



Department  
for Education

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**Consultation on the method used to  
allocate the discretionary element of the  
16-19 Bursary Fund to providers**

# Consultation on the method used to allocate the discretionary element of the 16-19 Bursary Fund to providers

The current method used to allocate discretionary bursary funding to providers, based on data from 2009/10, is becoming out of date. The Government has therefore decided to introduce a new method from 2014/15. The proposed approach is to use the number of students previously eligible for the Pupil Premium to estimate disadvantage. The Government also plans to attach an extra weight to disadvantaged students who live in rural areas to reflect the higher transport costs incurred by those students. This consultation seeks the views of providers, Local Authorities, representative bodies and other interested parties on this planned approach.

**To** School Sixth Forms (including special schools), Further Education Colleges (including Independent Special Providers), Sixth Form Colleges, Local Authorities, 16-19 Training Organisations, Independent Learning Providers, Representative Bodies.

**Issued** 16 May 2013

**Enquiries To** If your enquiry is related to the policy content of the consultation you can contact the Department on 0370 000 2288

e-mail: [BursaryFund.CONSULTATION@education.gsi.gov.uk](mailto:BursaryFund.CONSULTATION@education.gsi.gov.uk)

## Contact Details

If your enquiry is related to the DfE e-consultation website or the consultation process in general, you can contact the Ministerial and Public Communications Division by e-mail: [consultation.unit@education.gsi.gov.uk](mailto:consultation.unit@education.gsi.gov.uk) or by telephone: 0370 000 2288 or via the Department's '[Contact Us](#)' page.

# **1 Introduction**

- 1.1** In 2011 the Government decided, following consultation, to base initial allocations for the 16-19 Bursary Fund on the number of young people who had previously received Education Maintenance Allowance (EMA) at the £30 level at that school or college in 2009/10. However, the 2011 consultation made clear that the historical EMA data would become out of date and a new method would be needed to reflect the changing needs of students at institutions. The Government has decided to use a new method from 2014/15.
- 1.2** In developing a new method and considering how to implement the changes, our aim has been to find an approach which:
- reflects the distribution of student need as closely as possible in allocations to providers;
  - provides a durable basis for allocations going forward; and
  - is implemented in a way which minimises any negative impact on young people currently receiving bursary awards.

# **2 Background**

- 2.1** The 16-19 Bursary Fund was introduced in 2011/12 to provide financial support for young people who would not otherwise be able to participate in further education and training. The overall size of the Fund remains at £180m. The bulk of this is used for discretionary bursaries which are awarded by schools, colleges and training providers to those young people who need financial support in order to participate – the subject of this consultation.
- 2.2** A smaller proportion of the fund provides £1,200 bursaries for young people in care, care leavers, those on income support, and disabled young people in receipt of both Employment Support Allowance and Disability Living Allowance. This consultation does not cover these vulnerable group bursaries, as allocations for them will be managed separately from 2013/14 - providers will request this funding as and when they identify students who need it.

### **3 A measure of deprivation for Discretionary Bursary allocations**

#### **3.1 Proposed approach**

Discretionary bursaries are intended to support those who need financial help to participate. While institutions use different criteria to consider which of their students should receive discretionary bursary payments, nearly all include some measure of household income and for most this is a key factor. Therefore, allocations are most likely to support institutions in meeting the needs of students, if they reflect the number of students at each institution that have low household income.

To achieve this we propose to use a method based on Pupil Premium data to allocate funding to institutions.

##### What is the Pupil Premium?

The Pupil Premium is a funding uplift given to schools to help them improve the educational attainment of disadvantaged pupils aged 5-16. It is allocated for each pupil who has been known to be eligible for Free School Meals (FSM) at any point during the last six years. Children are entitled to FSM if they live in households claiming certain benefits<sup>1</sup>.

The premium is also allocated to schools in respect of pupils looked after in public care for six months or more during the year, but this aspect would not be reflected in allocating bursary funding as children in care and care leavers are covered by the separate arrangements for vulnerable group bursaries.

[1] Income Support; Income-based Job Seekers' Allowance; Income-related Employment and Support Allowance; Support under Part VI of the Immigration and Asylum Act 1999; the Guaranteed element of State Pension Credit; Child Tax Credit, provided they are not also entitled to Working Tax Credit and have an annual gross income of no more than 16,190; Working Tax Credit run on the payment someone receives for a further four weeks after they stop qualifying for Working Tax Credit; and Children who receive an eligible benefit in their own right.

### How would the Pupil Premium data be used?

To use the Pupil Premium data in allocating bursary funding, the Education Funding Agency (EFA) would match the student records submitted by 16-19 institutions for their enrolled students against pupil records, and identify those students who had attracted the Pupil Premium in year 11 i.e. were known to be eligible for FSM at some point during the last 6 years of their pre 16 education.

