



18 March 2014

Dear colleague

Funding for academic year 2014 to 2015 for students aged 16 to 19 and high needs students aged 16 to 25

Further to my letter of 10 December 2013¹, I am writing to provide an update on the funding of education and training for young people by the Education Funding Agency in the academic year 2014 to 2015 (2014/15). I would be grateful if you would share this with members of your management team and governing body as appropriate.

This letter covers:

- Student numbers and funding rates;
- Mathematics and English;
- Traineeships;
- Work experience;
- Free meals for disadvantaged students;
- Discretionary bursaries;
- Bursaries for students in vulnerable groups;
- High needs students;
- Allocations process; and
- Communicating with you.

Further information on 16-18 Apprenticeships will be set out in the Skills Funding Agency's final Funding Statements, which will be issued next week.

Student numbers and funding rates

Nationally we will fund places for 1.54 million young people in the academic year 2014/15, including around 240,000 Apprenticeship places. This is a slight increase on the numbers in 2013/14 despite a decrease of around 16,000 in

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https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/264707/Peter_Mucklow_Letter_to_sector_December_13.pdf

the total cohort of 16-18 year-olds. The total planned budget for participation is £7,180 million. These volumes will keep us on track to provide a place for all young people who want to participate and to enable 16 year-olds to meet their new duty to participate in education or training.

The national funding rate for full-time 16 and 17 year-olds will be maintained in 2014/15 at £4,000. In line with the approach set out in my December letter the national funding rate for full-time 18 year-olds will be reduced to £3,300. There will be no change to the funding rate of £480 for students qualifying for Block 2 disadvantage funding. There will be no changes to part-time rates or to programme weightings.

To cushion the impact on the institutions most affected by the reduction in funding rates for full-time 18 year-olds, Ministers have agreed to apply a one-year cap to the losses for institutions who would have lost more than 2% of their EFA programme funding as a result of this change. In 2014/15 no institution will lose more from the rate reduction for 18 year-olds than 2% of its EFA programme funding. We will apply this cap in the funding allocations for 2014/15, which will be communicated to institutions by the end of this month.

Mathematics and English

In August 2014, the 16-19 study programme requirement that students should continue to study mathematics and English if they did not achieve a GCSE grade C in these subjects by the age of 16 will become a condition of funding. This requirement has been introduced because of the very significant barriers students who do not achieve mathematics and English qualifications face in progressing to employment, training or further study.

All students starting a new study programme in 2014/15 and beyond who do not have a grade C in these subjects and are not enrolled on either a GCSE or an approved alternative qualification² which is a stepping stone towards GCSE will be removed from lagged student numbers for 2016/17 and will therefore not generate any funding in that academic year.

There will be a very small number of students who are not able to take a GCSE or a stepping stone qualification. However there is no blanket exemption for high needs students. High needs students should, if they can, take a GCSE or stepping stone qualification. If this is not possible you should, as the responsible institution, deliver appropriate mathematics and English. This might take any form, such as budgeting and communications, but you should be prepared to justify your choice and decision to auditors and Ofsted inspectors on an individual basis.

In May, we will issue a report based on the final 2012/13 student data to show institutions which of their students would not have met the condition of funding had it been in place for the 2012/13 year, and the impact that would have had on their future funding.

² iGCSE, Functional Skills, free standing maths qualification or ESOL

Traineeships

It remains a priority to expand opportunities to take up programmes based on high quality work experience and mathematics and English for young people who need this to progress into further study, Apprenticeships or jobs with training. Where institutions are achieving exceptional in-year growth in their overall student numbers and Traineeships are contributing towards this increase we will take this into account in considering exceptional cases for in-year growth funding in 2014/15.

In partnership with the Skills Funding Agency, we have published a [refreshed list of providers offering Traineeships](#). This provides information to anyone wanting to know what's available in their area, including employers and Jobcentre Plus advisors.

Work experience

We strongly encourage work experience as part of study programmes. We have received a number of questions and concerns about the eligibility for funding of various types of work experience in different contexts, and how these hours should be recorded on the Individualised Learner Record (ILR). Following recent discussions with representative bodies, Ofsted and policy colleagues within the Department of Education, we will shortly issue a note providing further information and clarity on this issue.

Free meals for disadvantaged students

We will shortly publish guidance to institutions and additional funding allocations for 2014/15 to enable colleges and other post-16 institutions to offer from this autumn a free meal to disadvantaged students. Currently these students are only entitled to a free meal if they attend a school sixth form. The guidance will set out which students are eligible and how to identify them.

The requirement to provide free meals will apply to the following institutions where they have eligible students:

- general further education colleges, including specialist colleges;
- sixth form colleges;
- commercial and charitable providers;
- higher education institutions with 16 to 19 funding from the EFA;
- independent specialist providers;
- local authorities and FE institutions directly funded for 16 to 19 year olds;
- 16 to 18 traineeship providers funded by the Skills Funding Agency;
- institutions with funding from the European Social Fund; and

- 16-19 academies and 16-19 free schools.

Institutions will need to make provision for free meals to eligible students for each day that the student attends their study programme. The meal should be provided free of charge to eligible students, or funded via an electronic credit or a voucher that can be redeemed on-site or off-site where institutions have made arrangements with nearby food outlets.

