



Education
Funding
Agency

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Funding for academic year 2015 to 2016 for students aged 16 to 19 and high needs students aged 16 to 25

I am writing to provide information on the funding of education and training for young people by the Education Funding Agency (EFA) in the academic year 2015 to 2016 (2015/16). I would be grateful if you would share this with members of your management team and governing body as appropriate.

This letter covers:

- National funding formula and funding rates
- Institutional planning and the allocations timeline 2015/16
- Formula protection funding
- Maths and English condition of funding
- Large programme uplift 2016/17
- Study programmes
- High needs students
- Traineeships
- Discretionary bursaries
- Free meals for disadvantaged students in FE
- New sixth forms at existing schools

National funding formula and funding rates

There will be no additional changes to the funding factors within the national funding formula for 2015/16. We hope to provide stability in funding rates for 2015/16. We plan to confirm the national funding rate in January 2015, informed by final data on academic year 2013 to 2014 (2013/14) student numbers and early data on 2014 to 2015 academic year (2014/15) student numbers. However, we can confirm now that the funding rates for disadvantaged students without GCSE Grade C or above in English or mathematics are unchanged at £480 per subject for full time students and the equivalent reduced rates for part time students.

In 2014/15 we implemented a reduction in funding for 18-year olds (other than those with high needs) on full time programmes and provided some short-term protection for the change in that year. The reduction in funding for 18-year-olds will continue to apply in 2015/16 and there will be no further transitional protection applied. Transitional protection

from the Spending Review 2010 decisions to equalise school sixth form funding with other institutions and to reduce funding for enrichment also comes to an end in 2014/15 and so will not apply in 2015/16.

Institutional planning for 2015/16 and the allocations timeline

In planning their offer to young people for 2015/16 institutions will wish to take into account the information in this letter, their financial health and cost pressures, and the wider local environment including the continued demographic downturn across England in numbers of 16 year olds.

We recognise the importance of early information on funding to allow institutions to plan effectively. We are planning this year to bring forward the notification of allocations to institutions to February 2015 wherever possible. The main exceptions are likely to be commercial and charitable providers (CCPs) and any other FE institutions where allocations are based on R06 data received by EFA in February, where the allocations will be sent out in early March. This means that any business cases (excluding high needs) for changes to funding due to exceptional circumstances will be dealt with in March/April 2015 after allocations have been issued.

For further detail on allocations and the timetable, please see annex 1. This includes details of the thresholds that we will apply to business cases. Accurate and timely data is essential to your revenue allocation and we therefore also include a detailed explanation of which data collections we will use and for what purpose in the annex.

Formula protection funding

Formula protection funding (FPF) is allocated to those institutions where the changes to the funding formula in 2013/14 would have resulted in a reduction in their funding per student compared with academic year 2012 to 2013 (2012/13). It is available for the 3 years up to and including 2015/16.

In 2015/16, FPF will potentially be available to those institutions that were paid it in 2013/14, and the main comparison made will be to the level of formula funding and FPF received in that year. The detailed approach for 2015/16 is shown in the charts in annex 2.

Maths and English condition of funding

From August 2014, it became a condition of funding that all full time students aged 16 to 19 (and up to age 25 for high needs students) without an A*-C in either maths or English need to continue to study those subjects.

The same condition applies for 2015/16. In addition, Ministers have decided that all full time students enrolling on a 16 to 19 study programme in 2015/16 with a grade D in maths and/or English GCSE must be enrolled on a GCSE course in that subject. Students with a grade D who are not enrolled on GCSE courses will not generate any funding in the 2017 to 2018 academic year. Part time students including those on Traineeships must still be

working towards a GCSE grade C, and can still study stepping stone qualifications if that is most appropriate for them.

[An explanatory guide](#) containing further information on which qualifications meet the condition of funding and which students are exempt and how to record them can be found at GOV.UK.

Large programme uplift 2016/17

Following the introduction of funding per student in 2013/14, further work was undertaken to look at the case for additional funding for large study programmes.

Ministers have decided that when Formula Protection Funding ends from 2016/17, increased programme funding will apply to a number of study programmes:

- 10% uplift to the base rate for study programmes of 4 A levels and 20% for study programmes of 5 A levels where the student passes 4 or 5 A levels respectively at grade B;
- 20% uplift to the base rate for the full level 3 International Baccalaureate where the student achieves 28 points;
- 10% uplift to the base rate for Technical Baccalaureate programmes that are the equivalent of four A levels in size, and 20% for those that are the size of the full level 3 International Baccalaureate or larger, on the basis of qualifications passed. When the new Tech Level and Core Maths grading requirements come into effect this will also be taken into account. Details about programmes [which meet the Technical Baccalaureate performance measure](#) requirements are available on GOV.UK.