The total amount of discretionary bursary would be distributed to 16-19 institutions according to how many students previously attracting Pupil Premium were enrolled at each provider.

Although data on students who previously attracted the Pupil Premium relates to when they were 16 years old or below, and their circumstances might have changed, the allocation would still be likely to reflect the number of students who are income deprived at the level of an institution.

### **3.2 Alternative option: index-based allocation**

We considered an alternative approach: to use the Income Deprivation Affecting Children Index (IDACI) to allocate funding to institutions.

#### What is IDACI?

IDACI is a score attached to each of 32,482 neighbourhoods in England (with an average population of around 1,500) representing the proportion of under 16 year olds in the area that are living in income deprived families. This is determined by looking at households receiving income related benefits.

#### How would IDACI be used?

Although the IDACI data relates to under 16 year olds, it would be a reasonable proxy for the probability that any one of the 16-19 year olds from that area would be income deprived.

To use IDACI in allocating bursary funding, EFA would use the home address information for students submitted by institutions to identify the IDACI scores for their home neighbourhoods. Funding allocations would be proportionate to those IDACI scores. So for example, an institution would receive ten times as much bursary allocation for a student whose home was in an area with an IDACI score of 0.5 (a 50% chance that a student from that area would be income deprived), as for one whose home area had a score of 0.05 (suggesting a 5% chance of being income deprived). This would tend to smooth out changes in allocations.

This method however has the disadvantage, compared with the Pupil Premium, that it cannot differentiate between students with different circumstances living in the same neighbourhood. If the better-off young people from a neighbourhood were to attend one provider, and the disadvantaged ones another, then a bursary allocation based on IDACI would still share the allocation attached to those young people between the two providers.

Also, we are aware that not all families entitled to benefits actually claim them. Therefore this method (which is reliant on data showing which households claim benefits) would under-represent pupils from low income households. FSM take up is also less than 100% but it is higher than the take up of income related benefits - so the Pupil Premium method is less affected by low take up than IDACI.

### **3.3 Other options**

We considered other possible options of estimating levels of deprivation among students, but concluded that these all had significant disadvantages.

- The historic EMA data currently used is from 2009/10 so will be five years old in 2014/15. The patterns of young people's participation have changed since then, so this no longer provides an accurate picture of need.
- The Index of Multiple Deprivation (IMD) would be an alternative to IDACI as a measure of deprivation of the neighbourhoods where students live. IMD was mentioned in the Government's 2011 consultation prior to the launch of the Bursary Fund and is the measure of deprivation used in participation funding. However this index includes factors that are not about income deprivation and is therefore not likely to be the best predictor of the financial needs of students.

- Attempting to provide discretionary bursary funding in-year in response to the actual needs of current individual students would require another data collection, which would be disproportionately costly and bureaucratic. It could make the fund more difficult for providers to administer.

## **4 A rurality factor for Discretionary Bursary allocations**

### **4.1 Proposed approach**

The 16-19 Bursary Fund is intended to provide financial support to those who need help to participate. To do this effectively, awards should reflect the costs incurred by students. Adopting a funding approach which just follows disadvantage would be to assume that all disadvantaged students face the same costs, or that these do not vary by institution. In fact costs for transport do vary significantly between institutions depending on where students live.

Surveys of providers show that the most common single reason for bursary awards is to help with students' transport costs. Feedback from the sector also suggests that students in rural areas are more likely to have difficulties in paying for transport to school or college and this is borne out by evidence from surveys of young people<sup>2</sup>.

In order to reflect the variation in transport costs, we propose to uplift providers' bursary allocations for each of their Pupil Premium students who live in a rural area<sup>3</sup>. This reflects the fact that young people who live in rural areas are more likely to face significantly higher transport costs. The approach will make sure that institutions with rural students – whether or not the institution itself is in a rural area – have these higher transport costs taken into account in their bursary allocations.

This would mean for example that if two 16-19 institutions had a similar proportion of Pupil Premium students, but one had a greater proportion of these students living in rural areas, that institution would attract more bursary funding.

[2] - Barriers to participation in education and training, National Foundation for Educational Research 2010.

[3] - We plan to use the Office of National Statistics definition of urban and rural areas.

Students from rural areas who did not previously attract Pupil Premium would however still attract zero bursary: the focus is still on disadvantaged students.

Only a small proportion of students in England – less than one fifth - live outside urban areas. This means that we can uplift discretionary bursary allocations to those institutions that have a high proportion of deprived students from rural and semi-rural areas, without having a disproportionate impact on the weightings for the majority who live in urban areas.

## **5 Overall implications of the proposed approach**

- 5.1** The current EMA based allocations are becoming out of date. Adopting any new approach will lead to a change in distribution.

Moving to a purely disadvantage based measure would tend to move bursary allocation away from institutions serving rural areas and towards institutions serving urban areas compared with the current allocation, as there is a higher concentration of disadvantaged young people in urban areas than is reflected in the EMA data.