Institutions will need to consider what arrangements they plan to put in place to make a free meal available to eligible students.

Discretionary bursaries

We have now published on gov.uk a response to the 2013 consultation on options for changing the allocations methodology for discretionary bursaries.

Ministers have decided not to proceed with the option proposed in the consultation document because of the high level of volatility that would result in funding for individual institutions. Therefore, in order to provide stability in financial support for students in all post-16 institutions, there will be no change to the bursary allocation methodology in 2014/15 and 2015/16.

We recognise that the current method of allocating discretionary bursary funds remains in need of reform and remain committed to identifying a sustainable and equitable approach that has the support of post-16 institutions. We will work with representative bodies to consider the findings from the independent 16 to 19 bursary evaluation which will report in 2015.

Bursaries for students in vulnerable groups

As in 2013/14, funding for institutions for bursaries for young people in nationally defined vulnerable groups will be held centrally so institutions can draw this down as needed. Institutions should not meet the costs of bursaries for students in vulnerable groups from their discretionary bursary fund. The discretionary bursary fund is free for institutions to use to assist other disadvantaged students to participate.

High needs students

We have reviewed local authority submissions for the academic year 2014/15 on the number of places they expect to commission for high needs students and the institutions from which they expect to commission them. We have also reviewed the cases put forward by institutions to change these figures. For 2014/15, we are planning to fund 39,000 post-16 places. We have now issued revised student place numbers to local authorities and adjusted, where appropriate, their allocations of the High Needs Block of the Dedicated Schools Grant from the indicative allocations of this Block which we published in December 2013. This contributes to the top-up or Element 3 funding local authorities provide to institutions for the high needs places that local

authorities commission. By the end of March we will issue to institutions revised place numbers and final allocations of place funding for their numbers.

The academic year 2014/15 will be the second year of the new funding and commissioning arrangements for high needs students. To improve the experience for students and their parents it is vital that the commissioning arrangements work better this year. We recommend that all local authority decisions on placements for students they already know about are made by 31 May, with contracts between local authorities and institutions signed by 30 June. Students should start their programmes by 30 September with first payments of top-up funding made by local authorities to institutions by 31 October. To provide greater clarity on the main aspects of the commissioning process and to support discussions on top-up or Element 3 funding between local authorities and institutions, we will update our [Additional Information Document](#) for the 2014/15 academic year in April.

For the academic year 2015/16 we want high needs students to benefit from the new rights and arrangements set out in the Children and Families Act 2014. We therefore aim further to simplify funding arrangements so that local authorities and institutions can focus more on student needs. We will want to utilise the latest available data from the Schools Census and the ILR and we will provide more detail on how this will affect the process for funding allocations for 2015/16 in due course. Therefore it will be important for institutions to record accurately this year the number of high needs students where top up funding has been agreed with local authorities for 2013/14. We will communicate clear messages on how this should be done in April through the e-bulletin and the DfE website.

Allocations process 2014/15

We will issue to each institution a statement of its funding allocation for 2014/15 by the end of this month.

Institutions must submit any business cases relating to exceptional issues affecting their allocations by 30 April. Exceptional issues likely to be considered at this stage will normally relate to major data issues affecting student numbers or any other elements of the allocation where there has not previously been an opportunity to raise a business case. We will not normally consider cases at this stage for any issues that were covered in the earlier student number statements or funding statements sent to you and for which an opportunity has already been provided to you to make a case. For any institution that has a business case agreed, a revised allocation will be issued in May.

Communicating with you

We know that when you contact us you want a response as quickly as possible and one which engages with and addresses the point you are raising, even if we cannot give you the answer you would like. We have therefore launched new standards and stronger quality assurance for our

responses to your enquiries made by e-mail to our mailboxes (see the annex for our contact details). For more information on what you can expect from this service, please see our [Customer Charter](#).

We will also make it easier for you to find the information you need, without having to contact us. We have introduced dedicated pages on the website for our [charitable and commercial providers](#), and on [high needs students](#) for both local authorities and institutions. As we move our web pages over to the cross-Government "GOV.UK" site, we will expand this approach to provide dedicated pages for sixth form colleges, general further education colleges, and local authorities, by September.

We recently published a [film and two webinars](#), which provided an update on 16-19 funding methodology and allocations process for the 2014/15 academic year for colleges, commercial and charitable providers, schools and local authorities. We will make more use of online digital material in the future to provide additional, supporting information.

Further information on all this will be available in our e-Bulletin.

Yours faithfully

A handwritten signature in black ink, appearing to read 'P. Mucklow', with a horizontal line underneath it.

Peter Mucklow
National Director for Young People
Education Funding Agency

Annex - Contact details

LAs, schools, colleges and other (non-academy) providers should use the following email addresses to contact the EFA:

- Northern territory (North West, North East and Yorkshire and Humberside)
YPNorthern.efa@education.gsi.gov.uk
- Southern territory (South East, East of England and London)
YPSouthern.EFA@education.gsi.gov.uk
- Central & south west territory (South West, West Midlands and East Midlands)
YPCentralSW.EFA@education.gsi.gov.uk

Academies should use the following email address to contact the EFA:

- Academy.QUESTIONS@education.gsi.gov.uk