As part of these changes ministers have also agreed an increase to the uplift for specialist land-based provision from 1.6 to 1.75 which will also be implemented from 2016/17.

Full details for the implementation of the large programme uplift will be included on GOV.UK when these have been determined, following discussion with representative bodies.

Study programmes

We continue to monitor the impact on the programmes offered to students of the introduction of funding per student from 2013/14. We have used early data from the school census and the Individualised Learner Record (ILR) for 2013/14. The data shows increased numbers of students studying English and Maths, full time programmes, and substantial vocational qualifications, in line with recommendations of the Wolf review. Through data and audit visits we are monitoring closely the recording of planned hours, and the appropriate use of non-qualification hours for high quality enrichment activity.

We have also undertaken closer monitoring of sub-contracted provision in 2013/14. This has shown that there is some high quality sub-contracted provision for students but also that some is not study programme compliant. Before entering into such arrangements and before students are recruited for 2015/16 institutions will need to assure themselves that

they and their proposed sub-contractors can comply with the current controls guidance for study programmes. We will issue a refresh of the controls guidance for 2015/16 before the end of December 2014.

High needs students

We are simplifying the process for allocating numbers of places to institutions for high needs students (students aged 16 to 19 and students aged 19 to 24 with an Education, Health and Care plan or Learning Difficulty Assessment) for 2015/16. We are using the place numbers allocated to institutions in 2014/15 as the basis for allocating place numbers in 2015/16, with a process for considering exceptional cases which is now underway.

[Published guidance](#) on this can be found on GOV.UK. We plan to make final allocations of Dedicated Schools Grant (DSG) High Needs Block funding for financial year 2015 to 2016 to local authorities in December rather than, as last year, in March. These changes will give earlier certainty to institutions and local authorities on place funding and the amount of top-up funding available. This should enable earlier decisions on placing students, taking account of their new rights to name a preferred post-16 institution as introduced by the Children and Families Act 2014.

For 2016/17, we are considering whether we can move to a lagged system for allocating high needs place funding which will provide simplicity and certainty for institutions. It is vital, therefore, that institutions record accurate and timely data on high needs students in 2014/15 in accordance with published ILR and census guidance.

The allocation of other elements of high needs funding to local authorities through the DSG is based largely on historical levels of expenditure in each area. It would be desirable to move to a formulaic basis for distributing this funding in the future. We have therefore commissioned the Isos Partnership to carry out some research on the reasons for historical differences in the level of expenditure between local authorities, and on formulaic approaches that would enable us to move in this direction in future years.

Traineeships

We expect continued growth in numbers of 16 to 18 year olds in Traineeships in 2015/16 as the programme becomes established. We will continue active communication with institutions providing Traineeships to ensure that, wherever possible, funding supports the growth of the programme. We will monitor data to see how institutions' intentions to deliver are reflected in performance. As the key outcome for participants is progression it is important that institutions capture the outcomes for individuals leaving Traineeships (Apprenticeship starts, jobs, further learning). Institutions should prepare for these being published in future. The government will set out shortly its response to the recent consultation on the Traineeships funding methodology for 2015/16.

Discretionary bursaries

There will be no change to the funding methodology for discretionary bursaries in 2015/16. We recognise that the current methodology remains in need of reform and are committed

to identifying a sustainable and equitable approach that has the support of post-16 institutions.

Free meals for disadvantaged students in FE

We plan to allocate free meals funding to FE institutions for 2015/16 based on their R04 data returns on the numbers of students they have assessed as eligible and funded for free meals in 2014/15. Institutions will therefore wish to ensure their R04 data is accurate and supported by evidence. If we assess R04 data as too unreliable, we will use a combination of R06 data and an updated version of the data source we used for 2014/15 allocations i.e. matching data from the Young People's Matched Administrative Dataset with the Free School Meals at age 15 data. This would mean allocations by end-March, rather than end-February as planned under the R04 option. No change is planned in the £2.41 rate.

New sixth forms at existing schools

The decision making responsibility for the extension of age range by adding a sixth form at existing schools and academies rests with local authorities for maintained schools and Regional Schools Commissioners (RSCs) for academies. Ministers have decided that they expect all future proposals for new sixth forms at existing schools to be considered only from those schools which have been assessed as good or outstanding by Ofsted. The DfE will be amending the guidance to local authorities to set out this expectation and will be advising RSCs through an update to their decision making framework.

