leaves early and is recorded as completed the core aim
- For academic programmes – still studying one of the academic aims

- For vocational programmes still studying the core aim
- Retention FACTOR = half way point between Retention RATE and 100%

Number of students completed divide by Number of students started

Student Retention and funding	Funding
Leaves before qualifying period	0
Leaves before planned end and not recorded as completed	50%
Retained to planned end date and recorded as completed	100%
Leaves before planned end date and recorded as completed	100%

Programme Cost Weighting



- Recognition that some vocational subjects are more expensive to teach than others
- Applied to the student's whole programme
- Determined by the student's core aim i.e. A Levels or substantial vocational qualification
- All academic programmes attract just the base rate

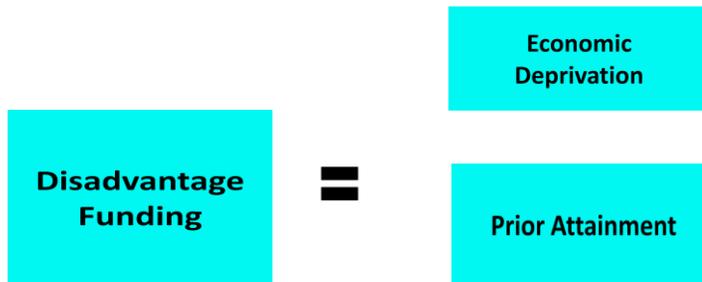
Cost Weighting Category	2012/13 average	Proposed 2013/14
Base	1.08	1.0
Medium	1.28	1.2
High	1.60	1.5
Specialist	1.72	1.6

Still under review- potential to change for 2013/14

Disadvantage Funding



- Recognises that some students require additional support to participate and achieve if we are to achieve full participation and improve attainment
- Principle is to create a single budget that institutions use as they see fit



Block 1: Economic Deprivation

- Based on student's home postcode
- Deprivation is calculated using Index of Multiple Deprivation 2010. This examines the student's home area based on: income; employment; health and disability; education, skills and training; housing and services; living environment; and crime
- Uplift is between 8.4% and 33.6%
- Care Leavers attract a standard uplift- rate

Block 2: Prior Attainment

- Acknowledges the additional cost of students who need extra learning support
- Based on student's achievement of GCSE English and maths at end of Year 11
- Funding rate used here for illustrative purposes is =£450
- **Should not assume these rates for 2013/14**

Example	Maths below grade C	English below grade C	Funding attracted per student (£)
Student 1	yes		*Rate x1
Student 2		yes	*Rate x1
Student 3	yes	yes	*Rate x2

Area Cost Allowance



- Reflects the cost of delivery in high cost local areas – remains unchanged
- EFA will continue to calculate this using the original post 16 methodology
- Applied to the whole participation formula (including all disadvantage)

Area	Uplift	Area	Uplift
Inner London	20%	Oxfordshire	7%
Outer London	12%	Essex (London fringe)	6%
Berkshire	12%	Kent (London fringe)	6%
Crawley	12%	Bedfordshire	3%
Surrey	12%	Hertfordshire (non-London fringe)	3%
Buckingham (London fringe)	10%	Cambridgeshire	2%
Hertfordshire (London fringe)	10%	Hampshire and Isle of Wight	2%
Buckinghamshire (non fringe)	7%	West Sussex non-fringe	1%

Protecting Funding Changes



2011/12 Transitional Protection Removal

The current transitional protection (TP) for the reduction in entitlement funding and achievement of fair funding will continue to be reduced by 3% of the historical funding per student per year or in 4 equal instalments, whichever is the greater until 2014/15. For clarity, this protection ceases in 2014/15 and none will be paid in 2015/16.

Formula Protection Funding

- Will be paid for at least three academic years until and including 2015/16, where the move to a basic funding rate per student would otherwise result in a reduction in funding per student.
- For shadow allocation calculated by comparing funding per student allocated for 2012/13 (excluding transitional protection) with funding per student for 2012/13

- The operation of formula protection funding for future years will depend on progress of Ministerial Working Group on the reforms for large programmes, A levels and GCSEs.
- Enables you to move on with curriculum reforms and simplification while final details are resolved
- For shadow allocations a 10% cap has been applied- no institution would gain by more than 10% funding per student

For example:

Funding per student at *St Nowhere College* is calculated at £4500 per student in 2012/13, the new methodology gives them £4000 per student

- FPF of £500/student is included in the 2012/13 shadow allocation
- For 2013/14 a similar calculation will be carried out using updated data, amount will vary with both volumes and data

High Needs Students

- This is funding for students with learning difficulties and/or disabilities and/or special educational needs with support costs above £6,000
- There's a system based on the same principles for all children and young people from ages 0 – 24
- It is called place plus – places are funded by the EFA and any additional top-up funding by the home local authority

There are three elements to High Needs Fund:

1. The place – EFA Funded

- **Element 1: Core Education funding**

This is the standard 16-19 Funding Formula as we have described – it is based on lagged student numbers – this aspect rolls on from year to year.

