



16-19 Allocation Statement 2013/14 – March 2013

Explanatory note: further education institutions

Introduction

This explanatory note sets out the background details behind the figures in your 16-19 Allocation Statement for the 2013/14 academic year.

Purpose

The figures in the statement are your final funding allocation, which under normal circumstances will not be changed.

The EFA reserves the right to reduce or withdraw your allocation at any stage should issues arise through audit or other processes which significantly affect the underlying data or any other issue in relation to contract compliance, or if we believe that by making an allocation we will be putting public funds at risk.

Should you have any queries then please raise these with us as soon as possible and at the latest by Friday 26 April 2013.

Institutions should send queries to the relevant EFA 16-19 territory mailbox:

ypeastern.EFA@education.gsi.gov.uk

ypsouthern.EFA@education.gsi.gov.uk

ypwestern.EFA@education.gsi.gov.uk

ypnorthern.EFA@education.gsi.gov.uk

Policy implementation 2013/14

In December we published the [Update on the 16-19 Funding Formula 2013/14](#).¹ This document describes the new funding per student funding methodology for 16-19 year olds which will be in place for 2013/14. The methodology also covers all 19-24 year olds who have a Learning Difficulty Assessment (LDA) or an Education and Health Care Plan (EHCP). This new methodology fulfils the Government's commitment to a simple, fair and transparent funding methodology to underpin the raising of the participation age to 17 in September 2013 and to 18 in September 2015, and the introduction of study programmes. The allocation statement reflects the structure of the new methodology and uses the terms and definitions described in the December document, and should therefore be read in conjunction with it.

In relation to delivery for 2013/14, institutions should also refer to the EFA funding guidance for 2013/14, which will be published on the DfE website from April.

¹ media.education.gov.uk/assets/files/pdf/u/16-19%20funding%20formula%202013_14%20final.pdf

Changes and decisions since January statement

At the end of January, the EFA issued Student Number Statements which confirmed the key funding elements to be used to calculate final 2013/14 allocations.

Institutions were able to raise any issues or concerns about the data being used. The EFA has considered any issues raised and we have taken these into account where appropriate in your allocation statement. In particular we have updated the student numbers for commercial and charitable providers and for some colleges to reflect the R06 ILR return.

We have also identified three common data issues which can affect historic student numbers and/or the proportions of students in full time/part time bands. The issues are:

1. reduced guided learning hours (GLH) due to excluded transfer aims (ILR),
2. inflated guided learning hours (GLH) for GCE A level learning aims (school census), and
3. missing students from the annual school census (school census).

Full details (including any corrective action taken) have been published on the DfE website:

media.education.gov.uk/assets/files/docx/c/correction%20of%20data%20prior%20to%20allocation%20statements.docx.

Where providers have historically delivered short courses which are no longer funded under the methodology for 2013/14, we have reviewed the impact for those with substantial numbers of students on such courses and in some cases have mitigated the effect through additional transitional protection (TP) funding in two ways.

- Firstly, where institutions were receiving historical TP, and this was falling more than expected as a result of the reduction in short course student numbers on top of the reduction in the TP per student, we have adjusted the TP per student to provide some mitigation of the impact.
- Secondly, where institutions were seeing a large overall drop in funding mainly as a result of the changes in relation to short courses, and the impact of the short course withdrawal appeared disproportionate (ie it was not sufficiently offset by an increase in the funding per student), we have exceptionally put in place an overall increase in TP funding to provide some mitigation for one year only.

We have previously increased programme size for commercial and charitable providers (CCPs) to reflect the push towards delivering an increased programme size in readiness for RPA. This approach will continue for those CCPs who increased their SLN ratio during the last full academic year and will be reflected within the 2013/14 allocation, and will be subject to the normal rules of reconciliation. All other CCPs not meeting this criterion will see no increase at this stage.

National funding rates

The national funding rates have been confirmed as:

Band	Category	Annual timetabled hours	National funding rate per student	Block 2 disadvantage rate (per instance)
	Full time	540+ hours	£4,000	£480
4	Part time	450 to 539 hours	£4,000 (for allocations only) ²	£480
3	Part time	360 to 449 hours	£2,700	£292
2	Part time	280 to 359 hours	£2,133	£292
1	Part time	Up to 279 hours	£4,000/FTE	£480/FTE

Formula protection funding

Formula protection funding shields institutions from significant decreases in funding per student that result from the changes to the funding formula.