Yours faithfully

A handwritten signature in black ink, appearing to read 'P. Mucklow', is written over a horizontal line.

Peter Mucklow

National Director for Young People

Education Funding Agency

Annex 1 – Allocations Process

Allocations timeline 2015/16

Month	Activity
October	<ul style="list-style-type: none"> Local authorities (LAs), special post-16 institutions and non-maintained special schools confirm any exceptional cases for changes to the allocations of high needs places for 2015/16 (17th) ILR R14 deadline (24th) – final return for 2013/14 School census return date (29th)
November	<ul style="list-style-type: none"> High needs students : transitional protection for specialist provision (2014/15) - templates issued to eligible institutions
December	<ul style="list-style-type: none"> ILR R04 deadline (4th) – first EFA return for 2014/15 EFA informs FE institutions of funding factors for 2015/16 based on ILR data for 2013/14 Outcome of exceptional cases process for high needs confirmed to local authorities and institutions High needs budgets confirmed to LAs LAs and institutions inform EFA of any infrastructure changes for 2015/16
January 2015	<ul style="list-style-type: none"> EFA informs FE colleges of the student number count from their autumn R04 ILR return EFA informs schools and academies of their funding factors and lagged student numbers for 2015/16 based on the autumn census EFA confirms final 2015/16 high needs place numbers EFA confirms final national budget, student numbers and funding rates
February	<ul style="list-style-type: none"> ILR R06 deadline (5th) EFA sends out allocations including high needs place numbers, to all institutions as final data is available
March	<ul style="list-style-type: none"> EFA sends allocations to institutions where lagged numbers are based on R06 Deadline for institutions to return any business cases in relation to exceptional circumstances affecting their allocation, excluding high needs
April	<ul style="list-style-type: none"> EFA reviews business cases and informs institutions of the outcomes Institutions to declare their planning figures for Traineeships to the EFA

Business case thresholds

We fund post-16 education and training for over 3,000 institutions each year and to do so we rely on the data provided by institutions in the school census and the ILR being accurate. By exception, the EFA will consider evidenced and credible business cases from institutions where there has been a major error in the data returned by the institution via the school census or the ILR. In order to apply this facility consistently, we will apply standard minimum thresholds to decide whether we will consider a case, as shown below:

- for cases affecting lagged student numbers, 5% of students or a minimum of 50 students, whichever is lower;
- for cases affecting the full time/part time split and other funding factors including programme cost weightings, retention and disadvantage funding, an overall impact of 5% on total funding or £250,000, whichever is lower; and
- for other cases not covered above, we will review the cases individually

Data sources

The data sources we propose to use in calculating 2015/16 funding allocations are detailed in the tables below:

Table 1: Data sources for student numbers

Institution Type	Method of determining number of students attracting funding
Schools Academies Free Schools Studio Schools University technical colleges	Lagged numbers based on 2014/15 student numbers in autumn 2014 census Some academies are funded on estimated numbers where their funding agreement states this
FE colleges	The starting point is the count of valid students with a census date of 1 November 2014 based on R04 for 2014/15. This is multiplied by the ratio of 1 November to all-year student numbers based on the R06 return for 2013/14 and the final R14 return for that year We will also compare this figure with the student numbers calculated from R06, both the year-to-date figure and the number recruited by 1 November. Where there is a significant increase or decrease in student numbers we may revise the allocation accordingly. This could result in