- **Element 2: Additional Education Support Funding**

This is the first £6,000 of additional support – numbers are calculated based on information provided by the local authority about the number of places it is going to commission from each institution and the EFA adds £6,000 for each place to the allocation – completing the place funding.

2. The Plus – Top up Funding – LA Funded

- **Element 3: Top up Funding**

Any funding the individual requires above the first two elements is negotiated and agreed with the student's home LA

Student Support Funding

Which includes

- Bursaries to support participation and attainment
- Residential Bursary Funds

Not included in the shadow allocation

- Care to Learn
- Dance and Drama Awards

Residential Care Standards Funding Care Standards Funding

- Funding to contribute to the costs of the standards required for residential provision to meet the care standards legislation
- This is included in the shadow allocation and will be payable on exactly the same basis as now but shown in cash not a factor
 - £12,252 per institution plus
 - £817 per student

EXAMPLE USING 10 HIGH NEEDS STUDENTS

Formula Element	Example	Shown in formula as
Student Numbers	10 X Full Time Students	10 Students
National Funding Rate per Student	Figure used for illustration is £3,900	£3,900
Retention	Average retention factor for SSFs is used which implies 98% of students are retained	0.99
Programme Weighting	Average programme weighting for SSFs is	1.036
Disadvantage Funding (Block 1 EdF)	Average Disadvantage Factor for SSF is	Plus 3.60%
Disadvantage Funding (Block 2 Prior Attainment)	We have assumed all High Needs Students require this uplift for maths and English	2 x £450 = £900 per student
Area Cost Uplift	Assume none applies	£0
Funding for bursaries	If applicable – included here	£0
High Needs Element 2	£6,000 per student	£6,000 per student

Formula Element	Formula	Worked example
Student Numbers	10 X Full Time Students	Based on 10 Students
National Funding Rate per Student	£3,900	£39,000
Retention	X 0.996 = £3,861 per student	£38,610
Programme Weighting	X 1.036 = £4,000 per student	£40,000
Disadvantage Funding (Block 1 EdF)	£40,000 X 3.60% = £14,400	£14,400
Disadvantage Funding (Block 2 Prior Attainment)	1 X £450 per student	£450
Area Cost Uplift	X0	£0
Bursary Funds	If applicable	£0
Element 2 for High Needs	10 X £6,000	£60,000
Total		£110,440

Clarification from the EFA as to how the three elements of funding will be applied to Post-16 High Needs in Special Schools

Introduction

In the 2013-14 Financial Year the first 4 months (April to July) are treated differently from the remaining 8 months through to March 2014.

April to July 2013

For this period all non-maintained special schools, including Free Schools and Academies will receive a base funding allocation of £3,333 per planned place. This will be paid directly by the EFA.

All maintained special schools will be funded by local authorities from the DSG for this period. The methodology and amounts will be determined by the local authority in accordance with the School and Early Years Finance (England) Regulations 2012. These require that all schools receive funding per place of £10,000 for the full year.

In all cases any top-up funding above this base allocation will be agreed with and funded by the local authority.

August 2013 to March 2014

EFA Allocations

The majority of post-16 institutions will receive a base funding allocation from the EFA which is calculated in exactly the same way. Each will receive:

- **Element 1** – the value of the post-16 national funding formula which is £4,977 per annum on average.
- **Element 2** – in addition where the LA has notified that they wish to commission high needs places from that institution the EFA will allocate a further £6,000 per annum for additional support costs per place.

This base funding will flow to institutions:

- through the local authority for those schools maintained by that authority in the same way as it does now for maintained school sixth forms outside special schools. This base funding will not be included in the local authority's final DSG allocation; and
- direct from the EFA for those institutions which are not maintained by a local authority such as non-maintained special schools, Free Schools, Studio Schools and Academies.

Exceptions to an allocation from the EFA will be:

- Independent schools
- Non- English institutions (with the exceptions of independent specialist providers currently contracting with the EFA)
- Pre-16 only institutions (including Academies)
- Pupil referral units
- Newly registered providers with less than 10 high needs students, as notified by the EFA to LAs

These institutions will not receive an allocation from the EFA and the LA will need to fully fund any HNS placed with these institutions.

Element 3 –Top-up funding

Any further top-up funding required above this level will be negotiated with and provided by the student's home local authority. Funds provided by the local authority for element 3 (top up funding) or where the authority is meeting the full cost of the place will flow directly from the home authority's high needs budget to the institution.

Non-Maintained Special Schools and Special Academies

As will apply to maintained special schools under the regulations, we have given an undertaking that the level of base funding for the 2013-14 financial year for each non-maintained school and special Academy will not be less than the £10,000 per place for a full year for the number of places for which they are being funded in the period April-July 2013.

Recommendations:

Members of Westminster Schools Forum are asked to note the changes that are being implemented for 16 -19 Funding Formula for 2013-14 and the potential implications it will have for schools, colleges and academies.

Yoke O'Brien
March 2013