Where an institution would receive less funding per student in 2013/14 than they did in their allocation for 2012/13 (including low level ALS, but excluding high level ALS and transitional protection from changes introduced in 2011/12), the balance will be paid as formula protection funding.

For CCPs funded under contract, formula protection funding has been calculated using data on actual delivery from 2011/12 rather than the allocation for 2012/13. This reflects the nature of the allocations and reconciliation process for these providers.

High needs students

The new 'place plus funding' system for those students with high needs is being introduced for 2013/14. The system is described in the [Update on the 16-19 Funding Formula 2013/14](#), paragraphs 108 to 113.

All students that attract funding will receive their core education funding in the same way, therefore the number of high needs students that will attract element 1 of the new system is included within this statement.

Table 5 shows the number of students that will be treated as high needs and therefore attract the £6,000 element 2 payment. This is the number of places local authorities have told the EFA they expect to commission from you in 2013/14.

Funding of students age 19-24 by the EFA/SFA

From August 2013 the EFA will only fund students aged 19-24 if they have a current LDA or an EHCP. The Skills Funding Agency is responsible for securing education for

² To reflect the changes in the definition of full-time, this band is treated as the equivalent of full-time for the purposes of allocations for 2013/14

individuals aged 19 years, but under 25 without a LDA or EHCP. Institutions are reminded that they will need to liaise with local authorities to ensure that either an LDA or an EHCP is in place for any student age 19-24, for whom they wish to claim EFA funding before the 2013/14 academic year starts.

This is a change from current funding arrangements for these students, as eligibility is currently based on the student having high needs, as indicated by the need for additional learning support (ALS) funding above £5,500. For 2013/14 the EFA will continue to fund any high needs students currently in learning regardless of whether they have a LDA or EHCP until the expected end date on the individualised learner record (ILR) or 31st July 2014, whichever is the sooner.

In 2013/14, the EFA will continue to pass funds (as set out above) in relation to any high needs student (HNS) currently in learning, regardless of whether they are subject to a LDA, until their expected end dates on their individualised learner record (ILR) or 31st July 2014 whichever date is sooner. A HNS is defined as a student who requires £6,000 or more of additional learning support.

16-19 Bursary Fund

In 2013/14, institutions will receive 16-19 Bursary Fund allocations for discretionary bursaries only. The funding for vulnerable student bursaries will be held centrally by the Learner Support Service. Institutions will draw down the funding on demand, whenever they need it, throughout the academic year. This will enable institutions to plan their discretionary schemes earlier for the 2013/14 academic year and with much greater confidence, because institutions' allocations will not come under pressure to pay unforeseen vulnerable student bursaries later in the year.

Only those students in one of the defined vulnerable groups, or those experiencing the greatest financial disadvantages and/or course-related costs, should be supported using the 16-19 Bursary Fund. Students' individual needs should be assessed on this basis for discretionary bursaries and awarded an appropriate level of financial support.

16-19 Bursary Fund – discretionary bursaries only

For the majority of institutions, the 16-19 Bursary Fund allocations for discretionary bursaries in 2013/14 have been calculated based on the number of students in 2009/10 who were in receipt of EMA at £30 per week as a percentage of the 2010/11 allocated student numbers. This percentage has been applied to institutions' 2013/14 student numbers and multiplied by the average rate of £287.89 (based on the overall budget available and number of students to be funded) to give the allocation for the institution.

Where an institution had no EMA students in 2009/10, or where the provision was new in 2011/12 or later, allocations have been based on, or include, 36% of the institution's 2013/14 allocated student numbers.

Where providers delivered short/summer courses in 2010/11, and where there were substantial numbers on these courses, we have taken account of the reduction in short/summer courses by removing 50% of the respective 2010/11 allocated student

numbers before applying the calculation based on the percentage of those in receipt of EMA at £30 per week in 2009/10.