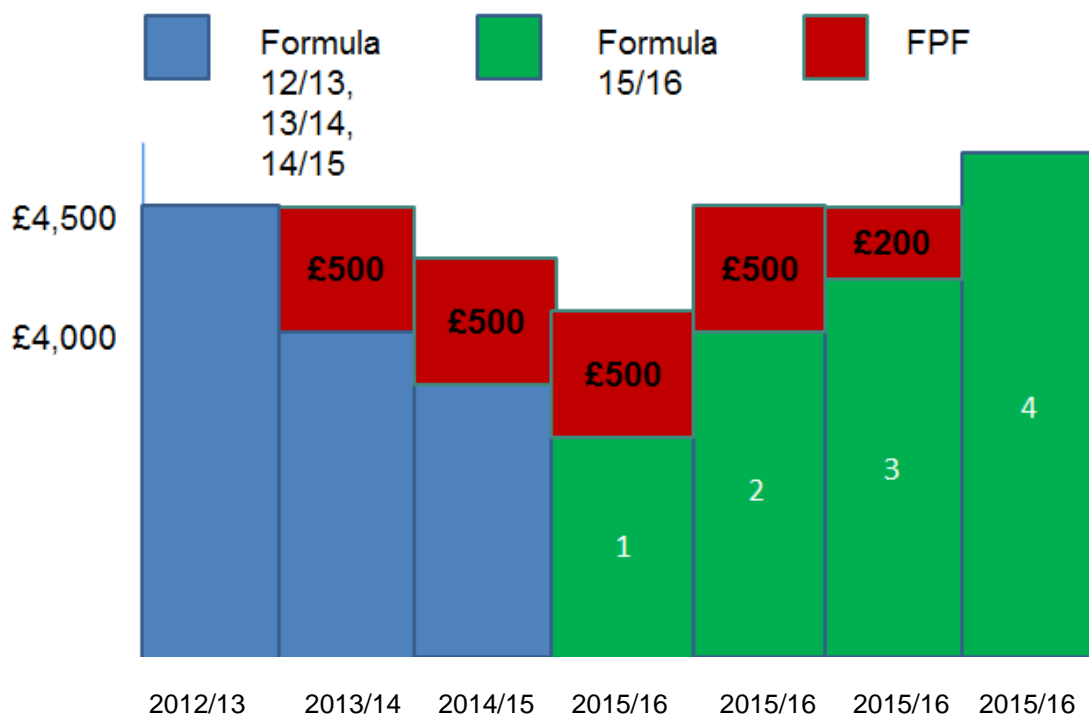
Institution Type	Method of determining number of students attracting funding
	a delay to the issuing of allocations for the institutions involved.
CCPs Some LAs	We are currently reviewing the approach used for calculating lagged student numbers for CCPs now that we have data based on the new formula. We will confirm to providers the approach by the end of November.
Higher education institutions (HEIs) Most LAs Some other FE	Where use of in-year data is not appropriate, the full year figure will be used based on: <ul style="list-style-type: none"> • R14 (2013/14) or HESA data for 2013/14
MSS NMSS Special academies Special Free Schools	Published 2015/16 academic year high needs place numbers, updated to reflect outcomes of the high needs exceptional case process
Special Post 16 Institutions	The higher of: <ul style="list-style-type: none"> • the published 2015/16 academic year high needs place numbers, updated to reflect outcomes of the high needs exceptional case process; or • the count of valid students with a census date of 1 November 2014 based on R04 for 2014/15, multiplied by the ratio of 1 November to all-year student numbers based on the R06 return for 2013/14 and the final R14 return for that year
New institutions	<ul style="list-style-type: none"> • Year 1 – starting point 1/3 of capacity; any variation from this would require a business case by February 2015 • Year 2 – double the actual recruitment in year 1 (2014/15 Autumn Census/R04) • Year 3 – institution is funded on lagged numbers

Table 2: Data sources for formula elements

				Disadvantage funding	
Institution type	Size of programme	Retention factor	Programme cost weighting	Block 1 factor	Block 2 instances
Institutions making ILR return	R14 2013/14				2012/13 Young People's matched admin data set (YPMAD)
Institutions making census return	Autumn census 2014 (whole-year 2013/14 data)				
Institutions making HESA return	HESA 2013/14				Average for HEIs making ILR returns
NMSS MSS Special academies Special Free Schools	Not applicable – funded at £10,000 per place for Element 1 and 2				
Special Post 16 Institutions	We will confirm our approach in December 2014 once we have assessed the quality of the data returned in the 2013/14 ILR R14.				
Institutions with no historical data	National average for institution type			LA average for institution type	National average for institution type