Using both a disadvantage and a rurality factor as set out in this consultation would ensure that institutions serving rural areas with some disadvantaged students – who are facing typically higher costs - would not lose out in this way. But neither do we anticipate a significant shift in funding to rural areas compared with the current allocation.

The planned approach will tend to focus funding on institutions with students drawn from disadvantaged areas but also maintaining or increasing allocations for institutions where students come from less well-off rural areas. Institutions with students from relatively well-off areas are likely to see their allocations reduced to reflect their lower level of need.

Overall the bursary allocations should match more closely the needs of students.



## **5.2 Impact on groups of students**

Decisions about the award of bursaries are for providers to make, based on the needs of individual young people. That will not be affected by the change in allocations mechanism.

However, the allocation mechanism will alter the distribution between institutions. The proportion of pupils in minority groups who are eligible for FSMs varies according to the group, but in general minority ethnic groups and pupils with Special Educational Needs are more likely to be eligible for FSM than other groups. It is also the case that disadvantaged pupils who attract Pupil Premium, continue to underachieve compared with their peers. The proposed approach will favour those institutions who have a high proportion of students from these groups.

## **5.3 Annual allocations**

The allocation would vary year on year, following changes in the pattern of recruitment of students from different areas. The formula would be adjusted as needed in order to allocate the funding available between institutions. As with participation funding, the bursary allocations would lag behind actual participation, with allocations based on the most recent suitable data on students at that institution.

## **5.4 Implications of the proposed approach**

Will this affect the eligibility of young people for discretionary bursaries?

As under the current system, the method used to allocate bursary funding will not determine the eligibility of young people for discretionary bursaries. We are not asking institutions to use the Pupil Premium to make their awards to students. It is still for institutions to make these bursary awards at their discretion based on the actual needs of individuals – this will maximise the impact of the fund.

## Will this replace the support for transport provided by Local Authorities?

Without the key role played by Local Authorities in organising and subsidising post-16 transport, many young people would struggle to participate. This approach to the bursary does not affect that. Often Local Authorities charge students for access to subsidised transport arrangements. Bursaries are already used to help some students pay for this and this remains one way providers can use the bursary to support young people needing help with transport costs.

## **6 Transitional arrangements, next steps and consultation questions**

### **6.1 Transitional arrangements**

The new allocation method will cause some redistribution of bursary funding between institutions and therefore changes in the size of allocations at individual institutions.

To ensure that institutions can manage any reductions gradually without adversely affecting individual students, the EFA plans to introduce the changes in a staged way, rather than making changes to allocations in one single year.

### **6.2 Timescale and next steps**

Following the consultation, the Government plans to announce its decision on the approach to be used in 2014/15 in Autumn 2013. We plan to do this using Pupil Premium data with a rurality factor as set out above, unless this consultation reveals particular issues with that approach which we need to take into account. Then EFA plan to announce final 2014/15 discretionary bursary allocations to institutions in March 2014, to make sure institutions can continue to give their students and prospective students early clarity about bursaries in the following academic year.

### 6.3 Questions

**1) Do you agree with the proposal that the Government should adopt Pupil Premium data as the method of identifying deprivation used in calculating allocations of discretionary bursary funding to providers for 2014/15? Please explain your answer.**

Yes

No

Not sure

**2) If you answered 'No' to question 1, would you prefer to see the IDACI option, or a different option used? Please explain your answer. If you answered 'Yes' or 'Not Sure' to question 1, please move to question 3.**

IDACI

A different option (please specify)

**3) Do you agree that the Government should also include a rurality factor in calculating these discretionary bursary allocations, to reflect the greater transport costs faced by some disadvantaged students? Please explain your answer.**

Yes

No

Not sure

**4) Do you agree that the Education Funding Agency should introduce changes to discretionary bursary allocations on a gradual basis (over a period of 2-3 years), rather than making the changes in one single year? Please explain your answer.**

Yes

No

Not sure

**5) Do you have any further comments to make about this issue?**

## 7 How To Respond

7.1 Consultation responses can be completed online at:

[www.education.gov.uk/consultations/](http://www.education.gov.uk/consultations/)

by emailing: [BursaryFund.CONSULTATION@education.gsi.gov.uk](mailto:BursaryFund.CONSULTATION@education.gsi.gov.uk)

or by downloading a response form which should be completed and sent to:  
Iain Cuthbert, Level 2, Participation Division, Department for Education, Sanctuary  
Buildings, Great Smith Street, London SW1P 3BT.

## **8 Additional Copies**

- 8.1 Additional copies are available electronically and can be downloaded from the Department for Education e-consultation website at:  
[www.education.gov.uk/consultations/](http://www.education.gov.uk/consultations/)

## **9 Plans for making results public**

- 9.1 The results of the consultation and the Department's response will be published on the DfE e-consultation website.