Providers that are currently delivering GAPs, zero-funded or Apprenticeship pilot provision have already been allocated 16-19 Bursary Funding in relation to this delivery in 2012/13; including where it has been agreed that the contracted delivery will extend into the 2013/14 academic year. Any provider that is awarded a new contract to deliver this provision in 2013/14, or moves on to mainstream funding as a result of successfully fulfilling the terms of their current contract, will have 16-19 Bursary Funding attached to that new 2013/14 delivery at a later date.

In the longer term we will develop a new methodology for calculating discretionary bursary allocations as the EMA data is becoming out of date. We have started to investigate this but want to spend more time consulting with the sector and will be launching a consultation shortly so we can introduce a new methodology for 2014/15.

A minimum allocation amount of £500 has been applied.

16-19 Bursary Fund - For local authorities only

Local authorities are still required to passport 16-19 Bursary Funds to maintained schools and those providers with high needs students within their area that appear on the LA summary and to those institutions that appear on the annex C.

16-19 Bursary Fund - For independent specialist providers (ISPs) only

The allocations for EFA-funded independent specialist providers (ISPs) that cater for learners with learning difficulties and disabilities include an additional amount of funding to enable them to pay discretionary bursaries to any students aged 19-24 with a Learning Difficulty Assessment (LDA).

ISPs should note that students aged 19-24 are eligible for discretionary bursaries only. ISPs should therefore not claim vulnerable student bursaries in respect of these students from the Learner Support Service.

Please note that the payment schedule for the 16-19 Bursary Fund in 2013/14 will remain: two-thirds paid in August 2013, and the remaining third paid in April 2014.

Residential bursaries

Where appropriate, a residential bursary fund (RBF) allocation will be made to institutions for 2013/14. In 2012/13, RBF allocations were set at the same level as in 2011/12, reflecting that a review of the future arrangements for residential support was underway at that time. Although there will be no change to arrangements in 2013/14 we have conducted a detailed review of each institution's spend against allocation for 2010/11 and 2011/12 to establish the historical pattern. The work identified a number of institutions with either consistent RBF under- or overspends as well as some with more complex fluctuations. This data has been used in 2013/14 to set allocations that better reflect actual activity at each institution.

Annex A

16-19 Allocation Statement 2013/14 – detailed notes

Title	Comments
Programme funding formula	
2013/14 student numbers	This is from the student number statement sent out in January 2013, unless you have made a successful business case for a different number.
National funding rate per student	As set out in table 1.
Retention factor	$\text{Retention rate} = \frac{\text{retained students}}{\text{funding valid students}}$ $\text{Retention factor} = 50\% + (\text{retention rate} \div 2)$ Calculated from R15 data for 2011/12.
Programme cost weighting	The programme cost weighting used is the average for your institution, and has been weighted by the funded hours for each student. Programme cost weighting is based on the sector subject area (SSA) classification for each student's core aim. Calculated from R15 data for 2011/12.
Disadvantage	As set out in table 2.
Area cost	Some areas of the country are more expensive to teach in than others, and the area cost weights the allocation to reflect this. The area cost is normally based on your institution's address, except for a small number of institutions which deliver provision in different locations where it is based on the delivery postcodes for that provision.
Table 1: Breakdown of funding for full time/part time bands	
Proportion of students in each band	The proportion of students in each band expressed as a percentage of the total number of students. Calculated from R15 data for 2011/12 (taking into account business case amendments).
2013/14 number of funded students by band	The number of students funded in 2013/14, calculated by: $2013/14 \text{ student numbers} \times \text{proportion of students in band}$
National funding rate	The base amount of funding for each student in the band. The funding rates for part time students are derived from the full time rate, proportioned according to the midpoint of the hours range.
Student funding	$\text{Number of students (or the number of FTEs in 1.6)} \times \text{national funding rate}$