Annex 2 – Formula Protection Funding - example scenarios

(1) Formula funding in 2014/15 was less than in 2013/14

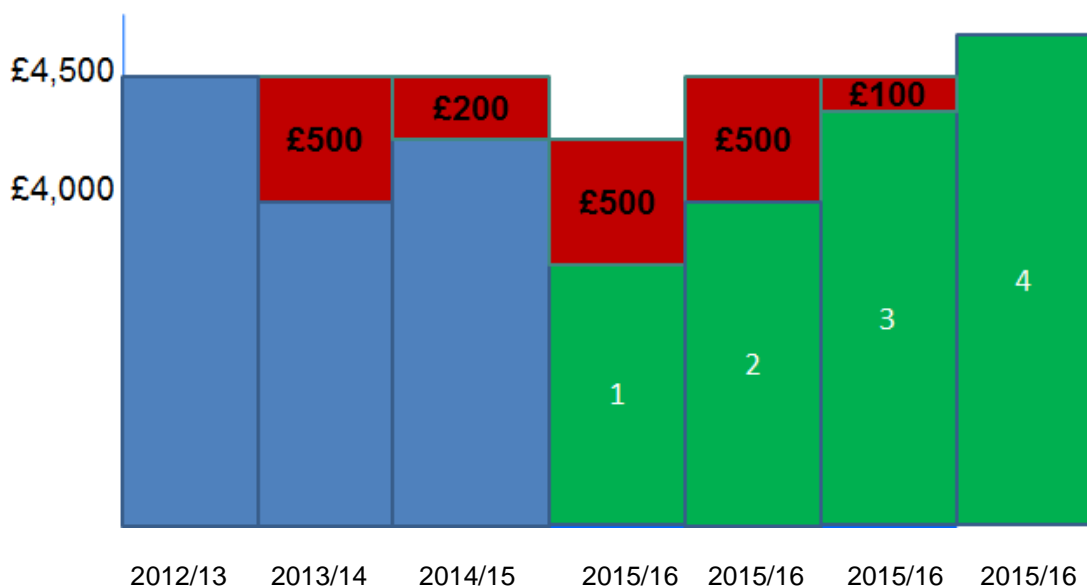


2014/15 Formula earned was less than 2013/14, so same FPF

2015/16

1. Formula is less than both 2013/14 and 2014/15 – FPF stays the same as 2014/15
2. Formula is the same as 2013/14, FPF is also the same as 2013/14
3. Formula greater than both 2013/14 and 2014/15, so less FPF
4. Formula greater than both 2013/14 and 2014/15 and above the 2012/13 level, so no FPF

2) Formula funding in 2014/15 was greater than in 2013/14

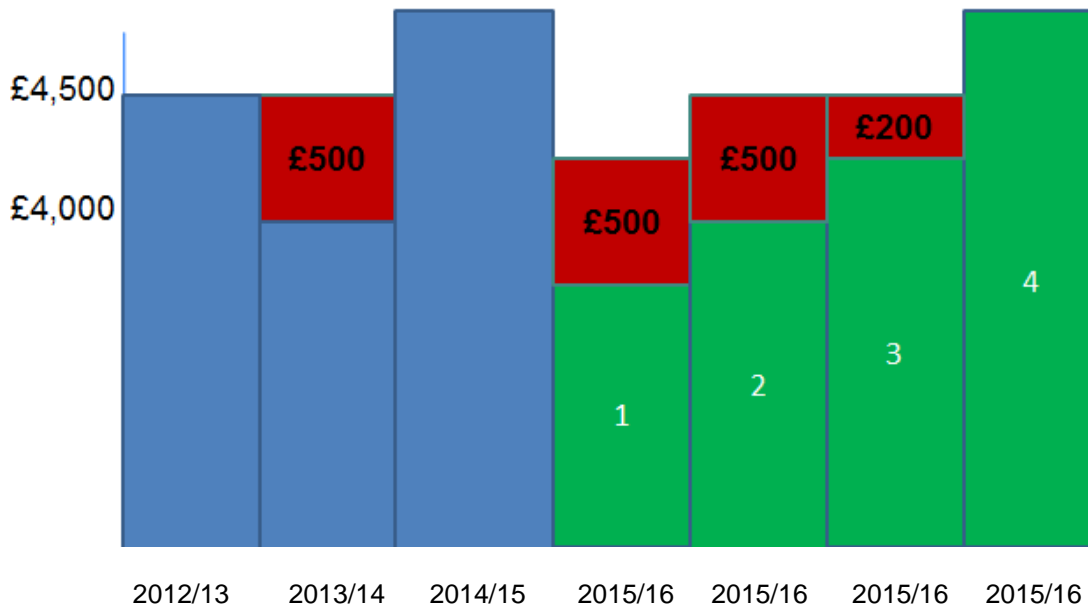


2014/15 Formula earned was greater than in 2013/14, so less FPF

2015/16

1. Formula is less than both 2013/14 and 2014/15, so FPF is the same as 2013/14
2. Formula is the same as 2013/14, FPF is also the same as 2013/14
3. Formula greater than both 2013/14 and 2014/15, so FPF is less, making the total funding per student equal to the 2013/14 figure
4. Formula is greater than both 2013/14 and 2014/15 and above the 2012/13 level so no FPF

(3) Formula funding in 2014/15 was greater than in 2012/13



2014/15 Formula earned was greater than in 2012/13, so no FPF

2015/16

1. Formula is less than both 2013/14 and 2014/15, so FPF is the same as 2013/14
2. Formula is the same as 2013/14, FPF is also the same as 2013/14
3. Formula is greater than 2013/14, so FPF is less than in 2013/14 to bring the funding per student to the 2013/14 figure
4. Formula is greater than 2013/14 and above the 2012/13 level, so no FPF