Table 2: Breakdown of disadvantage funding	
Disadvantage block 1	
2.1 Economic deprivation factor	The student's home postcode and the Index of Multiple Deprivation (IMD) 2010 are used. The factor is an average across the whole institution, weighted by the funded hours for each student. Calculated from R15 data for 2011/12.
2.2 Care leavers	The number of eligible students based on the 2011/12 end of year 16-19 Bursary Fund data return in autumn 2012, at a rate of £480 per student.
2.3 Total block 1	The total of funding for economic deprivation and care leavers.
Disadvantage block 2	
2.4 Total 2013/14 instances attracting funding	The proportion of students that did not have GCSE maths and/or English based on the Young People's Matched Administrative Dataset (YPMAD). The factor is based on the number of instances when a student does not have at least a C grade in GCSE maths or English at the end of year 11. A student without a C in maths and English counts as 2 instances, a student without a C in either maths or English counts as 1 instance and a student with Cs (or above) in both counts as 0 instances. Where no data are available for an institution, the average factor for that type of institution has been used. <i>Number of funded instances (2013/14) = instances attracting funding per student (2.4) x 2013/14 student numbers</i>
2.5 to 2.8 Instances attracting the full time/part-time/FTE rate	The total number of instances in box 2.4 are then split between the full-time and part-time bands according to the proportions in table 1. <i>Number of funded instances in each band x block 2 funding rate = block 2 funding</i>
2.9 Total block 2 funding	Total of funding for students in all bands.
2.10 Minimum top up if applicable	If the total disadvantage funding (block 1 + block 2) for an institution is less than £6,000, disadvantage funding will be topped up to £6,000.
2.11 Total disadvantage funding	The total of block 1, block 2, and the minimum top-up.
Table 3: Breakdown of formula protection funding and increase capping	
3.1 2012/13 funding per student (excluding ongoing TP from 2010/11)	<i>Total funding in 2012/13 for 16-19 and 19-24 (excluding transitional protection and high cost ALS) ÷ 2012/13 funded students</i> As set out in your 2012/13 16-19 allocation statement.
3.2 2013/14 funding per student (excluding ongoing TP from 2010/11)	<i>Total formula funding ÷ 2013/14 student numbers</i> (Total students is the 2013/14 funded number of students, as in 1.7)
3.3 Funding formula protection funding per student	If the funding per student has decreased from 2012/13 to 2013/14: <i>2012/13 funding per student - 2013/14 funding per student</i> If the funding per student has increased, this line will show £0.

3.4 Funding formula increase cap per student	If a cap has been applied to increases in funding per student, that will be shown here.
3.5 Total formula protection funding	<i>2013/14 student numbers x funding formula protection per student (3.3)</i>
Table 4: Transitional protection funding	
4.1 2012/13 transitional protection per student	Transitional protection per student amount as shown in your 2012/13 allocation statement.
4.2 Reduction for 2013/14	The amount by which the 2012/13 transitional protection per student is reducing. This is based on the reduction in 2012/13.
4.3 2013/14 transitional protection per student	<i>2012/13 transitional protection per student (4.1) - reduction to transitional protection for 2012/13 (per student) (4.2) = transitional protection per student in 2013/14 (minimum of zero)</i>
4.4 Total transitional protection	<i>2013/14 transitional protection per student rate (4.3) x 2013/14 student numbers</i> This figure will also include any additional transitional protection on top of the per student rate for those institutions where this is applicable in relation to short courses
Table 5: Other funding	
5.1 High needs element 2	<i>Total number of high needs students x rate per student (£6,000) = funding</i>
5.2 Care Standards	Care Standards funding is paid as a lump sum of £12,252 per institution, plus £817 per eligible Care Standards student for those institutions eligible for this funding.
Table 6: Student support funding	
6.1 16-19 Bursary Fund - discretionary	This number of students is based on the 2013/14 student numbers.
Percentage applied	The percentage applied is the number of students in 2009/10 in receipt of EMA at £30 per week as a percentage of 2010/11 funded numbers. Where the provision was new in 2011/12 or later, the percentage used is 36% (the national average percentage of students claiming £30 per week in 2009/10). This percentage is multiplied by the 2013/14 student numbers to determine the number of bursary funded students attracting the standard funding rate.
Standard funding rate	This is the average rate (based on the overall budget available and number of students to be funded) that has been used to calculate the total funding.
Funding	<i>2013/14 student numbers x percentage applied x funding rate</i> The average rate is multiplied by the number of bursary funded students (rounded to the nearest pound). A minimum allocation of £500 has been applied. For local authorities this funding amount will also include where necessary the funding for annex C providers.
6.2 Residential Bursary Fund (RBF)	This is the total funding allocation for the 16-18 Residential Bursary Fund (RBF).